

Musk warns of possible Twitter bankruptcy as execs bail and contractors are ousted

Article

The news: Elon Musk warned in his first address to **Twitter** employees that the company could face bankruptcy.

- It's part of a broader upheaval at the social media platform since [Musk bought it for \\$44 billion](#) last month with financing that could cost Twitter **\$1.2 billion** annually in interest, per [Bloomberg](#).
- The purchase burdened Twitter with **\$13 billion in debt owned by seven Wall Street banks that are having trouble selling it to investors**.
- Some are offering to buy the loans for as little as 60 cents on the dollar, an indicator of a distressed company.
- **Moody's Investors Service has cut Twitter's credit rating to junk status**, stating, "Twitter's governance risk is highly negative, reflecting Moody's expectation for aggressive financial policies and concentrated ownership by Elon Musk."

Twitter's workforce continues to take a beating.

- A number of company executives have resigned, including head of integrity and safety **Yoel Roth**, chief privacy officer **Damien Kieran**, and chief information security officer **Lea Kissner**, per [Gizmodo](#).
- Twitter **cut between 4,400 and 5,500 contract employees Saturday, some of whom only found out after losing access to internal systems**, per [The Verge](#).
- The departures come in the wake of the company [cutting 3,700 of its global staff](#) and banning remote work.

What's at stake? Twitter is more than a place to tweet. It's a global digital public square, a leading archive of modern historical events, and a chronicle of vast stores of content produced by scores of individuals and organizations.

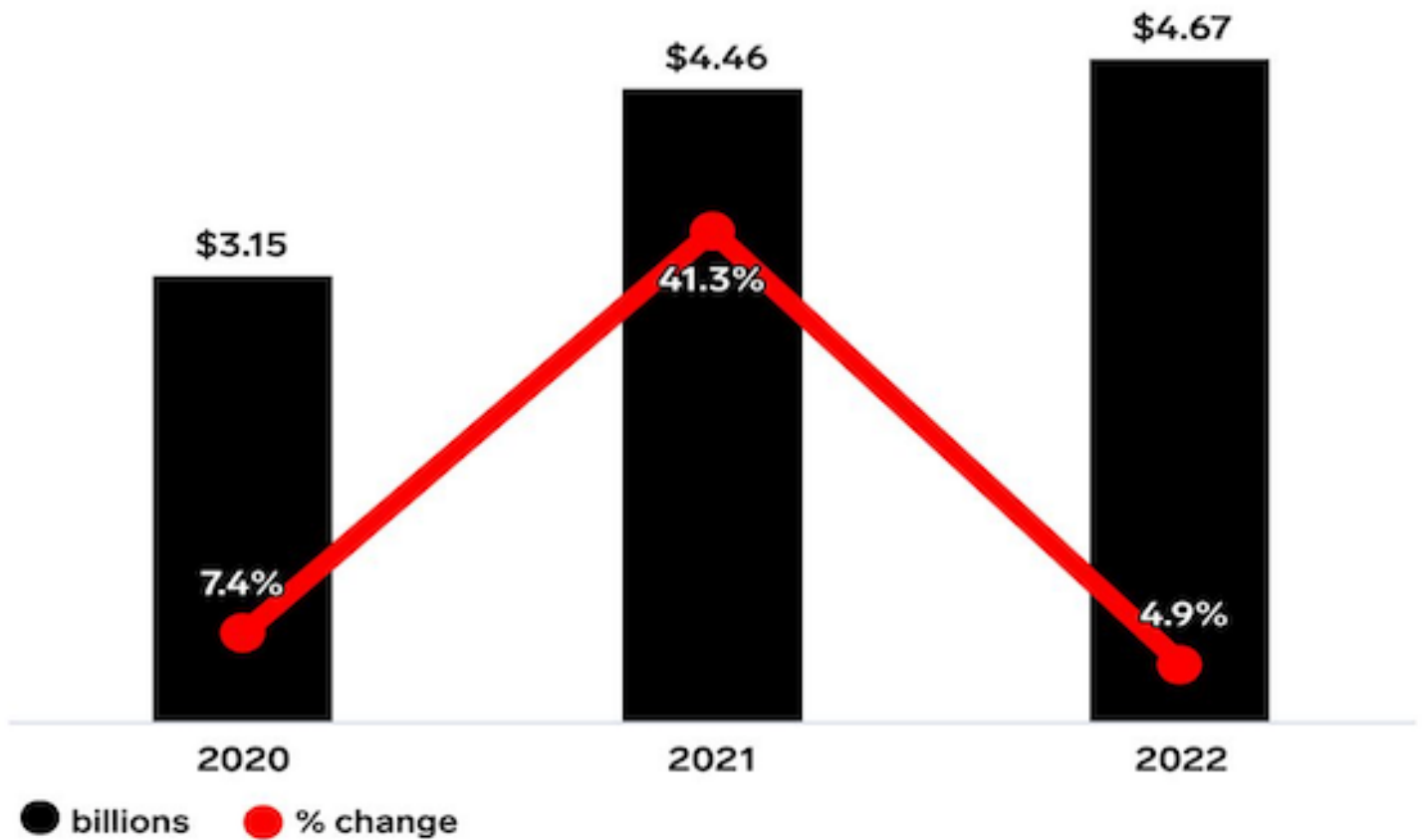
- **The company's potential closing risks losing vital data stored on the platform over the past 16 years.**
- The **US Library of Congress** spent eight years trying to maintain a public record of all tweets but gave up on the effort in 2018 because the volume of data was too vast to handle.
- Musk would likely cooperate with efforts to place the tweet archive in permanent storage if necessary.
- The concern isn't just about data loss—it's also about the proliferation of bad data.
- The departure of key executives could leave the platform open to the spread of misinformation, fraudulent accounts, and non-compliance with [government regulations](#).

Elon's error: Musk is pushing Twitter's remaining workforce to work overtime to monetize the platform to save it as advertisers flee over concerns of harmful content.

- Although the billionaire's brash leadership style has been effective in other contexts, it's not working at Twitter.
- In the past, he's been able to inspire followers to flock toward his innovative ideas. But in the present situation, he's grasping at ways to save a tech platform well over a decade old.
- The essential ingredient for Twitter's success is fostering an inviting community where people want to share posts, but much of what has happened over the past weeks has done the opposite.
- A thriving community is what makes monetization work, not the other way around.

Twitter Ad Revenues

Worldwide, 2020-2022



Note: Exchange Rate; paid advertising only; excludes spending by marketers that goes toward developing or maintaining a Twitter presence; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites; ad spending on tablets is included; excludes SMS, MMS and P2P messaging-based advertising; data for 2014 is based on company reports
Source: eMarketer, October 2022

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