

Hewlett-Packard to cut 9K jobs in services unit

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This March 8, 2009 file photo, shows the entrance to the Hewlett-Packard Co. facility in Palo Alto, Calif. Hewlett-Packard said Tuesday, June 1, 2010, it will cut about 9,000 jobs and take \$1 billion in charges over several years as it creates fully automated commercial data centers. (AP Photo/Paul Sakuma, file)

(AP) -- Hewlett-Packard Co. said Tuesday it will lay off about 9,000 workers in the unit that provides technology services to other businesses as the company consolidates and automates its commercial data centers.

The cuts will be made over about three years and amount to some 3 percent of HP's global work force of 304,000 employees as of October

2009, the most recent figure available. The company said it plans to replace two-thirds of those jobs, hiring 6,000 people to boost its global sales and delivery staff.

The job cuts will result from productivity gains and automation, HP said. Once it completes the restructuring, HP said it will see savings of about \$500 million to \$700 million a year.

HP, which is based in Palo Alto, Calif., said it will take \$1 billion in charges, about half of it in the current quarter and the rest by October 2013, the end of its [fiscal year](#). The charges, which are largely for severance expenses, will be excluded from the company's adjusted earnings results.

HP, the world's biggest maker of PCs and printers and the top technology company by revenue, has been working to expand its business in other areas as PC profit margins are usually thin. To boost its services business, the company bought [Electronic Data Systems](#), a rival of IBM Corp., in 2008, cutting 24,600 jobs as part of that acquisition.

HP said the commercial data centers will help its corporate clients run their businesses faster and more efficiently. Ann Livermore, executive vice president for HP [Enterprise Business](#), said the company is confident its actions will "provide a foundation for growth for the next 10 years."

"We believe that these sets of actions will enable HP to grow better than the market," she said in a conference call with analysts.

Standard & Poor's equity analyst Tom Smith applauded HP's latest actions, calling them the "next step toward efficiency gains" after the initial integration of EDS.

In addition to business services, HP is also pushing into the mobile

market with its planned acquisition of struggling smart phone maker Palm Inc., announced in April.

HP's shares slid 1 cent to \$46 in morning trading Tuesday.

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