



Insights exchange for the model-driven economy

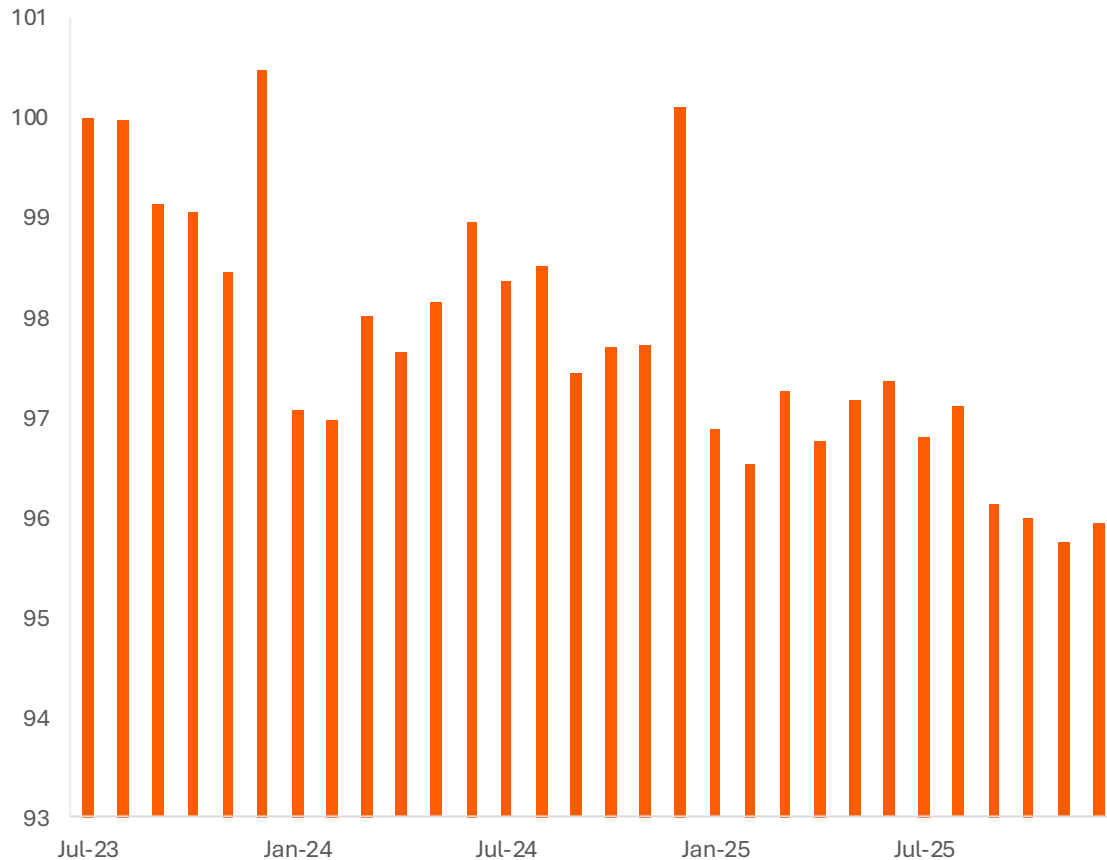
# Tech Hiring: AI Drives Big Corporate Surge as Main Street Tech Struggles

1. **Small-to-Medium Tech Business employment hit a wall in December**, dropping 4% Y/Y to near 2.5-year lows.
2. **SMB tech hiring is weakest in the New England, Mid-Atlantic, Mountain, and West South Central** census regions, driven by Y/Y growth deceleration everywhere except the Mountain region.
3. **Pay growth accelerated sharply in December to +4% Y/Y**, the highest growth rate since July 2024 but still well below post-pandemic figures.
4. **The pandemic startup boom is over** as companies with fewer than 15 employees in 2022, 2023, or 2024 failed to match the hiring growth of earlier small businesses.
5. **Tech roles at larger brands have outpaced the broader job market, driven by hoarding of experienced workers** though even slowing entry-level employment outperforms.
6. **Software & services reached a 4-year high in share of job starts in April 2025**, completing a recovery from lower hiring levels in 2023.
7. **Perplexity leads a cohort of AI firms dominating headcount growth in 2025**, nearly quadrupling in size as Anthropic and Mistral double.

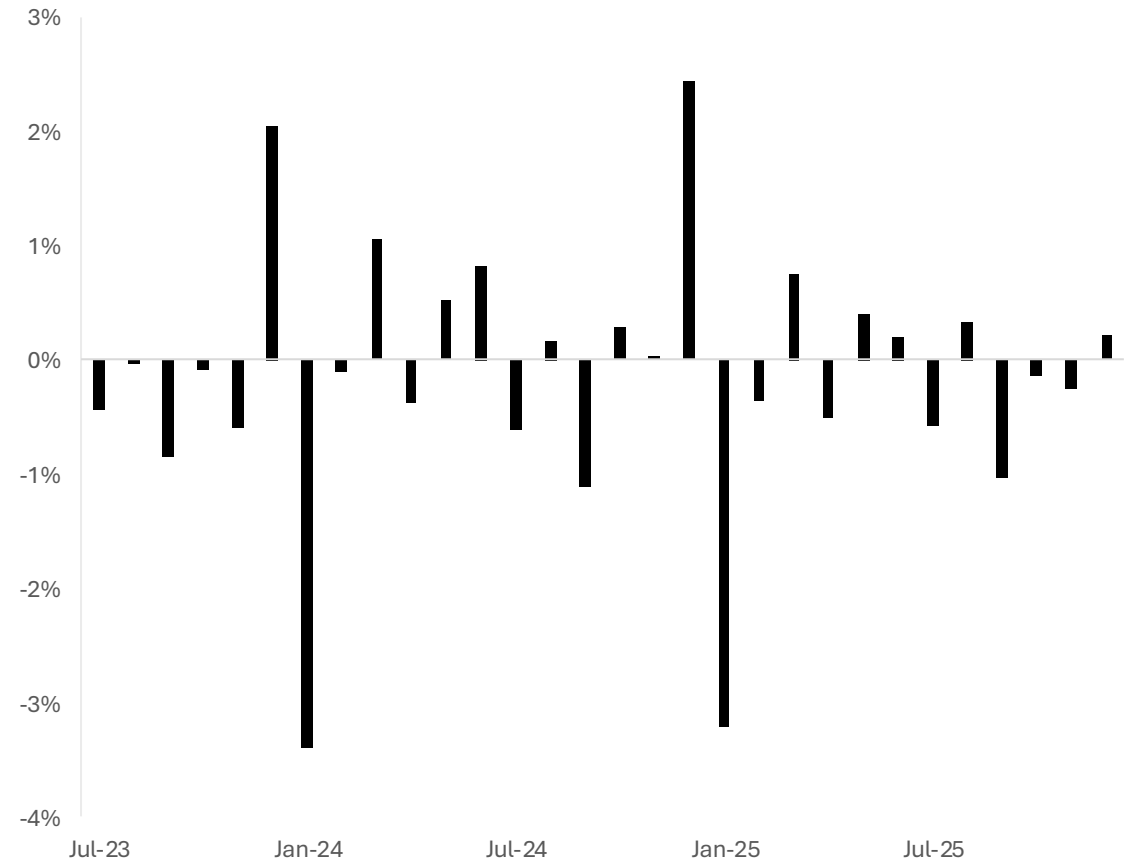
# SMB Tech Workforce Deteriorating with Unusually-Weak December

Indexed unique workers at small-to-medium technology businesses hit a 2.5-year low in November, using a constant-employer panel. M/M growth in December 2025 was 0.2% vs. > 2% in 2023 and 2024, leading to Y/Y growth of -4%.

Indexed SMB Tech Workers



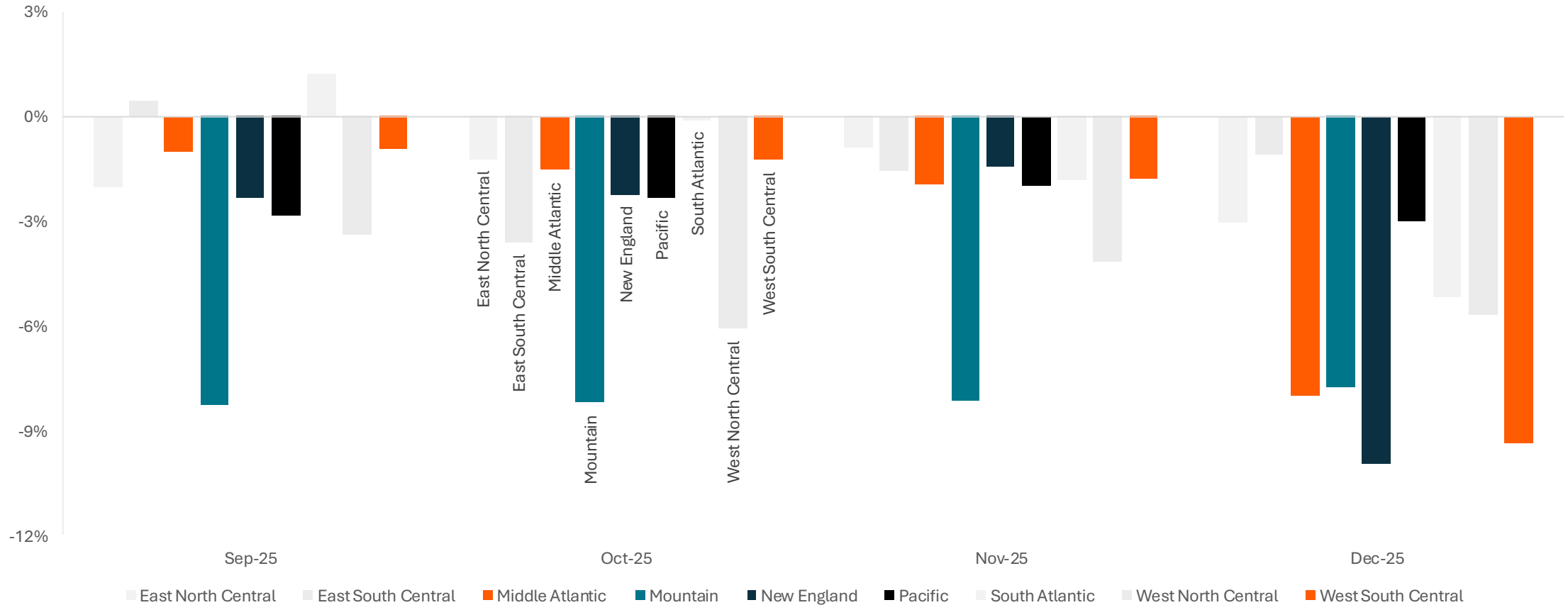
SMB Tech Workers M/M Growth



# Y/Y SMB Tech Sector Growth Weak Across Regions

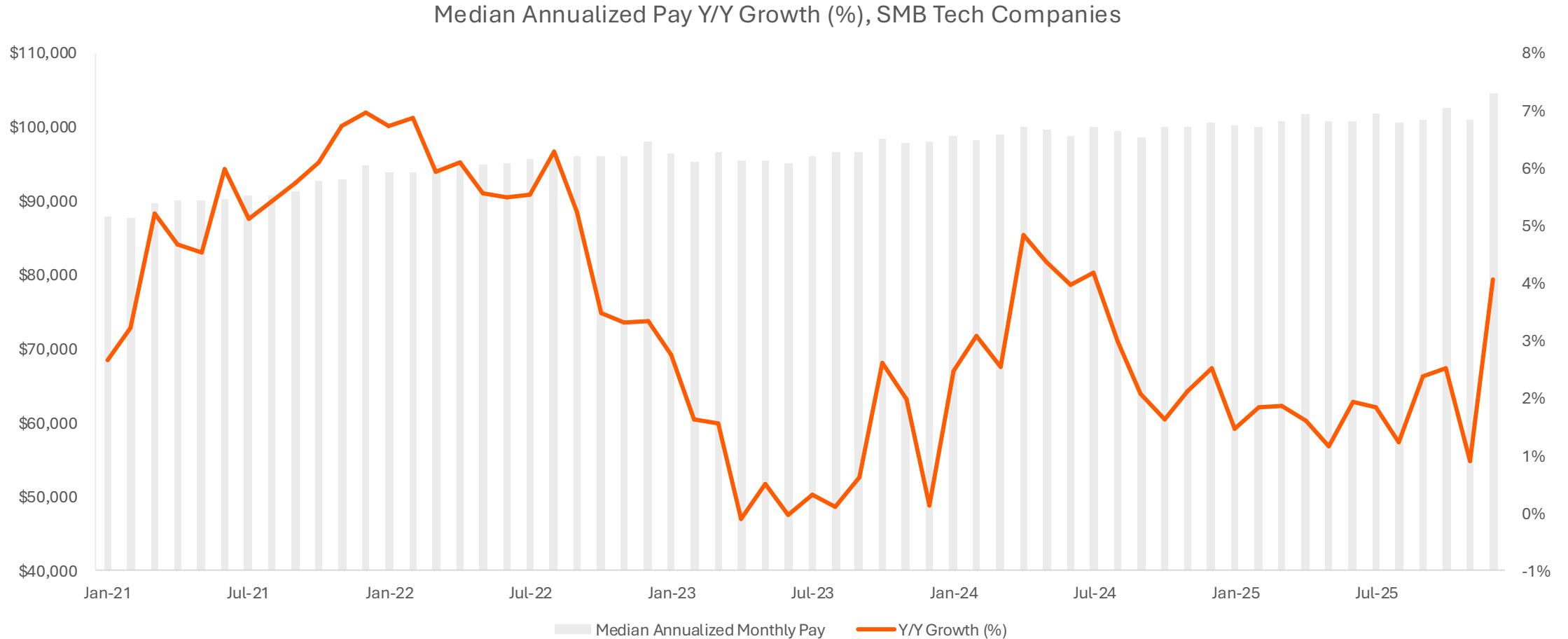
Employment at SMB tech companies is in decline across the country, but job losses are most significant in the northeast (New England and Mid-Atlantic), Mountain, and West South Central regions, with the Midwest and Southeast performing better. Except for the Mountain region, extreme Y/Y weakness was driven by a particularly weak December.

Monthly SMB Tech Workers Y/Y Growth by Region



# Pay Improves Sharply in December Despite Cooling Employment

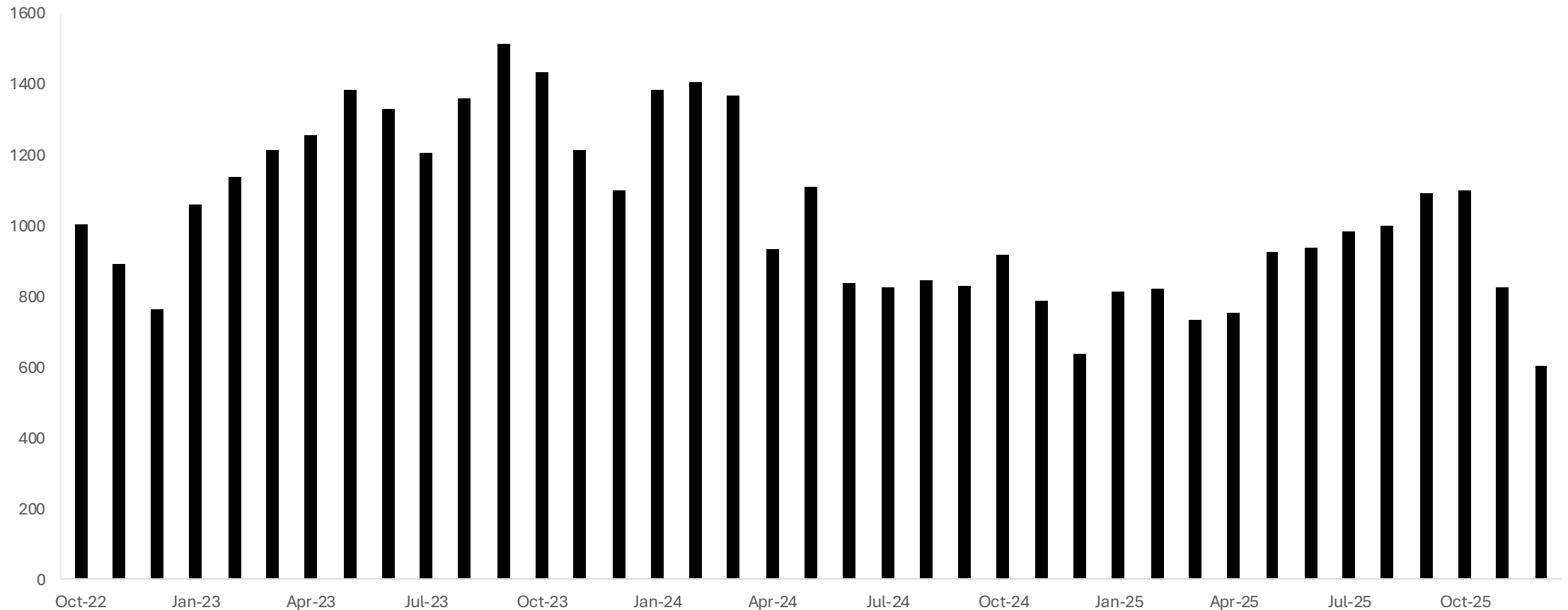
Median annualized pay growth at SMB tech accelerated in December to 4% M/M and Y/Y, bringing pay to an all-time high of \$104,600. Prior to December, pay growth had cooled to ~2% Y/Y alongside lower headcounts, down from the 6-7% growth post-pandemic.



# Tech Job Searches Fall to Lowest Level in 3 Years in December

Normalized web visits to career pages for software & services providers fell 6% Y/Y in December to its lowest value in the last 3 years. Job searches increased Y/Y for most of 2025 but remained well below the levels from 2023's tech hiring slowdown.

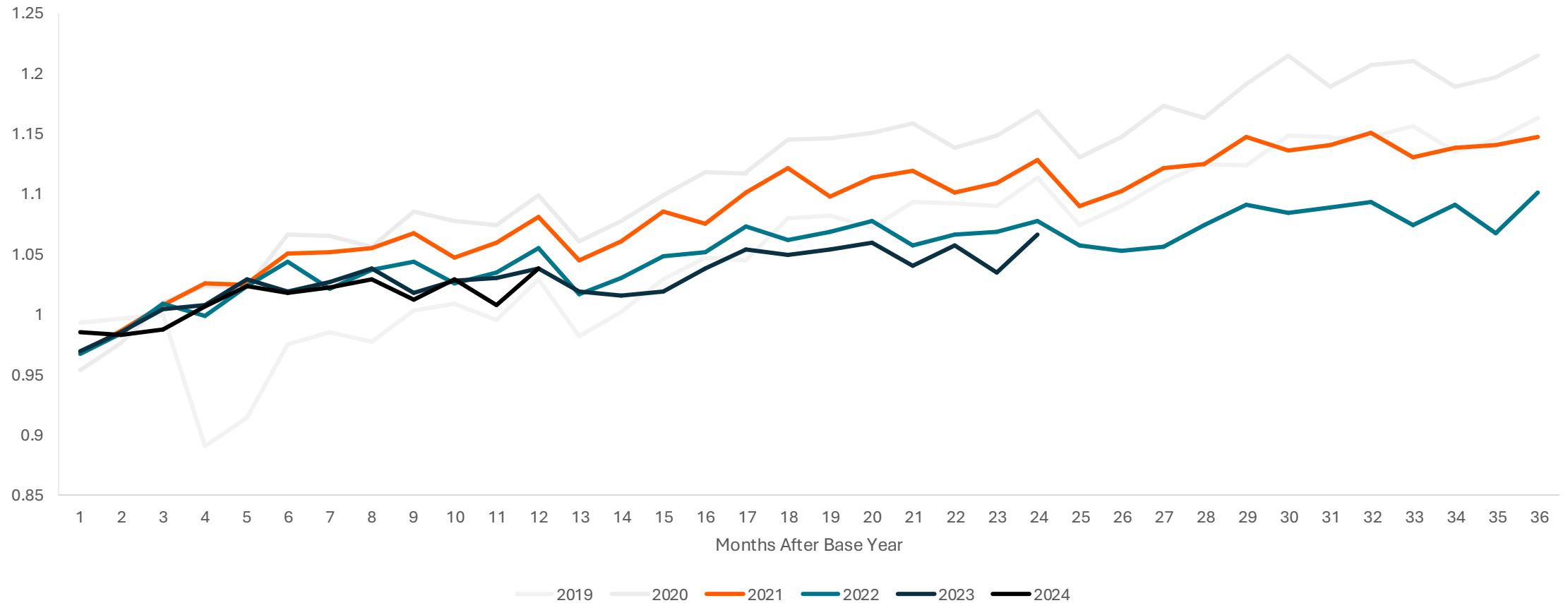
Normalized Web Visits to Software & Service Brand "Careers" Pages



# The Pandemic Startup Boom is Over as Small Business Hiring Decreases

Companies with fewer than 15 employees in 2020 added the greatest headcount in the following 3 years, likely driven by startups founded during the COVID pandemic. Small companies in 2022-2024 have been slower to add headcount, indicating either a lower concentration of startups or slowing hiring at those emerging companies.

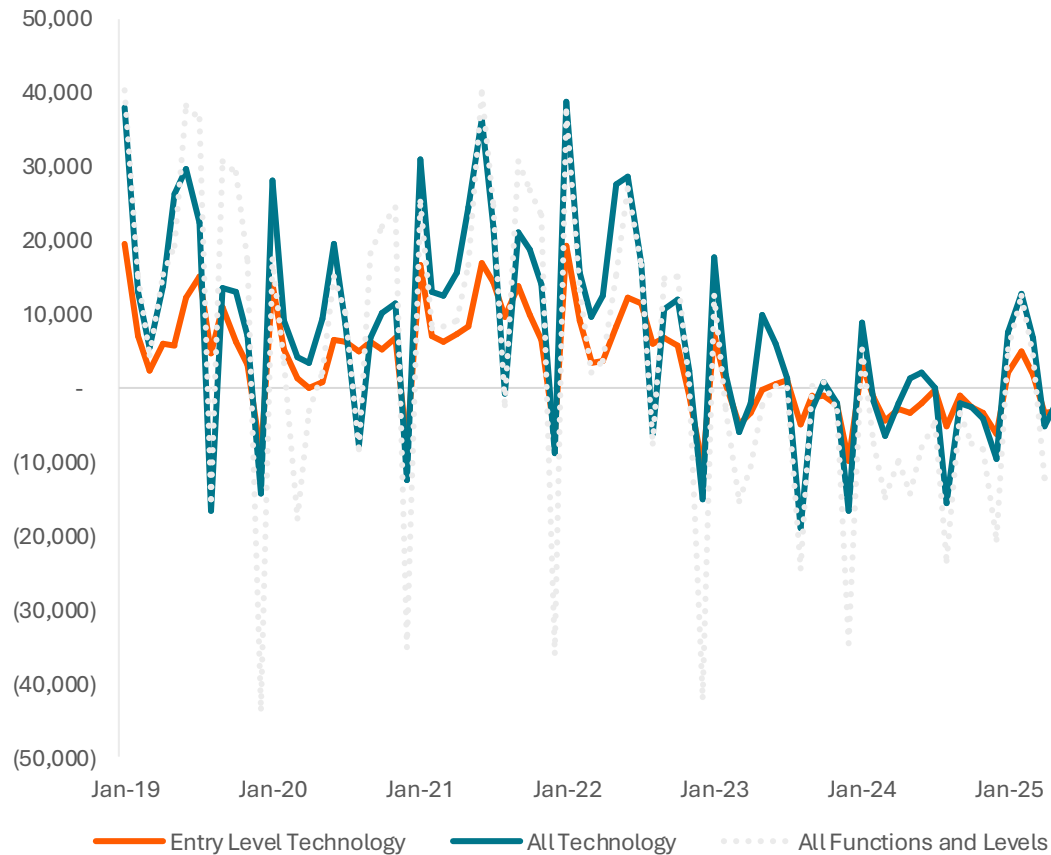
Indexed Job Growth at Companies with Fewer than 15 Employees in Base Year



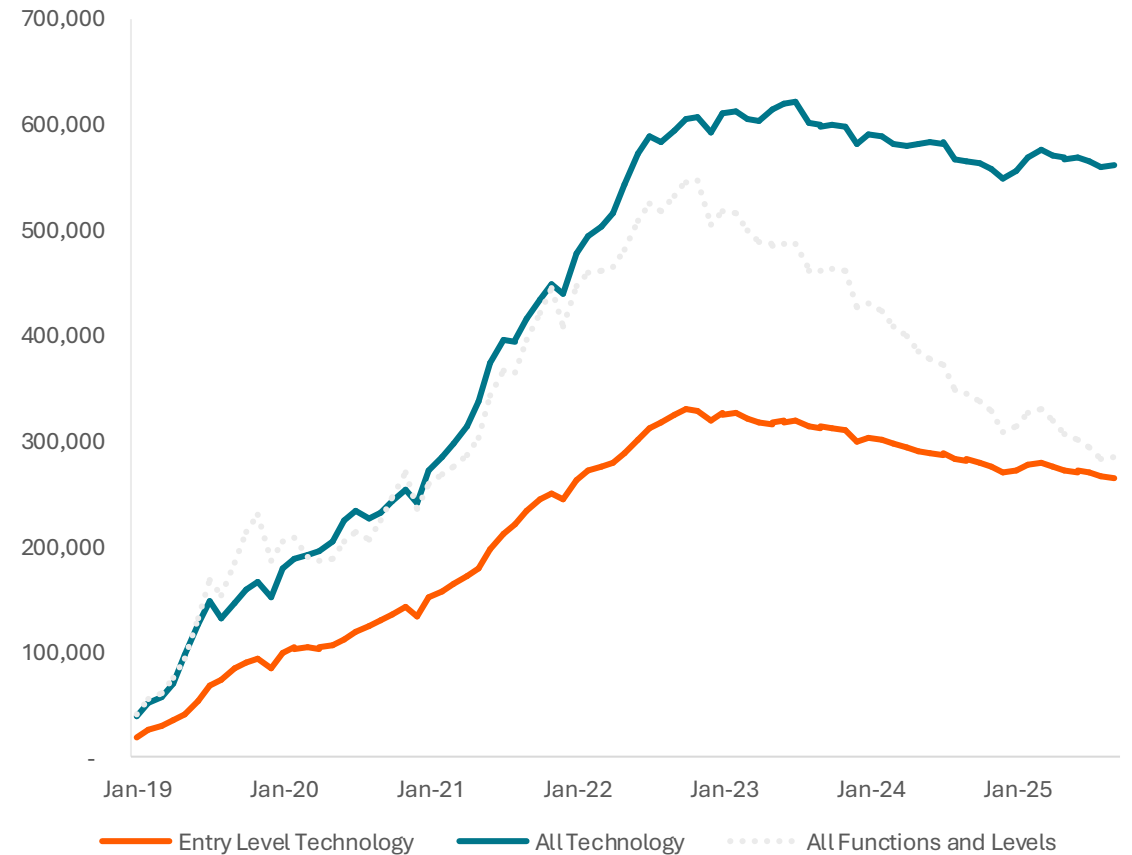
# Tech Roles Outperform in 2023-2025 as Experience Premium Lessens

While tech (IT & engineering) roles at larger firms still outpace the broader market, the gap is narrowing compared to 2024. After heavily prioritizing experienced hires from 2019 to 2023, companies are maintaining experienced headcount while gradually slowing entry-level hires, showing a lower experience premium vs. 2019-2023.

Net Jobs by Employee Function and Level



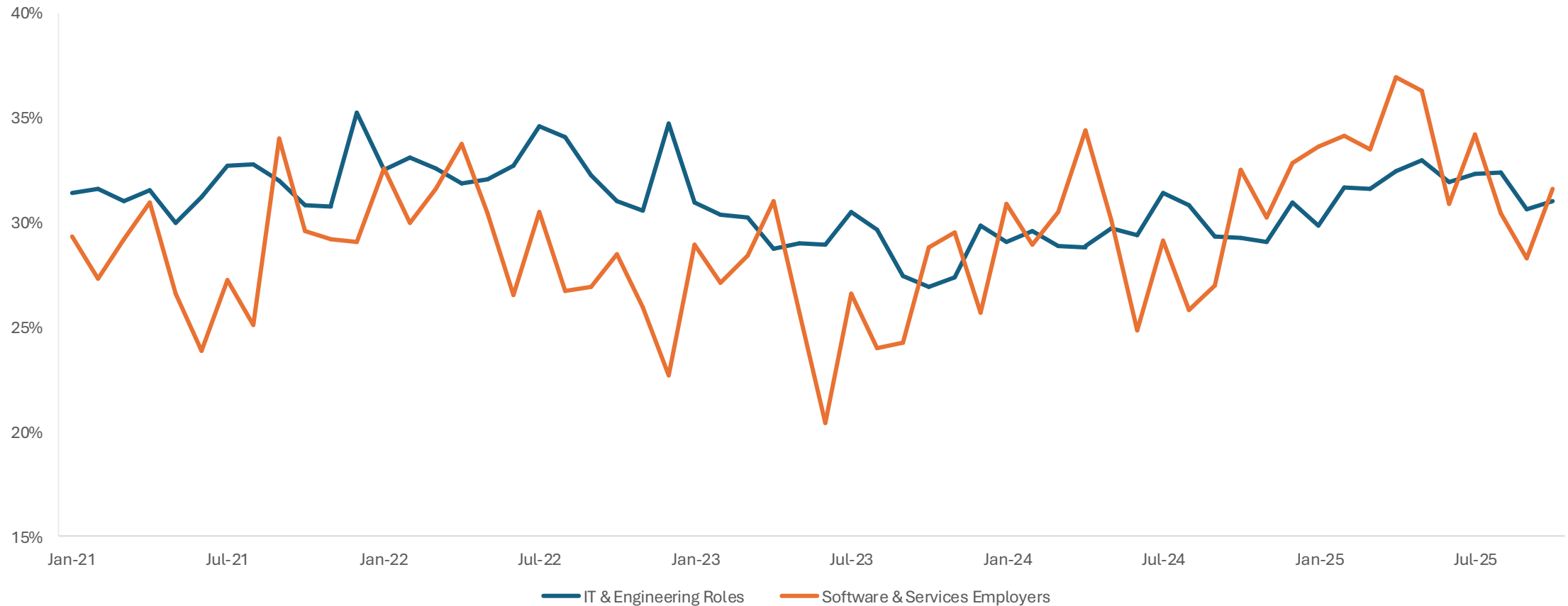
Cumulative Net Jobs by Function Since 2019



# AI Isn't Killing Entry-Level Tech Jobs – It's Fueling Hires

The share of entry-level job starts coming from IT & engineering roles grew 4 pp from late 2023 to late 2025, fully recovering to post-COVID levels. Entry-level hiring across job functions at Software & Services brands hit an all-time high in April 2025 and remains up-to-flat Y/Y compared to the broader job market.

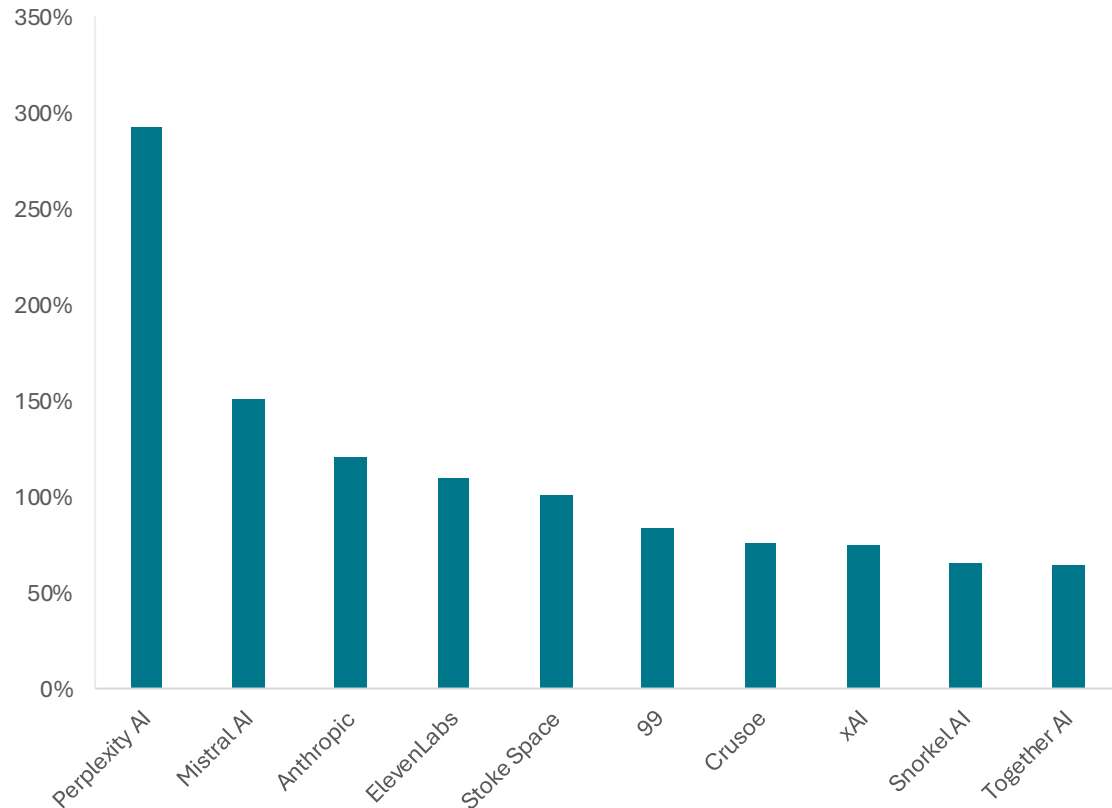
Share of Entry-Level Job Starts, by Role or Employer



# Perplexity and AI Dominate 2025 Hiring Growth in Software & Services

AI companies make up 8 of the 10 fastest-growing companies in software and services (minimum 100 workers as of 2024), with Mistral and Anthropic doubling headcount and Perplexity nearly quadrupling its workforce. The software companies losing jobs are more diverse, including multiple cybersecurity and ed-tech brands.

Top-Growing Software and Services Brands of 2025, by Net Job Movements



Slowest-Growing Software and Services Brands of 2025, by Net Job Movements

