# 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 | 17.2% | $4,236 | 18.0% | -10.8% |
| T1. HPE/ New H3C Group[a] * | $3,690 | 16.8% | $3,811 | 16.2% | -3.2% |
| 3. Inspur/ Inspur | $1,979 | 9.0% | $1,717 | 7.3% | 15.3% |

| | | | | | |
|---|---|---|---|---|---|
| Power Systems[b] | | | | | |
| 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% | $5,092.7 | 21.6% | -12.1% |
| Total | $21,994.3 | 100.0% | $23,579.1 | 100.0% | -6.7% |
| Source: IDC Worldwide Quarterly Server Tracker, December 5, 2019. | | | | | |

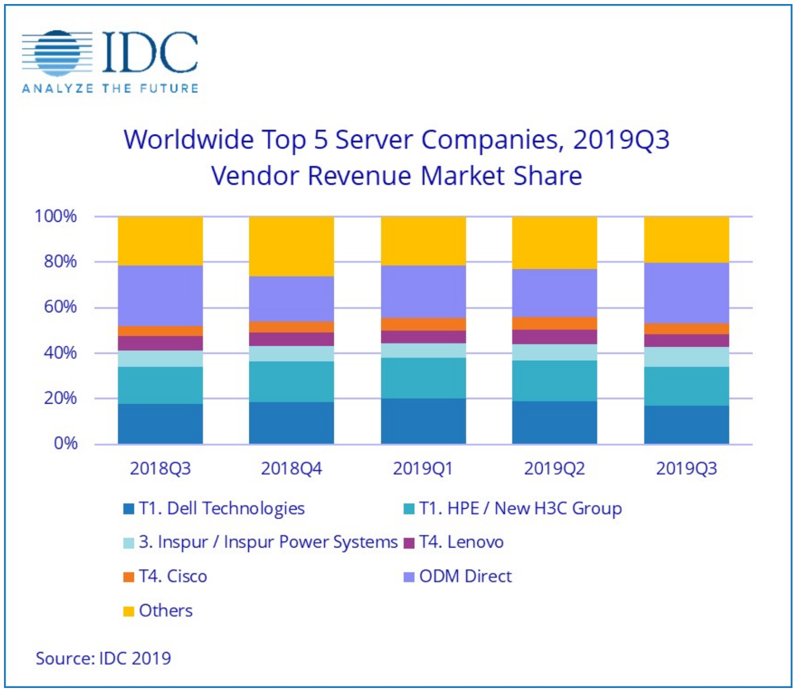
Notes:

* 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




| 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 | 314,975 | 10.3% | 283,693 | 9.0% | 11.1% |

| | | | | | |
|---|---|---|---|---|---|
| Power Systems[b] | | | | | |
| 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% | 443,542 | 14.0% | -9.1% |
| Total | 3,069,601 | 100% | 3,164,183 | 100% | -3.0% |
| Source: IDC Worldwide Quarterly Server Tracker, Dec 5, 2019 | | | | | |

Notes:

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[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.

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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. This Tracker is part of the Worldwide Quarterly Enterprise Infrastructure Tracker, which provides a holistic total addressable market view of the five key enabling infrastructure technologies for the datacenter (servers, external enterprise storage systems, purpose-built appliances: HCI and PBBA, and datacenter switches).

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.

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About IDC

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