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Gartner Says Worldwide External Controller-Based Disk Storage Market Grew 3.6 Per Cent in the Third Quarter of 2012

STAMFORD, Conn., 13 December, 2012 — Worldwide external controller-based (ECB) disk storage vendor revenue totalled \$5.3 billion in the third quarter of 2012, a 3.6 per cent increase from revenue of \$5.1 billion in the third quarter of 2011, according to Gartner, Inc. The third quarter of 2012 was the 12th consecutive quarter of year-over-year revenue growth.

"Reflecting the weak global macro economy, revenue growth in the third quarter of 2012 was the lowest annual growth rate over the past seven quarters, down 3.1 percentage points and 4.4 percentage points respectively from the second quarter 2012 and first quarter 2012 growth rates," said Roger Cox, research vice president at Gartner.

While not as robust as in the past, the network-attached storage (NAS) segment grew 10.9 per cent. The block-access segment composed of storage area network (SAN) and direct-attached storage (DAS) increased only 1.6 per cent in third quarter 2012. The block-access SAN/DAS market segment represented 76.2 per cent of the total ECB disk storage market in the third quarter of 2012. The NAS segment gained 1.5 points of share to represent 23.1 per cent of the total ECB disk storage market in the third quarter of 2012.

Four vendors — Hitachi/Hitachi Data Systems, Fujitsu, EMC and NetApp — outgrew the market in the third quarter of 2012 (see Table 1). Hitachi/Hitachi Data Systems' high-end VSP offering exhibited particular strength, while its midrange platforms achieved positive year-over-year growth for the first time in 2012. Fujitsu continued to emphasise its high-end and midrange Eternus brand storage platforms, gaining share in Europe, as well as in Japan. Even in a down market, EMC's broad ECB disk storage portfolio enabled it to realise the greatest year-over-year market share gain. Recovering from a poor performance in the second quarter of 2012, NetApp showed signs of regaining its footing as market traction for its Cluster-Mode Data ONTAP and FlexPod offerings increased.

**Table 1
Worldwide ECB Disk Storage Vendor Revenue Estimates for 3Q12 (Millions of US Dollars)**

Company	3Q12 Revenue	3Q12 Market Share (%)	3Q11 Revenue	3Q11 Market Share (%)	3Q11-3Q12 Change (%)
EMC ¹	1,788.0	33.6	1,652.3	32.1	8.2
IBM	632.6	11.9	665.6	12.9	-5.0
NetApp ³	574.0	10.8	551.7	10.7	4.0
Hitachi/Hitachi Data Systems ²	563.4	10.6	476.9	9.3	18.1
HP	478.0	9.0	536.8	10.4	-10.9
Dell	384.9	7.2	401.0	7.8	-4.0
Fujitsu ⁴	129.6	2.4	119.7	2.3	8.3
Oracle	74.1	1.4	89.7	1.7	-17.4

Others	701	13.2	648.8	12.6	8.1
Total	5,325.6	100.0	5,142.3	100	3.6

Note 1: EMC revenue excludes OEM revenue from Dell and Fujitsu Technology Solutions.

Note 2: Hitachi/Hitachi Data Systems revenue excludes OEM revenue from HP.

Note 3: NetApp revenue excludes ONTAP OEM revenue from IBM and Engenio OEM revenue.

Note 4: Fujitsu's branded revenue does not include products sold under the EMC and NetApp brands.

Source: Gartner (December 2012)

Dell, HP, IBM and Oracle face difficulties beyond global macroeconomic issues. Lack of significant presence in the high-growth NAS market segment, in conjunction with the abrupt Compellent Storage Center and EqualLogic PS Series revenue shortfall, the latter apparently due to changing go-to-market strategies resulting from executive leadership changes, contributed to Dell's third quarter 2012 annual revenue drop-off.

Beyond the turmoil surrounding HP's board of directors and associated corporate activities, HP faces additional headwinds. Over 43 per cent of its ECB disk storage revenue comes from the weakest region: EMEA. In spite of the impressive 72 per cent year-over-year increase in 3PAR StoreServ revenue, it alone is unable to offset the drag of legacy P9000 XP, P6000 EVA, P4000 SAN and P2000 MSA products, which collectively deteriorated 24.5 per cent in the third quarter of 2012 compared with the third quarter of 2011.

Considering the breadth and competitiveness of its ECB disk storage portfolio, IBM's third quarter 2012 annual revenue decline is attributed in part to faulty field operation strategy and execution, as well as to the fall off in DS8000 series which is closely aligned with System z and Power System server sales, and midrange DS5000/3000 and N series revenue.

Despite continued R&D investment by Oracle in its discrete ZFS Storage Appliance and Pillar Axiom storage platforms, users remain skeptical of Oracle's long-range commitment to its ECB disk storage business.

Rebounding from the March 2011 tsunami disaster, vendor revenue in Japan increased 11.2 per cent, followed by North America, Asia/Pacific and Latin America with only 5.7, 4.8, and 1 per cent year-over-year growth in the third quarter 2012, respectively. Displaying broad economic uncertainty, EMEA declined 2.2 per cent.

Gartner ECB disk storage reports reflect revenue from new vendor-branded hardware only, 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 and used ECB disk storage systems are excluded.

Additional information on the ECB disk storage market is available in Gartner's "Quarterly Statistics: Disk Array Storage, All Regions, All Countries, 3Q12 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 web site at <http://www.gartner.com/resId=2262515>.

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