


8 economy-boosting startups to watch in 2023

Article



The trend: Startups that harness AI, machine learning (ML), and cloud computing to drive enterprise solutions for digital transformations, cybersecurity, data analytics, HR, and automation are attracting investment.

- The economic downturn of 2022 has triggered a pull-back from 2021's record VC funding, contributing to [falling valuations](#), pressure to achieve profitability, layoffs, [smaller startup accelerator cohorts](#), and the end of easy money.

- Yet companies offering **innovative solutions to challenges like the labor shortage, [climate change](#), cyberattacks, digital transformation, and automation** aren't necessarily feeling the funding squeeze.

Top startups: CIOs, CTOs, and CISOs from several industries belonging to the **Technology Executive Council (TEC)** identified 25 top startups that are powering the enterprise economy.

The 25 startups collectively raised over **\$14 billion** in VC funding with a collective valuation of over **\$147 billion**, according to PitchBook data, per [CNBC](#). Here are eight that caught our eye:

- **Abnormal Security:** Offers an AI-based, cloud native cybersecurity platform that uses behavioral data science to automate business email protection against costly phishing scams. Total funding: [\\$284 million](#).
- **Aera Technology:** Uses ML and data crawling to offer actionable insights on business decision intelligence related to the supply chain, inventory optimization, and retail product promotion. Total funding: [\\$174 million](#).
- **Balbix:** Helps organizations change their approach to cybersecurity with an automation framework that disperses cyberdefense decision-making across the entire C-suite. Total funding: [\\$101.6 million](#).
- **Eightfold AI:** Uses deep learning and AI to power a talent acquisition platform that can filter through resumes to find job matches in real time to help companies find, recruit, and retain talent. Total funding: [\\$396.8 million](#).
- **Forethought:** An AI-powered customer-service platform that uses data analytics and sentiment analysis to predict and prioritize customer-service requests and fulfill task resolution beyond the capabilities of the standard AI chatbot. Total funding: [\\$92 million](#).
- **Harness:** Automates software development to cut engineering labor costs and help companies with their digital transformations through faster code creation, error fixes, and faster and more efficient deployment. Total funding: [\\$424.4 million](#).
- **Papaya Global:** Combines onboarding, payroll, compensation, expense reimbursements, and international compliance support technologies for companies with employees and contractors in over 140 countries. Total funding: [\\$440 million](#).
- **Snyk:** Provides cloud-native open-source software to help companies identify vulnerabilities in the development process, speed up production and embed security in the code-writing

process in real time. Total funding: [\\$850 million](#).

What's next? We can expect the continued onslaught of cyberattacks to push more investment toward startups that promise protection. Meanwhile, **excitement about AI's accelerating evolution will funnel cash to startups that deploy ML and [generative AI](#)** to deliver more [automation](#) and creative tools for businesses.

- **47%** of TEC members said they'll seek an external cybersecurity vendor over the next 12 months, per [CNBC](#).
- **37.5%** said their companies will devote the most capital spending to cloud computing over the next year, while **25%** said that AI is the area that will garner the most capital spending.
- **31%** said they might look to improve their AI capabilities through an acquisition.
- **20%** said they're seeking low-code/no-code software and ML vendors.

With the war in Ukraine still raging, a tech industry recession underway, and ongoing supply chain disruptions, we'll likely see investors target lower-risk areas.

One indicator is US buyout firm **Carlyle Group** raising over **\$3.12 billion** for a European tech fund to invest in "pockets of life" in the economy, per [Yahoo](#). The fund will target cybersecurity, digital transformation, cleantech, and software applications for financial services, healthcare, and infrastructure.

Expected Change in Their Company's AI Investment in the Next Fiscal Year According to Executives Worldwide, May 2022

% of respondents



Note: n=2,620

Source: Deloitte, "State of AI in the Enterprise, 5th Edition," Oct 18, 2022

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