

Taiwan's Acer looks to Internet trading

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Taiwanese computer maker Acer said Tuesday it has made its first major investment since overhauling its top management late last year, acquiring a 15.6 percent stake in a PChome subsidiary.

While declining to disclose the value of the deal, the statement said the market capital of PChomePay, the payment business of the leading Internet trade group, had increased to TW\$450 million (\$14.9 million) from TW\$380 million as a result.

"Under the ICT industry's paradigm shift Acer is going beyond hardware-based thinking; the investment in e-commerce and our self-built cloud (Build Your Own Cloud, 'BYOC') is our important deployment of 'hardware + software + services' transformation," Acer Chairman and company founder Stan Shih said.

Acer termed the deal as part of the "corporate transformation" under way, led by the new management headed by Shih.

The board in November pulled 69-year-old Shih out of retirement to name him chairman and interim president, replacing two top executives who quit in the space of less than a month over the firm's poor performance.

Then Acer appointed Jason Chen, a former senior executive of Taiwan Semiconductor Manufacturing Co, as both CEO and president, effective from January 1.

Shih has high hopes of Chen, describing him as the "ideal executive to lead our transformation".

Acer posted a worse-than-expected net loss of Tw\$13.1 billion (\$442.2 million) in the three months to September.

The company has said this was due to a rise in inventory levels and one-time compensation payments related to longstanding litigation.

But it has forecast that shipments of Acer's notebooks, tablet PCs and Chromebooks will fall 10 percent in the fourth quarter compared to the third quarter.

In the face of the tough outlook, Acer has set up a business restructuring group led by Shih and co-founder George Huang.

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

But Acer's fortunes worsened in recent years. In 2011 it lost Tw\$6.8 billion in the second quarter—compared to a profit of Tw\$3.59 billion in the same period the previous year—as sales were hit by competition from Apple's iPad.

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 in 2014.

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