

Ericsson to stop making modems, shed hundreds of jobs

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Ericsson's headquarters in Stockholm's suburb of Kista. The Swedish telecom equipment is to stop developing modems, a decision affecting almost 1,600 employees worldwide

Swedish telecom equipment company Ericsson said on Thursday that it would stop developing modems, a decision affecting almost 1,600 employees worldwide which is expected to lead to hundreds of job cuts.

The group said in a statement that it would "discontinue future

development of modems" but that some of the 1,582 employees affected could be redeployed to new jobs in research and development for radio networks.

The decision marks a strategic shift for Ericsson, following an evaluation of the global [modem](#) market which the company said was subject to "strong competition, price erosion and an accelerating pace of technology innovation".

Ericsson took over the production of LTE thin modem's—which smartphones use to access the Internet—after the breakup of a joint operation with the French-Italian microchip manufacturer STMicroelectronics in August 2013.

The company launched its own modem a year later which it will continue to produce.

"The market has fallen. There are fewer and fewer mobile phone makers who buy separate modems—they buy them together with the processors, and we don't have processors," Ericsson's chief executive Hans Vestberg told Swedish news agency TT.

"Instead we have decided to focus more on our core business, where we are strongest, and that is radio (wireless) technology."

The company plans to expand its [research and development](#) activity in [radio networks](#), particularly within "small cells"—low powered transmitters for mobile phone data networks—creating about 500 jobs.

Ericsson currently employs 1,582 in its modem operations in Sweden, India, Germany, China and Finland.

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