Gartner

Press Release

Gartner Says Worldwide Server Shipments Grew 8.7 Percent While Revenue Grew 2.6 Percent in Third Quarter of 2007

STAMFORD, Conn., November 26, 2007 — Worldwide server shipments for the third quarter of 2007 increased 8.7 percent over the same quarter last year, while worldwide server revenue for the same period climbed 2.6 percent according to Gartner, Inc. Worldwide server revenue totaled $13.4 billion for the quarter, as worldwide servers shipments reached just over 2.2 million units.

"This quarter the server market grew both in units and revenue, driven by x86 market volumes in the quarter, while RISC-Itanium UNIX servers revenue grew at 8 percent." said Errol Rasit, senior analyst at Gartner. "Underlying market dynamics such as growth from emerging markets, coupled with an ongoing demand for increased capacity, are stronger than any inhibitors such as server virtualization. Any implications from financial market instability were not visible in the server market in the third quarter."

IBM continued to lead the worldwide server market based on revenue (see Table 1). It had increases for the quarter in System p and System x, while it experienced declines in System z and System i, which combined to produce an overall revenue decline of 8 percent for the quarter. IBM's shipments fell just under 4 percent for the quarter, and it lost just under 2 percent of shipment share on a worldwide basis.

Table 1
Worldwide: Server Vendor Revenue Estimates, 3Q07 (U.S. Dollars)

Company	3Q07 Revenue	3Q07 Market Share (%)	3Q06 Revenue	3Q06 Market Share (%)	3Q06-3Q07 Growth (%)
IBM	4,026,746,389	30.1	4,381,081,127	33.7	-8.1
Hewlett-Packard	3,748,641,917	28.1	3,290,294,803	25.3	13.9
Dell Inc.	1,582,838,318	11.8	1,405,867,107	10.8	12.6
Sun Microsystems	1,464,761,440	11.0	1,314,466,628	10.1	11.4
Fujitsu/FSC	655,915,158	4.9	634,331,211	4.9	3.4
Other Vendors	1,878,940,160	14.1	1,988,995,171	15.3	-5.5
Total	**13,357,843,382**	**100.0**	**13,015,036,048**	**100.0**	**2.6**

Source: Gartner (November 2007)

In server shipments, Hewlett-Packard grew 20.2 percent compared to the third quarter of 2006, and retained its worldwide server shipment lead (see Table 2). HP finished the quarter with 26.5 percent shipment share for the period. ISS continued to execute strongly and gained share in the x86 segment. The BCS division benefited from a comparison with a weak third quarter last year, although the performance this year was still good. Investments that HP has made in its account coverage and go to market activities now seem to be paying off across the server business

Table 2
Worldwide: Server Vendor Shipment Estimates, 3Q07 (Units)

Company	3Q07 Shipments	3Q07 Market Share (%)	3Q06 Shipments	3Q06 Market Share (%)	3Q06-3Q07 Growth (%)
Hewlett-Packard	649,958	29.3	540,609	26.5	20.2
Dell	484,650	21.8	459,950	22.5	5.4
IBM	319,674	14.4	332,777	16.3	-3.9
Sun Microsystems	79,320	3.6	83,018	4.1	-4.5
Fujitsu/FSC	76,506	3.4	65,171	3.2	17.4
Other Vendors	610,704	27.5	561,207	27.5	8.8
Total	**2,220,812**	**100.0**	**2,042,732**	**100.0**	**8.7**

Source: Gartner (November 2007)

Dell enjoyed its second quarter running of shipment growth and grew by 5.4, and gained 0.7 percent in share which is a reflection of Dell's steadily improving results each quarter. Sun's SPARC Enterprise servers boosted revenue results in the quarter which resulted in an 11.4 percent growth in revenue but Sun experienced a 4.5 percent decline in server shipments. Sun's focus on product margins over volumes contributed to this volume decline. Fujitsu/FSC grew 17.4 percent in shipments and grew 3.4 percent in server revenue. Shipment growth was driven by FSC's x86-based Primergy business in Europe Middle East and Africa (EMEA).

The blade server segment continued to drive growth in the third quarter. Worldwide blade server shipments grew 13.8 percent, accounting for 10 percent of server shipment share. HP retained its lead in this segment with the most significant shipment increase at 91 percent compared to the same quarter last year. Sun's re-entry into the server blade market in 2006 saw it climb from the No. 9 position to the No. 4 largest blade server vendor.

In EMEA, server shipments in the third quarter of 2007 increased 12.8 percent over the same quarter last year, while server revenue for the same period increased 5.9 percent. Server revenue totaled $4.13 billion for the quarter and server shipments reached 645 thousand units.

"The third quarter of 2007 was again a strong quarter for the server market in EMEA, with shipments returning to double digit growth. Overall demand for servers remained healthy with no visible impact from financial market instability during the quarter," said Samina Malik, principal analyst at Gartner. x86-based servers continued to perform strongly but RISC/Itanium UNIX servers also saw robust revenue growth year-on-year, driven by strong performances from Sun Microsystems and HP.

HP retained the No.1 vendor position based on revenue (see Table 3) and exhibited a similar performance to its results worldwide.

IBM's revenue declined across most of its server lines and was impacted by transitions to new products, except for its x86-based System x line which grew revenue year-on-year. Sun, in third position, posted strong revenue growth mostly driven by its RISC-based products. Dell, in fourth position continued to see its server revenue increase, driven by strong revenue growth in 1 and 2-socket servers.

Table 3
EMEA: Server Vendor Revenue Estimates, 3Q07 (U.S. Dollars)

Company	3Q07 Revenue	3Q07 Market Share (%)	3Q06 Revenue	3Q06 Market Share (%)	3Q06-3Q07 Growth (%)
Hewlett-Packard	1,460,169,849	35.4	1,205,499,067	30.9	21.1
IBM	1,115,201,230	27.0	1,334,271,365	34.2	-16.4
Sun Microsystems	530,458,719	12.9	439,006,530	11.3	20.8
Dell Inc.	370,269,898	9.0	324,594,232	8.3	14.1
Fujitsu/FSC	336,477,268	8.2	296,401,144	7.6	13.5
Other Vendors	313,702,066	7.6	296,075,801	7.6	6.0
Total	**4,126,279,029**	**100.0**	**3,895,848,139**	**100.0**	**5.9**

Source: Gartner (November 2007)

Based on server shipments, HP maintained its No.1 position with shipments growing 20.7 percent compared to the same period last year (see Table 4). Both HP and Fujitsu/FSC grew server shipments faster than that of the total market. Dell and IBM held the No. 2 and No. 3 positions respectively, with just over 13,000 units separating the two vendors. IBM was the only vendor of the top five to record a shipment decline year-on-year, caused by a slight decrease in its System x server shipments and product transitions in its System p and System i lines.

Table 4
EMEA: Server Vendor Shipment Estimates, 3Q07 (Units)

Company	3Q07 Shipments	3Q07 Market Share (%)	3Q06 Shipments	3Q06 Market Share (%)	3Q06-3Q07 Growth (%)
Hewlett-Packard	258,382	40.0	214,070	37.4	20.7
Dell Inc.	111,350	17.3	99,700	17.4	11.7
IBM	98,107	15.2	103,690	18.1	-5.4
Fujitsu/FSC	46,228	7.2	37,357	6.5	23.7
Sun Microsystems	25,148	3.9	24,588	4.3	2.3
Other Vendors	106,282	16.5	92,930	16.2	14.4
Total	**645,497**	**100.0**	**572,335**	**100.0**	**12.8**

Source: Gartner (November 2007)

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

About Gartner

Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for our clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is the indispensable partner to 60,000 clients in 10,000 distinct organizations. Through the resources of Gartner Research, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 3,900 associates, including 1,200 research analysts and consultants in 75 countries. For more information, visit www.gartner.com.

# # #