Hewlett-Packard to cut 33,000 jobs

A reporter
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Hewlett-Packard, one of the largest companies in the US information technology industry, said Tuesday it would cut as many as 33,000 jobs as part of a corporate restructuring first announced last year. The mass layoffs will come on top of the 54,000 jobs eliminated since 2012, as part of a series of reorganizations overseen by CEO Meg Whitman.

The company will split into two. One, HP Inc., is focused on the printers and computers that have long been its major business, where revenues and profits are not growing at the pace demanded by the financial markets. The other, HP Enterprise, will sell larger hardware, like servers, as well as software and services like data storage.

Whitman told financial analysts that more reorganization was in store, saying, "You'll see us doing more pruning of businesses that don't fit." Since she became CEO in 2011, HP has eliminated 87,000 out of 350,000 jobs, one quarter of the total workforce.

Whitman will become the chief executive of HP Enterprise, clearly indicating which company has the brighter future, as far as the corporate bosses are concerned. HP Enterprise will be the much larger company, and will account for 90 percent of the job cuts over the next year, according to company officials.

Hewlett-Packard is the tenth largest company in the Fortune 500, having grown rapidly through a series of huge mergers, including the acquisition of Compaq, Electronic Data Systems (EDS), 3Com, Palm and British software giant Autonomy. But its profit margins have lagged well behind industry leader IBM (8.7 percent compared to 20 percent in one recent year).

In spinning off its printer and PC manufacturer and focusing the bulk of the company on software and services, HP is following in the footsteps of IBM, which sold its PC business to the Chinese manufacturer Lenovo in 2005.

Wall Street celebrated the job cutting in Silicon Valley, driving up HP shares by as much as 5 percent in trading Wednesday. Investor sentiment was particularly bullish over Whitman's pledge that HP Inc. would use its hefty cash flow to buy back shares, thus driving up share prices in the future.

Officials said Tuesday that of the cash flow of HP Inc., estimated at $2.5 billion to $2.8 billion in 2016, 75 percent would be funneled to shareholders. Overall, the cost cutting is estimated to deliver $2.7 billion a year in annual savings, gouged out of the earnings of HP workers who will soon be on the unemployment lines.

The HP announcement was by far the largest in a new series of job cuts reported by technology, oil and gas and other industries.

Seagate Technology PLC, a data storage firm based in Ireland, said last week it would cut more than 1,000 jobs, about 2 percent of its global workforce, saving an estimated $113 million in costs.

Newport News Shipbuilding, a big US defense contractor, laid off 480 workers Tuesday at its main facility in Newport News, Virginia, part of jobs cuts that will affect some 1,500 workers altogether. The 480 were all salaried employees. The company is delivering three finished or refurbished aircraft carriers, the Gerald Ford, the Abraham Lincoln and the Enterprise, as part of the massive US buildup for naval warfare, particularly focused on the Pacific and Indian oceans.

The company deliberately axed just under 500 workers in order to avoid triggering a requirement that it give 60-day notice. The workers were informed of their discharge and escorted off the premises the same day.

Capital One, the big bank and credit card company, began laying off workers at bank branches in Louisiana this week, part of a cut of 1,650 jobs nationwide, including the closing of call centers in Sioux Falls, South Dakota and Tigard, Oregon, and cuts at the McLean, Virginia corporate headquarters.

Earlier this month, Texas-based energy company ConocoPhillips said it would cut 10 percent of its workforce, about 1,800 people, worldwide. This includes 500 jobs at the Houston headquarters, about one in every seven.