

HP Splits... Again!

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Back in November 2015 [HP split into two companies](#) in the name of creating "smaller and nimbler" entities. Now it plans to repeat the process, as HP Enterprise sells its outsourced IT services segment to the Computer Sciences Corporation (CSC).



The result is a services "spin-merger" known as SpinCo. CSC CEO Mike Lawrie leads, while HPE CEO Meg Whithman has a seat on the board. For the curious, the actual business comes from EDS, a company HP acquired for \$14 billion back in 2008, and has 5000 customers in 70 countries.

"Our proposed merger with HPE Enterprise Services is a logical next step in CSC's transformation," Lawrie says. "As a more powerful and versatile global technology services business, the new company will be well positioned to innovate, compete and serve clients in a rapidly changing marketplace. We are excited by the great potential this merger brings to our people, clients, partners and investors, and by the opportunity to strengthen our relationship and collaboration with HPE."

But why did HPE sell off its services segment? The reason, of course, is savings-- HPE hopes the deal will lead to operation costs savings of around \$1bn. HPE already held a number of cost-saving measures for the business, namely by replacing 60% of service staff in Europe and the US with cheaper equivalents in Costa Rica, the Philippines, Bulgaria and India.

The deal should be finalised by end March 2017.

Go [CSC Announces Merger With Enterprise Services Segment of HP](#)