

Counting the Job Cuts at Tech Startups: Fully Charged
2020-04-01 10:45:50.778 GMT

By Sarah McBride

(Bloomberg) -- Hi, it's Sarah McBride here. As of late Tuesday, more than 5,000 startup employees are out of a job as the coronavirus wreaks havoc on the economy. That's according to Layoffs.fyi, a project dedicated to chronicling the virus's spiraling impact on the tech industry.

Layoffs.fyi was started by Roger Lee, co-founder of retirement-benefits service Human Interest, who created the site as a side project. Much like the Covid-19 tracker run by the U.S. Centers for Disease Control and Prevention, which updates the number of new cases per day, Lee's site incorporates notifications of new layoffs, mostly from news articles and company announcements, in real-time and arranged by date. It joins other projects like Layoff List in taking a survey of recent firings.

The list is long, and probably doesn't come close to capturing the total job loss. In the last few weeks, there have been reported cuts at WeWork (250), Bird Rides Inc. (more than 400), ZipRecruiter Inc. (400 layoffs and furloughs) and direct-to-consumer clothing company Everlane (200 cuts and furloughs). For now, the layoffs are affecting largely companies with a high cash-burn rate—like Bird—or companies that haven't raised money in the last year or two—like ZipRecruiter—and thus lack a big cash cushion, or both. But many industry watchers expect the job cuts to spread as the lockdown continues.

"This coronavirus pandemic is affecting very qualified people," Lee said. His site also includes an option to add documents so that laid-off employees and human resources departments can enter names and contact details, providing leads to anyone who wants use the list to make some hires. Lee added: "It's something that I thought might be a good service to tech."

The list may also be of service to Lee. His company Human Interest, which he co-founded with Paul Sawaya five years ago, announced on March 11 that it had raised \$40 million in a round led by family office Oberndorf Enterprises LLC, bringing its total capital raised to \$75 million. Now, the company is hiring, mostly engineers, Lee said. That makes it one of a rarified group of companies currently in a position to pick up talent, rather than shed workers.

Some startups likely can put off layoffs for some time,

given that venture capitalists invested \$137 billion into startups last year, according to the National Venture Capital Association. But not all will want to. Many firms, including Sequoia Capital, are urging their portfolio companies to conserve cash, and salaries are often among the biggest expenditures at startups.

Scrolling through compilations of tech layoffs can feel like an oddly impersonal window into the human fallout of an economic disaster. On Layoffs.fyi the numbers can be arranged different ways, including by percentage of staff eliminated. Software services provider Consider.co, which has shut down, is listed at 100%. The bulk of the losses appear to come from San Francisco Bay Area companies, which have logged more than 2,000 job cuts and furloughs, though that could be a factor of a lack of reporting elsewhere.

Of course, a layoff counter only tells the beginning of the story. When most of the economy begins to come back online—however many weeks or months that takes—it may take much longer for young companies to find their footing. —Sarah McBride if you read one thing

Apple is asking its retail employees to pick up remote tech support work, as the company's stores remain closed. A subset of in-store staff are now work-from-home AppleCare workers. And here's what you need to know in global technology news
In other Apple news, the tech giant purchased weather app Dark Sky. The app will stay on the company's app store, but will no longer be sold on Android devices.

Some workers at Amazon-owned Whole Foods called in sick on Tuesday, part of a coordinated protest over sick pay and protections for employees during the pandemic.

WeWork is offering some tenants half-off rent in exchange for signing longer leases.

To contact the author of this story:

Sarah McBride in San Francisco at smcbride24@bloomberg.net

To contact the editor responsible for this story:

Anne VanderMey at avandermey@bloomberg.net

Mark Milian