EMEA Purpose-Built Backup Appliance Market Declined in 4Q17, says IDC

LONDON, March 19, 2017 — EMEA purpose-built backup appliance (PBBA) vendor revenues declined 9.5% year over year to reach $233.6 million in the fourth quarter of 2017, according to the International Data Corporation (IDC) *Worldwide Quarterly Purpose-Built Backup Appliance Tracker*.

Total EMEA PBBA open systems vendor revenue decreased 7.3% year on year, with revenues of $216.7 million. Mainframe system sales decreased 30.2% year on year in 4Q17.

"PBBA is still a key component of the backup and DR solutions for the EMEA organizations, but the advent of other new backup and DR solutions such as hyperconverge, cloud gateways, and cloud-native applications are impacting negatively on demand for PBBA solutions in this region," said Jimena Sisa, senior research analyst, EMEA Storage Systems, IDC.

EMEA PBBA Vendor Revenue by Product, 4Q17 (Revenues in $M)

Vendor Revenues ($M)	4Q16 Revenue	4Q16 Market Share	4Q17 Revenue	4Q17 Market Share	4Q17/4Q16 Growth
Mainframe systems	$24.3	9.4%	$16.9	7.2%	-30.2%
Open systems	$233.8	90.6%	$216.7	92.8%	-7.3%
Total	**$258.1**	**100.0%**	**$233.6**	**100.0%**	**-9.5%**

Open Systems

Vendor Revenues ($M)	4Q16 Revenue	4Q16 Market Share	4Q17 Revenue	4Q17 Market Share	4Q17/4Q16 Growth
Integrated System	$96.4	41.2%	$64.3	29.7%	-33.3%
Target System	$137.4	58.8%	$152.4	70.3%	10.9%
Total	**$233.8**	**100.0%**	**$216.7**	**100.0%**	**-7.3%**

Regional Highlights

Western Europe

Vendor revenue in Western Europe decreased 7.2% year on year in 4Q17 to $181.9 million. Nevertheless, an increase that came from target systems has been reported with a 17.8% rise year on year.

Some countries show stable macros with some modernization deals. There was robust PBBA spending in Iberia and Benelux, with year-on-year growth of 38.2% and 24.6%, respectively. In the United Kingdom, uncertainty is still high, with lower business confidence due to Brexit and political turmoil.

"Legacy hardware solutions have been facing difficult market conditions due to the modernization of datacenters. However, the implementations of hybrid storage infrastructures and the advent of the GDPR deadline is driving organizations' IT investment in on-premise solutions due to the benefits they offer — a cost effective way to extend an organization's existing investment and data protection hardware and software without having to change existing processes — which has helped to boost the PBBA market in certain countries in Western Europe," said Sisa.

CEMA

The Central and Eastern Europe, Middle East, and Africa (CEMA) PBBA market failed to keep the momentum from the previous quarter and declined 16.6% for $51.7 million in 4Q17. A change of backup strategy of some of the leading vendors and higher penetration of smaller companies affected market ranking and overall market performance.

The total market in both CEMA subregions recorded a double-digit decline, though displaying different segment preferences. Central & Eastern Europe (CEE) target PBBA systems kept the positive trend, while integrated systems contracted significantly. Conversely, investments in integrated systems in the Middle East & Africa (MEA) continued to grow, tripling their share year on year.

"While growth is temporarily stalled, the potential for hardware backup solutions in CEMA is not exhausted," said Marina Kostova, research manager, IDC CEMA. "As in WE, GDPR compliance will support investments in CEE and the slower public cloud development in the overall region will concentrate investments on on-premise primary and secondary storage solutions, including PBBA."

Taxonomy Notes

IDC defines a purpose-built backup appliance as a standalone disk-based solution that utilizes software, disk arrays, server engines, or nodes that are used for backup data and specifically for data coming from a backup application (e.g., NetWorker, NetBackup, TSM, and Backup Exec) or can be tightly integrated with the backup software to catalog, index, schedule, and perform data movement. PBBAs are deployed in standalone configurations or as gateways. PBBA solutions deployed in a gateway configuration connect to and store backup data on general-purpose storage. Here, the gateway device serves as the component that is purpose built solely for backup and not to support any other workload or application. Regardless of packaging (as an appliance or gateway), PBBAs can have multiple interfaces or protocols. They can also provide and receive replication to or from remote sites and a secondary PBBA for disaster recovery.

IDC's *Worldwide Quarterly Purpose-Built Backup Appliance Tracker* provides vendor share, market size, and forecasts for purpose-built backup appliances. IDC provides key market insights and growth for vendors active in the PBBA market and for those looking to introduce new products into the market. Revenue and capacity for disk systems behind PBBA gateways are included in the PBBA market sizing and forecast. Some PBBA solutions integrate the data movement engine (backup application) with the appliance, while others serve only as a target for incoming backup application data. Both solutions are included in the PBBA market sizing, although segmentation between the two product categories is provided.

Major companies covered in this Tracker include Dell Inc, Veritas, HPE, IBM, Quantum, Barracuda, Oracle, Fujitsu, Exagrid, HDS, Unitrends, and Falconstor Software.

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