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Gartner Says Worldwide Server Shipments Grew 7 Per Cent; Revenue Increased 5 Per Cent in the Third Quarter of 2011

STAMFORD, Conn, November 29, 2011 — Worldwide server shipments in the third quarter of 2011 grew 7.2 per cent year-on-year, while revenue increased 5.2 per cent year-on-year, according to Gartner, Inc.

"The third quarter of 2011 produced growth on a global level but there was some significant variation in growth by region," said Jeffrey Hewitt, research vice president at Gartner. "All regions showed growth in both shipments and vendor revenue except for Western Europe which posted a 4.9 per cent decline in revenue for the period. Asia/Pacific grew the most significantly in shipments with a 23.9 per cent increase. Eastern Europe posted the highest vendor revenue growth at 27.4 per cent for the period."

"x86 servers forged ahead and grew 7.6 per cent in units and 9.3 per cent in revenue. Some regions like Western Europe and the United States did not produce as much relative x86-based server growth because of comparatively stronger third quarter results in 2010. RISC/Itanium Worldwide Unix server shipments declined 6.8 per cent, but vendor revenue increased 3.5 per cent compared to the same quarter last year. The 'other' CPU category, which is primarily mainframes, showed a decline of 6.9 per cent," Mr Hewitt said.

All of the top five global vendors had revenue increases for the third quarter of 2011 except HP and Oracle. HP declined 3.6 per cent year-on-year and Oracle achieved flat growth. IBM took the lead in the worldwide server market based on revenue (see Table 1) — the company posted just over $3.8 billion in server vendor revenue for a total share of 29.7 per cent for the third quarter of 2011. This share was down 0.5 per cent year-on-year. Most of IBM's revenue growth came from its Power Systems line with some contribution by System X as well.

Table 1
Worldwide: Server Vendor Revenue Estimates, 3Q11 (US Dollars)

Company	3Q11 Revenue	3Q11 Market Share (%)	3Q10 Revenue	3Q10 Market Share (%)	3Q10-3Q11 Growth (%)
IBM	3,846,807,802	29.7	3,717,419,666	30.2	3.5
HP	3,802,440,047	29.3	3,942,615,230	32.0	-3.6
Dell	1,903,221,687	14.7	1,789,631,319	14.5	6.3
Oracle	763,610,285	5.9	763,964,420	6.2	0.0
Fujitsu	603,044,868	4.7	582,244,543	4.7	3.6
Other Vendors	2,048,599,229	15.8	1,533,530,740	12.4	33.6
Total	**12,967,723,917**	**100.0**	**12,329,405,918**	**100.0**	**5.2**

Source: Gartner (November 2011)

In server shipments, HP remained the worldwide leader in the third quarter of 2011 (see Table 2) in spite of a year-on-year shipment decline of 3.1 per cent for the quarter. This decline was driven primarily by drops in HP's ProLiant brand. HP's worldwide server shipment share was 29.2 per cent representing a 3.1 per cent drop in share from the same quarter in 2010.

In terms of server form factors, blade servers rose 3.3 per cent in shipments and 7.6 per cent in revenue for the quarter. The rack-optimised form factor climbed 8.2 per cent in shipments and 6.3 per cent in revenue for the third quarter of 2011.

Table 2
Worldwide: Server Vendor Shipment Estimates, 3Q11 (Units)

Company	3Q11 Shipment	3Q11 Market Share (%)	3Q10 Shipment	3Q10 Market Share (%)	3Q10-3Q11 Growth (%)
HP	693,265	29.2	715,481	32.3	-3.1
Dell	517,867	21.8	501,593	22.7	3.2
IBM	287,507	12.1	287,574	13.0	0.0
Fujitsu	79,072	3.3	75,479	3.4	4.8
Lenovo	46,638	2.0	26,346	1.2	77.0
Other Vendors	748,633	31.5	607,641	27.4	23.2
Total	**2,372,982**	**100.0**	**2,214,115**	**100.0**	**7.2**

Source: Gartner (November 2011)

In Europe, the Middle East and Africa (EMEA), server shipments exceeded 606,300 units in the third quarter of 2011, an increase of 4.3 per cent from the same period last year. Server revenue totalled $3.25 billion, a decline of 0.5 per cent from last year (see Table 3).

"The market's recovery faltered this quarter as challenging economic conditions in Western Europe dragged down spending levels for the overall EMEA region," said Adrian O'Connell, research director at Gartner. "The third quarter of 2011 marked three years since the start of the downturn, and despite a relative recovery during the last few quarters, both volume and revenue remained lower than in the third quarter of 2008. Growth in Eastern Europe and Middle East and Africa has not been enough to offset some real challenges in Western Europe, which recorded a decline of 4.9 per cent in the third quarter of 2011."

Table 3
EMEA: Server Vendor Revenue Estimates, 3Q11 (US Dollars)

Company	3Q11 Revenue	3Q11 Market Share (%)	3Q10 Revenue	3Q10 Market Share (%)	3Q10-3Q11 Growth (%)
HP	1,301,580,579	40.0	1,375,233,250	42.1	-5.4
IBM	756,439,235	23.3	841,400,217	25.8	-10.1
Dell	414,500,382	12.7	381,616,100	11.7	8.6
Oracle	242,828,070	7.5	203,354,075	6.2	19.4
Fujitsu	202,991,262	6.2	206,240,478	6.3	-1.6
Others	334,016,557	10.3	259,405,291	7.9	28.8
Total	**3,252,356,084**	**100.0**	**3,267,249,411**	**100.0**	**-0.5**

Source: Gartner (November 2011)

The quarter saw mixed results in the key segments: x86 system revenue grew 6.5 per cent, the 'other' CPU category declined 26.0 per cent, and RISC/Itanium Unix systems declined 8.2 per cent.

"The x86-based segment managed to exhibit growth, but after a strong replacement cycle both the 'other CPU' and RISC/Itanium UNIX segments continued to decline. Vendors reliant on these segments will face increasing challenges as the combination of a weak economic environment and platform migrations will continue to exert pressure," said Mr O'Connell.

In the RISC/Itanium Unix segment, IBM consolidated its lead with an 11 per cent increase in revenue year-on-year, while Oracle grew 1.9 per cent and HP declined 28.7 per cent. "EMEA has been one of the regions with a relatively strong RISC/Itanium Unix base, however the performance of this segment is increasingly challenged by migration activity to other platforms. We forecast single-digit growth for both revenue and shipments next quarter," said Mr O'Connell.

In the third quarter of 2011 only two of the top five vendors, Dell and Oracle, achieved revenue growth, compared with the equivalent quarter of 2010. HP held the No. 1 position, but its revenue declined 5.4 per cent year-on-year. IBM, ranked No. 2, declined 10.1 per cent year-on-year, the weakest performance of the top five vendors. Considering Dell's exposure to the public sector, it performed well. Oracle's growth demonstrated the success it is having with its new server platforms.

In server shipments, HP maintained the No. 1 position (see Table 4). However, Dell's strong performance closed the gap with HP, and Dell was the only top-five vendor to increase its market share year-on-year.

Table 4
EMEA: Server Vendor Shipment Estimates, 3Q11 (Units)

Company	3Q11 Shipments	3Q11 Market Share (%)	3Q10 Shipments	3Q10 Market Share (%)	3Q10-3Q11 Growth (%)
HP	254,457	42.0	257,863	44.4	-1.3
Dell	120,145	19.8	109,447	18.8	9.8
IBM	67,102	11.1	70,897	12.2	-5.4
Fujitsu	39,173	6.5	38,495	6.6	1.8
Oracle	9,088	1.5	10,098	1.7	-10.0
Others	116,367	19.2	94,494	16.3	23.1
Total	**606,332**	**100.0**	**581,294**	**100.0**	**4.3**

Source: Gartner (November 2011)

Additional information is available to subscribers of Gartner's Servers Quarterly Statistics Worldwide programme. This programme provides worldwide market size and share data by vendor revenue and unit shipments. Segments include: region, vendor, vendor brand, sub brand, CPU type, CPU group, Max CPU, platform, price band, operating systems and distribution channels.

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