

Founder faces tough battle on return to Taiwan's Acer

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The founder of Taiwanese personal computer maker Acer has returned as its head to help turn around the firm's fortunes but analysts warn it has a tough fight in its attempts to expand in the mobile device market.

Acer said Thursday its board has approved the appointment of Stan Shih as chairman and interim corporate president with immediate effect after two top executives quit in less than a month over firm's poor performance.

"Due to the situation that now faces Acer and my personal social responsibilities, I must stand up and take the reins without salary," the 69-year-old Shih said in a statement.

Chairman and CEO JT Wang resigned on November 5 after Acer posted a third-quarter net loss of Tw\$13.1 billion (\$442.2 million). The CEO position was to be filled by corporate president Jim Wong from January.

However, Acer said its board accepted Wong's resignation on Thursday and decided to scrap the CEO position to improve decision-making. Wang and Wong will remain as advisers to ensure a smooth transition.

Analysts say Acer faces tough challenges to branch into the increasingly competitive tablet and smartphone market against powerful international rivals.

"I think Stan Shih's appointment can help stop the bleeding for now but

it is going to be very difficult for Acer to expand in tablets and smartphones," said Arthur Liao, an analyst at Fubon Securities. "It will take two to three years to see" if the company can pull it off.

He said Acer made a mistake in the past two years in putting more resources into Windows 8 and Ultrabooks, as neither could help combat declining PC sales. The firm has seen revenue dive 43 percent to Tw\$358 billion over the past three years.

The Commercial Times predicted that Shih will serve as an interim chairman till June next year and that "all he can do is to stabilise the morale".

"It's difficult for Acer to find a new chairman amid a weakening momentum ... and if its new chairman can't bring out new strategies and new hopes ... (he or she) probably can't save the company," it said in a commentary.

Shih founded Acer in 1976 and built it into the world's second largest PC vendor at its heyday, and one of the best known Taiwanese brands internationally, before he retired in 2004.

But Acer's luck turned for the worse in recent years and in 2011 lost Tw\$6.8 billion in the second quarter— from a profit of Tw\$3.59 billion in the previous year—as sales were hit by demand for Apple's iPad.

Italian Gianfranco Lanci had already resigned as CEO and president in April of that year after first-quarter profit hit a six-year low. He was replaced by JT Wang.

The company has cut several hundred jobs in Europe, the Middle East and Africa in recent years to reduce operating expenses. It envisages a seven percent cut in its global workforce next year.

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