

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 12, 2022

Twilio Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-37806
(Commission
File Number)

26-2574840
(IRS Employer
Identification No.)

101 Spear Street, Fifth Floor
San Francisco, California 94105
(Address of principal executive offices) (Zip Code)

(415) 390-2337
(Registrant's telephone number, including area code)

101 Spear Street, First Floor
San Francisco, California 94105
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.001 per share	TWLO	New York Stock Exchange Long-Term Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On September 12, 2022, the compensation and talent management committee of the board of directors of Twilio Inc. (the “Company”) approved a restructuring plan that is designed to reduce operating costs, improve operating margins, and shift the Company’s selling capacity to accelerate software sales (collectively, the “Restructuring Plan”). The Restructuring Plan includes elimination of approximately 11% of the Company’s current workforce.

The Company estimates that it will incur approximately \$70-\$90 million in charges in connection with the Restructuring Plan, consisting of cash expenditures for employee transition, notice period and severance payments, employee benefits, and related facilitation costs as well as non-cash expenditures related to vesting of share-based awards. Of this amount, \$55-\$70 million is expected to result in future cash outlays. The Company expects that the majority of the restructuring charges will be incurred in the third quarter of 2022 and that the execution of this Restructuring Plan, including cash payments, will be substantially complete by the end of the fourth quarter of 2022.

Potential position eliminations in each country are subject to local law and consultation requirements, which may extend this process beyond the fourth quarter of 2022 in certain countries. The charges that we expect to incur are subject to a number of assumptions, including local law requirements in various jurisdictions, and actual expenses may differ materially from the estimates disclosed above.

Item 7.01 Regulation FD Disclosure.

The costs associated with the Restructuring Plan will be included in the Company’s GAAP results but will be excluded from the Company’s non-GAAP results. The Company reaffirms the guidance it issued for the third quarter ending September 30, 2022, in its Current Report on Form 8-K filed with the SEC on August 4, 2022, as follows:

	Q3 FY22 Guidance
Revenue (millions)	\$965 - \$975
Y/Y Growth	30% - 32%
Organic Y/Y Growth ⁽¹⁾	29% - 30%
Non-GAAP loss from operations (millions) ⁽²⁾	(\$70) - (\$60)
Non-GAAP loss per share ⁽²⁾	(\$0.43) - (\$0.37)
Non-GAAP basic shares outstanding (millions)	183

(1) Organic revenue growth guidance excludes all revenue from Zipwhip and all other acquisitions that closed after July 1, 2021.

(2) Includes an estimated \$35 million non-cash accrual for the adoption of a new sabbatical program for tenured employees. In the quarters subsequent to the adoption, the impact from this program is not expected to be significant to our results of operations.

On September 14, 2022, the Company began notifying team members affected by the Restructuring Plan and communicated the changes to the entire company with a letter from Jeff Lawson, the Company’s Chief Executive Officer and Co-Founder, which is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference.

The information furnished under this Item 7.01 and in the accompanying Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “can,” “will,” “would,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “forecasts,” “potential” or “continue” or the negative of these

words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Current Report on Form 8-K include, but are not limited to, statements about the Company's expectations regarding the costs, benefits, timing and financial impacts from the Restructuring Plan, the Company's outlook for the third quarter of 2022 and related matters. You should not rely upon forward-looking statements as predictions of future events.

The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from those described in the forward-looking statements, including, among other things: adverse changes in general economic or market conditions, including labor shortages, supply chain disruptions, a downturn, recession and inflation; changes in the market for communications; the impact of COVID-19 on the Company and its customers and partners; the Company's ability to adapt its products to meet evolving market and customer demands and rapid technological change; the Company's ability to comply with modified or new industry standards, laws and regulations applying to its business; the Company's ability to generate sufficient revenues to achieve or sustain profitability; general economic conditions, including a downturn or recession and rising inflation, that may adversely affect a prospective customer's ability or willingness to adopt our products, delay a prospective customer's adoption decision, reduce the revenue that we generate from the use of our products or affect customer retention; retention of customer data platforms like the Company's by organizations in times of macroeconomic uncertainty; the Company's ability to effectively manage its growth and increase gross margins; the Company's ability to compete effectively in an intensely competitive market; the Company's ability to attract and retain qualified employees; the technical reliability of the Company's products and platform; the Company's ability to successfully integrate its acquisitions and risks that the anticipated benefits of such acquisitions and partnerships and investments may not be fully realized or may take longer to realize than expected; the Company's ability to close the transactions associated with such partnerships and investments; the impact of recent and future privacy changes on certain third party platforms on the Company and its customers; and the Company's ability to manage changes in network service provider fees that it pays in connection with the delivery of communications on its platform and the impact of those fees on gross margin.

The forward-looking statements contained in this Current Report on Form 8-K are also subject to additional risks, uncertainties, and factors, including those more fully described in the Company's most recent filings with the Securities and Exchange Commission, including its most recent report on form 10-K, subsequent reports on form 10-Q, and any amendments to any of the foregoing. Further information on potential risks that could affect actual results will be included in the subsequent periodic and current reports and other filings that the Company makes with the Securities and Exchange Commission from time to time. Moreover, the Company operates in a very competitive and rapidly changing environment, and new risks and uncertainties may emerge that could have an impact on the forward-looking statements contained in this Current Report on Form 8-K.

Forward-looking statements represent the Company's management's beliefs and assumptions only as of the date such statements are made. The Company undertakes no obligation to update any forward-looking statements made in this Current Report on Form 8-K to reflect events or circumstances after the date of this Current Report on Form 8-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Letter to Twilio team members from Jeff Lawson, dated September 14, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TWILIO INC.

September 14, 2022

By: /s/ Khozema Z. Shipchandler

Name: Khozema Z. Shipchandler

Title: Chief Operating Officer

September 14, 2022

Important: Focusing Twilio more and reducing our size

Twilions,

Over the years, we've made lots of changes to the way Twilio operates and is organized, but none harder than what I'm sharing today.

We've made the extremely difficult decision to restructure and reduce Twilio's workforce by approximately 11% – teammates and friends who helped build Twilio.

I'm not going to sugarcoat things. A layoff is the last thing we want to do, but I believe it's wise and necessary. Twilio has grown at an astonishing rate over the past couple years. It was too fast, and without enough focus on our most important company priorities. I take responsibility for those decisions, as well as the difficult decision to do this layoff.

Before I get into the details, I want to answer the obvious question which is likely on your mind:

Am I Impacted?

In the US, impacted Twilions will get an email within the next 60 minutes letting them know their role has been impacted and outlining next steps. Twilions who are impacted will also be able to meet with a leader from their team or an HRBP today.

Outside the US, Twilio operates in 20 countries, so notifications and next steps will vary based on local laws and practices. Regardless, all Twilions whose roles are or may be impacted outside the US can expect an email or meeting invitation within the next two hours.

For Twilions in all regions: If you don't receive one of these emails or meeting invitations in the next two hours, it means your role has not been impacted.

Let me start by stating the obvious: Ideally, everyone would be hearing this news directly from their manager, but that would have left many Twilions waiting anxiously for an extended period of time. The process differs by country, but we wanted to give clarity as quickly as possible.

Why we're taking this step

Twilio has always been a growth company. And as you know, we're committed to being a profitable growth company. At our scale, being profitable will make us stronger. It requires us to ask more rigorously which activities and investments are working. It forces us to ask where we have good alignment internally to amplify each of our efforts. This discipline requires us to ask if our investments are getting us where we need to go.

As we've discussed frequently, we have four priorities for reaching profitability and leading in customer engagement: Investing in our platform reliability and trust, increasing the profitability of messaging, accelerating Segment adoption, and scaling the Flex customer base. Today's layoffs are about aligning our investments more squarely with our priorities, as well as running our company more efficiently overall.

Full stop, these are our priorities. As they have been for a while now. But we must sharpen our focus more than ever. I am asking Twilio's leaders to further examine their priorities, and any Twilion has full permission to question every other activity that doesn't help us achieve our company priorities in a measurable way. I am not asking you all to "do more with less." I'm asking the company to actually do fewer things better. I take responsibility for choosing to grow our team faster and to pursue many priorities beyond these four priorities over the recent years. And now, I also own the decision to become more focused – resulting in this layoff.

I know that we can succeed in becoming the leading Customer Engagement Platform we envision. I just came back from APJ where I met with over two dozen customers. There's a hunger for where we're going – and key to that success in the coming years is accelerating Segment and Flex. That won't happen without the concerted focus and investment I'm emphasizing today.

How did we decide which roles would be impacted

This was tremendously difficult. For those impacted today, we applied a rigorous selection process to examine which roles were most tightly aligned to our four priorities. Similarly, we looked at the size of the investments we've made and whether they are working for our company. We ultimately found that some investments no longer make sense and identified areas where we can be more efficient. By no fault of the Twilions impacted today, we've curtailed our investment in areas of Go To Market where customers can succeed without as much human intervention, as well as making targeted changes to be more efficient in areas of R&D and G&A.

As you all know, we are committed to becoming an Anti-Racist/Anti-Oppression company. Layoffs like this can have a more pronounced impact on marginalized communities, so we were particularly focused on ensuring our layoffs – while a business necessity today – were carried out through an Anti-Racist/Anti-Oppression lens.

To all the Twilions who will be leaving:

I want to do our best to take care of you in this transition and set you up for success in what comes next. All impacted Twilions globally will receive at least 12 weeks of pay, plus one week for every year of service at Twilio. You'll also receive the full value of Twilio's next stock vest because the Twilions who are leaving us are shareholders too – which is important to us.

In the US and in most regions, you will be able to remain on company payroll while searching for your next role, whether it be inside or outside Twilio. Our Talent Acquisition team will give high-touch service to impacted Twilions if there's an open internal role in one of our investment areas. We will create a list that impacted employees can opt into, which we'll share with other companies who may be hiring, as well as investors who know many such companies.

I know this is especially hard news for those Twilions who depend on Twilio-sponsored visas. We'll be giving those team members even more support to hopefully minimize the disruption to them and their families as they work through their immigration status.

I am deeply sorry to see you all leave Twilio. You have all been part of building our company. You've been our teammates, partners, and friends. I'm grateful for your contributions to our customers and our business. And we owe it to you to help as much as we can.

To those Twilions who are remaining:

We are builders. This is all part of the complicated, difficult and at times emotional journey as builders. No doubt, it will be a hard few months as we change the shape of our company for the opportunity ahead. We'll have an All Hands meeting tomorrow to talk more about that.

Today, it's okay to be a bit shocked and feel sad. And to support your colleagues. I am confident that we'll look back at this as a difficult time – but one that set up Twilio well for the future. Please see Switchboard for more details about today's news.

–jeffiel