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Big Tech in chaos as layoffs, losses add up

Article

The trend: While the rest of the US economy rallies, tech is going through a recession.

- After laying off half of **Twitter's** workforce, CEO **Elon Musk temporarily closed the company's doors amid mass resignations**, leaving the social media company in limbo.
- **Amazon** laid off **10,000** workers and CEO **Andy Jassy** says more workforce cuts are coming.
- With **$15 billion** spent on the metaverse and not much to show for it, **Meta** CEO **Mark Zuckerberg** is steering the company toward multiple years of **$10 billion** in annual losses from its **Reality Labs** division, per CNBC.

- Anxiety is high among **Google** employees, with projects cut and investor **TCI** calling for layoffs.

Collectively, **Apple**, **Microsoft**, Amazon, **Alphabet**, and Meta have lost more than **$3 trillion** in market value this year, per Bloomberg.

Blinded by power: No tech leader knew that consumer priorities would shift and a war in Ukraine would exacerbate inflation and supply chain disruptions after the industry's explosive pandemic growth.

Yet part of the industry chaos is the result of its growth in power, creating a disconnection between companies' leadership and average consumers and rank-and-file workers.

- The disconnect has led to CEOs like Musk and Zuckerberg making idiosyncratic, unilateral decisions that could have more negative outcomes.
- Amazon's rapid shift from an unofficial hiring freeze to thousands of layoffs isn't a good look given its reputation as an employer, making it seem unsure about how to regain stability.
- VC firm **Day One Ventures is offering $100,000 to laid-off techies to launch startups**—one of many examples of why tech giants like Google might want to regain focus on retention.

Repeating mistakes: The sector's wave of investment in advancing AI has strong potential for lucrative returns to help it recover. Yet its social disconnect could continue to be a pitfall. **Case in point: Meta's Galactica AI model that only survived three days**.

Consumers and businesses are showing that they aren't automatons who'll just spend money on things because they're programmed to, whether it's virtual worlds, the cloud, or AVs. **Making products and services successful requires understanding evolving demand and relationship-building.**

For example, generative AI has revenue potential from advertisers and content creators.

- But by ignoring AI's social, ethical, and legal implications, tech is failing to realize that those who could be adversely affected are the same people essential to making the business model effective.
- **A better strategy is to work with, not against, artists and programmers** in developing more human-centric technologies.

With investors, governments, and individuals seeking solutions for pressing problems like cyberattacks and climate change, the industry could devote more resources to meeting real-time demands.