Upwork

A Message from Our CEO

May 3, 2023

Our President & CEO Hayden Brown sent the below message to our team earlier today.

Hi everyone,

This morning we shared the difficult news that we are reducing the size of our workforce. I know there is a lot to absorb. I wanted to follow up on our meetings to summarize how we got here, the actions we are taking today, and why. I also wanted to let you know what to expect next.

How we got here

The landscape has changed significantly over the last few years and with that, many opportunities have opened up for Upwork, as the world at large became familiar with remote work and started to question old and outdated paradigms for where, how, and with whom work happens. Our business has doubled in three years and we just reached $20 billion of lifetime freelancer earnings on our platform. This was made possible by hard work from all of you, and you can be proud of this. Our mission to create economic opportunities so people have better lives has never felt more urgent or more necessary in a time of constant volatility and change, where talent and businesses alike are seeking out solutions that meet a new set of needs and values.

At the same time, in the past few quarters macroeconomic uncertainty has altered the outlook for many businesses, including some of our customers. We entered this year with an expectation for how our business would fare in this climate, and in the first quarter of 2023, we saw greater-than-expected headwinds, primarily as a result of Enterprise and larger customers further reducing budgets and deferring hiring plans. It became clear that while our business is strong and growing, our full-year revenue would be meaningfully lower than what we had expected.

The actions we are taking

Working as a high-performing and efficient team has always been important to us, and as this year has unfolded, we have been proactive in adapting our plans across hiring, vendor spend and brand media budget—which we are reducing by 94% for the second half of this year—in response to the realities our business is facing. We considered all the tools available to us in adjusting our cost base given the near-term economic uncertainty, and resizing our team for this period of time was a critical step we needed to take. As a result, we are reducing our workforce by approximately 15% of full-time employees, or 137 roles. We are also eliminating a number of hybrid workforce (independent team member) positions.

As with all decisions related to our people, this was one that we undertook with great care. These decisions are primarily a reflection of the environment in which we are operating, and not a reflection of the contributions of our departing teammates. I also want to be clear that these are my decisions, and I hold myself accountable for the path that led us to today. I am aware of the very real impact this will have on our team members, specifically on those of you who will be leaving us, and this weighs heavily on me.

The majority of these reductions are on our Enterprise team. This is not a reflection of our conviction in our Enterprise strategy over the long term. The Enterprise opportunity remains significant: Companies will continue to need to get work done at scale, and Upwork offers an incredible value proposition around talent, access, cost savings, flexibility, and speed. We remain committed to expanding our business through a best-in-class Enterprise offering. Going forward, we'll be refining our sales strategy to focus on the most productive areas of opportunity this environment offers.

The changes in the macroenvironment and consequential refinement of our approach make this the right time to bring in a new leader. As part of today's changes, Eric Gilpin, our chief sales officer and current GM, Enterprise, will be stepping down. Eric has contributed so much in building our business and team, and is leaving a strong legacy. He will stay on in an advisory role to me and our team through the end of the quarter. We'll launch a search for a general manager for our Enterprise business unit and the team will report to me in the interim.

Beyond Enterprise, we are also eliminating a number of roles in order to streamline operations and drive efficiency in other areas of the business. To be clear, this was not a blanket cost-cutting exercise. Every decision was assessed through the lens of our growth goals, team structures and business priorities.

In this business, we lead with our heads and our hearts. I see this every day, and I know you will join me in treating all of our colleagues impacted by these changes with the dignity, respect, and compassion they deserve. We have approached the transition support we're offering our team members with that guiding principle in mind.

We have a strong and resilient business. I have unwavering belief in our opportunity and growth potential. These are actions we must take now to secure our continued bright future.

What's next

Knowing these changes are the necessary actions for Upwork today does not make this any less difficult. Empathy and compassion are core to who we are as an organization. This is the day to bring those attributes to the forefront. Please support each other and our departing colleagues in particular.

As I shared this morning, our focus today is on communicating with team members whose roles are impacted. We are a global team spread across many time zones; given that, we expect to have spoken to all impacted employees by end of day (Pacific Time) today, and all hybrid workforce team members by early tomorrow morning (Pacific Time). I will send an email letting team members know when these notification conversations have been completed.

Tomorrow we'll gather for ConnectUp, and we'll take your questions. Everyone will have a touchpoint with their leaders as well, where you can talk about any changes to your organization specifically and raise anything that's on your mind. Next week we'll host our Q2 All Hands, where we will come together to discuss the important work that is ahead of us.

Thank you,

Hayden