Gartner

Press Release

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Gartner Says Worldwide Server Shipments Grew 4 Per Cent While Revenue Declined 5 Per Cent in Third Quarter of 2008

In EMEA, First Decline in Server Revenues Since Second Quarter of 2006

STAMFORD, Conn., December 1, 2008 — Worldwide server shipments for the third quarter of 2008 increased 4.4 per cent over the same quarter last year, while worldwide server revenue for the same period declined 5.4 per cent according to Gartner, Inc. Worldwide server revenues totalled $12.7 billion for the quarter, as worldwide servers shipments reached 2.3 million units.

"Server shipments grew in the third quarter, but the spectre of constrained economies and tightened credit was felt in the revenue area," said Jeffrey Hewitt, research vice president at Gartner. "What we've seen is larger system purchases in the Unix area put in check. At the same time x86 servers were able to maintain some shipment momentum, but lower overall average x86 server selling prices resulted in a drop in revenue in the quarter for this server type as well."

"Evidence of a challenged RISC-Itanium Unix server area appeared in a fall of 16.1 per cent in shipments and 10.8 per cent in revenue," Mr Hewitt said.

The top five vendors all experienced a decline in revenue in the third quarter of 2008 (see Table 1). IBM held the revenue lead in the worldwide server market for the quarter. This was fuelled by sales of both the System p and System z brands. IBM's overall revenue share lead over second-place Hewlett-Packard was 0.5 per cent for the quarter.

Table 1
Worldwide: Server Vendor Revenue Estimates, 3Q08 (US Dollars)

Company	3Q08 Revenue	3Q08 Market Share (%)	3Q07 Revenue	3Q07 Market Share (%)	3Q08-3Q07 Growth (%)
IBM	3,856,826,095	30.3	4,026,746,389	30.0	-4.2
Hewlett-Packard	3,793,197,226	29.8	3,946,402,502	29.4	-3.9
Dell Inc.	1,500,603,160	11.8	1,582,838,318	11.8	-5.2
Sun Microsystems	1,158,251,731	9.1	1,341,466,786	10.0	-13.7
Fujitsu/Fujitsu Siemens	616,753,331	4.8	665,460,127	5.0	-7.3
Others	1,791,514,236	14.1	1,878,940,160	14.0	-4.7
Total	**12,717,145,779**	**100.0**	**13,441,854,282**	**100.0**	**-5.4**

Source: Gartner (December 2008)

In server shipments, HP grew 11.4 per cent compared to the third quarter of 2007, and retained its worldwide server shipment lead. The share gap between it and second-place Dell increased 2.1 percentage points for the quarter (see Table 2). HP finished the quarter with its shipment market share reaching 31.2 per cent for the period. HP's growth came from its ProLiant brands. HP pushed its blade server shipment share upward 3.9 per cent to reach a total of 46.4 per cent for the quarter.

Dell and Sun both posted shipment growth for the quarter at 3.3 per cent and 2.9 per cent, respectively. IBM's server shipments fell 3.5 per cent and Fujitsu/Fujitsu Siemens' server shipments dropped 3.8 per cent for the quarter.

Table 2
Worldwide: Server Vendor Shipment Estimates, 3Q08 (Units)

Company	3Q08 Shipments	3Q08 Market Share (%)	3Q07 Shipments	3Q07 Market Share (%)	3Q08-3Q07 Growth (%)
Hewlett-Packard	724,024	31.2	649,958	29.3	11.4
Dell Inc.	500,470	21.6	484,650	21.8	3.3
IBM	308,524	13.3	319,674	14.4	-3.5
Sun Microsystems	81,522	3.5	79,237	3.6	2.9
Fujitsu/Fujitsu Siemens	73,578	3.2	76,506	3.4	-3.8
Others	629,863	27.2	610.704	27.5	3.1
Total	**2,317,981**	**100.0**	**2,220,729**	**100.0**	**4.4**

Source: Gartner (December 2008)

In Europe, the Middle East and Africa (EMEA), server shipments totalled more than 68,000 units in the third quarter of 2008, a 5.8 per cent growth from the same period last year (see Table 4). Server revenue totalled $3.9 billion in the third quarter of 2008, a 5.4 per cent decrease over the same quarter last year.

"Effects of a weaker economy bit the server market in the third quarter of 2008, which marked the first year-on-year decline in server revenues since the second quarter of 2006," said Errol Rasit, senior research analyst at Gartner. "However, server shipments continued to grow at 5.8 per cent, demonstrating healthy performance in the x86 market."

Except for HP, all the other leading vendors experienced a decline in revenue in the third quarter of 2008 (see Table 3). HP held the revenue lead in the EMEA server market for the quarter, with 0.9 per cent year-on-year growth.

Table 3
EMEA: Server Vendor Revenue Estimates, 3Q08 (US Dollars)

Company	3Q08 Revenue	3Q08 Market Share (%)	3Q07 Revenue	3Q07 Market Share (%)	3Q08-3Q07 Growth (%)
HP	1,558,434,369	39.5	1,545,120,380	37.1	0.9
IBM	1,058,114,844	26.8	1,115,201,230	26.8	-5.1
Sun	400,738,499	10.2	486,403,415	11.7	-17.6
Dell	361,976,581	9.2	370,269,898	8.9	-2.2
FSC	277,086,540	7.0	336,477,268	8.1	-17.7
Others	287,229,068	7.3	313,702,066	7.5	-8.4
Total	**3,943,579,901**	**100.0**	**4,167,174,257**	**100.0**	**-5.4**

Source: Gartner (December 2008)

In server shipments, HP retained its market share which helped it maintain its No.1 position, with shipments increasing 14.0 per cent year-on-year (see Table 4). Mr Rasit added: "HP was the only vendor to exhibit a double digit year-on-year growth demonstrating its dominance in the server market. Of the top five vendors, Dell was the only vendor to show growth but could not repeat its strong performance seen in the first half of 2008."

Table 4
EMEA: Server Vendor Shipments Estimates, 3Q08 (Units)

Company	3Q08 Shipments	3Q08 Market Share (%)	3Q07 Shipments	3Q07 Market Share (%)	3Q08-3Q07 Growth (%)
HP	294,597	43.1	258,382	40.0	14.0
Dell	116,090	17.0	111,350	17.3	4.3
IBM	92,844	13.6	98,107	15.2	-5.4
FSC	43,506	6.4	46,228	7.2	-5.9
Sun	24,316	3.6	25,073	3.9	-3.0
Others	111,478	16.3	106,282	16.5	4.9
Total	**682,831**	**100.0**	**645,422**	**100.0**	**5.8**

Source: Gartner (December 2008)

In the third quarter of 2008, RISC and Itanium Unix revenues declined 11.3 per cent while units declined 20.1 per cent year-on-year. Of the top five vendors in this segment, only Groupe Bull exhibited revenue growth. Sun saw the biggest revenue decline in this segment with -20.1 per cent growth, a bad situation considering that this segment constitutes Sun's core business.

In the x86 market, total volumes in EMEA grew 7 per cent from the third quarter of 2007. HP bolstered the growth and accounted for 14.9 per cent market share, far outpacing any of its nearest rivals. In server shipments, Dell grew 4.3 per cent year-on-year while IBM and FSC declined. The battle for fifth place continued in the third quarter of 2008 with Acer taking Sun's position.

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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