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FOR IMMEDIATE RELEASE

Tech Sector Job Cuts Surge 68% in First Half of 2014

MIDYEAR LAYOFFS TOTAL 48,402; JUST BELOW 2013 YEAR-END TOTAL

CHICAGO, July 28, 2014 -- Even before Microsoft announced plans to reduce its workforce by 18,000, a new report shows that job cuts in the technology sector were well ahead of last year's pace.

Through the first half of 2014, employers in the technology sector announced plans to cut payrolls by 48,402, 68 percent more than the 28,883 announced layoffs in the first six months of 2013, according to a special mid-year report on technology-sector job cuts released Monday by global outplacement consultancy Challenger, Gray & Christmas, Inc.

The six-month job-cut total for the sector nearly surpassed the 56,918 planned cuts announced in all of 2013. Of course, the July announcement from Microsoft ensures that 2014 job cuts in the tech sector, which encompasses the computer, electronics and telecommunications industries, will exceed last year's total by a significant margin.

In fact, at the current rate, the 2014 year-end total is likely to be the highest since 2009, when tech-sector job cuts reached 174,629. The highest annual total on record was 695,581 job cuts in 2001.

The heaviest job cuts in the tech sector occurred among computer firms, which announced 30,002 planned layoffs from January through June. That was 51 percent more than the 19,930 job cuts tracked during the same period a year ago.

Job cuts in the telecommunications industry increased 342 percent from 5,214 in the first half of 2013 to 13,044 this year. Meanwhile, job cuts announced by the electronics industry in the first six months of 2014 were up 43 percent from a year ago, rising to 5,356 from 3,739.

“Oddly, the rise in technology sector job cuts is occurring at a time when the economy is finally starting to regain some of its former glory. However, increased job cutting is not always a sign of an industry in decline,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“The technology is, in fact, one of the bright spots of the economy. Many employers are actually having difficulty finding technology workers with in-demand skills. Many of the job cuts we are seeing are more indicative of an industry in transition than of one in decline.”

For example, Hewlett-Packard, which announced it would reduce its headcount by as many as 16,000, is attempting to catch up with consumers who abandoning personal computers and printers in favor smartphones and tablets.

The computer industry giant, which employs more than 300,000 workers, is also attempting to become more streamlined and nimble; a sentiment echoed by Microsoft in its recent announcement.

| Date | Company | Cuts |
|------------------|---|---------------|
| 5/24/2014 | Hewlett-Packard Co. | 16,000 |
| 1/20/2014 | Intel Corp. | 5,350 |
| 2/27/2014 | Maximus Inc. (Affordable Care Act call center) | 1,600 |
| 5/19/2014 | LivingSocial | 1,500 |
| 1/23/2014 | Texas Instruments Inc. | 1,100 |
| 3/1/2014 | Verizon Wireless Irvine | 1,092 |
| 5/30/2014 | Dell Inc. (India plant) | 1,000 |
| 1/29/2014 | EMC Corp. | 1,000 |
| 4/9/2014 | Intel (Costa Rica plant) | 1,000 |
| 2/27/2014 | Sony Electronics | 1,000 |
| 2/13/2014 | Verizon call center | 600 |
| 1/26/2014 | Center Partners call center | 500 |
| 2/28/2014 | Cox Communications (call centers) | 500 |

“The technology sector is stronger than ever, but it has always been an area of frequent and rapid change. Computers are being replaced by smartphones and hard drives are being supplanted by cloud-based servers. Furthermore, tech jobs, going forward, will not necessarily be confined to technology firms; the biggest growth will be in industries such as health care, manufacturing, automotive, and retail,” noted Challenger.

Indeed, recent reports show that the technology sector is hardly flailing. In fact, it is poised for growth. In April, Gartner issued its worldwide tech industry outlook for 2014 and concluded that global spending on information technology will increase 3.2 percent from \$3.65 trillion in 2013 to \$3.77 trillion in 2014. Spending on enterprise software alone is expected to rise by nearly 7 percent from \$299 billion to \$320 billion.

“So, when we see large job-cut announcements from the likes of Microsoft and HP, it should not be assumed that the entire industry or the economy, as a whole, are in distress. Even in the strongest economy, companies may make significant adjustments to their payrolls. The surge in technology sector job cuts this year are a sign of an industry adjusting to growth, rather than of one adjusting to contraction,” concluded. Challenger.

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2014 TECHNOLOGY JOB CUTS

| | Q1 | Q2 | Q3 | Q4 | Total |
|--------------|---------------|---------------|----------|----------|---------------|
| Computer | 9,133 | 20,869 | | | 30,002 |
| Electronics | 3,051 | 2,305 | | | 5,356 |
| Telecom | 11,277 | 1,767 | | | 13,044 |
| TOTAL | 23,461 | 24,941 | - | - | 48,402 |

2013 TECHNOLOGY JOB CUTS

| | Q1 | Q2 | Q3 | Q4 | Total |
|--------------|--------------|---------------|---------------|---------------|---------------|
| Computer | 3,526 | 16,404 | 7,962 | 7,244 | 35,136 |
| Electronics | 1,395 | 2,344 | 2,429 | 2,662 | 8,830 |
| Telecom | 3,471 | 1,743 | 3,674 | 4,064 | 12,952 |
| TOTAL | 8,392 | 20,491 | 14,065 | 13,970 | 56,918 |

2012 TECHNOLOGY JOB CUTS

| | Q1 | Q2 | Q3 | Q4 | Total |
|--------------|---------------|---------------|---------------|---------------|---------------|
| Computer | 2,308 | 32,072 | 6,291 | 5,493 | 46,164 |
| Electronics | 3,113 | 977 | 3,290 | 7,811 | 15,191 |
| Telecom | 6,944 | 6,115 | 6,160 | 2,639 | 21,858 |
| TOTAL | 12,365 | 39,164 | 15,741 | 15,943 | 83,213 |