

Nokia hurts Microsoft revenues

NEW YORK, USA: Microsoft said its profits took a hit from its newly acquired Nokia phone division but that revenues got a strong lift from cloud services.



Microsoft's Satya Nadella says the company is focused on being a platform for users around the world with its cloud and mobile devices. Image: Wikimedia

The US technology company's Chief Executive Satya Nadella said the results suggested that Microsoft's shift to services amid declining personal computer sales was starting to pay off.

Net profit for the three months ending June dipped seven percent from a year earlier to \$4.6bn, below market expectations. But revenues grew 17.5%, lifted by the cloud services.

"We are galvanised around our core as a productivity and platform company for the mobile-first and cloud-first world, and we are driving growth with disciplined decisions, bold innovation, and focused execution," claimed Nadella.

"I'm proud that our aggressive move to the cloud is paying off - our commercial cloud revenue doubled again this year to a \$4.4bn."

The earnings came just days after Microsoft announced its biggest job cuts ever with Nadella calling for a new focus at the US company while integrating the Nokia phone division into its operations.

The company said it would cut 18,000 jobs from its global workforce over the next year, the majority from the Nokia handset unit. The cuts represent about 14% of Microsoft's global payroll of some 127,000.

The company saw a 40% jump in advertising revenues from its Bing search engine and gains from subscribers to its online

Office 365. The new Nokia phone division bought this year added about \$2bn in revenues but \$692m was slashed from the Microsoft's bottom line.

Paul Ausick at 24/7 Wall Street said Microsoft remains dependent on Windows despite claims to the contrary.

"Microsoft's results continue to depend on Windows, which in itself is no surprise. What is surprising is how hard it is for Microsoft to make any significant change to its dependence on Windows," he said in a blog post.

Source: AFP via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>