Gartner

Press Release

CONTACTS:
Janessa Rivera
Gartner
+ 1 408 468 8312
janessa.rivera@gartner.com

Robert van der Meulen
Gartner
+ 44 (0) 1784 267 738
rob.vandermeulen@gartner.com

Gartner Says Worldwide Server Shipments Grew 4 Per Cent While Revenue Decreased 3.8 Per Cent in the Second Quarter of 2013

EMEA Revenue Declined 4.6 Per Cent to $3.1 Billion

STAMFORD, Conn, 28 August, 2013 — In the second quarter 2013, worldwide server shipments grew 4 per cent year-on-year, while revenue declined 3.8 per cent from the second quarter of 2012, according to Gartner, Inc.

"The global server market remains in a relatively weak state overall," said Jeffrey Hewitt, research vice president at Gartner. "The only real regional bright spot was Asia/Pacific with growth of 10 per cent and 21.7 per cent year-on-year in terms of revenue and shipments. Canada was the only other region that grew in both revenue and units (6.3 per cent in revenue and 2.7 per cent in units), while Latin America was close to flat for revenue but increased by 1 per cent in terms of shipments. The US also grew in terms of shipments by 1.9 per cent year-on-year but declined in revenue by 5.1 per cent."

"x86 servers managed to produce an increase of 4.5 per cent in units for the second quarter, and 2.1 per cent in revenue. RISC/Itanium Unix servers continued to decline 27.4 per cent in units and 25.3 per cent in vendor revenue compared to the same quarter last year. The 'other' CPU category, which is primarily mainframes, showed an increase of 6.9 per cent in revenue," Mr Hewitt said.

IBM had the lead in the worldwide server market based on revenue for the second quarter of 2013 (see Table 1) -- the company posted worldwide server revenue of nearly $3.2 billion for a total share of 25.6 per cent. The biggest revenue contribution was from its System Z.

Table 1
Worldwide: Server Vendor Revenue Estimates, 2Q13 (US Dollars)

Company	2Q13 Revenue	2Q13 Market Share (%)	2Q12 Revenue	2Q12 Market Share (%)	2Q13-2Q12 Growth (%)
IBM	3,156,584,672	25.6	3,496,145,346	27.2	-9.7
HP	3,089,886,031	25.0	3,747,482,751	29.2	-17.5
Dell	2,190,643,700	17.7	1,979,115,827	15.4	10.7
Oracle	716,749,999	5.8	772,760,548	6.0	-7.2
Cisco	539,172,000	4.4	376,320,000	2.9	43.3
Others	2,657,795,360	21.5	2,462,309,786	19.2	7.9
Total	**12,350,831,762**	**100.0**	**12,834,134,257**	**100.0**	**-3.8**

Source: Gartner (August 2013)

In server shipments, HP remained the worldwide leader in the second quarter of 2013 (see Table 2) in spite of a year-on-year shipment decline of 13.6 per cent for the quarter. HP's worldwide server shipment share was 23.9 per cent representing a 4.8 per cent decrease in share from the same quarter in 2012.

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Inspur also made it into the top five server position in the second quarter of 2013 primarily due to a significant high-performance computing (HPC) deal that it won in its native China during the quarter.

In terms of server form factors, x86 blade servers declined by 3 per cent in shipments and 4.5 per cent in revenue for the quarter. The x86 rack-optimised form factor climbed 3.9 per cent in shipments and 2.4 per cent in revenue for the second quarter.

Table 2
Worldwide: Server Vendor Shipment Estimates, 2Q13 (US Dollars)

Company	2Q13 Shipments	2Q13 Market Share (%)	2Q12 Shipments	2Q12 Market Share (%)	2Q13-2Q12 Growth (%)
HP	586,857	23.9	678,963	28.7	-13.6
Dell	551,000	22.4	541,693	22.9	1.7
IBM	209,833	8.5	228,138	9.6	-8.0
Cisco	77,729	3.2	49,054	2.1	58.5
Inspur Electronics	65,350	2.7	20,960	0.9	211.8
Others	969,342	39.4	847,671	35.8	14.4
Total	**2,460,111**	**100.0**	**2,366,479**	**100.0**	**4.0**

Source: Gartner (August 2013)

In Europe, the Middle East and Africa (EMEA), server shipments surpassed 550,000 units in the second quarter of 2013, a decrease of 5.9 per cent from the same period last year (see Table 4). Server revenue totalled $3.1 billion in the quarter, a decline of 4.6 per cent from the same quarter last year (see Table 3).

“Demand for servers in EMEA remained constrained in the second quarter,” said Adrian O’Connell, research director at Gartner. All three EMEA sub-regions saw server revenue decrease in the second quarter of 2013. In Western Europe, revenue declined 1.6 per cent; in Eastern Europe it fell 17.9 per cent and the Middle East and Africa region decreased 9 per cent.

“This was the seventh consecutive quarter for shipment decline and the eighth consecutive quarter for revenue decline, showing an even more sustained period of weakness than the one we saw during the economic downturn that began in 2008,” said Mr O’Connell.

In terms of vendor performances, Dell and Fujitsu remained the only two vendors from the top five to show revenue growth. The EMEA market lacks the hyperscale segment growth that other regions benefit from. This means that vendors in the region are more exposed to the global weakness in enterprise sales.

Table 3
EMEA: Server Vendor Revenue Estimates, 2Q13 (US Dollars)

Company	2Q13 Shipments	2Q13 Market Share (%)	2Q12 Shipments	2Q12 Market Share (%)	2Q13-2Q12 Growth (%)
HP	1,045,013,127	33.6	1,212,283,159	37.2	-13.8
IBM	834,807,318	26.8	843,043,750	25.8	-1.0
Dell	434,887,100	14.0	404,799,646	12.4	7.4
Oracle	193,522,500	6.2	221,782,278	6.8	-12.7
Fujitsu	175,820,497	5.7	175,424,245	5.4	0.2
Others	426,487,501	13.7	404,067,658	12.4	5.5
Total	**3,110,538,042**	**100.0**	**3,261,400,736**	**100.0**	**-4.6**

Source: Gartner (August 2013)

Table 4
EMEA: Server Vendor Shipments Estimates, 2Q13 (Units)

Company	2Q13 Shipments	2Q13 Market Share (%)	2Q12 Shipments	2Q12 Market Share (%)	2Q13-2Q12 Growth (%)
HP	222,016	40.30	243,285	41.60	-8.70
Dell	114,057	20.70	112,997	19.30	0.90
IBM	47,550	8.60	56,637	9.70	-16.00
Fujitsu	24,325	4.40	31,945	5.50	-23.90
Cisco	14,484	2.60	10,300	1.80	40.60
Others	128,105	23.30	130,140	22.20	-1.60
Total	**550,537**	**100.0**	**585,304**	**100.0**	**-5.9**

Source: Gartner (August 2013)

In the second quarter of 2013, x86 server revenue decreased 4.7 per cent in EMEA, while RISC/Itanium UNIX revenue fell 22.6 per cent. Revenue for the “other” CPU segment grew 44.3 per cent. The RISC/Itanium UNIX segment continued to suffer from migrations to alternative platforms as users sought lower cost alternatives and more flexibility. The “other” CPU category saw a double-digit increase thanks to platform refreshes. In the second quarter of 2013, the market bifurcation continued with the RISC/Itanium UNIX segment decreasing as a proportion, while x86 servers kept extending their share.

“Weak enterprise demand, combined with consolidation and platform migration, continued to dampen the EMEA server market,” said Mr O’Connell. “In addition to weak demand, established vendors are increasingly challenged by relatively-new vendors such as Cisco, Asia/Pacific-based suppliers such as Lenovo and Huawei, and original design manufacturers selling directly to large end-users.

“While the server market in EMEA is weak, the underlying trends are highly dynamic. Opportunities remain for vendors who are agile enough to position themselves in the context of shifting market dynamics,” said Mr O’Connell.

Additional information is available to subscribers of Gartner Servers Quarterly Statistics Worldwide program. 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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