

EXCHANGE --- Crypto Firms Cut Back on Hiring

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FULL TEXT

Cryptocurrency firms have slammed the brakes on their spending spree in response to the continuing crypto price slump.

In the past few weeks, Coinbase Global Inc., the largest American crypto exchange, rescinded offers to employees who accepted jobs and said it would slow its hiring pace. Another crypto exchange, Gemini Trust Co., cut 10% of its staff, citing the effects of the market downturn.

After hiring doubled from November to April, crypto firms slowed hiring in May, according to data collected by ManpowerGroup. The top three employers in the crypto space as of last month were Block Inc., Coinbase and Gemini, according to ManpowerGroup.

Since November, bitcoin has fallen 55% and the entire crypto market has dropped 59%. That selloff has lowered the volume of crypto trading, and it is forcing some companies to work to adjust, said Kavita Gupta, founder of the investment firm Delta Blockchain Fund.

"Companies that went public or expanded during the high-peak time and did not figure out their balance sheet for three years of cash flow have to tighten their belt," she said.

For exchanges including Coinbase, transaction fees are the prime source of revenue. In its most recent earnings report, the company said that trading activity in the first quarter was down by about half from the fourth quarter, and that it expected the trend to continue in the second quarter. Coinbase declined to comment.

In a blog post, Gemini's founders, Cameron Winklevoss and Tyler Winklevoss, said the job cuts were in response to a "contraction phase" in the crypto market and a decision to focus only on products that were absolutely critical. At the hiring website CryptoJobs, the number of job listings has fallen by 20% over the past two months, according to project manager Evy Lee.

Daniel Adler, founder of Cryptocurrency Jobs, another job-posting website, said that some of his crypto clients brushed off the initial crypto selloff in the first quarter, but now have implemented freezes and slowed their pace of hiring.

Mr. Adler said clients told him that wider problems in the global economy such as inflation and the effects of the Ukrainian invasion have forced their companies to change plans, he said.

Venture firms are still investing in the crypto sector, with high-profile funds recently announced by Binance and Andreessen Horowitz. But the pace is starting to show some easing. In the second quarter, crypto firms have raised \$6.8 billion so far, according to the research firm PitchBook. That is down from \$10 billion in the first quarter.

Another area in which crypto companies are cutting costs is in advertising. While crypto companies are spending more this year than last, they have been slowing their roll. Crypto firms spent \$10 million in advertising spending in April, the lowest amount since September, according to the research firm MediaRadar. In February, Super Bowl ad spending lifted the month's total to \$73 million.

Four companies – Coinbase, FTX, Crypto.com and eToro Group Ltd. – accounted for virtually all of that spending. Excluding their contributions, crypto ad spending fell from \$2 million in February to \$1 million in April.

Bitcoin's cratering price has cut into the profits at cryptocurrency mining companies, some of which are publicly traded. Daily collective miner revenue has fallen by about 56% since November, the research firm Glassnode

estimates, to about \$27 million from \$62 million.

Not every company is retrenching, though. Over the past year, Toronto-based Hut 8 Mining Corp. added new businesses, including a hardware-repair operation, and raised capital in anticipation of an eventual slowdown, said Chief Executive Jaime Leverton.

Credit: By Paul Vigna

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