

AOL cutting over 900 jobs in US, India

March 10 2011, by Chris Lefkow

Internet company AOL is cutting more than 900 jobs as it joins forces with The Huffington Post and seeks to reinvent itself as a major player in online news.

AOL said Thursday it is laying off more than 200 employees in the United States and over 700 in India -- nearly 20 percent of its 5,000-strong global workforce.

The 200 employees losing their jobs in the United States were mostly employed in the AOL media and technology groups, the company said.

Some 300 of the 700 AOL employees being laid off in India would transition to third-party companies providing services to AOL, including Hewlett-Packard and MindTree, it said.

AOL completed its acquisition of The Huffington Post on Monday.

AOL chief executive Tim Armstrong warned last week that the purchase would result in layoffs at AOL but said it would also provide \$20 million in synergies between the two organizations.

AOL shares shed 1.76 percent on Wall Street on Thursday to close at \$19.00.

Speaking at the Bloomberg-sponsored 2011 Media Summit in New York on Thursday, Armstrong outlined plans for a company whose name has become synonymous with the dotcom era's excesses.

"On the media side of the business I want to run a content-driven company," Armstrong said, adding that he wanted to increase the number of AOL employees involved in producing content to 70 percent from the current 50 percent.

A source close to AOL told AFP that with the \$315 million purchase of The Huffington Post, AOL will rely less on freelance journalists and there will be a "net gain" in editorial staff despite the layoffs.

The Huffington Post, which was launched in 2005 by Greek-born Arianna Huffington, employs around 150 reporters and editors.

It has enjoyed spectacular traffic growth at a time when US newspapers are struggling to cope with a steep drop in print advertising revenue and circulation and the migration of readers to free news online.

The Huffington Post attracts over 25 million unique US visitors a month to its lively mix of news, entertainment, opinion and blogs submitted by academics, entertainment figures, politicians and others.

With the acquisition complete, Arianna Huffington is to preside over all AOL Media and AOL Local properties as president and editor-in-chief of The Huffington Post Media Group.

The Huffington Post buy was the latest high-profile purchase by AOL chief executive Armstrong, who joined AOL from Google two years ago in an attempt to turn around the company.

In September, AOL purchased TechCrunch, a leading Silicon Valley technology blog. Other AOL properties include Engadget, Patch, Moviefone, MapQuest, Black Voices, PopEater, AOL Music, AOL Latino, AutoBlog and StyleList.

AOL has invested heavily in Patch, which provides local news in hundreds of communities across the United States, and a "citizen journalism" operation called Seed.

The company is currently the number four gateway to the Web after Google, Microsoft and Yahoo!, while its dial-up Internet access business has been gradually supplanted by high-speed broadband services.

AOL, formerly known as America Online, fused with news and entertainment giant Time Warner in 2001 at the height of the dotcom boom in what is considered one of the most disastrous mergers ever.

It was spun off by Time Warner in December into an independent company.

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