

Sun cutting up to 3,000 jobs as awaits Oracle deal

October 20 2009, By JORDAN ROBERTSON , AP Technology Writer



(AP) -- Sun Microsystems Inc. plans to eliminate up to 3,000 jobs, or 10 percent of its worldwide work force, as it awaits a takeover by Oracle Corp., a deal being held up by antitrust regulators in Europe.

The layoffs Sun outlined Tuesday in a regulatory filing are the latest in a series of job cuts at the world's No. 4 server maker.

Sun, a dot-com-era star, was banking on the \$7.4 billion deal with Oracle as a lifeline after a decade of financial struggles. As delays have mounted, Sun has had to fend for itself, losing ground to rivals, including IBM Corp. and Hewlett-Packard Co., which have exploited uncertainty about the deal to poach customers.

Sun's losses are mounting too: It lost \$2.2 billion in the last fiscal year, which ended June 30.

Sun said the job cuts will happen over the next year and affect all of Sun's major regions, including North America, Europe, Asia and emerging markets. Sun has already cut about 7,600 workers in the past three years in three rounds of layoffs, according to the company's filings with the Securities and Exchange Commission.

Santa Clara-based Sun said it expects to incur \$75 million to \$125 million in restructuring charges over the next several quarters.

Oracle's purchase of Sun is being held up by European antitrust authorities who are concerned about possible harm to the database-software market. Oracle makes the world's leading proprietary database software; Sun's MySQL is the leading open-source database.

They have until Jan. 19 to approve the deal or block it. The deal has been approved by U.S. regulators.

Oracle wants to buy Sun primarily because it wants more control over the development of Sun's Java software, which is a key ingredient in building Web sites. Oracle also claims that having Sun's hardware and Oracle's software teams working together will make the products work better together.

Oracle and Sun are longtime partners. The deal may also have been partly a strategic ploy to keep Sun out of the clutches of IBM, an Oracle and Sun rival that was also bidding on the company.

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