Worldwide Enterprise Storage Systems Market Revenue Grew 19.4% During the Third Quarter of 2018, According to IDC

FRAMINGHAM, Mass., December 12, 2018 – According to the International Data Corporation (IDC) Worldwide Quarterly Enterprise Storage Systems Tracker, vendor revenue in the worldwide enterprise storage systems market increased 19.4% year over year to $14.0 billion during the third quarter of 2018 (3Q18). Total capacity shipments were up 57.3% year over year to 113.9 exabytes during the quarter.

Revenue generated by the group of original design manufacturers (ODMs) selling directly to hyperscale datacenters increased 45.8% year over year in 3Q18 to $3.9 billion. This represents 27.7% of total enterprise storage investments during the quarter. Sales of server-based storage increased 10.1% year over year to $3.8 billion in revenue. This represents 27.3% of total enterprise storage investments. The external storage systems market was worth roughly $6.3 billion during the quarter, up 12.5% from 3Q17.

"The third quarter results show a continuation of growth realized through the first half of 2018, driven by an ongoing infrastructure refresh cycle, investments in resource intensive next-generation workloads, and expanded use in public cloud services," said Sebastian Lagana, research manager, Infrastructure Platforms and Technologies. "Enterprises appreciate the value that data brings to their operations, client engagement, and innovation initiatives. As a result, there is ongoing investment in storage systems that support efficient data consumption and dissemination."

Total Enterprise Storage Systems Market Results, by Company

Dell Inc. was the largest supplier for the quarter, accounting for 19.2% of total worldwide enterprise storage systems revenue and growing 21.8% year over year. HPE/New H3C Group was the second largest supplier with 16.4% share of revenue on a year-to-year decline of 3.3%. NetApp generated a 5.8% share of total revenue, making it the third largest vendor during the quarter. This represented 15.3% growth over 3Q17. Hitachi, Huawei, IBM, Lenovo, and Inspur were all statistically tied* for the number 4 position with shares of 3.0%, 3.0%, 2.9%, 2.6%, and 2.2% respectively. As a single group, storage systems sales by ODMs directly to hyperscale datacenter customers accounted for 27.7% of global spending during the quarter and grew revenue by 45.8% against 3Q17.

Top 5 Companies, Worldwide Total Enterprise Storage Systems Market, 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. [a]	$2,695.3	19.2%	$2,212.7	18.8%	21.8%
2. HPE/New H3C Group [b]	$2,299.3	16.4%	$2,377.4	20.2%	-3.3%
3. NetApp	$808.2	5.8%	$700.7	6.0%	15.3%
4. Hitachi*	$427.9	3.0%	$475.9	4.0%	-10.1%
4. Huawei*	$422.0	3.0%	$373.7	3.2%	12.9%
4. IBM*	$402.7	2.9%	$509.9	4.3%	-21.0%
4. Lenovo*	$370.0	2.6%	$190.4	1.6%	94.3%
4. Inspur*	$313.3	2.2%	$189.5	1.6%	65.3%
ODM Direct	$3,887.9	27.7%	$2,666.5	22.7%	45.8%
Others	$2,420.0	17.2%	$2,072.5	17.6%	16.8%
Total	**$14,046.6**	**100.0%**	**$11,769.2**	**100.0%**	**19.4%**
Source: IDC Worldwide Quarterly Enterprise Storage Systems Tracker, December 12, 2018.					

Notes:

[a] Dell Inc. represents the combined revenues for Dell and EMC.

[b] Due to the existing joint venture between HPE and the New H3C Group, IDC will be reporting market share on a global level for HPE as "HPE/New H3C Group" starting from Q2 2016 and going forward.

***** IDC declares a statistical tie in the worldwide enterprise storage systems market when there is a difference of one percent or less in the share of revenues or unit shipments among two or more vendors.

External Enterprise Storage Systems Results, by Company

Dell Inc. was the largest external enterprise storage systems supplier during the quarter, accounting for 31.3% of worldwide revenues. NetApp finished in the number 2 position with 12.8% share of revenue during the quarter. HPE/New H3C Group was the third largest with 10.4% share of revenue. Hitachi and IBM rounded out the top 5 in a statistical tie* with 6.4% and 6.2% market share, respectively.

Top 5 Companies, Worldwide External Enterprise Storage Systems Market, Second 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. [a]	$1,978.3	31.3%	$1,609.8	28.7%	22.9%
2. NetApp	$808.2	12.8%	$700.7	12.5%	15.3%
3. HPE/New H3C Group [b]	$654.3	10.4%	$637.6	11.4%	2.6%
4. Hitachi*****	$403.2	6.4%	$466.9	8.3%	-13.6%
4. IBM*****	$391.1	6.2%	$487.1	8.7%	-19.7%
Others	$2,082.8	33.0%	$1,713.7	30.5%	21.5%
Total	**$6,317.9**	**100.0%**	**$5,615.7**	**100.0%**	**12.5%**
Source: IDC Worldwide Quarterly Enterprise Storage Systems Tracker, December 12, 2018.					

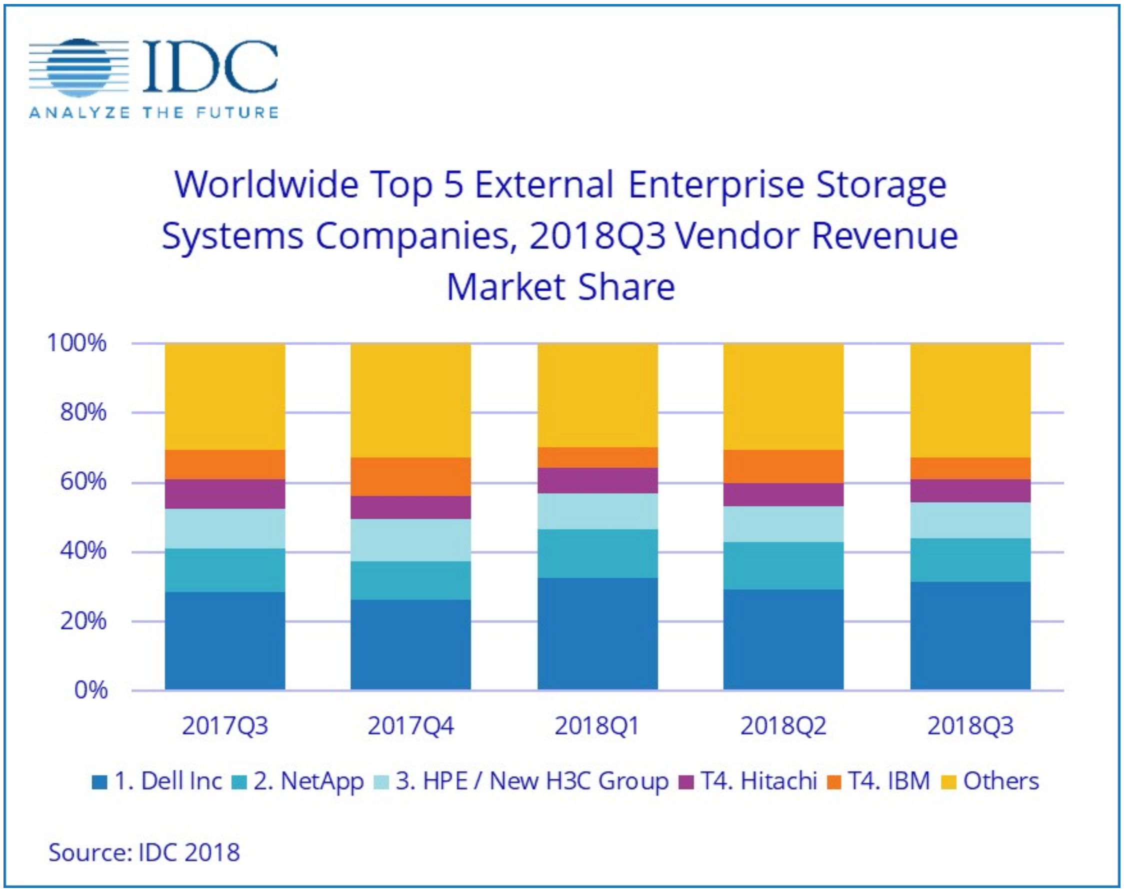
Notes:

[a] Dell Inc. represents the combined revenues for Dell and EMC.

[b] Due to the existing joint venture between HPE and the New H3C Group, IDC will be reporting market share on a global level for HPE as "HPE/New H3C Group" starting from Q2 2016 and going forward.

***** IDC declares a statistical tie in the worldwide enterprise storage systems market when there is a difference of one percent or less in the share of revenues or unit shipments among two or more vendors.

Figure 1



Flash-Based Storage Systems Highlights

The total All Flash Array (AFA) market generated just over $2.15 billion in revenue during the quarter, up 39.3% year over year. The Hybrid Flash Array (HFA) market was worth slightly more than $2.6 billion in revenue, up 16.0% from 3Q17.

Taxonomy Notes

IDC defines an Enterprise Storage System as a set of storage elements, including controllers, cables, and (in some instances) host bus adapters, associated with three or more disks. A system may be located outside of or within a server cabinet and the average cost of the disk storage systems does not include infrastructure storage hardware (i.e. switches) and non-bundled storage software.

The information in this quantitative study is based on a branded view of the enterprise storage systems sale. Revenue associated with the products to the end user is attributed to the seller (brand) of the product, not the manufacturer. Original equipment manufacturer (OEM) sales are not included in this study.

IDC's Worldwide Enterprise Storage Systems Quarterly Tracker is a quantitative tool for analyzing the global disk storage market on a quarterly basis. The Tracker includes quarterly shipments and revenues (both customer and factory), Terabytes, $/Gigabyte, Gigabyte/Unit, and Average Selling Value. Each criteria can be segmented by location, installation base, operating system, company, family, model, and region.

For more information about IDC's Worldwide Enterprise Storage Systems Quarterly Tracker, please contact Lidice Fernandez at 305-351-3051 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.

About IDC

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