NIO lays off 141 employees in Silicon Valley following Intel deal

Chinese EV startup NIO has laid off another 141 employees at its North American headquarters in San Jose, according to a new filing with the Employment Development Department of California. It's the third round of cuts NIO has made to its US workforce this year, which has been primarily focused on R&D and engineering. The Tencent-backed startup laid off 70 employees and closed an office in San Francisco in May, and then eliminated another 62 jobs in September. NIO began the year with 640 employees in the US, according to filings with the Securities and Exchange Commission.

NIO has folded the vehicle engineering and electric powertrain divisions that it operated in the San Jose office, but the bulk of the layoffs were made to the startup's autonomous driving team, according to director of North American communications JoAnn Yamani. Those cuts are related to a recently announced partnership with Intel's autonomous driving arm Mobileye, Yamani says, which "resulted in redundancy and duplications of effort associated with our path toward L4 [Level 4] autonomous driving."

NIO was developing its own fully autonomous vehicle technology before the Mobileye deal, and Yamani says that work is still ongoing. But now that it's able to lean more on Mobileye, Yamani says NIO saw a chance to continue its global cost-cutting effort by eliminating more jobs in the US.

One of the main reasons NIO kicked off this cost-cutting effort is that sales of its first electric SUV, the ES8, fell

rapidly in 2019. Monthly deliveries of the ES8, which went on sale in China last year, peaked at around 3,000 per month at the end of 2018. But the expiration of Chinese government subsidies mixed with a slowdown in the country's economy – and especially in its automotive sector – have contributed to a dramatic decline in the SUV's popularity ever since. (A battery recall didn't help, either.) This all led to a nearly $900 million loss in the first half of 2019, pushing the startup to more than $5 billion in losses since its founding in 2015.

In turn, NIO trimmed its global workforce from nearly 10,000 employees to around 7,800, sold its Formula E racing team, and delayed an upcoming sedan. At the same time, three of the company's highest executives – including a co-founder – also left the company this year.

"After four years of rapid growth, we've set up a global organization. However, fast development has also posed issues like repetitive functional departments, undefined work tasks, unclear work responsibilities, and insufficient work for certain people," the company told *The Verge* earlier this year.

NIO started shipping a smaller, more affordable electric SUV earlier this year called the ES6, which has seen modest success in the early going. Launched in June, NIO has already grown ES6 deliveries to about 2,500 per month, though the company only sold a handful more in November than it did in October.

https://www.theverge.com/2019/12/10/21009935/nio-layoffs-silicon-valley-job-cuts-mobileye-intel