Gartner | **Press Release**

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Gartner Says the Worldwide Server Market Revenue Declined 2.9 Per Cent; Server Shipments Grew 1.4 Per Cent in the Second Quarter of 2012

EMEA Server Revenue Market and Shipments Declined in the Second Quarter of 2012

STAMFORD, Conn, August 29, 2012 — In the second quarter of 2012, worldwide server shipments grew 1.4 per cent over the second quarter of 2011, while revenue declined 2.9 per cent year-on-year, according to Gartner, Inc.

"The slight unit growth for the second quarter of 2012 was contrasted by a decline in revenue on a global level with geographic variations continuing to be shown based on the ongoing differences in economic conditions by region," said Jeffrey Hewitt, research vice president at Gartner. "In terms of revenue growth, only Asia/Pacific and the United States produced growth for the quarter—all other regions declined."

"x86 servers continued to grow but at a moderated rate with 1.8 per cent growth in units for the quarter and a 5.6 per cent increase in revenue. RISC/Itanium Unix servers continued to fall globally for the period – a 14.9 per cent decline in shipments and a 17.9 per cent drop in vendor revenue compared to the same quarter last year. The 'other' CPU category, which is primarily mainframes, showed a decline of 3.0 per cent," Mr Hewitt said.

From the regional standpoint, the United States grew the most significantly in shipments with an 8.4 per cent increase. The United States also posted the highest vendor revenue growth at 6.5 per cent for the period.

HP had the lead for the quarter in the worldwide server market based on revenue (see Table 1). The company posted worldwide server vendor revenue of $3.7 billion for a total share of 29.1 per cent for the second quarter of 2012 HP's ProLiant brand was the most significant revenue contributor to its server product lines at 85.4 per cent of its total server revenue for the second quarter.

Table 1
Worldwide: Server Vendor Revenue Estimates, 2Q12 (Millions of US Dollars)

Company	2Q12 Revenue	2Q12 Market Share (%)	2Q11 Revenue	2Q11 Market Share (%)	2Q12-2Q11 Growth (%)
HP	3,747,482,751	29.1	3,947,063,788	29.8	-5.1
IBM	3,496,145,346	27.2	3,793,719,541	28.7	-7.8
Dell	1,979,115,827	15.4	1,882,518,660	14.2	5.1
Oracle	772,760,548	6.0	936,121,906	7.1	-17.5
Fujitsu	494,207,683	3.8	836,980,487	6.3	-41.0
Other Vendors	2,369,666,752	18.4	1,844,894,379	13.9	28.4
Total	**12,859,378,908**	**100.0**	**13,241,298,762**	**100.0**	**-2.9**

Source: Gartner (August 2012)

In server shipments, HP remained the worldwide leader in the second quarter of 2012 (see Table 2) in spite of a shipment decline of 5.6 per cent from the second quarter of last year. This decline was driven primarily by drops in HP's ProLiant and Integrity brands.

In terms of x86-based server form factors, blade servers rose 1.1 per cent in shipments and 7.3 per cent in revenues for the quarter. The x86-based rack-optimized form factor fell 3.1 per cent in shipments and climbed 3.1 per cent in revenue for the second quarter of 2012.

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

Company	2Q12 Shipment	2Q12 Market Share (%)	2Q11 Shipment	2Q11 Market Share (%)	2Q12-2Q11 Growth (%)
HP	678,963	28.7	719,590	30.8	-5.6
Dell	541,693	22.9	511,507	21.9	5.9
IBM	228,138	9.6	273,718	11.7	-16.7
Fujitsu	60,602	2.6	71,848	3.1	-15.7
Lenovo	52,409	2.2	36,220	1.6	44.7
Other Vendors	804,674	34.0	720,963	30.9	11.6
Total	**2,366,479**	**100.0**	**2,333,846**	**100.0**	**1.4**

Source: Gartner (August 2012)

In Europe, the Middle East and Africa (EMEA), server shipments totalled more than 585,000 units in the second quarter of 2012, a decrease of 4.4 per cent from the equivalent period last year (see Table 4). Server revenue totalled $3.3 billion in the second quarter of 2012, a decline of 11.6 per cent from the equivalent quarter last year (see Table 3).

"The EMEA server market continues to struggle as a result of broader economic challenges, with the second quarter of 2012 marking the third consecutive quarter of decline in shipments and the fourth consecutive quarter of revenue decline," said Adrian O'Connell, research director at Gartner. "Each of the three key sub regions saw revenue decline: Eastern Europe by 1.3 per cent, the Middle East and Africa by 0.5 per cent and Western Europe by 14.7 per cent. This weakness was evident in both technological and geographical segments."

The Other CPU segment showed the weakest result, with a 37.1 per cent year-on-year decline, the market's general weakness being compounded in this segment by a cyclical low in terms of the life cycle of products. The RISC/Itanium Unix segment was also very weak, with a 25.1 per cent decline, as migration away from Unix platforms continued. Despite the overall Unix weakness, IBM continued to do well, with its share of all RISC/Itanium Unix revenue increasing to nearly 53 per cent. The x86 segment, although less weak than the others, also declined, with revenue down by 2.9 per cent.

As in the first quarter of 2012, Dell continued to be the only top-five vendor to achieve revenue growth, as each of the other four suffered revenue declines. As such, Dell increased its revenue share by two percentage points in the second quarter of 2012. HP, in first place, performed slightly better than the market, despite suffering declines in shipments and revenue. IBM, in second place, suffered a 3.1 percentage point loss of share. "It was the vendor most affected by the weakness in the product life cycle, but it will hope to reverse this trend with the introduction of new, high-end products in future quarters," said Mr O'Connell.

EMEA was not alone in having a difficult time this quarter, with Japan and Latin America also declining, and even Asia/Pacific achieving only modest growth. "The real challenge for vendors operating in EMEA is that this region lacks many of the long-term growth drivers that other regions enjoy, and the region's economic malaise is limiting the short-term outlook," said Mr O'Connell. "New product introductions may help spur some improvement in demand as we move into the second half of the year, but the key issue for vendors remains one of execution in order to make the most of competitive opportunities."

Table 3
EMEA: Server Vendor Revenue Estimates, 2Q12 (Millions of US Dollars)

Company	2Q12 Revenue	2Q12 Market Share (%)	2Q11 Revenue	2Q11 Market Share (%)	2Q12-2Q11 Growth (%)
HP	1,212,283,159	37.2	1,344,890,506	36.5	-9.9
IBM	843,043,750	25.9	1,070,180,223	29.0	-21.2
Dell	404,799,646	12.4	383,430,650	10.4	5.6
Oracle	221,782,278	6.8	287,295,813	7.8	-22.8
Fujitsu	169,967,630	5.2	189,343,868	5.1	-10.2
Other Vendors	404,067,658	12.4	410,114,621	11.1	-1.5
Total	**3,255,944,121**	**100.0**	**3,685,255,681**	**100.0**	**-11.6**

Source: Gartner (August 2012)

Table 4
EMEA: Server Vendor Shipment Estimates, 2Q12 (Units)

Company	2Q12 Shipment	2Q12 Market Share (%)	2Q11 Shipment	2Q11 Market Share (%)	2Q12-2Q11 Growth (%)
HP	243,285	41.6	264,817	43.3	-8.1
Dell	112,997	19.3	106,905	17.5	5.7
IBM	56,637	9.7	68,707	11.2	-17.6
Fujitsu	31,945	5.5	39,437	6.4	-19.0
Cisco	10,300	1.8	6,885	1.1	49.6
Other Vendors	130,140	22.2	125,282	20.5	3.9
Total	**585,304**	**100.0**	**612,033**	**100.0**	**-4.4**

Source: Gartner (August 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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