

# Chinese tech firm LeEco reverses course in US, cuts 325 jobs

May 24 2017

---



LeEco co-founder and chief executive Jia Yueting is seen in October outlining the Chinese technology company's move into the US market. This week, LeEco said it was scaling back its plans and cutting 325 jobs

Cash-strapped Chinese tech firm LeEco on Wednesday confirmed that it is throttling back plans to invade the US market, cutting 325 jobs months after announcing a major expansion.

The layoffs were reported represent about 70 percent of the company's US staff.

"The challenges with raising new capital have made it difficult in the past few months to support all of our business priorities," LeEco spokeswoman Kayla Harper said in an email..

"As a result, the capital we do have will have to be highly focused resulting in a significant restructuring and streamlining of our business, operations and workforce."

The belt tightening will effect approximately 325 positions in the US, according to Harper.

LeEco—referred to as a combination of Netflix, Apple, Amazon and Tesla—dove into the US market late last year with a grand event in San Francisco and laid out a vision of taking on US tech titans on their home turf.

LeEco jumped into a fiercely competitive US smartphone market with sophisticated handsets priced lower than flagship models from rivals to bring users to its "ecosystem" of online offerings.

Analysts, however, expected it to take more than bargains on handsets to win people away from what Apple and Google provide when it comes to meshing mobile devices with digital content, applications and services.

## **Chinese focus**

LeEco continues to have faith in its approach and will remain in the US market, but playing to its strength with content tailored for Chinese-speaking customers, according to Harper.

"In the past few months, we have gained a large foothold in Chinese-speaking households in the US by offering tailor-made products and content for this community," Harper said.

"We believe this provides us an opportunity to build on our strengths and grow from there."

LeEco last month abandoned its effort to buy US television maker Vizio, citing "regulatory headwinds."

LeEco last year announced a deal to buy Vizio for \$2 billion, but the acquisition had to be approved by regulators.

LeEco said that Vizio will look into ways to incorporate the Chinese company's app and content into offerings.

Early this year, LeEco secured a \$2.2 billion investment from a group led by property developer Sunac China Holdings, after it had to suspend trading in shares.

The money was to be ploughed into the sprawling LeEco empire, which has interests in various sectors including [self-driving cars](#), smartphones, film making, and TV-set manufacturing.

Originally a video-streaming provider, LeEco has expanded rapidly with investments in sectors as wide-ranging as self-driving cars, sports broadcasting rights, smartphones, film production, and television manufacturing.

LeEco's diverse ventures pit the company against Apple, Netflix, and Tesla and homegrown Chinese champions Baidu, Tencent, and Alibaba.

But the company's relentless expansion has put a strain on its cash flow,

and in November told employees the company grew too quickly and was short of funds.

© 2017 AFP

Citation: Chinese tech firm LeEco reverses course in US, cuts 325 jobs (2017, May 24) retrieved 11 May 2024 from <https://phys.org/news/2017-05-chinese-tech-firm-leeco-reverses.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.