

Microsoft cuts 2,100 jobs, closes Silicon Valley research lab

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Microsoft Corporation will close its Silicon Valley research and development lab as part of 2,100 layoffs announced Thursday. This is the second round of cuts, following 13,000 layoffs announced in July as part of Chief Executive Satya Nadella's plan to shed 18,000 jobs, or about 14 percent of its workforce, worldwide.

A company spokeswoman said the latest cuts are spread across multiple business units and countries. About 2,900 more layoffs are expected over the next nine months or so as Microsoft responds to Wall Street demands to carry out mass layoffs in the wake of the company's \$5 billion acquisition of the cell phone manufacturing business of Nokia, Finland's largest IT company.

Microsoft employs about 2,500 in the Silicon Valley/Bay Area region and is cutting a total of 160 jobs in California in the latest round of cuts. News of the shutdown of the 13-year-old Microsoft research lab in Mountain View, California, was first made public by employees on Twitter. The company later confirmed that 50 jobs at the lab would go.

Microsoft Research, which employs over 1,000 scientists and engineers working on new products worldwide, will be consolidated at the company's main campus in Redmond, Washington, and in offices in New York and Boston.

Another 747 jobs are on the chopping block in the Seattle, Washington area. Added to 1,351 layoffs in July, the total number of jobs cut so far in the area this year comes to 2,098. This means that nearly 5 percent of the 43,351 people employed by Microsoft in the Seattle area have been axed since the end of the last fiscal year, which ended June 30.

Microsoft's Seattle-based Trustworthy Computing group, which works on cybersecurity and privacy issues, is being broken up, with technical employees

now joining the Cloud and Enterprise division. Those in the unit working on policy issues will join the legal and corporate affairs group. Microsoft declined to give the total number of layoffs in Trustworthy Computing.

The company is also cutting contract workers, but has not revealed how many jobs will go. Microsoft imposed new rules on contractors in July, which limit those employed through vendors and temp agencies to 18 months of access to Microsoft buildings and corporation networks, after which they are denied access for six months. The company employs tens of thousands of workers under these precarious conditions and it is unclear how many of them will lose their jobs.

When Microsoft's blood-letting of jobs is complete this fiscal year, the majority of the 18,000 layoffs—about 12,500 professional and factory jobs—will be of former Nokia positions. Microsoft brought in about 25,000 Nokia workers in its acquisition of the company's phone business.

CEO Nadella said the shift away from phone production was part of a vision of Microsoft thriving as a “productivity and platform company for the mobile-first and cloud-first world.” The thousands of Microsoft and former Nokia employees who are losing their jobs are the victims of this vision.

Elsewhere in the technology world, Tokyo-based Toshiba announced Thursday that it is cutting its PC workforce by about 900 people. The company is restructuring its struggling consumer PC operations to focus on sales to business clients. Toshiba is withdrawing from a number of unidentified consumer markets and will cut its worldwide sales bases from 32 to 13 during the 2014 fiscal year.

Also on Thursday, Ericsson, the Swedish multinational provider of communications technology and services, said it is discontinuing future

development of so-called thin modems to refocus resources on small cells and other radio network research and development. The company's modems division currently employs 1,582 across multiple countries—Sweden, India, Germany, China and Finland—and about 1,000 of these workers will lose their jobs.



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