

Nokia Siemens Plans Workforce Cuts, Seeks Purchases

Nov. 3 (Bloomberg) -- [Nokia Siemens Networks](#) plans to eliminate as many as 5,760 jobs in the second round of cuts since the joint venture between [Nokia Oyj](#) and Siemens AG was created.

Nokia Siemens may eliminate 7 percent to 9 percent of its 64,000 positions, the Espoo, Finland-based [company](#) said in a statement. The company aims to save 500 million euros (\$732 million) in operating expenses annually by the end of 2011.

Chief Executive Officer [Rajeev Suri](#), named to lead Nokia Siemens in September, will combine five units into three as he struggles to stem eroding market share. Nokia wrote down the value of the business last quarter as the venture's revenue for base stations and other gear fell 20 percent because of declining demand amid price competition from [Ericsson AB](#) and Huawei Technologies Co. Nokia Siemens had a third-quarter operating loss of 53 million euros.

"To generate higher profits they need to cut even more costs and they need for sales to improve," said [Mats Nystroem](#), a Stockholm-based [analyst](#) at SEB Enskilda.

The units will consist of an equipment, services, and new business division that does consulting and systems integration. [Marc Rouanne](#) will head the equipment unit and Juergen Walter will head the consulting unit. [Ashish Chowdhary](#) will continue to lead services, which is Nokia Siemens' fastest-growing business.

The joint venture started in 2007 and completed a 15 percent reduction of its initial workforce at the end of last year. Nokia Siemens's market share fell to 20 percent in the second quarter from 26 percent a year earlier. Ericsson led with 32 percent. Nokia Siemens posted losses of more than 1.6 billion euros in the previous two years.

Ericsson

Ericsson, the world's largest maker of telephone equipment, reported a 5.6 percent drop in third-quarter sales after carriers in emerging markets reined in spending on credit and currency weakness.

Suri plans to expand through acquisitions and partnerships at the same time as he cuts existing operations, according to today's statement. Nokia Siemens seeks assets that will help increase market share in its existing businesses and focus on improving its relationships with important customers, the statement said.

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