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**REDWOOD PARTNERS CONSIDERED THOUGHT-LEADER &
FEATURED IN *CRAIN'S NEW YORK BUSINESS*****“LAYOFFS MOUNT AS TECH SPUTTERS”**

By Amanda Fung
Published: November 16, 2008

One of the bright spots in the New York economy is dimming.

A few months ago, local tech firms planned to take advantage of the 22,000-plus Wall Street layoffs and open their doors to new talent. But in recent weeks, tech companies have contributed to the pool of unemployed by cutting staff.

Though the number of rolling heads pales in comparison to the carnage on Wall Street, tech companies catering to such industries as financial services are responding to slower demand; others are preparing for a prolonged downturn that might affect future business.

Among the firms that are cutting staff: men's online video site Heavy.com, interactive agency Razorfish and mobile entertainment provider Thumbplay. Industry observers expect others to make similar moves in the coming months.

“It is inevitable—everyone is concerned about the economy,” says Michael Flannery, senior managing partner of Redwood Partners, a consulting and executive recruiting firm that specializes in tech. “They want to hold on to capital, and to do so they have to get leaner and meaner.”

The tech sector, which tends to lag the overall economy, began weakening in October. Online listings for positions in the New York area were down 25%, from October 2007, according to Dice.com, a tech-specific job board.

To prepare for an expected dip in the online ad market, Heavy.com cut 14% of its 100-member staff last month, according to the company.

Meanwhile, Razorfish, a unit of Microsoft's aQuantive subsidiary, confirmed laying off 40 people in its financial services group in New York. The midtown office, the digital agency's

largest location, had 415 employees in August. Razorfish says it is providing job-search assistance.

“Media, advertising and financial services are particularly hard-hit,” says Jalak Jobanputra, senior vice president of the New York City Investment Fund.

Manhattan-based Thumbplay, which sells ring tones and mobile entertainment content, had grown to about 70 employees over the past two years and acknowledges only that it recently reduced staff.

Cutting despite revenue gains

Founder and Chief Executive Are Traasdahl says the cuts were necessary, even though Thumbplay is still on track to exceed 50% year-over-year revenue growth. The firm also raised \$18 million in venture funding this year.

“Thumbplay, like every responsible company out there right now, is preparing against future risk,” Mr. Traasdahl says.

Businesses are also freezing new hiring, according to Mr. Flannery of Redwood Partners. He was conducting half a dozen searches for senior-level executives, and all have been put on hold.

Many warn that the next six to 12 months will be rough as companies hunker down, scrutinize cash flow and re-evaluate revenue forecasts.

But “tech is here to stay,” Ms. Jobanputra insists. “Startups that can operate efficiently as ad revenue declines and customers retrench, and have some flexibility in their business models, are ones that will survive and continue to get funded.”

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About Redwood Partners – International Advisory Firm:

Based in New York and London and serving clients worldwide, Redwood Partners (www.redwoodpartners.com) is the leading international executive search firm for emerging mobile, internet and digital media companies. Redwood Partners understands that placing the best talent, forming strategic alliances, supporting seed & angel rounds of financing and developing new revenue streams are inextricably linked to client success. Working as a partner to high-growth companies and securing venture funding, Redwood leverages industry knowledge, relationships with world-class organizations and talent to execute quickly and effectively.

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