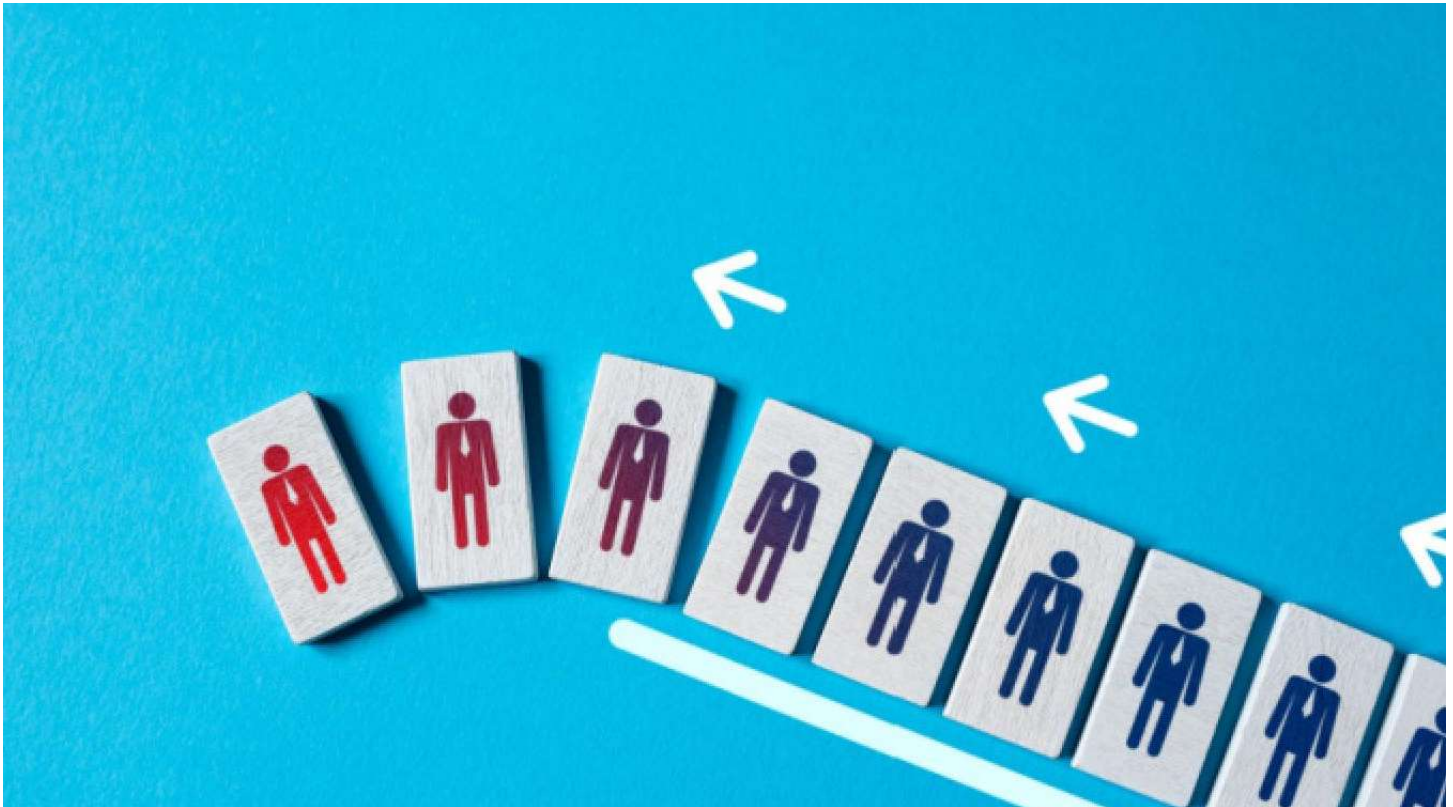


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Declining freight demand prompts Flexport to cut 20 percent of global staff



Flexport, which hired former Amazon logistics veteran Dave Clark to take over the CEO role in March, has been affected by the downturn in freight volumes in the second half of 2022. Photo credit: Andrii Yalanskyi / Shutterstock.com.

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Eric Johnson, Senior Technology Editor | Jan 11, 2023, 1:46 PM EST



Flexport on Wednesday said it is laying off 20 percent of its global workforce, citing weakening economic conditions that caused international freight volumes to plummet over the second half of 2022.

The announcement, made via the forwarder's blog by co-CEOs Dave Clark and Ryan Petersen, called the reduction in headcount a "hard [decision] necessary to set us up for long-term success."

"We are overall in a good position but are not immune to the macroeconomic downturn that has impacted businesses around the world," Clark and Petersen wrote in the statement. "Our customers have been impacted by these challenging conditions, resulting in a reduction to our volume forecasts through 2023. Lower volumes, combined with improved efficiencies as a result of new organizational and operational structures, means we are overstaffed in a variety of roles across the company."

Despite the layoffs, which impact roles across the company and its three main operating regions of North America, Europe, and Asia, Clark and Petersen said the company "is in the process of doubling our software engineering talent." A renewed focus on attracting engineers comes months after ex-Chief Technology Officer James Chen left the company, a role that has yet to be filled.

Flexport declined a *Journal of Commerce* request to specify the number of people let go Wednesday, but according to several websites that track employee counts at private companies, the forwarder had about 3,200 employees prior to the layoff announcement.

"The current slowdown in volume gives us time to focus on building our technology bench while the economy lags," Clark and Petersen said. "Then, as the economy recovers, we will be ready to be the Flexport that we all want to be — the one stop for customers to make the movement of goods around the world easy. But to do that, we're going to need to be nimble, fiscally responsible, and focused on building fast with operational excellence."

Other companies reducing headcount

Flexport's layoffs come amid a broader retrenchment in staffing across the logistics sector.

Within the logistics software space, project44, FourKites, Convoy, and Stord all notably announced layoffs in 2022. So far, no other large forwarders have announced major staff cuts. But one software vendor that caters to logistics providers, who did not want to be identified, told the *Journal of Commerce* this week that weakening freight volumes are having an impact on forwarders' cash flow, despite big profits

Flexport announced last June that Clark would join Petersen as co-CEO in September before taking over as sole CEO in March 2023. That announcement came months after Flexport received a \$935 million funding round that valued the company at \$8 billion; the forwarder revealed at the time it had \$3.1 billion in 2021 revenue. The company has not released 2022 revenue figures yet.

Contact Eric Johnson at eric.johnson@spglobal.com and follow him on Twitter: [@LogTechEric](https://twitter.com/LogTechEric).

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