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## IBM Slashes 2,800 Jobs in Sales, Software Units

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By WILLIAM M. BULKELEY

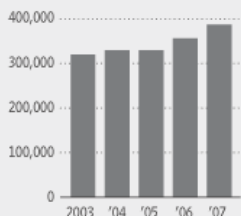
[International Business Machines](#) Corp. [IBM +0.59%](#) sent layoff notices to more than 2,800 people in its sales and software groups in the U.S. last week, indicating that domestic job cuts at the technology giant may be more significant than it has signaled.

The layoffs in IBM's vaunted sales organization, which produces most of the company's top executives, and in its highly profitable software group followed record fourth-quarter earnings and profit margins. Revenue in the quarter fell, however, due to currency fluctuations and declines in the computer- and semiconductor-making groups that show IBM hasn't been immune to the global economic slump.

IBM spokesmen acknowledged that layoffs are under way, but declined to comment on numbers. The company, criticized in the past for shifting jobs to India and other cheaper-labor locales, has kept a tight lid on information about work-force changes in recent years.

## Big Blue's Workers

IBM world-wide employees



Note: Figures include wholly owned subsidiaries  
Source: the company

In an "Employee Information Package" sent to affected workers in the two groups last week, IBM listed workers "selected to participate" in its "current resource reduction action" by age and job title, but without names. The total listed positions came to about 2,850. Copies of the documents were reviewed by The Wall Street Journal.

It couldn't easily be determined what percentage of workers in the two groups was affected. But one large category -- software engineers -- suffered layoffs of 839 out of 9,784, or about 8.6%, according to a tally by one person who received a

notice.

Alliance@IBM, a Communication Workers of America affiliate that is attempting to organize at IBM, said it has heard from employees in the company's hardware unit that they are also expecting layoffs this week.

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The laid-off workers are entitled to a maximum of 26 weeks severance pay, according to the documents. IBM is continuing health-insurance coverage and life insurance for three months to 12 months, depending on seniority, and providing financial planning, career counseling and up to \$2,500 for retraining.

In the sales and distribution group, layoffs included 20 marketing managers and nine vice presidents. More than 150 vice presidents remain in the group, according to the documents. Some of the eliminated sales staffers handle troubled accounts such as Circuit City Stores Inc., the bankrupt retailer that is liquidating.

Mark Loughridge, chief financial officer, said last week that IBM anticipates spending \$300 million to \$400 million on "restructuring" this year, with most of the actions coming early in the year. He said that sum is similar to past years, although below last year's \$700 million in restructuring. Such costs include severance payments.

A job at IBM was once viewed as secure for a lifetime, but after bloated expenses imperiled the company in the early 1990s, it undertook massive layoffs. In more-recent years, it has routinely trimmed workers to boost productivity, and replaced many workers in the U.S., Western Europe and Japan with lower-cost labor in India and elsewhere.

IBM Chairman Samuel Palmisano told workers in an email last week that world-wide employment topped 400,000 at the end of 2008, up from 386,000 at the end of 2007. He didn't break out U.S. employment, and IBM spokesmen declined to do so.

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