

Slowdown in Consumer PC Market Hits Microsoft's Windows Sales

A slowdown in consumer PC sales worldwide has taken a toll on sales of Microsoft's flagship Windows software. In the second fiscal quarter, the company said.

But increased sales of business software products, such as SharePoint, Exchange, Lync and Dynamics CRM, fueled the company's overall growth in the quarter.

"Despite a challenging PC market, we delivered solid financial results," said Peter Klein, CFO, Microsoft. "We saw strong demand for our business products and services, and had a record holiday season."

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For the fiscal 2012 second quarter ended December 31 Microsoft reported sales of \$20.89 billion, up 5 percent from \$19.95 billion in the second quarter of fiscal 2011. Net income for the quarter was \$6.62 billion, virtually flat with the \$6.63 billion reported for the same period one year earlier.

The sales from one year ago were inflated by \$224 million in deferred revenue related to the Office 2010 technology guarantee program, according to Microsoft.

Microsoft's Windows and Windows Live Division posted revenue of \$4.74 billion, a 6 percent drop from \$5.06 billion in the same quarter one year ago. That decline came despite Microsoft's selling more than 525 million Windows 7 licenses since the launch of that edition of Microsoft's flagship product in October 2009.

Microsoft is scheduled to release a beta of Windows 8, the next generation of the PC operating system, late next month.

"The PC market was challenged this quarter with particular softness in the consumer segment," Klein said. The decrease in Windows sales reflected an overall decline in the PC market of between 2 and 4 percent, according to Microsoft, with sales of consumer PCs dropping 6 percent. Microsoft estimated that sales of PCs to businesses grew 2 percent year-over-year.

Microsoft blamed the slowdown in PC sales on macroeconomic uncertainty, flooding in Thailand that reduced supplies of disk drives, and competing form factors—the latter a reference to growing sales of tablet computers such as Apple's popular iPad that are eroding sales of traditional desktop PCs and laptop computers.

While Microsoft reported weaker demand in the PC market Thursday, Intel reported record annual revenue thanks to strong PC chip sales.

Microsoft expects the disk drive shortage to continue for at least the next quarter, Klein said.

Apple, Intel Cherry-Picking Talent from HP's WebOS Team

Uncertainty in Hewlett Packard's WebOS business unit has opened the door for Apple, Intel and a host of mobile startups to lure away some of HP's sales and engineering talent.

Here's what we know about WebOS at this point: HP shuttered its WebOS hardware operations in October and has around 600 remaining WebOS employees. HP is open sourcing WebOS and the Enyo development environment,

and it also has designs on getting back into WebOS tablets, although CEO Meg Whitman has said this probably would not happen until 2013.

What's still unclear is whether HP's future WebOS course will require the contributions of all the business unit's 600 employees. Whitman, in a December interview with The Verge, did not rule out additional WebOS layoffs. In the meantime, some mobile sales and engineering staff have decided to continue their careers at other companies.

Oracle Becomes Aggressive On E-gov Projects

Oracle India sees rapid momentum in the government sector, with governments and its agencies investing in Oracle technology and solutions.

According to the company, with Oracle iGovernment, Oracle has emerged as a key partner for various e-governance initiatives in India. More than 20 states already use Oracle to offer citizen services.

In the last one year, Oracle has been awarded multiple contracts from various government departments and agencies to modernize their IT infrastructure, increase efficiency and transparency and transform service delivery. These include tax, treasury, defense, utilities/ smart cities, municipalities, road transport and railways, and police among others.

Andhra Pradesh Industrial Infrastructure Corporation (APIIC), Commercial Tax Dept (Govt. of Rajasthan), Chennai Metro Water, Center for eGovernance (Govt. of Karnataka), Delhi State Spatial Infrastructure (DSSDI), Assam PWD, West Bengal Central School Service Commission, RajComp Information Services, Mishra Dhatu Nigam (MIDHANI), Haryana Treasury, Kalyan Dombivili Municipal Corporation, Indian Railways, Dept. of IT and Communication (Govt. of Rajasthan), Indian Institute of Management (Lucknow), Assam University have all selected Oracle iGovernment to serve citizens and businesses in India.

“As our governments aggressively look at modernizing their IT infrastructures and speeding up delivery of services to citizens and businesses, there will continue to be high demand for innovative and intelligent solutions,” said Sunil Jose, Vice President, Applications, Oracle India.

“Oracle iGovernment provides an innovative technology foundation that allows governments to improve efficiency, reduce costs, increase transparency, and become more responsive to current and future mandates. Many government agencies are already in the process of transforming their computing systems to better serve citizens,” said Ashish Gupta, Director, Government-Education Applications, Oracle India.

HCL Wants More Indian Companies to Create Jobs Abroad

Asserting that the Indian IT industry is looking at new growth models, HCL Technologies has said more companies from the country should look at creating

local jobs in the foreign lands. Participating at the World Economic Forum Annual Meeting, India's fourth largest IT firm HCL Tech has announced creation of 10,000 jobs within next five years in the US and Europe. "The world is today a melting point dealing with different kinds of problems. And when we come to Forum like this, it is important for India and companies from the country such as HCL, to be seen as a solution, rather than being seen as a reason for the problem," HCL Technologies CEO Vineet Nayar told reporters here on the sidelines of the WEF summit. Recalling German Chancellor Angela Merkel's comments that the companies are welcome to invest in Europe, but they will have to create jobs, he said initiative taken by HCL would change the perception that Indian companies are taking away jobs of people in the West. "The first step we are making and I hope many other companies follow the trend. That would help making Indian companies appear much more mightier, and also as those willing to solve local problems and socially-responsible enterprises. "It would be a major shift, as there are many global companies shipping jobs outside the US, but we Indian companies would be creating jobs in those markets. This will also change the idea of 'Buy American, be American' or now 'Buy European, be European'," Nayar said. On trends within the Indian IT market, he said employee and other costs have become higher, tax holidays have gone and nations like Philippines are getting globally competitive. "Therefore, Indian IT industry is also looking at new growth models and multiple options. But, that is also making the Indian companies more global and they are not just Indian," he added.

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