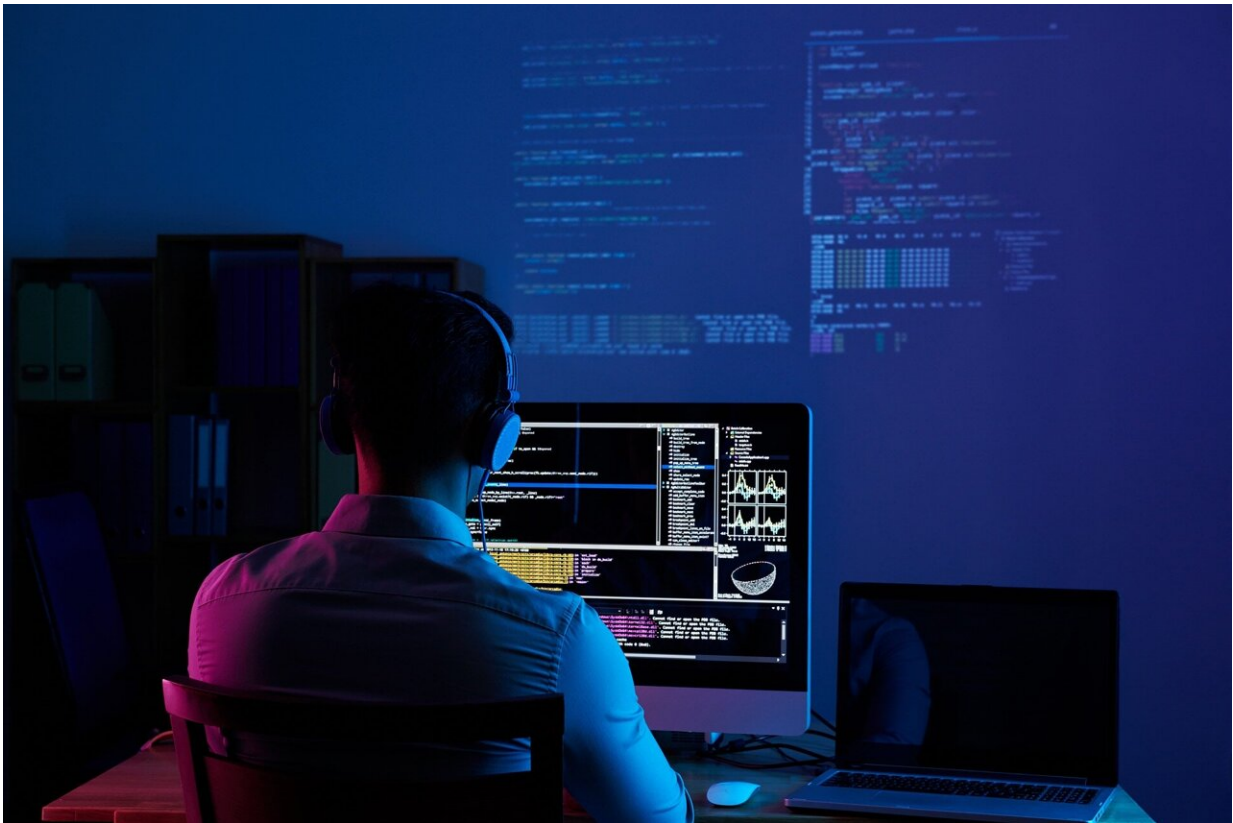


# Tech layoffs for AI, but Wall Street ready for stellar earnings

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Tech layoffs have piled up since the start of the year, but analysts say that it could be a new normal for Silicon Valley in a big pivot to artificial intelligence.

The cuts are not on the same scale as late 2022 and early 2023 when [tech companies](#) got rid of hundreds of thousands—a blowback from the hiring frenzy during the pandemic when companies ramped up employee counts as everyday life turned online.

That cull, dubbed the "year of efficiency" by Facebook-owner Meta, succeeded, with most big tech stocks now riding high as they enter a quarterly earnings week expected to be stellar.

"The majority of the massive layoffs are in the rearview mirror," Wedbush analysts Dan Ives told AFP.

"But now you're seeing more repositioning in big tech, where they're spending and doubling down on AI while cutting back on non strategic initiatives," he said.

For analysts, all eyes will be on AI when Microsoft, Meta, Google and Amazon release their results in the next few days.

## **'Tough choices'**

In all, last year the tech industry lost 260,000 jobs according to layoffs.fyi, a California-based website that tracks the sector.

So far this year, which is only four weeks old, layoffs are at 24,584, the site showed, from 93 companies.

Again the Silicon Valley giants are part of the list, with the notable exception of Apple which has largely stayed clear of the post-pandemic wave.

Google CEO Sundar Pichai warned employees on January 18 that layoffs are in store at the search engine giant as it focused on new

priorities, including artificial intelligence.

"We have ambitious goals and will be investing in our big priorities this year," Pichai told his staff.

"The reality is that to create the capacity for this investment, we have to make tough choices."

Already in January, Google let staff go in a myriad divisions including ad sales, search, shopping, maps, policy, core engineering and YouTube teams.

Still, the cull is far from when Google cut 12,000 jobs after Christmas last year.

Around that time, Amazon also cut tens of thousands of jobs and is still implementing that wave with [job cuts](#) announced this month in its entertainment and streaming division.

Microsoft announced that it is letting go nearly 2,000 workers from its gaming division, fallout from its blockbuster buyout of Activision Blizzard, the maker of "Call of Duty."

Ebay, Salesforce, Duolingo and dozens of other companies have also cut staff with struggling startups forced to keep employee numbers down as a high interest rate environment starves them of financing.

For Roger Lee, creator of the layoffs.fyi website, the main thrust remains the aftershocks of over-hiring when everyone was locked down at home.

He also pointed to a copycat effect where companies announce layoffs because their rivals do, seeking the tacit approval of Wall Street or

venture capitalists who approve of sound spending.

"That might be encouraging those companies in tech to cut costs and layoff staff," Lee told NPR, the US radio network.

For Ives of Wedbush, investors "like seeing that there's adults in the rooms" when it comes to spending decisions.

"It sends a prudent message to investors, which is usually well received" by Wall Street, he added.

Layoffs.fyi estimates that about 20 percent of the job losses are brought on by AI and restructuring connected to it.

Silicon Valley jobs are on the front line with some coding tasks largely carried out by generative-AI.

"The wave of AI usage to improve business operations will affect every industry in every country," said John Blevins , guest lecturer at Cornell's SC Johnson College of Business.

"The tech sector, which moves faster than most others, is simply being altered by AI first."

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