

## ST-ERICSSON TO LAYOFF 1,700



ST-Ericsson sent out layoff notices this week to 1,700 of its workers. The job cuts, which are part of a restructuring effort by the company to trim its bottom line will also require a significant number of workers to move over to its parent company, STMicroelectronics NV, where the company will consolidate its chip making. The company expects that these two moves, in combination will save them about \$320 million by the end of next year. While the company is not, at the current moment, releasing a great deal of information about the terms of the layoffs, they have been very forthcoming with information about other areas of the changes, which revolves around a new partnership. Here is a look at the official word in the form of a [press release](#) from the company: “**Geneva, April 23, 2012** – ST-Ericsson, a world leader in wireless platforms and semiconductors, announced today the guidelines of its new strategic direction, the signature of an agreement to transfer to STMicroelectronics its stand-alone application processor activities, and additional measures to accelerate time-to-market and lower the breakeven point. The new strategic direction builds on four main pillars: Strategic Focus The Company re-affirms its vision to be a leader in smartphone and tablet platforms and unveiled a new strategy based on repositioning the whole business model. The new strategic direction leverages on ST-Ericsson’s unique capability to deliver complete system solutions for smartphones and tablets; competitive integrated modem plus application processor solutions (ModAp) will be the key differentiating offering through a combined approach of development and alliances. The key building blocks of the complete system solution – application processors, modems, connectivity as well as power, RF, analog and mixed signal – will be developed either directly or through partnerships and alliances to limit and optimize the R&D effort, while enabling highly compelling solutions for its customers to bring innovative devices to the market in a timely manner. The Company will continue to develop modem IP, a key competitive enabler, sell thin modems and possibly license modem IP to third parties. Partnership already signed: application processor As a first step of this new strategy, ST-Ericsson has announced that it will partner with STMicroelectronics in the development of future application processors. The combination of the ST-Ericsson and STMicroelectronics teams will create a world-class organization, having the appropriate size, skills and strength to win in the growing multi-segment application processor market. Under the terms of the agreement, ST-Ericsson, at closing date<sup>1</sup>, will transfer its application processor R&D activity and employees to STMicroelectronics and will then integrate the application processor in ModAp platforms for smartphones and tablets under a license agreement from ST. In addition to this, the two companies have entered into a commercial agreement to jointly promote and offer stand-alone processors and thin modems, respectively, to a broader range of customers and applications. The entire ST-Ericsson application processor R&D team will continue, under a transitional cost sharing model, the development of the current product generation, ensuring full continuity of ST-Ericsson’s product roadmap and full service to customers.”

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