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Gartner Says 2013 Worldwide Server Market Grew 2.1 Per Cent in Shipments, While Revenue Decreased 4.5 Per Cent for the Year

In EMEA Server Shipments Declined 5.6 Per Cent, While Revenue Fell 6.3 Per Cent

STAMFORD, Conn., 26 February, 2014 — In the fourth quarter of 2013, worldwide server shipments grew 3.2 per cent year-on-year, while revenue declined 6.6 per cent from the fourth quarter of 2012, according to Gartner, Inc. In 2013, worldwide server shipments grew 2.1 per cent, and server revenue declined 4.5 per cent.

"2013 presented some pronounced differences in various server market segments," said Jeffrey Hewitt, research vice president at Gartner. "We've seen ongoing growth in web-scale IT deployments, while the enterprise remained relatively constrained."

"In terms of hardware platform types, mainframe and RISC/Itanium Unix platform market performance kept overall revenue growth in check," Mr Hewitt said.

In the fourth quarter of 2013, the regions with the highest growth rates in terms of unit shipments were Asia/Pacific (16.3 per cent), Japan (7.5 per cent) and North America (relatively flat at 0.01 per cent). All regions declined in vendor revenue except Asia/Pacific, which grew 0.6 per cent year-on-year.

HP led the worldwide server market in revenue terms in the fourth quarter of 2013 (see Table 1). The company ended the year with $3.8 billion in revenue for the fourth quarter, for a total share of 28.1 per cent worldwide. This was up 6.0 per cent compared with the same quarter in 2012.

Of the top five global vendors, only HP and Cisco showed growth for the quarter. IBM had the largest decline with a decrease of 28.9 per cent.

Table 1
Worldwide: Server Vendor Revenue Estimates, 4Q13 (US Dollars)

Company	4Q13 Revenue	4Q13 Market Share (%)	4Q12 Revenue	4Q12 Market Share (%)	4Q13-4Q12 Growth (%)
HP	3,839,527,072	28.1	3,620,601,066	24.8	6.0
IBM	3,623,543,805	26.5	5,097,759,610	34.9	-28.9
Dell	2,074,167,350	15.2	2,084,634,094	14.3	-0.5
Cisco	646,100,000	4.7	480,221,149	3.3	34.5
Oracle	574,712,435	4.2	603,030,654	4.1	-4.7
Other Vendors	2,904,637,567	21.3	2,734,378,193	18.7	6.2
Total	**13,662,688,230**	**100.0**	**14,620,624,767**	**100.0**	**-6.6**

Source: Gartner (February 2014)

In server shipments, HP remained the worldwide leader for the fourth quarter of 2013 (see Table 2) with a year-on-year shipment increase of 8.7 per cent.

Of the top five vendors in server shipments worldwide, all but Dell and IBM had shipment increases for the period. Huawei exhibited the strongest year-on-year increase with growth of 187.9 per cent.

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The results for the quarter were centred around x86 server demand, which increased in shipments by 3.8 per cent and revenue by 4.3 per cent for the fourth quarter of 2013.

Table 2
Worldwide: Server Vendor Shipments Estimates, 4Q13 (Units)

Company	4Q13 Shipments	4Q13 Market Share (%)	4Q12 Shipments	4Q12 Market Share (%)	4Q13-4Q12 Growth (%)
HP	721,032	27.9	663,598	26.5	8.7
Dell	504,322	19.5	532,890	21.3	-5.4
IBM	231,321	9.0	291,328	11.6	-20.6
Huawei	91,433	3.5	31,762	1.3	187.9
Fujitsu	72,263	2.8	69,853	2.8	3.5
Other Vendors	961,353	37.2	911,291	36.4	5.5
Total	**2,581,723**	**100.0**	**2,500,722**	**100.0**	**3.2**

Source: Gartner (February 2014)

Full-Year 2013 Server Market Results
The year of 2013 demonstrated growth in shipments with an increase of 2.1 per cent, but revenue declined 4.5 per cent with varying geographic results. x86 servers continued to produce some growth as the predominant platform used for large-scale data centre build-outs, particularly in North America. Emerging regions like Asia/Pacific and Latin America also added to the growth for the year.

x86 blade servers posted a revenue increase of 0.8 per cent and a shipment decrease of 2.6 per cent for the year. HP was the 2013 leader in x86 blade server shipments with 40.3 per cent market share; Cisco was in second place with 15.9 per cent of the market.

The outlook for 2014 suggests that modest growth will continue. These increases will continue to be buffered in the enterprise market by the use of x86 server virtualisation to consolidate physical machines as they are replaced.

EMEA 4Q13 Results
In Europe, the Middle East and Africa (EMEA), both server shipments and revenue declined in the fourth quarter of 2013. Server revenue totalled $3.6 billion in the quarter, a decline of 6.4 per cent from the fourth quarter of 2012 (see Table 3). Server shipments totalled 613,000 units in the final quarter of 2013, a decrease of 2.5 per cent from the same period of the previous year (see Table 4). Server shipments in 2013 declined 5.6 per cent to total 2.3 million units, and server revenue dropped 6.3 per cent to total $12.4 billion in 2013.

"The EMEA server market continued to suffer as it recorded its 10th consecutive quarterly revenue decline," said Adrian O'Connell, research director at Gartner. "Economic weakness continued to have a profound effect on the EMEA server market. Total revenue in 2013 was only around two-thirds of that seen in 2007, before the downturn set in."

All regions in EMEA showed year-on-year server revenue declines; the greatest weakness was in Eastern Europe, with a 14.1 per cent year-on-year decrease. Western Europe declined 4.9 per cent, while the Middle East and Africa saw a 6.8 per cent drop in revenue.

In the fourth quarter of 2013, x86 server revenue increased 1.4 per cent, while RISC/Itanium Unix revenue declined 20.1 per cent. Revenue in the Other CPU segment decreased 35.7 per cent. Platform migrations continued to impact non-x86-based systems. "Although the Other CPU segment saw a period of growth, the cyclical driver has now ended, compounding the general weakness," said Mr O'Connell.

In the fourth quarter of 2013, both HP and IBM showed revenue declines. HP's decline was lower than the

market average as it improved its execution and gained market share year-on-year. IBM had a weak quarter due to its product life cycles, and the revenue decline of 26.4 per cent in the quarter made it lose seven percentage points of share compared with the same quarter in 2012. Dell continued to focus on achieving server growth and — along with Oracle — had the strongest year-on-year revenue increase.

"The EMEA server market ended the year on a particularly low point," said Mr O'Connell. "The good news for vendors is that demand appears to be stabilising, but polarisation remains between high-end and low-end platforms. Vendors that sell low-end servers should see a more positive 2014, but those exposed to the high-end segments will continue to face tough challenges."

Table 3
EMEA: Server Vendor Revenue Estimates, 4Q13 (US Dollars)

Company	4Q13 Revenue	4Q13 Market Share (%)	4Q12 Revenue	4Q12 Market Share (%)	4Q13-4Q12 Growth (%)
HP	1,227,689,485	34.5	1,257,104,552	32.9	-1.9
IBM	915,632,505	25.7	1,244,617,164	32.7	-26.4
Dell	488,845,100	13.7	467,717,300	12.3	4.5
Fujitsu	252,090,555	7.1	246,676,881	6.5	2.2
Oracle	170,936,564	4.8	162,818,277	4.3	5.0
Others	503,197,846	14.1	429,986,643	11.3	17.0
Total	**3,558,392,054**	**100.0**	**3,802,920,816**	**100.0**	**-6.4**

Source: Gartner (February 2014)

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

Company	4Q13 Shipments	4Q13 Market Share (%)	4Q12 Shipments	4Q12 Market Share (%)	4Q13-4Q12 Growth (%)
HP	241,385	39.4	247,613	39.4	-2.5
Dell	120,376	19.6	125,762	20.0	-4.3
IBM	69,311	11.3	82,803	13.2	-16.3
Fujitsu	33,362	5.4	37,611	6.0	-11.3
Cisco	14,054	2.3	13,816	2.2	1.7
Others	134,787	22.0	121,447	19.3	11.0
Total	**613,274**	**100.0**	**629,052**	**100.0**	**-2.5**

Source: Gartner (February 2014)

Additional information is available to clients who have access to Gartner's Servers Quarterly Statistics. This database provides worldwide market size and share data by vendor revenue and unit shipments. Segments include: region, vendor, vendor brand, subbrand, CPU type, CPU group, max CPU, platform, price band, operating system and distribution channels.

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