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Gartner Says Worldwide Operating System Software Market Grew to \$30.4 Billion in 2010 ***Recovery of the Global Economy Substantially Contributed to Market Growth***

STAMFORD, Conn., April 27, 2011 — As the global economy recovered, worldwide operating system (OS) revenue totalled \$30.4 billion in 2010, a 7.8 per cent increase from 2009, according to Gartner, Inc.

Linux (server) and Mac OS were the fastest-growing subsegments in the server and client OS segments, respectively, while Microsoft maintained its leading position in the overall OS market, with 78.6 per cent market share.

"Generally, client OSs outperformed server OSs and grew 9.3 per cent in 2010, while the server OS segment grew 5.7 per cent," said Matthew Cheung, principal research analyst at Gartner. "The long-pending demand for PC refreshment was unleashed as the economy stepped out from the economic turnaround, which drove growth of client OSs."

Among client OSs, Mac OS was the fastest-growing subsegment in 2010 as the unit shipments of Mac desktop/laptop devices saw strong sales, although from a much-smaller basis. Windows client was still the largest client OS segment, with high-single-digit growth, particularly driven by adoption of Windows 7 and the imminent end of life (EOL) of Windows XP.

"In the server OS market, Linux (server) was the fastest-growing subsegment in 2010 as end users adopted more open-standard systems. Within the Unix OS market, IBM AIX had high single-digit growth, but Unix generally experienced modest or negative growth," said Alan Dayley, managing vice president at Gartner. "The EOL threat for Unix OSs such as Tru64 and NetWare pushed the 'other proprietary Unix' subsegment down 39.6 per cent in 2010 as some vendors retired their proprietary Unix and moved users to more open systems."

Microsoft held the largest market share of the worldwide OS software segment, with 78.6 per cent share in 2010 (see Table 1). The distant second- and third-place vendors were IBM and HP, with 7.5 per cent and 3.7 per cent share, respectively. Oracle climbed up the ranking from No. 8 in 2009 to No. 4 in 2010 by acquiring Sun Microsystems' Solaris business in April 2009.

Table 1
Worldwide OS Revenue and Market Share by Vendor (Millions of Dollars)

Vendor	2010 Revenue	2010 Market Share (%)	2009 Revenue	2009 Market Share (%)	2009-2010 Growth (%)
Microsoft	23,848	78.6	21,926	77.9	8.8
IBM	2,284	7.5	2,163	7.7	5.6

HP	1,125	3.7	1,109	3.9	1.4
Oracle	780	2.6	10	0.0	7,682.8
Red Hat	610	2.0	517	1.8	18.0
Apple	520	1.7	449	1.6	15.8
Others	1,183	3.9	1,968	7.0	-39.9
Total	30,350	100.0	28,142	100.0	7.8

Source: Gartner (April 2011)

Microsoft's Windows (client) business had higher growth at 9.2 per cent, compared with its Windows (server) business at 7.5 per cent growth. A new wave of PC refreshment after the economic recession was the major reason for the better-performing Windows (client) business. Windows 7 also gained market acceptance as the successor to Windows Vista and XP. The projected EOL of XP in early 2014 drove organisations to accelerate migration to Windows 7 in the second half of 2010.

Among the three OSs owned by IBM, AIX experienced the highest growth at 9.2 per cent due to the popularity of Power Systems. The consolidation of the System p and System i platforms and the strategy to push more AIX contributed to the slow growth of System i at 2.7 per cent in 2010.

HP-UX was able to maintain modest growth at 3.7 per cent in 2010. However, HP's revenue from proprietary Unix and other proprietary OSs continued to decline because of the discontinuation of Tru64 and a decline in shipments of business-critical systems, such as NonStop and OpenVMS.

Oracle's software revenue from Solaris declined 3.2 per cent in 2010 as end users were sceptical about Oracle's commitment to the Solaris platform — although the company made several announcements to clear this anxiety. Oracle's Linux versions (also known as Unbreakable Linux) grew a small base almost 200 per cent in 2010 — which also showed Oracle's strategy to lessen its dependence on other vendors' Unix or Linux OSs.

Red Hat has been dominating the commercial Linux (server) market. Revenue of Red Hat Enterprise Linux (RHEL) server license went up 18.6 per cent to \$592 million in 2010, taking a 58.2 per cent share of the Linux (server) market. Gartner analysts said the phenomenon demonstrates that the market has accepted Linux as a viable alternative to Unix and other proprietary OSs in mission-critical environments.

Mac OS grew 15.8 per cent to a size of \$520 million in 2010, fuelled by the strong sales of Mac desktops and laptops. Apple's making of Mac OS as a "cool" client computing OS has attracted a group of loyal customers on Mac devices and platforms. Apple's continuous innovations in mobile devices, such as smartphones and tablets, have prompted sales of other Apple devices and will continue to drive Mac sales.

Additional information is available in the Gartner report "Market Share Analysis: Operating System Software, Worldwide, 2010." The report is available on Gartner's website at: <http://www.gartner.com/resId=1634314>.

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