Worldwide Server Market Revenue Declined 6.7% Year Over Year in the Third Quarter of 2019, According to IDC

FRAMINGHAM, Mass., December 5, 2019 – According to the International Data Corporation (IDC) Worldwide Quarterly Server Tracker, vendor revenue in the worldwide server market declined 6.7% year over year to $22.0 billion during the third quarter of 2019 (3Q19). Worldwide server shipments declined 3.0% year over year to just under 3.1 million units in 3Q19.

In terms of server class, volume server revenue was down 4.0% to $17.9 billion, while midrange server revenue declined 14.3% to $3.0 billion and high-end systems contracted by 23.7% to $1.1 billion.

"While the server market did indeed decline last quarter, next generation workloads and advanced server innovation (e.g., accelerated computing, storage class memory, next generation I/O, etc.) keep demand for enterprise compute at near historic highs," said Paul Maguranis, senior research analyst, Infrastructure Platforms and Technologies at IDC. "In fact, 3Q19 represented the second biggest quarter for global server unit shipments in more than 16 years, eclipsed only by 3Q18."

Overall Server Market Standings, by Company

Dell Technologies and the combined HPE/New H3C Group ended 3Q19 in a statistical tie* for the number one position with 17.2% and 16.8% revenue share, respectively. Revenues for Dell Technologies declined 10.8% year over year while HPE/New H3C Group was down 3.2% year over year. The third ranking server company during the quarter was Inspur/Inspur Power Systems, which captured 9.0% market share and grew revenues 15.3% year over year. Lenovo and Cisco ended the quarter tied* for the fifth position with 5.4% and 4.9% revenue share, respectively. Lenovo saw revenue decline by 16.9% year over year and Cisco saw its revenue grow 3.1% year over year.

The ODM Direct group of vendors accounted for 26.4% of total revenue and declined 7.1% year over year to $5.82 billion. Dell Technologies led the worldwide server market in terms of unit shipments, accounting for 16.4% of all units shipped during the quarter.

Top 5 Companies, Worldwide Server Vendor Revenue, Market Share, and Growth, Third Quarter of 2019 *(Revenues are in US$ Millions)*					
Company	**3Q19 Revenue**	**3Q19 Market Share**	**3Q18 Revenue**	**3Q18 Market Share**	**3Q19/3Q18 Revenue Growth**
T1. Dell Technologies*	$3,779.3	17.2%	$4,236.0	18.0%	-10.8%
T1. HPE/New H3C Group[a] *	$3,690.8	16.8%	$3,811.3	16.2%	-3.2%
3. Inspur/ Inspur Power Systems[b]	$1,973.3	9.0%	$1,711.8	7.3%	15.3%
T4. Lenovo*	$1,188.3	5.4%	$1,430.1	6.1%	-16.9%
T4. Cisco*	$1,073.2	4.9%	$1,041.0	4.4%	3.1%
ODM Direct	$5,816.0	26.4%	$6,257.2	26.5%	-7.1%
Rest of Market	$4,473.4	20.7%	$5,091.7	21.6%	-12.1%
Total	**$21,994.3**	**100%**	**$23,579.1**	**100%**	**-6.7%**
Source: IDC Worldwide Quarterly Server Tracker, December 5, 2019.					

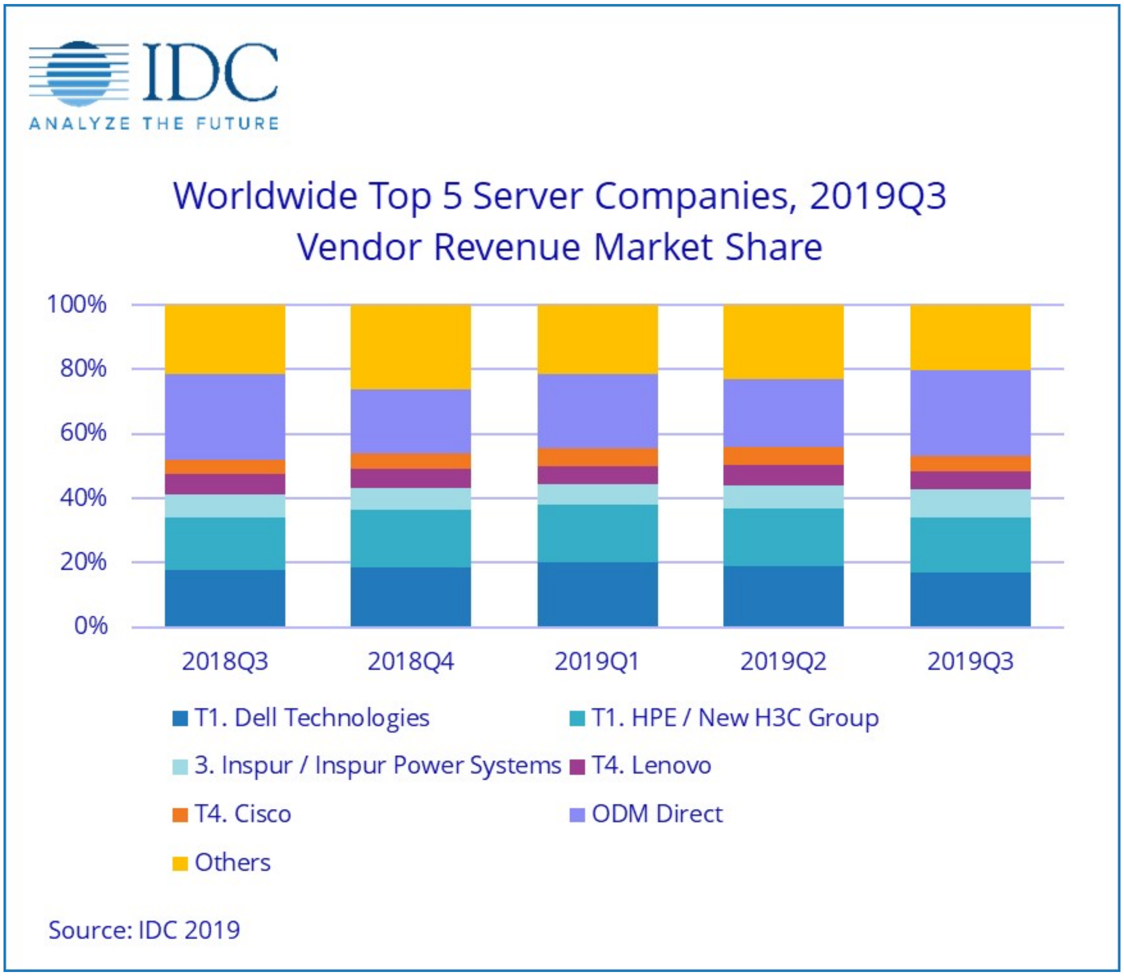
Notes:

***** IDC declares a statistical tie in the worldwide server market when there is a difference of one percent or less in the share of revenues or unit shipments among two or more vendors.

[a] Due to the existing joint venture between HPE and the New H3C Group, IDC will be reporting external market share on a global level for HPE and New H3C Group as "HPE/New H3C Group" starting from 2Q 2016.

[b] Due to the existing joint venture between IBM and Inspur, IDC will be reporting external market share on a global level for Inspur and Inspur Power Systems as "Inspur/Inspur Power Systems" starting from 3Q 2018.

Figure 1


IDC
ANALYZE THE FUTURE
Worldwide Top 5 Server Companies, 2019Q3
Vendor Revenue Market Share
100%
80%
60%
40%
20%
0%
2018Q3
2018Q4
2019Q1
2019Q2
2019Q3
T1. Dell Technologies
T1. HPE / New H3C Group
3. Inspur / Inspur Power Systems
T4. Lenovo
T4. Cisco
ODM Direct
Others
Source: IDC 2019

Top 5 Companies, Worldwide Server Unit Shipments, Market Share, and Growth, Third Quarter of 2019 *(Shipments are in thousands)*					
Company	**3Q19 Unit Shipments**	**3Q19 Market Share**	**3Q18 Unit Shipments**	**3Q18 Market Share**	**3Q19/3Q18 Unit Growth**
1. Dell Technologies	502,306	16.4%	559,156	17.7%	-10.2%
2. HPE/New H3C Group[a]	452,255	14.7%	456,294	14.4%	-0.9%
3. Inspur/ Inspur Power Systems[b]	314,975	10.3%	283,613	9.0%	11.1%
4. Lenovo	204,040	6.6%	193,121	6.1%	5.7%
T5. Huawei*	156,150	5.1%	187,860	5.9%	-16.9%
T5. Super Micro*	140,171	4.6%	169,320	5.4%	-17.2%
ODM Direct	896,625	29.2%	871,476	27.5%	2.9%
Rest of Market	403,078	13.1%	443,543	14.0%	-9.1%
Total	**3,069,601**	**100%**	**3,164,383**	**100%**	**-3.0%**
Source: IDC Worldwide Quarterly Server Tracker, Dec 5, 2019					

Notes:

***** IDC declares a statistical tie in the worldwide server market when there is a difference of one percent or less in the share of revenues or shipments among two or more vendors.

[a] Due to the existing joint venture between HPE and the New H3C Group, IDC will be reporting external market share on a global level for HPE and New H3C Group as "HPE/New H3C Group" starting from 2Q 2016.

[b] Due to the existing joint venture between IBM and Inspur, IDC will be reporting external market share on a global level for Inspur and Inspur Power Systems as "Inspur/Inspur Power Systems" starting from 3Q 2018.

Top Server Market Findings

On a geographic basis, Asia/Pacific (excluding Japan) (APeJ) and Japan were the only regions to show growth in 3Q19 with Japan as the fastest at 3.3% year over year and APeJ flat at 0.2% year over year. Europe, the Middle East and Africa (EMEA) declined 9.6% year over year while

Canada declined 4.7% and Latin America contracted 14.2%. The United States was down 10.7% year over year. China saw its 3Q19 vendor revenues remain essentially flat with year-over-year growth of 0.7%.

Revenue generated from x86 servers decreased 6.2% in 3Q19 to $20.6 billion. Non-x86 servers declined 13.1% year over year to $1.4 billion.

IDC's Server Taxonomy

IDC's Server Taxonomy maps the eleven price bands within the server market into three price ranges: volume servers, midrange servers and high-end servers. The revenue data presented in this release is stated as vendor revenue for a server system. IDC presents data in vendor revenue to determine market share position. Vendor revenue represents those dollars recognized by multi-user system and server vendors for ISS (initial server shipment) and upgrade units sold through direct and indirect channels and includes the following embedded server components: Frame or cabinet and all cables, processors, memory, communications boards, operating system software, other bundled software and initial internal and external disk shipments.

IDC's Quarterly Server Tracker is a quantitative tool for analyzing the global server market on a quarterly basis. The Tracker includes quarterly unit shipments and revenues (both vendor revenue and value of shipments), segmented by vendor, family, model, region, operating system, price band, CPU type, and architecture.

For more information about IDC's Worldwide Quarterly Server Tracker, please contact Lidice Fernandez at 305-351-3057 or lfernandez@idc.com.

About IDC Trackers

IDC Tracker products provide accurate and timely market size, vendor share, and forecasts for hundreds of technology markets from more than 100 countries around the globe. Using proprietary tools and research processes, IDC's Trackers are updated on a semiannual, quarterly, and monthly basis. Tracker results are delivered to clients in user-friendly excel deliverables and on-line query tools.

Click here to learn about IDC’s full suite of data products and how you can leverage them to grow your business.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,100 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly-owned subsidiary of International Data Group (IDG), the world's leading tech media, data and marketing services company. To learn more about IDC, please visit www.idc.com. Follow IDC on Twitter at @IDC and LinkedIn. Subscribe to the IDC Blog for industry news and insights: http://bit.ly/IDCBlog_Subscribe.

About IDC

IDC is the premier global provider of market intelligence, advisory services, and events for the information technology and telecommunications industries. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. Over 775 IDC analysts in 50 countries provide global, regional, and local expertise on technology and industry opportunities and trends. For more than 40 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company. You can learn more about IDC by visiting http://www.idc.com/.

IDC is a subsidiary of IDG, the world’s leading technology media, research, and events company. Additional information can be found at www.idc.com.

All product and company names may be trademarks or registered trademarks of their respective holders.

For more information contact:

Greg Macatee
gmacatee@idc.com
508-935-4707
Sebastian Lagana
slagana@idc.com
508-935-4585
Paul Maguranis
pmaguranis@idc.com
508-988-6711
Michael Shirer
press@idc.com
508-935-4200