Gartner

Press Release

FOR IMMEDIATE RELEASE

CONTACTS:
Christy Pettey
Gartner
+ 1 408 468 8312
christy.pettey@gartner.com

Holly Stevens
Gartner
+ 44 (0) 1784 267 738
holly.stevens@gartner.com

Gartner Says Worldwide Server Revenue Increased 19.5 Per Cent; Shipments Grew 8 Per Cent in the Second Quarter of 2011

EMEA Revenue Increased 15.2 Per Cent; Shipments Grew 5 Per Cent

STAMFORD, Conn., August 26, 2011 — Worldwide server shipments in the second quarter of 2011 grew 8 per cent year on year, while revenue moved upward 19.5 per cent year on year, according to Gartner, Inc.

"The second quarter produced solid growth on a yearly basis, as the recovery that started in 2010 continues to eke out slow improvements," said Jeffrey Hewitt, research vice president at Gartner. "All regions showed yearly growth in both shipments and vendor revenue, although in both measures the market is again below the pre-downturn levels we saw in the corresponding quarter of 2008."

"x86 servers forged ahead and grew 8.4 per cent in units for the quarter and 17.7 percent in revenue. RISC/Itanium Unix servers declined 8.5 per cent in shipments but showed a revenue increase of 4.3 percent compared with the same quarter last year. The 'other' CPU category, which is primarily mainframes, showed a strong growth of 48.8 per cent," Mr Hewitt said.

From a geographic standpoint, the Asia/Pacific region grew the most in shipments with a 25.6 per cent increase. Japan posted the highest vendor revenue growth at 59.5 per cent for the period.

All of the top five global vendors had revenue increases for the second quarter of 2011.HP continued to lead the worldwide server market based on revenue (see Table 1). The company posted over $3.9 billion in server vendor revenue, accounting for 29.8 percent of the server market based on revenue. This share was down 2.2 percent year on year.

Table 1
Worldwide: Server Vendor Revenue Estimates, 2Q11 (U.S. Dollars)

Company	2Q11 Revenue	2Q11 Market Share (%)	2Q10 Revenue	2Q10 Market Share (%)	2Q10-2Q11 Growth (%)
HP	3,947,063,788	29.8	3,542,849,414	32.0	19.5
IBM	3,793,719,541	28.7	3,061,867,209	27.6	11.4
Dell	1,882,518,660	14.2	1,803,984,658	16.3	23.9
Oracle	936,121,906	7.1	928,500,001	8.4	4.4
Fujitsu	836,980,487	6.3	353,605,651	3.2	0.8
Other Vendors	1,844,894,373	13.9	1,393,266,013	12.6	136.7
Total	**13,241,298,756**	**100.0**	**11,084,072,945**	**100.0**	**32.4**

Source: Gartner (August 2011)

In server shipments, HP remained the worldwide leader in the second quarter of 2011 (see Table 2) with a year-on-year shipment increase of 11.7 per cent. This growth was driven by increases in HP's ProLiant brand. HP's worldwide server shipment share was 30.8 per cent, representing a 1.0 per cent increase in share from the same quarter in 2010.

Of the top five vendors in server shipments worldwide, all but Dell posted increases in units for the second quarter of 2011.

In terms of x86-based server form factors, blade servers rose 8.2 per cent in shipments and 29.5 per cent in revenues for the quarter. The rack-optimized form factor climbed 8.9 per cent in shipments and 17 percent in revenue for the second quarter of 2011.

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

Company	2Q11 Shipments	2Q11 Market Share (%)	2Q10 Shipments	2Q10 Market Share (%)	2Q10-2Q11 Growth (%)
HP	719,590	30.8	644,172	29.8	11.7
Dell	511,507	21.9	542,799	25.1	-5.8
IBM	273,718	11.7	267,614	12.4	2.3
Fujitsu	71,848	3.1	60,974	2.8	17.8
Lenovo	36,220	1.6	24,835	1.2	45.8
Other Vendors	719,963	30.9	618,753	28.7	16.4
Total	**2,332,846**	**100.0**	**2,159,147**	**100.0**	**8.0**

Source: Gartner (August 2011)

Additional information is available to subscribers of Gartner Dataquest'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.

In Europe, the Middle East and Africa (EMEA), server shipments surpassed 611,000 units in the second quarter of 2011, an increase of 5.0 per cent from the same period last year (see Table 4). Server revenue totalled $3.69 billion in the second quarter, a growth of 15.2 per cent from the same quarter last year (see Table 3).

“Against a backdrop of ongoing economic concerns, the server market continues to recover across the EMEA regions,” said Adrian O’Connell, research director at Gartner. “Revenue growth outpacing shipment growth shows the strength in some high-end platforms which, having longer sales cycles, have taken longer to return to growth mode.”

Table 3
EMEA: Server Vendor Revenue Estimates, 2Q11 (US Dollars)

Company	2Q11 Revenue	2Q11 Market Share (%)	2Q10 Revenue	2Q11 Market Share (%)	2Q10-2Q11 Growth (%)
HP	1,344,890,506	36.5	1,198,773,837	37.5	12.2
IBM	1,070,180,223	29.0	823,837,731	25.8	29.9
Dell	383,430,650	10.4	402,288,579	12.6	-4.7
Oracle	287,295,813	7.8	283,192,500	8.9	1.4
Fujitsu	189,343,868	5.1	183,488,148	5.7	3.2
Other Vendors	410,114,621	11.1	307,090,476	9.6	33.5
Total	**3,685,255,681**	**100.0**	**3,198,671,270**	**100.0**	**15.2**

Source: Gartner (August 2011)

Table 4
EMEA: Server Vendor Shipments Estimates, 2Q11 (Units)

Company	2Q11 Revenue	2Q11 Market Share (%)	2Q10 Revenue	2Q11 Market Share (%)	2Q10-2Q11 Growth (%)
HP	264,817	43.3	241,898	41.5	9.5
Dell	106,905	17.5	111,328	19.1	-4.0
IBM	68,707	11.2	63,701	10.9	7.9
Fujitsu	39,437	6.4	36,575	6.3	7.8
Oracle	10,198	1.7	15,473	2.7	-34.1
Other Vendors	121,763	19.9	113,554	19.5	7.2
Total	**611,828**	**100.0**	**582,529**	**100.0**	**5.0**

Source: Gartner (August 2011)

The second quarter of 2011 saw revenue growth in all the key segments. X86 systems grew by 16.2 per cent in the second quarter of 2011, the "Other" CPU category, largely driven by the IBM System Z platform, grew by 36.2 per cent and RISC/Itanium Unix systems, while also growing, only managed a year-on-year growth rate of 2.1 per cent.

Mr O'Connell said: "As we have cautioned before, current growth rates may look positive but in absolute terms the market remains quite some way below the levels that we saw prior to the downturn. Total server revenue across EMEA is only just over three quarters of the level that it was in the second quarter of 2008. The RISC/Itanium Unix and Other CPU systems are even worse – both around 50 per cent of those pre-downturn levels. With that in mind, and the ongoing economic concerns, there is a real need for vendors to focus on driving competitive wins to maximise the available market opportunity, particularly in these non-x86 segments."

In the second quarter of 2011, all of the top five vendors with the exception of Dell exhibited revenue growth. HP held the No. 1 position with revenue growing at 12 per cent year-on-year. IBM, ranked No. 2, grew 30 per cent year-on-year, the strongest rate of the top five vendors. Dell's growth was constrained by weakness in the public sector. X86 revenue increased 16.2 per cent in the first quarter of 2011.

Overall, RISC and Itanium Unix revenues increased 2.1 per cent in the first quarter of 2011. IBM led the segment with a growth of 21.9 per cent year-on-year. This resulted in a share increase to 43.9 percent. Revenues from second-ranked Oracle declined 16.1 percent and fell 0.6 percent for third-ranked HP.

"The Unix market continues to be squeezed between x86 and mainframe platforms. IBM is currently the best-performing vendor in this highly consolidated segment with both Oracle and HP struggling to improve business results," said Mr O'Connell.

About Gartner
Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is a valuable partner to 60,000 clients in 11,500 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 4,500 associates, including 1,250 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com.

# # #