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# CEO Patrick Collison's email to Stripe employees

November 3, 2022



*Earlier today, Stripe CEO Patrick Collison sent the following note to Stripe employees.*

Today we're announcing the hardest change we have had to make at Stripe to date. We're reducing the size of our team by around 14% and saying goodbye to many talented Stripes in the process. If you are among those impacted, you will receive a notification email within the next 15 minutes. For those of you leaving: we're very sorry to be taking this step and John and I are fully responsible for the decisions leading up to it.

We'll set out more detail later in this email. But first, we want to share some broader context.

## **The world around us**

At the outset of the pandemic in 2020, the world rotated overnight towards e-commerce. We witnessed significantly higher growth rates over the course of 2020 and 2021 compared to what we had seen previously. As an organization, we transitioned into a new operating mode and both our revenue and payment volume have since grown more than 3x.

The world is now shifting again. We are facing stubborn inflation, energy shocks, higher interest rates, reduced investment budgets, and sparser startup funding. (Tech company earnings last week provided lots of examples of changing circumstances.) On Tuesday, a former Treasury Secretary said that the US faces "as complex a set of macroeconomic challenges as at any time in 75 years", and many parts of the developed world appear to be headed for recession. We think that 2022 represents the beginning of a different economic climate.

Our business is fundamentally well-positioned to weather harsh circumstances. We provide an important foundation to our customers and Stripe is not a discretionary service that customers turn off if budget is squeezed. However, we do need to match the pace of our investments with the realities around us. Doing right by our users and our shareholders (including you) means embracing reality as it is.

Today, that means building differently for leaner times. We have always taken pride in being a capital efficient business and we think this attribute is important to preserve. To adapt ourselves appropriately for the world we're headed into, we need to reduce our costs.

## How we're handling departures

Around 14% of people at Stripe will be leaving the company. We, the founders, made this decision. We overhired for the world we're in (more on that below), and it pains us to be unable to deliver the experience that we hoped that those impacted would have at Stripe.

There's no good way to do a layoff, but we're going to do our best to treat everyone leaving as respectfully as possible and to do whatever we can to help. Some of the core details include:

**Severance pay.** We will pay 14 weeks of severance for all departing employees, and more for those with longer tenure. That is, those departing will be paid until at least February 21st 2023.

**Bonus.** We will pay our 2022 annual bonus for all departing employees, regardless of their departure date. (It will be prorated for people hired in 2022.)

**PTO.** We'll pay for all unused PTO time (including in regions where that's not legally required).

**Healthcare.** We'll pay the cash equivalent of 6 months of existing healthcare premiums or healthcare continuation.

**RSU vesting.** We'll accelerate everyone who has already reached their one-year vesting cliff to the February 2023 vesting date (or longer, depending on departure date). For those who haven't reached their vesting cliffs, we'll waive the cliff.

**Career support.** We'll cover career support, and do our best to connect departing employees with other companies. We're also creating a new tier of extra large Stripe discounts for anyone who decides to start a new business now or in the future.

**Immigration support.** We know that this situation is particularly tough if you're a visa holder. We have extensive dedicated support lined up for those of you here on visas (you'll receive an

email setting up a consultation within a few hours), and we'll be supporting transitions to non-employment visas wherever we can.

Most importantly, while this is definitely not the separation we would have wanted or imagined when we were making hiring decisions, we want everyone that is leaving to know that we care about you as former colleagues and appreciate everything you've done for Stripe. In our minds, you are valued alumni. (In service of that, we're creating alumni.stripe.com email addresses for everyone departing, and we're going to roll this out to all former employees in the months ahead.)

We are going to set up a live, 1-1 conversation between each departing employee and a Stripe manager over the course of the next day. If you are in an impacted group, look out for a calendar invitation.

For those not affected, there'll be some bumpiness over the next few days as we navigate a lot of change at once. We ask that you help us do right by Stripe's users and the departing Stripes.

Our message to other employers is that there are many truly terrific colleagues departing who can and will do great things elsewhere. Talented people come to Stripe because they're attracted to hard infrastructure problems and complex challenges. Today doesn't change that, and they would be fantastic additions at almost any other company.

## **Going forward**

In making these changes, you might reasonably wonder whether Stripe's leadership made some errors of judgment. We'd go further than that. In our view, we made two very consequential mistakes, and we want to highlight them here since they're important:

We were much too optimistic about the internet economy's near-term growth in 2022 and 2023 and underestimated both the likelihood and impact of a broader slowdown.

We grew operating costs too quickly. Buoyed by the success we're seeing in some of our new product areas, we allowed coordination costs to grow and operational inefficiencies to seep in.

We are going to correct these mistakes. So, in addition to the headcount changes described above (which will return us to our February headcount of almost 7,000 people), we are firmly reining in all other sources of cost. The world is hard to predict right now, but we expect that these changes will set us up for robust cash flow generation in the quarters ahead.

We are not applying these headcount changes evenly across the organization. For example, our Recruiting organization will be disproportionately affected since we'll hire fewer people next year. If you want to see how your organization is impacted, Home will be up-to-date by 7am PT.

We'll describe what this means for our company strategy soon. Nothing in it is going to radically change, but we're going to make some important edits that make sense for the world that we're headed into, and tighten up our prioritization substantially. Expect to hear more on this over the next week.

While the changes today are painful, we feel very good about the prospects for innovative businesses and about Stripe's position in the internet economy. The data we see is consistent with this encouraging picture: we signed a remarkable 75% more new customers in Q3 2022 than Q3 2021, our competitive win rates are getting even better, our growth rates remain very strong, and on Tuesday we set a new record for total daily transaction volume processed. Our smaller users (many of whom are just "big customers that aren't yet big") are, in aggregate, growing extremely quickly, showing that plenty of technology S curves remain in the early innings and that our customers remain impressively resilient in the face of the broader global challenges.

People join Stripe because they want to grow the internet economy and boost entrepreneurship around the world. Times of economic stress make it even more important that we find innovative ways to help our users grow and adapt their businesses. Today is a sad day for everyone as we say goodbye to a number of talented colleagues. But we're ready for a pitched effort ahead, and we're putting Stripe on the right footing to face it.

For the rest of this week, we'll focus on helping the people who are leaving Stripe. Next week we'll reset, recalibrate, and move forward.

Patrick and John

**stripe**

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