Worldwide Server Market Revenue Increased 37.7% Year Over Year in the Third Quarter of 2018, According to IDC

FRAMINGHAM, Mass., December 11, 2018 – According to the International Data Corporation (IDC) Worldwide Quarterly Server Tracker, vendor revenue in the worldwide server market increased 37.7%, year over year to $23.4 billion during the third quarter of 2018 (3Q18). Worldwide server shipments increased 18.3% year over year to 3.2 million units in 3Q18.

The overall server market continues to experience robust demand with 3Q18 marking the fifth consecutive quarter of double-digit revenue growth and its highest total revenue in a single quarter ever. Volume server revenue increased by 40.2% to $20.0 billion, while midrange server revenue grew 39.4% to $2.0 billion. High-end systems grew 6.9% to $1.3 billion.

"The worldwide server market once again generated strong revenue and unit shipment growth due to an ongoing enterprise refresh cycle and continued demand from cloud service providers," said Sebastian Lagana, research manager, Infrastructure Platforms and Technologies at IDC. "Enterprise infrastructure requirements from resource intensive next-generation applications support increasingly rich configurations, ensuring average selling prices (ASPs) remain elevated against the year-ago quarter. At the same time, hyperscalers continue to upgrade and expand their datacenter capabilities."

Overall Server Market Standings, by Company

Dell Inc. achieved the number one position in the worldwide server market in 3Q18 with 17.5% revenue share and 33.3% growth. HPE/New H3C Group was the second largest supplier with 16.3% share of total vendor revenue, growing 14.8%. Inspur/Inspur Power Systems took third position in the market with a share of 7.3% while the new joint venture contributed to 156.5% growth year over year. Lenovo was fourth with a share of 6.2% on 67.0% growth. IBM, Huawei, and Cisco rounded out the top five, all statistically tied* with vendor revenue shares of 5.1%, 4.5%, and 4.5% respectively. The ODM Direct group of vendors increased its collective revenue by 51.9% year over year to nearly $6.3 billion. Dell Inc. led the worldwide server market in terms of unit shipments, accounting for 17.6% of all units shipped during the quarter.

Top 5 Companies, Worldwide Server Vendor Revenue, Market Share, and Growth, Third Quarter of 2018 *(Revenues are in US$ Millions)*					
Company	**3Q18 Revenue**	**3Q18 Market Share**	**3Q17 Revenue**	**3Q17 Market Share**	**3Q18/3Q17 Revenue Growth**
1. Dell Inc.	$4,093.0	17.5%	$3,070.3	18.1%	33.3%
2. HPE/New H3C Group [a]	$3,809.9	16.3%	$3,317.4	19.5%	14.8%
3. Inspur/ Inspur Power Systems [b]	$1,711.9	7.3%	$667.3	3.9%	156.5%
4. Lenovo	$1,437.9	6.2%	$860.8	5.1%	67.0%
5. IBM*	$1,196.2	5.1%	$1,093.7	6.4%	9.4%
5. Huawei*	$1,052.7	4.5%	$599.4	3.5%	75.6%
5. Cisco*	$1,040.5	4.5%	$992.5	5.8%	4.8%
ODM Direct	$6,257.2	26.8%	$4,118.7	24.3%	51.9%
Others	$2,767.5	11.8%	$2,255.0	13.3%	22.7%
Total	**$23,366.8**	**100%**	**$16,975.2**	**100%**	**37.7%**
Source: IDC Worldwide Quarterly Server Tracker, December 11, 2018.					

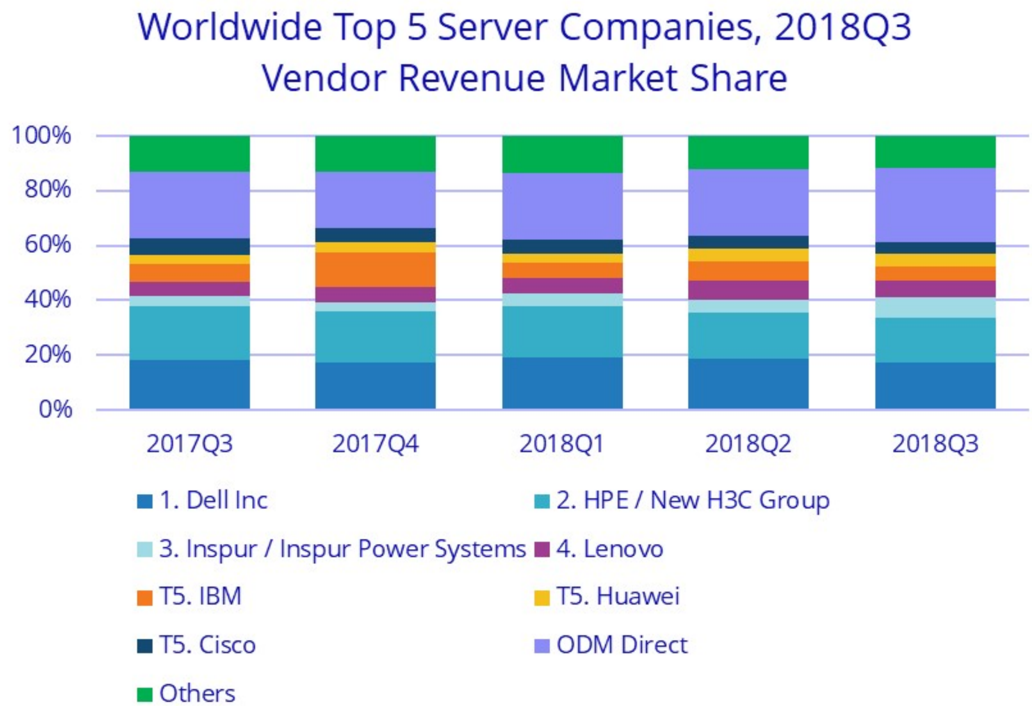
Notes:

***** 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.

Figure 1



Source: IDC 2018

Top 5 Companies, Worldwide Server Unit Shipments, Market Share, and Growth, Third Quarter of 2018 *(Shipments are in thousands)*					
Company	**3Q18 Unit Shipments**	**3Q18 Market Share**	**3Q17 Unit Shipments**	**3Q17 Market Share**	**3Q18/3Q17 Unit Growth**
1. Dell Inc.	556.0	17.6%	503.0	18.8%	10.5%
2. HPE/New H3C Group [a]	456.2	14.4%	501.4	18.8%	-9.0%
3. Inspur/ Inspur Power Systems [b]	283.6	9.0%	149.1	5.6%	90.2%
4. Lenovo	193.5	6.1%	151.8	5.7%	27.5%
5. Huawei*	187.9	5.9%	133.3	5.0%	40.9%
5. Super Micro*	169.3	5.4%	136.7	5.1%	23.9%
ODM Direct	871.5	27.6%	668.0	25.0%	30.5%
Others	443.5	14.0%	428.0	16.0%	3.6%
Total	**3,161.5**	**100%**	**2,671.3**	**100%**	**18.3%**
Source: IDC Worldwide Quarterly Server Tracker, December 11, 2018.					

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[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) was the fastest growing region in 3Q18 with 46.5% year-over-year revenue growth. The United States grew 43.7% in the quarter while Europe, the Middle East and Africa (EMEA) grew 24.5%, Canada grew 20.0%, Japan grew 14.0%, and Latin America grew 7.7%. China saw its 3Q18 vendor revenues grow 67.1% year over year.

Demand for x86 servers increased 41.0% in 3Q18 to $21.8 billion in revenues. Non-x86 servers grew 3.9% year over year to $1.6 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.

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