

Siemens to revamp IT unit, cut 4,200 jobs

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Siemens employees demonstrate in the French town of Saint-Chamond in February 2010, against scheduled job cuts by the German industrial giant. Siemens has said it plans to cut around 4,200 jobs worldwide as the group restructures its IT operations.

German industrial giant Siemens announced on Thursday a broad restructuring of its SIS information technology division that includes the elimination of 4,200 jobs worldwide.

As part of the "reorientation" of Siemens' IT business, "plans call for eliminating some 4,200 of about 35,000 jobs worldwide by 2011," a statement said.

Around 2,000 of the cuts would come in Germany, it added. Some 9,700 of the division's staff are employed in Germany, according to the business daily Handelsblatt.

Investors were unmoved by the news, with Siemens shares down 0.42 percent to 71.60 euros in midday Frankfurt trade while the main DAX index was unchanged overall.

Siemens said it would simplify its Solutions and Services (SIS) division and establish two poles of activity -- business information technology solutions and IT outsourcing -- aimed at "promising solution areas."

More than 500 million euros (680 million dollars) would be invested in the unit by 2012 in what Siemens called a "market-oriented organisation based on two business units with sharp customer focus."

The SIS division previously comprised seven units, the group said.

It sought to "build on the specific industry and software know-how of the Siemens sectors, which are world-leaders," finance director Joe Kaeser said in the statement.

Acting IT chief executive Christian Oecking added: "We want to put SIS on a solid long-term foundation" by focusing on areas such as power "smart grids" that use digital technology to control home appliances and save energy.

Product life management and efficient healthcare solutions were other areas that depended heavily on IT solutions and which would be a centre of interest for the restructured SIS division, the statement said.

Siemens had said in December it would revamp the labour-intensive IT division to make it more flexible and market-oriented.

The unit is to be given "all the conditions necessary for a stand-alone operating business by the start of the new fiscal year on October 1, 2010" which suggests it could be spun off at some point.

SIS sales have fallen for several years and analysts say its technical staff are better paid than at rivals such as IBM, Hewlett Packard and Accenture.

Siemens has already spent around 500 million euros to restructure other divisions and has slashed 23,000 jobs. At the end of last year, its workforce totalled 405,000 worldwide.

On Thursday, the group said it would "exhaust all possibilities for voluntary measures and to implement the cutbacks in as socially compatible a way as possible."

The group's vast operations extend from the manufacture of light bulbs and washing machines to medical imaging equipment, wind turbines, nuclear reactors and high-speed trains.

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