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Gartner Says Worldwide External Controller-Based Disk Storage Market Grew 14.1 Per Cent in First Quarter of 2011

STAMFORD, Conn., June 8, 2011 — Despite economic woes in North America, Europe, the Middle East and Africa (EMEA) and Japan, the worldwide external controller-based (ECB) disk storage market exceeded expectations and totalled \$5 billion in the first quarter of 2011, according to Gartner, Inc. This is a 14.1 per cent increase from revenue of \$4.4 billion in the first quarter of 2010.

The Asia/Pacific and Latin America regions grew 28.9 per cent and 15.9 per cent, respectively, followed by North America at 12.9 per cent, EMEA at 12.3 per cent and Japan at 5.8 per cent. With 30 per cent year-on-year growth, the deployment of file-access ECB disk storage systems shows strength in general-purpose enterprise infrastructures, as well as disk-based backup and archiving.

"Reflecting storage infrastructure refreshments, coupled with expanded deployments in virtualised server infrastructures, the larger block-access ECB disk storage market segment grew 10.6 per cent year-on-year," said Roger Cox, research vice president at Gartner. The block-access ECB disk storage segment currently represents 79 per cent of the total ECB disk storage market."

EMC increased its worldwide ECB disk storage revenue market share to 30.1 per cent in the first quarter of 2011 (see Table 1). NetApp experienced the strongest growth among the top-tier vendors with a revenue increase of 34.4 per cent year-on-year.

Table 1
Worldwide External Controller-Based Disk Storage Vendor Revenue Estimates for 1Q11 (Millions of US Dollars)

| Company | 1Q11 Revenue | 1Q11 Market Share (%) | 1Q10 Revenue | 1Q10 Market Share (%) | 1Q10-1Q11 Change (%) |
|--------------------------|----------------|-----------------------|----------------|-----------------------|----------------------|
| EMC ¹ | 1,519.9 | 30.1 | 1,223.3 | 27.6 | 24.2 |
| NetApp ² | 630.0 | 12.5 | 468.9 | 10.6 | 34.4 |
| IBM | 591.5 | 11.7 | 527.3 | 11.9 | 12.2 |
| Hitachi/HDS ³ | 487.1 | 9.7 | 397.8 | 9.0 | 22.4 |
| HP ⁴ | 483.4 | 9.6 | 416.4 | 9.4 | 16.1 |
| Dell ⁵ | 389.7 | 7.7 | 395.4 | 8.9 | -1.4 |
| Fujitsu ⁶ | 178.9 | 3.5 | 143.5 | 3.2 | 24.7 |
| Oracle | 85.3 | 1.7 | 140.3 | 3.2 | -39.2 |
| Others | 681.3 | 13.5 | 712.1 | 16.1 | -4.3 |
| Total | 5,047.0 | 100.0 | 4,425.1 | 100.0 | 14.1 |

Note 1: 1Q11 EMC revenue includes the Isilon acquisition, but excludes OEM revenue from Dell and Fujitsu Technology Solutions.

Note 2: NetApp revenue excludes OEM revenue from IBM.

Note 3: Hitachi/HDS revenue excludes OEM revenue from HP and Oracle.

Note 4: 1Q11 HP revenue includes the 3PAR acquisition.

Note 5: 1Q11 Dell revenue includes the Compellent acquisition.

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Note 6: Fujitsu's branded revenue does not include products sold under the EMC and NetApp brands.
Source: Gartner (June 2011)

NetApp's efficiency and flexibility features, along with its unified storage architecture, continued to resonate with end users regardless of geographic region. While EMC maintained an almost 2.5 times larger market share than its closest rival, 35 per cent of its year-on-year growth in the first quarter of 2011 came from acquisitions made during the past three years. Gains by its DS8000 series, XIV and the newly released Storwize V7000 were offset by DS5000/4000/3000 series revenue deterioration.

Even though HP grew faster than the industry average, gaining 0.2 per cent market share, the accretive impact of the 3PAR acquisition was offset by EVA and P9000-series revenue declines. As Dell disengages from EMC, its PS series (EqualLogic), MD3000 series and the just-acquired Compellent gains were counterbalanced by the ongoing Dell:ECM CX4/AX revenue shortfall.

Fujitsu is gaining increased traction with its Eternus ECB disk storage systems, particularly in EMEA and Japan. Most of Oracle's year-on-year revenue decline was caused by its terminated relationship with Hitachi Data Systems (HDS), but analysts said it is also struggling to improve ZFS Storage Appliance revenue.

Gartner ECB disk storage reports reflect hardware-only revenue, as well as hardware revenue associated with financial leases and managed services. Optional and separately priced storage software revenue and storage area network infrastructure components are excluded.

Additional information on the ECB disk storage market is available in the Gartner "Quarterly Statistics: Disk Array Storage, All Regions, All Countries, 1Q11 Update." The report includes vendor market share by data access method, price band, sales channel and operating system segmentation. The report is available on Gartner's website at <http://www.gartner.com/resId=1712918>.

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