Gartner | **Press Release**

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Gartner Says Worldwide Server Shipments Grew 9 Per Cent; Revenue Increased 17 Per Cent in the First Quarter of 2011

EMEA Server Shipments Increased 5 Per Cent While Revenue Grew 13 Per Cent

STAMFORD, Conn., May 26, 2011 — In the first quarter of 2011, worldwide server shipments grew 8.5 per cent year-on-year, while revenue increased 17.3 per cent, according to Gartner, Inc.

"The first quarter continued a quarterly trend of year-on-year growth in both shipments and vendor revenue," said Jeffrey Hewitt, research vice president at Gartner. "All regions showed growth in both shipments and vendor revenue, with the exception of Japan."

"x86 servers forged ahead and grew 8.6 per cent in units for the year and 17.5 per cent in revenue. Following earlier trends, the x86-based server market provided an increase in average selling prices that pushed revenue higher than shipments, and this was the case in the first quarter for all regions," Mr Hewitt said. "RISC/Itanium Unix servers finally exited their slump and grew 5.2 per cent in shipments and 20.7 per cent in vendor revenue, compared with the same quarter last year. The "other" CPU category, which is primarily mainframes, showed a growth in vendor revenue of 19.6 per cent."

From the regional standpoint, Eastern Europe grew the most significantly in shipments with a 21.1 per cent increase. Eastern Europe also posted the highest vendor revenue growth at 36.0 per cent for the period.

All the top five global vendors except Fujitsu had revenue increases for the first quarter of 2011. HP was the market leader, based on worldwide server revenue (see Table 1). The company posted just over $3.8 billion in worldwide server vendor revenue for a total share of 30.2 per cent for the first quarter of 2011. This share was down 1.2 per cent year-on-year.

Table 1
Worldwide: Server Vendor Revenue Estimates, 1Q11 (US Dollars)

Company	1Q11 Revenue	1Q11 Market Share (%)	1Q10 Revenue	1Q10 Market Share (%)	1Q10-1Q11 Growth (%)
HP	3,826,499,365	30.2	3,389,508,530	31.4	12.9
IBM	3,761,762,079	29.7	3,052,091,123	28.3	23.3
Dell	1,892,881,243	14.9	1,673,579,438	15.5	13.1
Oracle	798,599,723	6.3	597,935,146	5.5	33.6
Fujitsu	591,959,434	4.7	645,299,697	6.0	-8.3
Other Vendors	1,798,809,376	14.2	1,440,384,216	13.3	24.9
Total	**12,670,511,219**	**100.0**	**10,798,798,151**	**100.0**	**17.3**

Source: Gartner (May 2011)

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In server shipments, HP remained the worldwide leader in the first quarter of 2011 (see Table 2) with a year-on-year shipment increase of 2.3 per cent for the quarter. This growth was driven by increases produced from HP's ProLiant brand. HP's worldwide server shipment share was 29.8 per cent, representing a 1.8 per cent drop in share from the same quarter in 2010.

Of the top five vendors in server shipments worldwide, HP and IBM posted year-on-year increases in units for the first quarter.

In terms of server form factors, x86 blade servers rose 6.1 per cent in shipments and 24.6 per cent in revenue for the quarter, to produce the highest revenue growth by form factor. The rack-optimised form factor had the highest shipment growth at 11.2 per cent and climbed 19.6 per cent in revenue for the first quarter.

Table 2
Worldwide: Server Vendor Shipments Estimates, 1Q11 (Units)

Company	1Q11 Shipments	1Q11 Market Share (%)	1Q10 Shipments	1Q10 Market Share (%)	1Q10-1Q11 Growth (%)
HP	687,502	29.8	672,094	31.6	2.3
Dell	508,650	22.0	510,452	24.0	-0.4
IBM	272,238	11.8	268,010	12.6	1.6
Fujitsu	76,648	3.3	77,613	3.6	-1.2
Oracle	36,795	1.6	42,528	2.0	-13.5
Other Vendors	725,654	31.4	556,231	26.2	30.5
Total	**2,307,486**	**100.0**	**2,126,928**	**100.0**	**8.5**

Source: Gartner (May 2011)

In Europe, the Middle East and Africa (EMEA), server revenue totalled $3.6 billion in the first quarter of 2011, a growth of 13.2 per cent from the same quarter last year (see Table 3). Server shipments surpassed 638,000 units in the first quarter of 2011, an increase of 5.2 per cent from the same period last year (see Table 4).

“2011 started in a positive way and has continued the solid growth rates that we saw during 2010 in both shipments and revenue terms,” said Adrian O’Connell, research director at Gartner. “The economic and business environment remains challenging in many countries across EMEA, but the server market in the first quarter of 2011 continued to improve in its recovery phase.”

Table 3
EMEA: Server Vendor Revenue Estimates, 1Q11 (US Dollars)

Company	1Q11 Revenue	1Q11 Market Share (%)	1Q10 Revenue	1Q10 Market Share (%)	1Q10-1Q11 Growth (%)
HP	1,459,191,996	40.0	1,318,339,049	40.9	10.7
IBM	969,193,594	26.6	763,713,876	23.7	26.9
Dell	391,621,950	10.7	366,513,897	11.4	6.9
Oracle	252,826,246	6.9	269,008,200	8.4	-6.0
Fujitsu	236,247,372	6.5	222,626,706	6.9	6.1
Other Vendors	336,286,675	9.2	279,628,768	8.7	20.3
Total	**3,645,367,833**	**100.0**	**3,219,830,497**	**100.0**	**13.2**

Source: Gartner (May 2011)

Table 4
EMEA: Server Vendor Shipments Estimates, 1Q11 (Units)

Company	1Q11 Shipments	1Q11 Market Share (%)	1Q10 Shipments	1Q10 Market Share (%)	1Q10-1Q11 Growth (%)

HP	281,683	44.1	265,023	43.7	6.3
Dell	111,394	17.5	113,105	18.6	-1.5
IBM	68,843	10.8	67,970	11.2	1.3
Fujitsu	44,028	6.9	40,715	6.7	8.1
Oracle	11,958	1.9	17,718	2.9	-32.5
Other Vendors	120,448	18.9	102,247	16.9	17.8
Total	**638,354**	**100.0**	**606,778**	**100.0**	**5.2**

Source: Gartner (May 2011)

The first quarter of 2011 saw revenue growth in all the key segments. x86 systems have consistently demonstrated strong growth since the market started to recover and grew 13.5 per cent in the first quarter of 2011. RISC/Itanium Unix systems increased 7.3 per cent and the “other” CPU category, largely driven by improved results for IBM’s System Z platform, increased 23.5 per cent year-on-year.

Mr O’Connell added: “Although these growth rates are positive, we need to look at them within the context of the pre-downturn market levels of 2008. RISC/Itanium Unix and other CPU-based systems are still a long way off the revenue levels that we saw at the start of 2008. x86-based systems are the only segment that has returned to higher levels. In the first quarter of 2008 x86 systems accounted for just over half of total EMEA server revenue, whereas in the first quarter of 2011 x86 systems accounted for two-thirds of the revenue. This clearly shows the challenges that vendors in the non-x86 segments continue to face.”

In the first quarter of 2011, all the top five vendors with the exception of Oracle exhibited revenue growth. HP held the No. 1 position with revenue growing 11 per cent year-on-year. IBM, ranked No. 2, grew 27 per cent year-on-year, the strongest rate among the top five vendors. IBM’s x86 revenue increased 13.5 per cent in the first quarter of 2011.

Overall, RISC/Itanium Unix revenue increased 7.3 per cent in the first quarter of 2011. IBM led the segment with a growth rate of 26.8 per cent year-on-year. This resulted in a share increase of 43.4 per cent. Revenue from second-ranked HP declined 1.2 per cent and fell 1.4 per cent for third-ranked Oracle.

“The Unix market is improving but is still a long way off pre-downturn market levels of 2008 and is ultimately being squeezed between x86 and mainframe platforms. IBM is currently the best performing vendor in this highly consolidated segment, but the longer term prospects of this segment are looking increasingly fraught,” said Mr O’Connell.

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 system and distribution channel.

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