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CONTACTS:

Janessa Rivera Robert van der Meulen

Gartner Gartner

+ 1 408 709 8220 + 44 (0) 1784 267 738

janessa.rivera@gartner.com rob.vandermeulen@gartner.com

**Gartner Says Worldwide Server Shipments Market Grew 1.4 Per Cent in the First Quarter
of 2014, While Revenue Declined 4.1 Per Cent**

**In EMEA, Server Revenue Returned to Growth in the First Quarter of 2014**

STAMFORD, Conn., 28th May, 2014 — Worldwide server shipments grew 1.4 per cent in the first quarter of 2014, while server revenue declined 4.1 per cent year over year, according to Gartner, Inc.

"The first quarter of 2014 produced relatively weak growth on a global level with a variation in results by region," said Jeffrey Hewitt, research vice president at Gartner. All regions showed a decline in either shipments or revenue except for Asia/Pacific. Asia/Pacific posted a 3.3 per cent increase in revenue and an 18 per cent increase in shipments. In Japan shipments increased by 13.5 per cent, but revenue declined by 9.2 per cent.

"x86 servers managed to produce an increase with growth of 1.7 per cent in units for the year and 2.8 per cent in revenue," Mr Hewitt said. "RISC/Itanium Unix servers fell globally in the first quarter of 2014 — down 19.9 per cent in shipments and a 16.9 per cent decline in vendor revenue compared with the same quarter last year. The 'other' CPU category, which is primarily mainframes, showed a decline of 37.6 per cent year over year in terms of revenue."

HP led the worldwide server market in revenue terms in the first quarter of 2014 (see Table 1). The company ended the quarter with $2.9 billion in revenue, for a total share of 25.5 per cent worldwide. This was down 2.3 per cent compared with the same quarter in 2013.

Cisco was the only company in the top five that increased revenue in the first quarter of 2014, with growth of 37 per cent compared with the same quarter in 2013.

**Table 1
Worldwide: Server Vendor Revenue Estimates, 1Q14 (US Dollars)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **1Q14****Revenue** | **1Q14 Market Share (%)** | **1Q13****Revenue** | **1Q13 Market Share (%)** | **1Q14-1Q13 Growth (%)** |
| HP | 2,890,992,229 | 25.5 | 2,959,030,197 | 25.0 | -2.3 |
| IBM | 2,244,631,789 | 19.8 | 3,016,060,031 | 25.5 | -25.6 |
| Dell | 2,006,639,006 | 17.7 | 2,124,462,397 | 17.9 | -5.5 |
| Cisco | 616,620,000 | 5.4 | 450,120,000 | 3.8 | 37.0 |
| Fujitsu | 573,761,398 | 5.1 | 583,238,840 | 4.9 | -1.6 |
| Others |  3,023,595,517  | 26.6 |  2,702,999,615  | 22.8 | 11.9 |
| **Total** | **11,356,239,939** | **100.0** | **11,835,911,081** | **100.0** | **-4.1** |

Source: Gartner (May 2014)

In server shipments, HP remained the worldwide leader in the first quarter of 2014 (see Table 2) even though its shipments declined 7.9 per cent compared with the first quarter of 2013. HP's worldwide server shipment share was 22.6 per cent, followed by Dell with 19.7 per cent of the market.

Of the top five vendors in server shipments worldwide, only Huawei and Inspur Electronics increased shipments in the first quarter of 2014, with growth of 61 per cent and 288.7 per cent, respectively. This is the first time Inspur Electronics made the top five in server shipments.

**Table 2
Worldwide: Server Vendor Shipments Estimates, 1Q14 (Units)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **1Q14****Shipments** | **1Q14 Market Share (%)** | **1Q13****Shipments** | **1Q13 Market Share (%)** | **1Q14-1Q13 Growth (%)** |
| HP | 534,652 | 22.6 | 580,563 | 24.9 | -7.9 |
| Dell | 464,141 | 19.7 | 516,355 | 22.2 | -10.1 |
| IBM | 166,311 | 7.0 | 230,446 | 9.9 | -27.8 |
| Huawei | 85,919 | 3.6 | 53,380 | 2.3 | 61.0 |
| Inspur Electronics | 80,929 | 3.4 | 20,823 | 0.9 | 288.7 |
| Others |  1,029,760  | 43.6 |  927,536  | 39.8 | 11.0 |
| **Total** | **2,361,712** | **110.0** | **2,329,103** | **100.0** | **1.4** |

Source: Gartner (May 2014)

In terms of server form factors, x86 blade servers decreased 3.9 per cent in shipments, but increased 5.2 per cent in revenue for the quarter. The rack-optimised form factor climbed 1.4 per cent in shipments and 1.7 per cent in revenue in the first quarter of 2014.

In Europe, the Middle East and Africa (EMEA), while server shipments continued to decline in the first quarter of 2014, revenues grew for the first time after 10 consecutive quarters of year-over-year declines. Server shipments totalled 547,900 units, a decrease of 6.1 per cent from the first quarter of 2013 (see Table 4). Server revenue totalled $3.0 billion, an increase of 2.5 per cent in the first quarter of 2014 (see Table 3).

“Although shipments contracted, the fact that the server market has finally shown revenue growth will be a welcome relief for server vendors,” said Adrian O’Connell, research director at Gartner. “The business environment in EMEA remains challenging, but the severe declines that we’ve witnessed in the non-x86 product segments have abated, at least in the first quarter of 2014.”

From a regional perspective, Eastern Europe experienced the largest revenue decline of 14.5 per cent in the first quarter of 2014. Server revenues in the Middle East and Africa region declined 3.6 per cent, but Western Europe achieved an increase of 6.7 per cent in revenue.

In the first quarter of 2014, x86 server revenue increased 3.4 per cent, while RISC/Itanium UNIX revenue declined 3.4 per cent and the Other CPU segment revenue increased 8.6 per cent. “Platform migrations continued to be a factor but the rate of these declines has slowed and the worst rates of decline may be behind us,” said Mr O’Connell.

In the first quarter of 2014 HP extended its revenue share lead with 5.1 per cent growth, despite experiencing a slight decline in server shipments. HP continued to improve its execution and also benefited from its competitors’ difficulties. Second-ranked IBM continued to suffer from cyclically weak product lifecycles, but its 8.7 per cent decline was also compounded by additional weakness for its x86 business. Third-placed Dell suffered when compared to a particularly strong first quarter in 2013.

“After some challenges in 2013, vendors will be relieved to see 2014 get off to a relatively good start,” said Mr O’Connell. “The demand environment is stabilising but challenges remain. We expect users will continue to be conservative in their investments for some time and platform migrations will remain a challenging factor. We are likely to see revenue growth in 2014, but the reality is that the market is operating from a significantly lower level than it was prior to the downturn in 2008.”

**Table 3
EMEA: Server Vendor Revenue Estimates, 1Q14 (US Dollars)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **1Q14****Revenue** | **1Q14 Market Share (%)** | **1Q13****Revenue** | **1Q13 Market Share (%)**  | **1Q14-1Q13 Growth (%)** |
| HP | 1,087,308,680 | 35.9 | 1,034,411,365 | 35.0 | 5.1 |
| IBM | 563,849,788 | 18.6 | 617,383,854 | 20.9 | -8.7 |
| Dell | 469,835,750 | 15.5 | 517,483,000 | 17.5 | -9.2 |
| Fujitsu | 269,870,145 | 8.9 | 228,659,643 | 7.7 | 18.0 |
| Oracle | 161,662,628 | 5.3 | 161,562,750 | 5.5 | 0.1 |
| Others | 479,079,418 | 15.8 | 397,854,330 | 13.5 | 20.4 |
| **Total** | **3,031,606,409** | **100.0** | **2,957,354,943** | **100.0** | **2.5** |

Source: Gartner (May 2014)

**Table 4**

**EMEA: Server Vendor Shipments Estimates, 1Q14 (Units)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **1Q14****Shipments** | **1Q14 Market Share (%)** | **1Q13****Shipments** | **1Q13 Market Share (%)** | **1Q14-1Q13 Growth (%)** |
| HP | 214,672 | 39.2 | 218,610 | 37.5 | -1.8 |
| Dell | 114,569 | 20.9 | 132,187 | 22.7 | -13.3 |
| IBM | 38,997 | 7.1 | 56,184 | 9.6 | -30.6 |
| Fujitsu | 35,490 | 6.5 | 36,463 | 6.2 | -2.7 |
| Cisco | 15,365 | 2.8 | 14,691 | 2.5 | 4.6 |
| Others | 128,807 | 23.5 | 125,308 | 21.5 | 2.8 |
| **Total** | **547,901** | **100.0** | **583,443** | **100.0** | **-6.1** |

Source: Gartner (May 2014)

Additional information is available to subscribers of Gartner Servers Quarterly Statistics Worldwide programme. 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.

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