

Cisco cuts thousands of jobs, 7% of workforce, as it shifts focus to AI, cybersecurity

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The Cisco logo appears on a screen at the Nasdaq MarketSite on Oct. 3, 2018 in New York's Times Square. Credit: AP Photo/Richard Drew, File

Cisco Systems is planning to lay off 7% of its employees, its second

round of job cuts this year, as the company shifts its focus to more rapidly growing areas in technology, such as artificial intelligence and cybersecurity.

The company based in San Jose, California, did not specify the number of jobs it is cutting. It had 84,900 employees as of July 2023. Based on that figure, the number of jobs cut would be about 5,900. In February, Cisco announced it would cut about 4,000 jobs.

The networking equipment maker said in June that it would invest \$1 billion in tech startups like Cohere, Mistral and Scale to develop reliable AI products. It recently also announced a partnership with Nvidia to develop infrastructure for AI systems.

Cisco's layoffs come just two weeks after chipmaker Intel Corp. announced it would [cut about 15,000 jobs](#) as it tries to turn its business around to compete with more successful rivals like Nvidia and AMD. Intel's quarterly earnings report disappointed investors and its stock took a nosedive following the announcement. In contrast, Cisco's shares were up about 6% after-hours on Wednesday.

In a foray into cybersecurity, Cisco launched a cybersecurity readiness index back in March to help businesses measure their resiliency against attacks.

Cisco Systems Inc. said Wednesday it earned \$2.16 billion, or 54 cents per [share](#), in its fiscal fourth quarter that ended on July 27, down 45% from \$3.96 billion, or 97 cents per share, in the same period a year ago. Excluding special items, its adjusted earnings were 87 cents per share in the latest quarter.

Revenue fell 10% to \$13.64 billion from \$15.2 billion.

Analysts, on average, were expecting adjusted earnings of 85 cents per share on revenue of \$13.54 billion, according to a poll by FactSet.

For the current quarter, Cisco is forecasting adjusted earnings of 86 cents to 88 cents per share on revenue of \$13.65 billion to \$13.85 billion. Analysts are expecting earnings of 85 cents per share on revenue of \$13.74 billion.

Edward Jones analyst David Heger said Cisco is starting to see demand recover after it slowed over the past few quarters, noting that product orders were up 6% even when excluding those from its recent acquisition of [cybersecurity](#) firm Splunk.

He added that "the restructuring will help offset the earnings impact from interest expenses associated with financing the Splunk acquisition and will rationalize combined workforces."

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