Worldwide Server Market Revenue Grew 1.5% Year Over Year in the Fourth Quarter of 2020, According to IDC

NEEDHAM, Mass., March 11, 2021 – According to the International Data Corporation (IDC) Worldwide Quarterly Server Tracker, vendor revenue in the worldwide server market grew 1.5% year over year to $25.8 billion during the fourth quarter of 2020 (4Q20). Worldwide server shipments declined 3.0% year over year to nearly 3.3 million units in 4Q20.

Volume server revenue was up 3.7% to $20.4 billion, midrange server revenue also increased 8.4% to $3.3 billion, while high-end servers declined by 21.8% to $2.1 billion.

"Global demand for enterprise servers was relatively flat during the fourth quarter of 2020 with the strongest increase to demand coming from China (PRC)," said Paul Maguranis, senior research analyst, Infrastructure Platforms and Technologies at IDC. "From a regional perspective, server revenue within PRC grew 22.7% year over year while the rest of the world declined 4.2%. Blade systems continued to decline, down 18.1% while rack optimized servers grew 10.3% year over year. Similar to the previous quarter, servers running AMD CPUs as well as ARM-based servers continued to grow revenue, increasing 100.9% and 345.0% year over year respectively, albeit on a small but growing base."

Overall Server Market Standings, by Company

HPE/New H3C Group\(^a\) and Dell Technologies were tied\(^*\) for the top position in the worldwide server market based on 4Q20 revenues. Inspur/Inspur Power Systems\(^b\) finished third, while IBM\(^c\) held the fourth position. Huawei and Lenovo tied\(^*\) for the fifth position in the market.

Figure 1
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 is reporting external market share on a global level for HPE and New H3C Group as "HPE/New H3C Group" starting from 2Q 2016. Per the JV agreement, Tsinghua Holdings subsidiary, Unisplendour Corporation, through a wholly-owned affiliate, purchased a 51% stake in New H3C and HPE has a 49% ownership stake in the new company.
Due to the existing joint venture between IBM and Inspur, IDC is reporting external market share on a global level for Inspur and Inspur Power Systems as "Inspur/Inspur Power Systems" starting from 3Q 2018. The JV, Inspur Power Commercial System Co., Ltd., has total registered capital of RMB 1 billion, with Inspur investing RMB 510 million for a 51% equity stake, and IBM investing RMB 490 million for the remaining 49% equity stake.

IBM server revenue excludes sales of Power Systems generated through Inspur Power Systems in China, starting from 3Q 2018.

In terms of server units shipped, Dell Technologies held the top position in the market, followed closely by HPE/New H3C Group\(^a\) in the second position. Inspur/Inspur Power Systems\(^b\), Huawei, and Lenovo finished the quarter in third, fourth, and fifth place, respectively.

Figure 2
Notes:

a Due to the existing joint venture between HPE and the New H3C Group, IDC is reporting external market share on a global level for HPE and New H3C Group as "HPE/New H3C Group" starting from 2Q 2016. Per the JV agreement, Tsinghua Holdings subsidiary, Unisplendour Corporation, through a wholly-owned affiliate, purchased a 51% stake in New H3C and HPE has a 49% ownership stake in the new company.

b Due to the existing joint venture between IBM and Inspur, IDC is reporting external market share on a global level for Inspur and Inspur Power Systems as "Inspur/Inspur Power Systems" starting from 3Q 2018. The JV, Inspur Power Commercial System Co.,
Ltd., has total registered capital of RMB 1 billion, with Inspur investing RMB 510 million for a 51% equity stake, and IBM investing RMB 490 million for the remaining 49% equity stake.

Top Server Market Findings

On a geographic basis, China (PRC) was the fastest growing region with 22.7% year-over-year revenue growth. Latin America was the only other region with revenue growth in 4Q20, up 1.5% in the quarter. Asia/Pacific (excluding Japan and China) decreased 0.3% in 4Q20, while North America declined 6.2% year over year (Canada at 23.7% and the United States at 5.5%). Both EMEA and Japan declined during the quarter at rates of 1.1% and 6.3%, respectively.

Revenue generated from x86 servers increased 2.9% in 4Q20 to around $23.1 billion. Non-x86 server revenue declined 9.0% year over year to around $2.8 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 Worldwide 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.

The IDC Worldwide Quarterly Server 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

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