

Uber lays off another 435 people to stem big losses

Enlarge / An Uber car.
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Uber has laid off 435 people in engineering and product roles in the company's latest effort to stem growing losses. Uber laid off around 400 people in its marketing department in July.

"Previously, to meet the demands of a hyper-growth startup, we hired rapidly and in a decentralized way," Uber said in an email to employees. "While this worked for Uber in the past, now that we have over 27,000 full-time employees in cities around the world, we need to shift how we design our organizations."

Uber says that the layoffs represent about 8% of the engineering and product workforce. The two rounds of layoffs, put together, amount to about 3% of the company's workforce. Techcrunch reports that 85% of the layoffs were in the United States.

At the same time, Uber is lifting the hiring freeze that was established last month.

The cuts were necessary because Uber continues to lose money at an astonishing rate. Uber reported a \$5 billion loss in the

second quarter of 2019. That figure exaggerates the scale of Uber's burn rate because the bulk of it reflects one-time expenses connected to the Uber IPO. But even if you ignore those expenses, Uber is still burning cash at a rate of more than \$1 billion per quarter.

Luckily, Uber still has plenty of cash in the bank. The company added \$8 billion to its cash pile in its May IPO and as a result had \$13.7 billion in the bank at the end of the second quarter.

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