

Sprint to cut 2,000 jobs after hefty loss

November 3 2014

Number three US wireless carrier Sprint said Monday it was slashing 2,000 jobs in a streamlining effort after reporting a \$765 million quarterly loss.

Sprint, which earlier this year replaced its chief executive after a failed bid for rival T-Mobile, also reported losing a large number of its most lucrative customers, amid price wars in the wireless sector.

Chief executive Marcelo Claure said Sprint was adapting to the shifting industry landscape.

"We have started a transformational journey," Claure said in a statement.

"While the company continues to face headwinds, we have begun the first phase of our plan and are encouraged with the early results. Every day we are focused on improving our standing with consumers, improving our network and controlling our costs."

Sprint has been forced to cut some of its monthly mobile plans to keep up with T-Mobile and others in the sector.

At the same time, it reported a net loss in the quarter of 272,000 "postpaid" customers, generally the most lucrative.

That was offset in part by a gain of 35,000 "prepaid" customers who generally pay lower fees, and 827,000 wholesale customers.

"Entering the quarter, the company faced challenges related to competitive positioning and adverse impacts to the customer experience resulting from its comprehensive network upgrade efforts over the last several quarters," the company said in its earnings report.

"As a result, the company has incurred losses of postpaid phone customers that are pressuring revenue trends. To address these challenges and begin to improve the performance trajectory, the company has initiated its transformation plan."

The plan includes "a comprehensive review of all expenses to optimize its cost structure," aimed at trimming \$1.5 billion in costs, and a reduction in the workforce of 2,000 positions.

Sprint said overall revenues grew nearly 10 percent from a year ago to \$8.5 billion.

Sprint shares slid 4.2 percent to \$5.91 in after-hours trade.

Last year, Japan's SoftBank took a controlling stake in Sprint, aiming to create a stronger number three rival behind Verizon and AT&T in the US market.

The deal is the largest overseas acquisition ever by a Japanese firm. Sprint stockholders kept a 22 percent stake in the firm.

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