

Reorganisation sees Microsoft axe 18,000 jobs

NEW YORK, USA: Microsoft said it would axe 18,000 jobs from its global workforce over the next year, the majority coming from the integration of Nokia bought by it earlier this year.



Microsoft's Satya Nadella says the job cuts are aimed at improving Microsoft, making it a more agile company that can react to changes in the market place. Image: Wikipedia

A Microsoft statement said the move is part of a restructuring plan to simplify its operations and align the recently acquired Nokia Devices and Services business with the company's overall strategy.

The cuts represent about 14% of Microsoft's global staff of about 127,000 people. The company will take a charge of between \$1.1bn and \$1.6bn for costs related to the layoffs.

"Of the total, about 12,500 professional and factory positions from Nokia will be eliminated through synergies and strategic alignment," Microsoft said.

Chief Executive Satya Nadella said in an email to employees that the difficult but necessary cuts are part of a plan to bring a new strategic direction to the company.

Some jobs go, new ones created

"The first step is building the right organisation for our ambitions and that means we must realign our workforce. It's important to note that while we are eliminating jobs in some areas, we are adding positions in certain other strategic areas," he said.

Nadella added that Microsoft is moving now to start reducing the first 13,000 staff and the vast majority of employees whose jobs will be eliminated will be notified over the next six months.

Microsoft completed its takeover of Nokia's phone unit in April at a cost of about \$7.5bn in a move that strengthened its position in mobile devices market.

The moves come with Nadella, who became Chief Executive earlier this year, seeking to reinvigorate a company that had been the world's largest but which has lagged in recent years as Google and Apple have led the technology sector.

Nadella said the restructuring will simplify the way the company operates and work to drive greater accountability, making it more agile and able to move faster. It would see fewer layers of management.

Drive to boost Windows Phone

As part of the shift, Microsoft will make drive its smartphone business unit, where it has so far managed to win only a modest market share for its Windows Phone platform.

"We will be particularly focused on driving up the market for Windows Phone," said an email to employees from Stephen Elop, the former Nokia chief who now heads the Microsoft Devices unit.

"In the near term, we plan to drive Windows Phone volumes using the Lumia by targeting the more affordable smartphone segments, which are the fastest growing sector of the market," he said.



Stephen Elop, responsible for Nokia Devices, says Nokia X phones will move to the Windows Phone platform and it will try to drive up sales of its Lumia model. Image: Wikipedia

Elop said that Microsoft will shift some of its Nokia X phones - which use the Google Android platform - to the Windows Phone platform.

"We expect to make this shift immediately while continuing to sell and support existing Nokia X products," he said.

Source: AFP via I-Net Bridge

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