

HP, Divided In Two

Written by Bob Snyder
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By the time you read this, the *Wall Street Journal* report may give way to Hewlett-Packard's own announcement: **HP will break off its pc and printer businesses from ☐ corporate hardware and services operation.☐**



This is not a new idea and was most recently explored during merger talks with storage giant EMC Corp. The merger talks died, but the concept of an HP bifurcation lived on.

In 2011, HP decided to dump the pc business under then-Chief Executive Léo Apotheker.

He lost his job because of that decision (mainly). HP's new CEO, Meg Whitman, won a pc industry popularity contest by reversing course.

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She re-organized HP, combining the PC business with its more profitable printer operation. Now Whitman will be chairman of the PC and printer business and CEO of the separate "enterprise compan."

Business Insider says the new enterprise company will include:

- **Enterprise Group** (servers, networking hardware and storage. In the first nine months of its fiscal 2014, this unit earned \$20.5 billion with a 14% margin)
- **Enterprise Services** (consulting services and outsourcing with \$16.9 billion with a 2.5% margin)
- **Software**, (\$2.9 billion with 19% margin)
- **HP Financial Services**

WSJ sources say Patricia Russo will be chairman of the enterprise company. Dion Weisler, an executive in the PC and printer operation, is to be CEO of that business.

[Photo below.]

While H-P lost its place as the largest PC maker by shipments, in fiscal 2013 the printing and personal systems group hit \$55.9 billion in sales, about half the company's total. The company as a whole declined 6.7%.

This deal will be sold as "companies with a narrower focus perform better." For a recent example, EBAY just spun off its PayPal unit.

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