

Spotify to cut some 600 staff as tech woes spread

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The music streaming giant has yet to earn a profit.

Swedish music streaming giant Spotify said Monday it was cutting six percent of its roughly 10,000 employees in the latest cost-cutting announcement among technology companies.

The [company](#) did not specify where the cuts will be made.

"In hindsight, I was too ambitious in investing ahead of our [revenue growth](#). And for this reason, today, we are reducing our employee base by about six percent across the company," Spotify chief executive Daniel Ek said on Spotify's official blog.

"I take full accountability for the moves that got us here today," Ek added.

The 39-year-old CEO added that over the next several hours "one-on-one conversations will take place with all impacted employees."

Shares in the Sweden-based company, which is listed on the New York Stock Exchange, rose over 4.5 percent following the announcement in out-of-hours trading.

Spotify has invested heavily since its launch to fuel growth with expansions into new markets and, in later years, exclusive content such as podcasts.

It has invested over a billion dollars into podcasts alone and raised hackles last year as it signed a \$100 million multi-year deal with controversial star podcaster Joe Rogan.

The company has never posted a full-year net profit despite its success in the online music market.

In 2017, the company had around 3,000 staff members, more than tripling the figure to around 9,800 at the end on 2022.

It planned to reach 479 million monthly active users by the end of 2022, including 202 million paying subscribers and is targeting one billion

users by 2030.

"While I believe this decision is right for Spotify, I understand that with our historic focus on growth, many of you will view this as a shift in our culture," Ek said.

'Unsustainable'

To offer perspective, Ek noted that the growth of the company's operating expenditure had outpaced revenue growth by a factor of two.

"That would have been unsustainable long-term in any climate, but with a challenging macro environment, it would be even more difficult to close the gap," Ek said.

The company's annual turnover reached 9.6 billion euros (\$10.4 billion) in 2021.

Reporting its third quarter earnings in October, Spotify said it had 456 million monthly active users, of which 195 million were paying subscribers—who account for the majority of Spotify's income.

In recent months, tech giants such as Google parent company Alphabet, Facebook-owner Meta, Amazon and Microsoft have announced tens of thousands of [job cuts](#) as the sector faces economic headwinds.

On Friday, Alphabet announced it would cut 12,000 positions, just a day after Microsoft announced a cut of 10,000.

The cuts in the tech sector follow a major hiring spree during the height of the coronavirus pandemic when companies scrambled to meet demand as people went online for work, school and entertainment.

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