

# Startup Failure Post-Mortems

## 2017 Third Update (10/31/17)

### Jawbone

Title: [Jawbone to Be Liquidated as Rahman Moves to Health Startup](#)

Title Link: <https://www.theinformation.com/articles/jawbone-to-be-liquidated-as-rahman-moves-to-health-startup>

Product: [Jawbone](#)

Product Link: <https://www.cbinsights.com/company/jawbone>

*The Information* broke the news of Jawbone's demise based on insights from a source close to the company.

Jawbone co-founder and CEO Hosain Rahman has founded a new company called Jawbone Health Hub that will make health-related hardware and software services, according to the person. Many employees of Jawbone moved to the new firm earlier this year, the person said. Jawbone Health will service Jawbone's devices going forward, said the person.

A notice sent to creditors said Jawbone entered into insolvency proceedings under California law on June 19. A company has been set up to liquidate Jawbone's assets. Jawbone hired Sherwood Partners to handle the matter. The notice says creditors have 180 days to file a claim.

### Jawbone

CONSUMER PRODUCTS & SERVICES | Consumer Electronics

[jawbone.com](http://jawbone.com)

### Founded Year

1999

### Stage

Dead | Dead

## Total Raised

\$929.9M

## Revenue

\$0000

## About Jawbone

Jawbone, formerly Aliph, develops products and services for mobile devices such as headsets and wireless speakers. The company is the creator of JAMBOX and BIG JAMBOX wireless speakers, the Jawbone ERA and ICONTM Bluetooth headsets, and NoiseAssassin technology.

## Jawbone Headquarter Location

99 Rhode Island Street 3rd Floor  
San Francisco, California, 94103,  
United States  
800-529-2663

# Jawbone to Be Liquidated as Rahman Moves to Health Startup

By [Reed Albergotti](#) | July 6, 2017 1:45 PM PDT

<https://www.theinformation.com/articles/jawbone-to-be-liquidated-as-rahman-moves-to-health-startup>

Jawbone, the consumer electronics firm once valued at \$3 billion, is going out of business. The company has begun liquidation proceedings, after years of financial pressures, according to a person close to Jawbone.

Jawbone co-founder and CEO Hosain Rahman has founded a new company called Jawbone Health Hub that will make health-related hardware and software services, according to the person. Many employees of Jawbone moved to the new firm earlier this year, the person said. Jawbone Health will service Jawbone's devices going forward,

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Failed Startups: Jawbone  
Mary Juetten

Mary JuettenFormer Contributor, Feb 5, 2019,08:45am EST|8,992 views  
at: <https://www.forbes.com/sites/maryjuetten/2019/02/05/failed-startups-jawbone/?sh=2caa46675b6d>

Long is the list of Silicon Valley startups that have begun their lives as the next big thing, their ideas as the wave of the future, only to have that ingenuity fail to meet any actual success. Translating ideas into reality is hard, the process of manufacturing technological devices harder still, and gauging what the public wants and capturing a share of the available market can seem nearly impossible to those in the midst of trying to accomplish just that. Hitting that particular mark and achieving every objective that you need for early, sustained success can be akin to a magic trick.

Jawbone was, or is, a company with an interesting journey through the startup landscape as it tried to accomplish this trick. The company entered the public sphere as a maker of wireless technology, selling Bluetooth headsets and wireless speakers under the stewardship of CEO Hosain Rahman. It was a curious case among startups, an unusually long-gestating but soon-to-be-successful unicorn, its birth and rise chronicled by Fortune in 2015 in a familiar hagiography that accompanies many an entrepreneur on their way up.

This particular celebration of the company was on the occasion of the launch of its newest product, the UP3 fitness tracker band. The UP3 represented an expansion of the company's ambition, as Jawbone seemed to be on solid footing; the company was raising money at a \$3 billion valuation from some of the biggest venture capital firms in Silicon Valley.

As we've seen throughout recent years (and throughout this series), appearances can be deceiving when it comes to startups. The same Fortune profile lauding the company's rise notes that Jawbone "continues to scramble for cash and struggles to ship a quality product on time." And the company's investment into the UP3 proved to be a poor bet; iterations of the product encountered various problems, and users often ran up against the limitations of the device as well as its high price. It also faced stiff competition from Fitbit, who was by then offering similar products at a lesser price, and Apple, who offered some of the same tracking measures in the Apple Watch, in addition to being the globe-bestridding technological colossus that can destroy the fortunes of an ambitious startup with their latest product launch.

The reality of Jawbone's decline began to appear in 2016, as the company stopped making and then selling their fitness trackers before eventually selling off their remaining inventory to a reseller. Soon thereafter, Jawbone discontinued its relationship with its outside customer service agency after they were unable to pay for their services, according to Business Insider, failing to replace it with customer service of any kind and angering its remaining customers in the process. Additional reporting from the website states that Jawbone was looking to shift to wearables to measure health information, but was unable to get the devices to work properly.

And while likely not a contributing factor to the company's ultimate decline, Jawbone's fortunes were further complicated by a lawsuit against Fitbit, accusing their competitor of pilfering both employees and trade secrets from Jawbone. While the matter was initially decided in favor of

Fitbit, the issue was revived when federal prosecutors indicted current and former Fitbit employees for possession of stolen trade secrets.

Jawbone's end is unlike that of others that have reached the end of their financial runway. In reporting on the company's liquidation, The Verge notes that Rahman has already begun work on Jawbone Health Hub (since renamed Jawbone Health) to provide "health-related products and services" and service existing Jawbone devices, and brought many former Jawbone employees with him. While little can be gleaned about the new venture from its website, in a wide-ranging interview with Recode's Kara Swisher, Rahman touches on the mistakes and failures of his previous venture.

Startups of any kind are a challenge, and startups wherein hardware is involved are particularly challenging. And yet for all of the risks, there were no glaringly unwise mistakes on the road to failure that can be seen in many of the other stories of startups that failed. It took sixteen years before the missteps of the UP3, and while the company was never making money, it produced quality products that furthered its growth and valuation and fueled investor confidence. Rather, it seems that a big bet on a product that didn't work as intended, couldn't be fixed as easily as software, and faced strong competition was too great a gamble for a startup with too little margin for mistakes.