

## Cisco Plans Significant Workforce Restructuring to Drive Focus on High-Growth Areas



Network giant Cisco, based in San Jose, California, is gearing up for a substantial restructuring of its business operations, intending to streamline its focus on high-growth sectors, according to information from three reliable sources familiar with the matter. The impending restructuring will involve the layoff of thousands of employees, marking a significant shift in the company's workforce strategy.

### Employee Impact and Decision-Making Process

With a workforce of 84,900 as of fiscal 2023, as indicated on its official website, Cisco is currently deliberating on the precise number of employees who will be affected by the forthcoming layoffs, as reported by one of the sources close to the development.

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### Timing and Official Announcement

An official announcement regarding this restructuring initiative is anticipated to be made as early as next week, aligning with the company's scheduled earnings call slated for February 14th. This announcement follows a prior restructuring effort announced by Cisco during an earnings call in November 2022, which resulted in approximately 5% of its workforce being impacted and \$600 million in severance and related charges.

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### Industry Context and Market Trends

The proposed restructuring comes against the backdrop of a broader trend within the technology sector, with companies such as telecom giants Nokia and Ericsson having implemented significant job cuts in the preceding year in a bid to optimize operational costs. Notably, several other prominent tech firms including Amazon, Alphabet, and Microsoft have also initiated layoffs in recent weeks, reflecting the dynamic and competitive nature of the industry.

### Business Performance and Strategic Realignment

Cisco's decision to restructure its workforce coincides with recent adjustments to its financial forecasts, as highlighted during its previous earnings call. The company revised its full-year revenue and profit projections, citing a slowdown in demand for its networking equipment. This deceleration was attributed to a decrease in orders during the first quarter, with customer priorities shifting towards installing and implementing existing products within their environments.

### Addressing Challenges and Embracing Opportunities

In addition to grappling with supply chain disruptions, Cisco has faced headwinds stemming from a post-pandemic slowdown in demand. However, the company has responded by accelerating its foray into software offerings such as cybersecurity, recognizing the evolving needs of its clientele and the broader market landscape. This strategic pivot underscores Cisco's commitment to adapting to changing industry dynamics while capitalizing on emerging opportunities in high-growth segments.

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