Gartner

Press Release

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Gartner Says the Worldwide Server Shipments Grew 3.6 Per Cent; Revenue Declined 2.8 Per Cent in the Third Quarter of 2012

In EMEA, Server Shipments and Revenue Declined in the Third Quarter of 2012

STAMFORD, Conn, November 28, 2012 — In the third quarter of 2012 worldwide server shipments grew 3.6 per cent year-on-year, while revenue decreased 2.8 per cent from the third quarter of 2011, according to Gartner, Inc.

"The third quarter of 2012 again produced shipment growth on a worldwide level, but server revenue was weak due to ongoing economic weakness and market segment differences," said Jeffrey Hewitt, research vice president at Gartner. "Only the North America and Asia/Pacific regions managed any revenue growth, and even those were essentially flat year-to-year, with North America showing a 1.1 per cent increase and Asia/Pacific a 0.7 per cent increase. The picture in terms of shipments was slightly more positive with North America, Latin America and Asia/Pacific all growing, but both EMEA and Japan continue to struggle and both saw shipments contract, compared to the same period last year."

"x86 server shipments grew 4.3 per cent in the third quarter of 2012, and revenue increased 4 per cent from the third quarter of 2011. RISC/Itanium Unix servers continued to fall globally for the period – a 31.1 per cent decline in shipments and a decrease of 16.4 per cent in revenue compared to the same quarter last year. The 'other' CPU category, which is primarily mainframes, showed a decline of 17 per cent in terms of revenue," Mr Hewitt said.

From the regional standpoint, North America grew the most in shipments with a 7.4 per cent increase. The region also posted the highest vendor revenue growth at 1.1 per cent for the period.

Four of the top five global vendors had revenue decreases for the third quarter of 2012. Dell was the only vendor among the top five to have its revenue increase in the third quarter. IBM had the lead for the quarter in the worldwide server market based on revenue (see Table 1)--the company posted $3.5 billion in server vendor revenue for a total share of 27.6 per cent. IBM's revenue was down 9.5 per cent year-on-year. Most of IBM's revenue contribution came from its Power Systems brand with some contribution by System x as well.

Table 1
Worldwide: Server Vendor Revenue Estimates, 3Q12 (US Dollars)

Company	3Q12 Revenue	3Q12 Market Share (%)	3Q11 Revenue	3Q11 Market Share (%)	3Q12-3Q11 Growth (%)
IBM	3,479,454,267	27.6	3,846,807,802	29.6	-9.5
HP	3,330,804,391	26.4	3,802,440,046	29.3	-12.4
Dell	2,099,469,317	16.7	1,903,221,687	14.7	10.3
Oracle	592,040,000	4.7	763,610,285	5.9	-22.5

Fujitsu	494,121,545	3.9	605,009,267	4.7	-18.3
Other Vendors	2,610,962,610	20.7	2,053,375,210	15.8	27.2
Total	**12,606,852,131**	**100.0**	**12,974,464,297**	**100.0**	**-2.8**

Source: Gartner (November 2012)

In server shipments, HP remained the worldwide leader in the third quarter of 2012 (see Table 2) in spite of an 8.4 per cent decrease in shipments for the quarter. This decline was driven primarily by declining revenue in HP's ProLiant and Integrity brands. HP's worldwide server shipment share was 25.8 per cent.

Of the top five vendors in server shipments worldwide, Dell and Cisco were the only vendors to experience an increase in shipments.

In terms of server form factors, x86 blade servers declined 7.1 per cent in shipments but increased 2.3 per cent in revenue for the quarter. The x86 rack-optimised form factor declined 0.2 per cent in shipments and decreased 0.3 per cent in revenue for the third quarter of 2012.

Table 2
Worldwide: Server Vendor Shipment Estimates, 3Q12 (Units)

Company	3Q12 Shipment	3Q12 Market Share (%)	3Q11 Shipment	3Q11 Market Share (%)	3Q12-3Q11 Growth (%)
HP	634,793	25.8	693,265	29.2	-8.4
Dell	564,475	23.0	517,867	21.8	9.0
IBM	280,424	11.4	287,507	12.1	-2.5
Fujitsu	76,128	3.1	79,072	3.3	-3.7
Cisco	55,973	2.3	39,864	1.7	40.4
Other Vendors	846,734	34.4	756,022	31.9	12.0
Total	**2,458,527**	**100.0**	**2,373,596**	**100.0**	**3.6**

Source: Gartner (November 2012)

In Europe, the Middle East and Africa (EMEA), server shipments totalled almost 590,000 units in the third quarter of 2012, down 2.8 per cent from the same period of 2011 (see Table 4). Server revenue totalled $3 billion, a decline of 9 per cent year-on-year (see Table 3).

"Against a backdrop of continued economic and business challenges, EMEA remains the weak spot for global server sales," said Adrian O'Connell, research director at Gartner. "Each of the three EMEA sub regions saw revenue contract: Western Europe by 7.6 per cent, Eastern Europe by 11.8 per cent, and the Middle East and Africa by 14.0 per cent. We're not seeing signs of demand weakening significantly, but EMEA continues to present a very challenging environment for server vendors to operate in."

Each of the technology segments declined, with x86 server revenue dropping by 4.5 per cent, RISC/Itanium Unix revenue by 18.5 per cent, and the Other CPU segment by 29.3 per cent.

Four of the top five vendors suffered revenue declines. The exception was Dell, which achieved 9.7 per cent growth. The continued improvement of Dell's enterprise capabilities and the expansion of its channel coverage have enabled it to buck current trends, but it remained in third place for overall EMEA server revenue. HP, despite suffering a 16.7 per cent fall, kept the revenue lead in EMEA. It was followed by IBM, which saw a 7.7 per cent decline.

"The outlook for the fourth quarter in EMEA looks similar to what we have witnessed in the year so far, with constraints on demand limiting the market opportunity," said Mr O'Connell. "Vendors are under constant pressure to deliver the most effective execution. With limited overall demand, they will have to consider competitive migrations as their best opportunities for growth and market share gains. This year's fourth quarter might not be an especially festive period for every server vendor."

Table 3
EMEA: Server Vendor Revenue Estimates, 3Q12 (Millions of US Dollars)

Company	3Q12 Revenue	3Q12 Market Share (%)	3Q11 Revenue	3Q11 Market Share (%)	3Q12-3Q11 Growth (%)
HP	1,083,893,433	36.6	1,301,580,579	40.0	-16.7
IBM	697,969,730	23.6	756,439,235	23.3	-7.7
Dell	454,751,400	15.4	414,500,382	12.7	9.7
Fujitsu	192,858,138	6.5	204,955,661	6.3	-5.9
Oracle	171,691,600	5.8	242,828,070	7.5	-29.3
Other Vendors	359,313,506	12.1	331,419,006	10.2	8.4
Total	**2,960,477,807**	**100.0**	**3,251,722,932**	**100.0**	**-9.0**

Source: Gartner (November 2012)

Table 4
EMEA: Server Vendor Shipment Estimates, 3Q12 (Units)

Company	3Q12 Shipment	3Q12 Market Share (%)	3Q11 Shipment	3Q11 Market Share (%)	3Q12-3Q11 Growth (%)
HP	233,538	39.6	254,457	42.0	-8.2
Dell	119,443	20.3	120,145	19.8	-0.6
IBM	70,712	12.0	67,102	11.1	5.4
Fujitsu	31,738	5.4	39,173	6.5	-19.0
Cisco	11,756	2.0	7,901	1.3	48.8
Other Vendors	122,613	20.8	117,743	19.4	4.1
Total	**589,800**	**100.0**	**606,521**	**100.0**	**-2.8**

Source: Gartner (November 2012)

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