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Gartner Says Worldwide Server Shipments Declined 0.2 Per Cent; Revenue Increased 5.1 Per Cent in Fourth Quarter of 2012

EMEA Server Shipments and Revenue Declined in the Fourth Quarter of 2012

STAMFORD, Conn., 27th February, 2013 — In the fourth quarter of 2012, worldwide server shipments declined 0.2 per cent year-on-year, while revenue increased 5.1 per cent from the fourth quarter of 2011, according to Gartner, Inc. For year-end results, worldwide server shipments grew 1.5 per cent in 2012, and server revenue declined 0.6 per cent.

"2012 was a year that definitely saw budgetary constraint which resulted in delays in x86-based server replacements in enterprise and mid-sized data centres," said Jeffrey Hewitt, research vice president at Gartner. "Application-as-a-business data centres such as Baidu, Facebook and Google were the real drivers of significant volume growth for the year."

"Relatively weak mainframe and RISC/Itanium Unix platform market performance kept overall revenue growth in check," Mr Hewitt said.

From a geographic perspective, the three highest growth rates were shown by North America (5.5 per cent), Asia/Pacific (3.4 per cent) and Latin America (0.2 per cent) in terms of unit shipments. These were the only regions to experience an increase in shipments. These three regions grew at a rate of 16.3, 15.5 and 6 per cent respectively.

IBM extended its lead in the worldwide server market based on revenue in the fourth quarter of 2012 (see Table 1). In the fourth quarter, IBM's server revenue reached $5.1 billion in the fourth quarter of 2012 to increase its global market share to 34.9 per cent. This was up from 33.7 per cent market share in the fourth quarter in 2011.

Three of the top five global server vendors experienced revenue growth in the fourth quarter of 2012, with IBM showing the strongest growth rate of 8.9 per cent, while Oracle had the steepest revenue decline of 18 per cent.

Table 1
Worldwide: Server Vendor Revenue Estimates, 4Q12 (US Dollars)

Company	4Q12 Revenue	4Q12 Market Share (%)	4Q11 Revenue	4Q11 Market Share (%)	4Q12-4Q11 Growth (%)
IBM	5,097,759,610	34.9	4,682,403,526	33.7	8.9
HP	3,620,601,066	24.8	3,744,672,591	26.9	-3.3
Dell	2,084,634,094	14.3	2,060,795,399	14.8	1.2
Oracle	603,030,654	4.1	735,403,237	5.3	-18.0
Fujitsu	541,010,171	3.7	498,052,547	3.6	8.6

Other Vendors	2,673,589,171	18.3	2,192,866,804	15.8	21.9
Total	**14,620,624,767**	**100.0**	**13,914,194,104**	**100.0**	**5.1**

Source: Gartner (February 2013)

In server shipments, HP remained the worldwide leader for the fourth quarter of 2012 (see Table 2), as it accounted for 26.5 per cent of the market. HP's shipments declined 5.9 per cent. The ProLiant brand remains as HP's significant driver of server unit volume.

Of the top five vendors in server shipments worldwide, Cisco was the only vendor to experience an increase in shipments in the fourth quarter of 2012. Cisco's worldwide server shipments increased 40.9 per cent in the quarter.

The results for the quarter were centred around x86 server demand which increased in shipments by 0.2 per cent and revenue by 6.6 per cent for the fourth quarter of 2011.

Table 2
Worldwide: Server Vendor Shipments Estimates, 4Q12 (Units)

Company	4Q12 Shipments	4Q12 Market Share (%)	4Q11 Shipments	4Q11 Market Share (%)	4Q12-4Q11 Growth (%)
HP	663,598	26.5	704,853	28.1	-5.9
Dell	532,890	21.3	573,125	22.9	-7.0
IBM	291,328	11.6	329,232	13.1	-11.5
Fujitsu	69,853	2.8	69,918	2.8	-0.1
Cisco	63,342	2.5	44,942	1.8	40.9
Other Vendors	879,711	35.2	783,833	31.3	12.2
Total	**2,500,722**	**100.0**	**2,505,904**	**100.0**	**-0.2**

Source: Gartner (February 2013)

Full Year 2012 Server Market Results

The year of 2012 demonstrated server revenue growth in spite of relative softness in some regions—most notably Western Europe. These results were fuelled primarily by x86 servers which are the predominant platform used for large scale data centre build outs, particularly in North America, while emerging regions such as Asia/Pacific and Latin America also added to the growth for the year.

Blade servers posted a revenue increase of 3.2 per cent but a shipment decline of 3.8 per cent for the year. HP was the 2012 leader with blades with 43.9 per cent shipment share. IBM was in second place at 18.4 per cent. Cisco grew to 12.5 per cent shipment share for the year to end in third place.

The outlook for 2013 suggests that modest growth will continue. These increases continue to be buffered by the use of x86 server virtualization to consolidate physical machines as they are replaced. Some replacements are likely to begin in the enterprise segment as servers continue to age and economies improve.

EMEA 4Q12 Results

In Europe, the Middle East and Africa (EMEA), server shipments totalled nearly 630,000 units in the fourth quarter of 2012, a decrease of 10.4 per cent from the same period last year (see Table 3). Server revenue totalled $3.8 billion in the quarter, a decline of 7.4 per cent year-on-year (see Table 4).

"EMEA was once again the weak spot for global server sales," said Adrian O'Connell, research director at Gartner. "Each of the three EMEA sub-regions saw revenue contract with Western Europe declining 7.9 per cent, Eastern Europe 7.3 per cent and the Middle East and Africa region down 3.7 per cent. Without the strong growth of the hyperscale segment that is benefiting the North American markets, or the continued macroeconomic growth of emerging regions in Asia/Pacific, EMEA is more exposed to the global weakness of enterprise spending on server infrastructure."

The revenue in the x86 server segment in EMEA declined 3.6 per cent in the fourth quarter of 2012, and the RISC/Itanium UNIX revenue segment fell 31.7 per cent year-on-year. The Other CPU segment was the only segment to grow in the fourth quarter.

Each of the top five server vendors in EMEA, with the exception of Fujitsu, had revenue and shipment declines. The technology segments' figures show a dramatic bifurcation in the market with the vendors most exposed to the UNIX segment facing real challenges. The Other CPU segment was predominantly driven by IBM's mainframe refresh, but even this high-end strength was not enough to compensate for the weakness elsewhere.

"The fourth quarter 2012 in EMEA ended another poor year for the market with revenue levels falling to a level lower than those in the fourth quarter of 2009," said Mr O'Connell. "This year is likely to be more positive, but it will remain a fiercely competitive environment. The vendors most exposed to declining high-end segments will face the biggest challenges."

Table 3
EMEA: Server Vendor Shipment Estimates, 4Q12 (Units)

Vendor	4Q12 Shipments	4Q12 Market Share (%)	4Q11 Shipments	4Q11 Market Share (%)	4Q12-4Q11 Growth (%)
HP	247,613	39.4	290,194	41.3	-14.7
Dell	125,762	20.0	134,684	19.2	-6.6
IBM	82,803	13.2	97,601	13.9	-15.2
Fujitsu	37,611	6.0	36,023	5.1	4.4
Cisco	13,816	2.2	11,580	1.6	19.3
Other Vendors	121,447	19.3	131,838	18.8	-7.9
Total	**629,052**	**100.0**	**701,920**	**100.0**	**-10.4**

Source: Gartner (February 2013)

Table 4
EMEA: Server Vendor Revenue Estimates, 4Q12 (Millions of US Dollars)

Vendor	4Q12 Revenue	4Q12 Market Share (%)	4Q11 Revenue	4Q11 Market Share (%)	4Q12-4Q11 Growth (%)
HP	1,251,104,552	32.9	1,394,256,341	34.0	-10.3
IBM	1,244,617,164	32.7	1,274,476,789	31.0	-2.3
Dell	467,717,300	12.3	485,004,371	11.8	-3.6
Fujitsu	246,676,881	6.5	211,373,987	5.1	16.7
Oracle	162,818,277	4.3	244,889,278	6.0	-33.5
Other Vendors	429,986,643	11.3	496,304,972	12.1	-13.4
Total	**3,802,920,816**	**100.0**	**4,106,305,738**	**100.0**	**-7.4**

Source: Gartner (February 2013)

Additional information is available to subscribers of Gartner's 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.

About Gartner

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