Gartner | # Press Release

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Gartner Says Worldwide Server Shipments Declined 0.7 Per Cent; Revenue Declined 5 Per Cent in First Quarter of 2013

STAMFORD, Conn, May 28, 2013 — In the first quarter 2013, worldwide server shipments declined 0.7 per cent year-on-year, while revenue declined 5.0 per cent from the first quarter of 2012, according to Gartner, Inc.

“The first quarter of 2013 was certainly not a strong period for the server market on a global level,” said Jeffrey Hewitt, research vice president at Gartner. “The only regions to post increases were Asia/Pacific and the United States, with Asia/Pacific showing the strongest growth with shipment and revenue increases of 7 per cent and 1.7 per cent, respectively. While these two regions grew in both shipments and revenue, it was not enough to offset the declines of the other geographies--all of which declined in server shipments and revenue for the quarter.”

“x86 server shipment growth was flat in the quarter, while revenue increased 1.8 per cent. RISC/Itanium Unix servers declined globally for the period, down 38.8 per cent in shipments and down 35.8 per cent in vendor revenue compared to the same quarter last year. The ‘other’ CPU category, which is primarily mainframes, exhibited an increase of 3.6 per cent in worldwide revenue.”

IBM had the lead in the worldwide server market based on revenue (see Table 1). The company totalled just over $3 billion in server vendor revenue worldwide, with a total share of 25.5 per cent in the first quarter of 2013. This share was down 2.5 percentage points from the same period in 2012. In the first quarter of 2013, system x accounted for 29.3 per cent of IBM’s total server revenue.

All of the top five vendors suffered revenue declines in the first quarter of 2013 except for Dell which grew 14.4 per cent.

Table 1
Worldwide: Server Vendor Revenue Estimates, 1Q13 (U.S. Dollars)

Company	1Q13 Revenue	1Q13 Market Share (%)	1Q12 Revenue	1Q12 Market Share (%)	1Q13-1Q12 Growth (%)
IBM	3,016,060	25.5	3,490,477	28.0	-13.6
HP	2,959,030	25.0	3,455,760	27.8	-14.4
Dell	2,124,462	18.0	1,857,579	14.9	14.4
Fujitsu	583,239	4.9	626,722	5.0	-6.9
Oracle	538,542	4.6	739,826	5.9	-27.2
Others	2,604,390	22.0	2,273,724	18.3	14.5
Total	**11,825,724**	**100.0**	**12,444,088**	**100.0**	**-5.0**

Source: Gartner (May 2013)

In server shipments, HP remained the worldwide leader in the first quarter of 2013 (see Table 2) in spite of a year-on-year shipment decline of 15.2 per cent. Dell and Cisco were the only vendors in the top five to have positive shipment growth, with increases of 2.6 per cent and 33 per cent, respectively.

In terms of server form factors, blade servers fell 5.9 per cent in shipments and 5 per cent in revenue for the quarter. The rack-optimized form factor dropped 5.2 per cent in shipments and 2 per cent in revenue in the first quarter of 2013.

Table 2
Worldwide: Server Vendor Shipments Estimates, 1Q13 (Units)

Company	1Q13 Shipments	1Q13 Market Share (%)	1Q12 Shipments	1Q12 Market Share (%)	1Q13-1Q12 Growth (%)
HP	580,563	24.9	685,015	29.2	-15.2
Dell	516,355	22.2	503,450	21.5	2.6
IBM	230,446	9.9	267,556	11.4	-13.9
Fujitsu	73,375	3.2	86,360	3.7	-15.0
Cisco	53,873	2.3	40,498	1.7	33.0
Others	874,396	37.5	763,205	32.5	14.6
Total	**2,329,009**	**100.0**	**2,346,083**	**100.0**	**-0.7**

Source: Gartner (May 2013)

In Europe, the Middle East and Africa (EMEA) server shipments surpassed 580,000 units in the first quarter of 2013, a decrease of 6.8 per cent from the same period last year (see Table 4). Server revenue totalled $2.96 billion, a decline of 9.6 per cent from the first quarter last year (see Table 3).

"Following a challenging 2012, 2013 started in very much the same way," said Adrian O'Connell, research director at Gartner. "Budgets are restricted and server infrastructure spending is clearly not the highest priority for many organisations."

Each of the three EMEA subregions suffered a contraction in server revenue in the first quarter of 2013: in Western Europe revenue declined by 9.6 per cent, in Eastern Europe it fell by 9.4 per cent, and in the Middle East and Africa it decreased by 13.4 per cent.

In the first quarter of 2013, x86 server revenue increased by a modest 1.8 per cent. RISC/Itanium Unix server revenue declined by 54.8 per cent, due to migrations to alternative platforms by users seeking lower-cost alternatives and more flexibility. Revenue in the Other CPU segment dropped by 9.9 per cent, following growth in the fourth quarter of 2012.

Dell and Fujitsu were the only server vendors to exhibit revenue growth in EMEA. The market environment remains difficult for all vendors, but those most exposed to the enterprise customer segment face the biggest challenges.

It will be little consolation to vendors in EMEA that this region did not deliver the worst performance of the quarter, as Japan experienced a 19.0 per cent decline. Asia/Pacific and United States were the only regions to show growth.

"The reality for server vendors is that spending levels are very low and there is severe weakness in the high-end segment. There are still areas of opportunity, but vendors need to be agile and focused on addressing them. The outlook for 2013 remains challenging," said Mr O'Connell.

Table 3
EMEA: Server Vendor Revenue Estimates, 1Q13 (U.S. Dollars)

Company	1Q13	1Q13 Market	1Q12	1Q12 Market	1Q13-1Q12

	Revenue	Share (%)	Revenue	Share (%)	Growth (%)
HP	1,034,411,365	35.0	1,182,133,525	36.1	-12.5
IBM	617,383,854	20.9	820,816,620	25.1	-24.8
Dell	517,483,000	17.5	435,061,700	13.3	18.9
Fujitsu	228,659,643	7.7	226,239,681	6.9	1.1
Oracle	161,562,750	5.5	221,947,780	6.8	-27.2
Others	397,854,330	13.5	385,808,665	11.8	3.1
Total	**2,957,354,943**	**100.0**	**3,272,007,970**	**100.0**	**-9.6**

Source: Gartner (May 2013)

Table 4
EMEA: Server Vendor Shipments Estimates, 1Q13 (Units)

Company	1Q13 Shipments	1Q13 Market Share (%)	1Q12 Shipments	1Q12 Market Share (%)	1Q13-1Q12 Growth (%)
HP	218,610	37.5	251,947	40.2	-13.2
Dell	132,187	22.7	128,833	20.6	2.6
IBM	56,184	9.6	63,993	10.2	-12.2
Fujitsu	36,463	6.2	40,127	6.4	-9.1
Cisco	14,691	2.5	9,441	1.5	55.6
Others	125,308	21.5	131,744	21.0	-4.9
Total	**583,443**	**100.0**	**626,085**	**100.0**	**-6.8**

Source: Gartner (May 2013)

Additional information is available to subscribers of Gartner Servers Quarterly Statistics Worldwide program. 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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