

A message from Satya Nadella to Employees on Microsoft's job cuts

Microsoft declared that it was planning to eliminate close to 10,000 jobs or around 5 %of its workforce in an attempt to save \$1 billion in costs. The job cuts are possible to continue through the end of the third quarter of the financial year 2023.

Microsoft CEO Satya Nadella has also penned an open blog post, which was also noted to the company's employees, outlining the reasons why the company is taking such steps and admitting this is a "challenging time for each person impacted."

In the post, Nadella stressed that these are times of significant changes and it was clear that while Microsoft saw "customers accelerate their digital spend during the pandemic, we're now seeing them optimize their digital spend to do more with less."

He said that organisations in "every industry and geography" are now exercising "caution as some parts of the world are in a recession and other parts are anticipating one."

He further noted that advances in artificial intelligence are ushering in a new wave of computing, which will be the next

area of focus for the company. Microsoft is already in talks to invest another \$10 billion into OpenAI— the startup behind ChatGPT, Dall-E. In fact, Microsoft will start offering ChatGPT to its Azure customers as part of the Azure OpenAI services.

According to Nadella, the company needs to invest in long-term opportunities, and AI is one such critical area. The post adds that Microsoft will be taking three steps keeping these long-term goals in mind.

The first is the cost restructuring, which will impact 10,000 jobs. According to the post, this “represents less than 5 per cent of our total employee base.” Some employees were notified yesterday. However, Nadella also said that Microsoft will continue to “hire in key strategic areas.”

The second step is that Microsoft will “continue to invest in strategic areas for our future, meaning we are allocating both our capital and talent to areas of secular growth and long-term competitiveness for the company while divesting in other areas.”

Microsoft will be taking a “\$1.2 billion charge in Q2 related to severance costs, changes to our hardware portfolio, and the cost of lease consolidation” as it “creates higher density across our workspaces.”

Third, those who have been dismissed will be given benefits for the transition process. The Post notes that US-benefit-eligible employees will receive various benefits, including above-market severance pay, continued health care coverage for six months, continued stock awards for six months, career transition services, and 60 days before termination notice, regardless of whether such notice is required by law. For those outside the US, benefits will depend on the employment laws in each country.

Finally, the blog post concludes with the following

statement:, When I think about this time, the beginning of 2023, it's showtime – for our industry and for Microsoft. As a company, our success must match the success of the world.

It means that each one of us and every team across the company must outperform the competition to deliver meaningful innovation that truly benefits customers, communities and countries. If we accomplish this, we will emerge stronger and thrive long into the future; it's as simple as that." Nadella also acknowledged and thanked each and every Microsoft's employees.