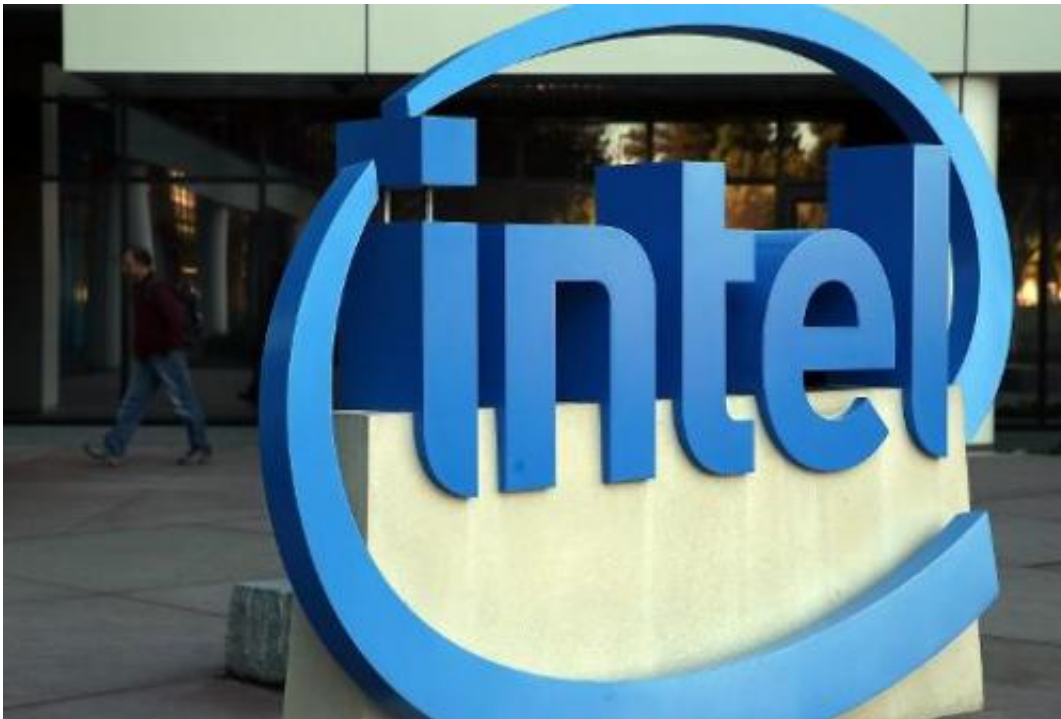


# Intel to cut staff in face of stagnant earnings (Update)

January 17 2014, by Glenn Chapman

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The Intel logo is displayed outside of the Intel headquarters on January 16, 2014 in Santa Clara, California

US chip giant Intel said Friday it will trim its workforce by five percent this year as it shifts from personal computers to powering mobile gadgets.

Word of the job cuts came a day after Intel reported that its net profit

last year sank 13 percent but that the troubled personal computer market appeared to be stabilizing.

Intel shares remained around the closing price of \$25.85 in after-market trades.

"We do expect employment to come down by about five percent by the end of the year," Intel spokesman Chris Kraeuter told AFP.

"It is something we regularly do to make sure that the people we have match up with our priorities."

Kraeuter said California-based Intel ended last year with 107,600 workers. He declined to disclose which positions or locations would be targeted for cuts.

Trimming workforce could include simply not filling positions as people quit or retire, according to Kraeuter, who noted that the annual attrition rate at Intel is nearly four percent.

He contended "it would be wrong to conclude this is a layoff."

Intel reported on Thursday it made a net profit of \$9.6 billion on revenue of \$52.7 billion last year as compared with \$11 billion in net profit on \$53.3 billion in revenue in 2012.

"We had a solid fourth quarter with signs of stabilization in the PC segment and financial growth from a year ago," said Intel chief executive Brian Krzanich.

In the final quarter of the year, Intel posted profit of \$2.6 billion on revenue of \$13.8 billion as compared with \$2.5 billion net income on \$13.5 billion in revenue during the same period in 2012.

"We've built a strong foundation for our business by bringing innovation to the market more quickly across a wide range of computing platforms," said Krzanich.

"For example, at CES, we demonstrated multiple devices that weren't on our roadmap six months ago," referring to the Consumer Electronics Show gadget extravaganza in Las Vegas last week.

Krzanich said at the event Intel would produce on its own or with partners a range of products from a health monitor integrated into baby clothes to a heart monitor in earbuds.

He showed the company's new "personal assistant" dubbed Jarvis, which is Intel's answer to the voice-activated Google Now and Apple's Siri.

Intel will be producing a smartwatch with "geofencing" which allows families to get alerts if children or elderly parents leave a specific geographic area.

The new devices shown to the large CES crowd will all be available this year, Krzanich said, without offering details on pricing or specific partners for the products.

"The problem with mobile and wearables is the more you win, the more you lose," said analyst Rob Enderle of Enderle Group in Silicon Valley.

"Intel is a large margin company, and wearables are a small margin product."

The analyst was referring to the window for profit being typically higher on chips for personal computers than on processors powering smartphones, tablets or products in the booming "wearables" category.

Intel remains the world's biggest producer of chips for personal computers but has been lagging in the surging mobile marketplace of tablets and smartphones. The new initiative could allow the firm to get a bigger slice of the mobile market's newest iterations.

Intel forecast revenue in the current quarter of about \$12.8 billion and that it would be flat for the overall year.

Market sales figures indicate that the trend of switching from personal computers to tablets is slowing, according to Enderle.

"It is starting to drift toward equilibrium," the analyst said. "It will stabilize eventually and Intel will grow around it. It is just that, until it gets there, it will be painful."

Any heralding the death of the personal computer is premature, according to Enderle, who envisioned modern lifestyles supporting a mix of PCs, tablets, and smartphones.

"The great thing about Google Glass is that it could replace all three," the analyst said of the Internet giant's yet-to-be released smart eyewear. "But, we are well away from that; not until next decade."

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