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Gartner Says Worldwide External Controller-Based Disk Storage Market Revenue Grew 21.4 Per Cent in Second Quarter of 2010

STAMFORD, Conn., September 9, 2010 — The Worldwide external controller-based (ECB) disk storage market experienced robust recovery in the second quarter of 2010 as revenue totalled \$4.6 billion, up 21.4 per cent from \$3.8 billion in the second quarter of 2009, according to Gartner, Inc.

Renewed product refresh initiatives, expanded deployment of server virtualisation infrastructures, the emergence of desktop virtualisation infrastructures, backup/recovery/archiving modernisation, and new file-based applications drove growth in the ECB disk storage market in the second quarter of 2010.

Except for the Japan market, the other major geographic regions grew by double digits year-on-year, with the Latin America, Asia/Pacific and North America markets growing 48.3, 27.4 and 22.1 per cent, respectively.

"Users continue to favour the more cost-effective modular ECB disk storage systems over monolithic ECB disk storage systems," said Roger Cox, research vice president at Gartner. "Led by network-attached storage's 37.6 per cent year-on-year revenue growth, modular ECB disk storage systems increased total market share to 73 per cent, while monolithic ECB disk storage share continued to decline to 27 per cent in the second quarter of 2010."

Only three vendors – EMC, Fujitsu and NetApp – were able to beat the ECB market in year-on-year revenue growth, with each gaining market share (see Table 1). Gartner estimates that the Data Domain acquisition bolstered EMC's second quarter 2010 ECB disk storage system hardware revenue by \$144.3 million. Excluding Data Domain, EMC's core ECB disk storage second quarter 2010 revenue was \$1.1 billion, a 25.6 per cent increase over the second quarter 2009.

**Table 1
Worldwide External Controller-Based Disk Storage Vendor Revenue Estimates for 2Q10 (Millions of US Dollars)**

Company	2Q10 Revenue	2Q10 Market Share (%)	2Q09 Revenue	2Q09 Market Share (%)	2Q09-2Q10 Revenue Change (%)
EMC ¹	1,279.0	27.8	903.7	23.8	41.5
IBM	681.7	14.8	602.4	15.9	13.2
NetApp	516.6	11.2	322.1	8.5	60.4
HP	454.9	9.9	388.3	10.2	17.2
Dell	387.9	8.4	345.4	9.1	12.3
Hitachi/HDS ²	378.3	8.2	330.0	8.7	14.6
Oracle	152.5	3.3	162.6	4.3	-6.2
Fujitsu	72.3	1.6	56.9	1.5	27.0
Others	683.7	14.8	682.5	18.0	0.2
Total	4,606.8	100.0	3,793.7	100.0	21.4

Note1 EMC revenue excludes OEM revenue from Dell and Fujitsu Technology Solutions.

Note2 Hitachi/Hitachi Data Systems revenue excludes OEM revenue from HP and Oracle.

Source: Gartner (September 2010)

NetApp's storage efficiency technology and unified storage architecture offerings continued to resonate well with users in both block-access and file-access storage infrastructures. NetApp platforms deployed for block-access applications represented 38.6 per cent of its total ECB disk storage hardware revenue in the second quarter of 2010, up from 31.5 per cent in second quarter 2009. While Fujitsu grew year-on-year ECB disk storage revenue 23.3 per cent in the EMEA and Asia/Pacific regions, its current growth engine remains Japan.

With 123.8 per cent year-on-year revenue growth, the IBM XIV Storage System highlights IBM's performance. For the first time since Dell bought EqualLogic in 2007, the Dell EqualLogic PS series revenue exceeded Dell/EMC CLARiiON CX4 and Celerra NS revenue. Whereas HP's LeftHand ECB disk storage revenue increased 267.9 per cent in the second quarter 2010, its EVA and MSA models are down 2.7 per cent on a year-on-year basis.

Oracle's high-end 9000 series revenue (sourced from Hitachi Data Systems) is down 47.4 per cent, but its modular ECB disk storage revenue, driven by the 7000 series unified storage system, increased 29.9 per cent. Hitachi/Hitachi Data Systems second quarter 2010 performance was hampered by the expected release of a new high-end ECB disk storage system to replace the currently available USP-V and USP-VM systems.

The "other vendors" second quarter 2010 ECB disk storage revenue achievement was influenced by vendor consolidation. For example, Data Domain was reported in the other vendors' category for the second quarter of 2009 but was included in EMC's second quarter 2010 results.

Gartner ECB disk storage reports reflect hardware-only revenue as well as hardware revenue associated with financial leases and managed services. Optional storage software revenue and storage area network infrastructure components are excluded.

Additional information on the ECB disk storage market is available in Gartner's "Quarterly Statistics: Disk Array Storage, All Regions, All Countries, 2Q10 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 website at <http://www.gartner.com/resId=1430724>.

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