Gartner | **Press Release**

Gartner Says Worldwide Server Shipments Grew 2.7 Percent While Revenue Grew 5.1 Percent in Second Quarter of 2007

STAMFORD, Conn., August 23, 2007 — Worldwide server shipments for the second quarter of 2007 increased 2.7 percent over the same quarter last year, while worldwide server revenue for the same period climbed 5.1 percent according to Gartner, Inc. Worldwide server revenue totaled $13 billion for the quarter, as worldwide servers shipments reached just over 2 million units.

"There were several dynamics that affected the market, but the x86 server area was the real growth contributor," said Jeffrey Hewitt, research vice president at Gartner. "A strong underlying demand for increased capacity and new applications is driving volume growth despite potential inhibitors like virtualisation and economic concerns."

"RISC-Itanium Unix servers continued to be constrained," Mr. Hewitt said. "In this segment, shipments fell 18 percent and revenue fell 1.5 percent for the quarter."

IBM continued to lead the worldwide server market based on revenue (see Table 1). It had increases for the quarter in System p (7 percent), System x (16 percent) and System z (5 percent), while it experienced declines only in System i (-14 percent). These figures combined to produce an overall revenue increase of just under 7 percent for the quarter and boosted IBM's revenue share 0.4 percent. IBM's shipments fell just under 7 percent for the quarter, and it lost just over 1 percent of shipment share on a worldwide basis.

Table 1
Worldwide: Server Vendor Revenue Estimates, 2Q07 (U.S. Dollars)

Company	2Q07 Revenue	2Q07 Market Share (%)	2Q06 Revenue	2Q06 Market Share (%)	2Q06-2Q07 Growth (%)
IBM	3,870,937,408	29.8	3,634,164,610	29.4	6.5
Hewlett-Packard	3,703,108,934	28.5	3,390,671,770	27.4	9.2
Sun Microsystems	1,753,831,372	13.5	1,625,852,961	13.1	7.9
Dell	1,561,405,756	12.0	1,305,278,118	10.6	19.6
Fujitsu/Fujitsu Siemens	489,776,932	3.8	515,022,058	4.2	-4.9
Other Vendors	1,620,883,093	12.5	1,900,919,448	15.4	-14.7
Total	**12,999,943,495**	**100.0**	**12,371,908,965**	**100.0**	**5.1**

Source: Gartner (August 2007)

In server shipments, Hewlett-Packard (HP) grew just over 17 percent compared with the second quarter of 2006, and retained its worldwide server shipment lead. The share gap between it and second-place Dell increased almost 3 full percentage points for the quarter (see Table 2). HP finished the quarter with almost a 32 percent shipment share for the period. HP's ProLiant product line showed a shipment increase of 18 percent, and HP Integrity grew 54 percent. HP's remaining brands declined for the period. HP's overall server revenue climbed 9 percent for the quarter which pushed its second-place revenue share upward just over 1 percent for the quarter.

Dell returned to shipment growth for the quarter and grew just over 7 percent, and gained 1 percent in share. In addition, Dell had the strongest revenue growth of the global vendors for the quarter at almost 20 percent, which produced a revenue share increase of just over 1 percent year-on-year. Sun posted a decline just over 11 percent in server shipments and lost almost 1 percent shipment share for the second quarter, but it produced an almost 8 percent server revenue increase which resulted in a share gain of 0.4 percent in server revenue share. Fujitsu/Fujitsu Siemens grew more than 14 percent in shipments and grew its shipment share 0.3 points; it fell just under 5 percent in server revenue and lost 0.4 percent in worldwide server revenue share.

The blade server segment pushed ahead again in the quarter. Worldwide blade server shipments grew just under 14 percent. HP retained its lead in this segment with the most-significant shipment increase at 73 percent compared with the same quarter last year.

Table 2
Worldwide: Server Vendor Shipment Estimates, 2Q07 (Units)

Company	2Q07 Shipments	2Q07 Market Share (%)	2Q06 Shipments	2Q06 Market Share (%)	2Q06-2Q07 Growth (%)
Hewlett-Packard	650,371	31.5	555,569	27.6	17.1
Dell	464,650	22.5	432,850	21.5	7.3
IBM	295,088	14.3	315,511	15.7	-6.5
Sun Microsystems	95,000	4.6	107,167	5.3	-11.4
Fujitsu/Fujitsu Siemens	59,142	2.9	51,684	2.6	14.4
Other Vendors	500,158	24.2	547,116	27.2	-8.6
Total	**2,064,409**	**100.0**	**2,009,897**	**100.0**	**2.7**

Source: Gartner (August 2007)

In Europe, the Middle East and Africa (EMEA), server shipments in the second quarter of 2007 increased 7.6 percent over the same quarter last year, while server revenue for the same period increased 7.8 percent. Server revenue totaled $4.22 billion for the quarter and server shipments reached 630,000 units in the region.

Table 3
EMEA: Server Vendor Revenue Estimates, 2Q07 (U.S. Dollars)

Company	2Q07 Revenue	2Q07 Market Share (%)	2Q06 Revenue	2Q06 Market Share (%)	2Q06-2Q07 Growth (%)
Hewlett-Packard	1,420,483,374	33.7	1,261,554,470	32.2	12.6
IBM	1,240,399,850	29.4	1,161,149,610	29.7	6.8
Sun Microsystems	561,740,498	13.3	556,892,410	14.2	0.9
Dell	391,672,417	9.3	334,120,909	8.5	17.2
Fujitsu/Fujitsu Siemens	267,240,154	6.3	253,960,622	6.5	5.2
Other Vendors	335,975,724	8.0	344,224,750	8.8	-2.4
Total	**4,217,512,018**	**100**	**3,911,902,772**	**100**	**7.8**

Source: Gartner (August 2007)

Hewlett-Packard held the No.1 vendor position in EMEA based on revenue (see Table 3) and shipments (see Table 4). HP's server shipments grew 14.1 percent compared to the same period last year, which was also the strongest shipment increase of the top five vendors. "HP's x86 technology offerings, cost structure and go-to-market programs are improving the company's competitive presence in the market, while increasing its x86 server volumes," said Samina Malik, principal analyst at Gartner.

IBM, in second place for revenue, saw revenue growth in most of its server product lines, driven particularly by its x86-based System x and RISC-based System p lines. "Sun, in third position in revenue in EMEA, grew revenues marginally due to product transitions in its RISC-based products," said Ms Malik.

Dell and IBM held the second and third unit shipment positions respectively. Fujitsu Siemens' server volumes continued to improve in the second quarter of 2007, driven by the strength of its two-socket x86-based servers.

Table 4
EMEA: Server Vendor Shipment Estimates, 2Q07 (Units)

Company	2Q07 Shipments	2Q07 Market Share (%)	2Q06 Shipments	2Q06 Market Share (%)	2Q06-2Q07 Growth (%)
Hewlett-Packard	255,527	40.5	223,872	38.2	14.1
Dell	113,050	17.9	100,400	17.1	12.6
IBM	93,511	14.8	101,567	17.3	-7.9
Fujitsu/Fujitsu Siemens	37,858	6.0	33,575	5.7	12.8
Sun Microsystems	26,530	4.2	30,139	5.1	-12.0
Other Vendors	103,797	16.5	96,278	16.4	7.8
Total	**630,273**	**100.0**	**585,832**	**100.0**	**7.6**

Source: Gartner (August 2007)

Additional information is available to subscribers of Gartner Dataquest's Servers Quarterly Statistics Worldwide program. This program 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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