Worldwide Server Market Revenue Declined 11.6% Year Over Year in the Second Quarter of 2019, According to IDC

FRAMINGHAM, Mass., September 4, 2019 – According to the International Data Corporation (IDC) Worldwide Quarterly Server Tracker, vendor revenue in the worldwide server market declined 11.6% year over year to just over $20.0 billion during the second quarter of 2019 (2Q19). Worldwide server shipments declined 9.3% year over year to just under 2.7 million units in 2Q19.

After a torrid stretch of prolonged market growth that drove the server market to historic heights, the global server market declined for the first time since the fourth quarter of 2016. All classes of servers were impacted, with volume server revenue down 11.7% to $16.3 billion, while midrange server revenue declined 4.6% to $2.4 billion and high-end systems contracted by 20.8% to $1.3 billion.

"The second quarter saw the server market's first contraction in nine quarters, albeit against a very difficult compare from one year ago when the server market realized unprecedented growth," said Sebastian Lagana, research manager, Infrastructure Platforms and Technologies. "Irrespective of the difficult compare, factors impacting the market include a slowdown in purchasing from cloud providers and hyperscale customers, an off-cycle in the cyclical non-x86 market, as well as a slowdown from enterprises due to existing capacity slack and macroeconomic uncertainty."

Overall Server Market Standings, by Company

The number one position in the worldwide server market during 2Q19 was shared* by Dell Technologies and the combined HPE/New H3C Group with revenue shares of 19.0% and 18.0% respectively. Dell Technologies declined 13.0% year over year, while HPE/New H3C Group was down 3.6% year over year. The third position went to Inspur/Inspur Power Systems, which increased its revenue by 32.3% year over year. Lenovo and IBM tied* for the fourth position with revenue shares of 6.1%, and 5.9% respectively. Lenovo saw revenue decline by 21.8% year over year while IBM saw its revenue contract 27.4% year over year. The ODM Direct group of vendors accounted for 21.1% of total revenue and declined 22.9% year over year to $4.23 billion. Dell Technologies led the worldwide server market in terms of unit shipments, accounting for 17.8% of all units shipped during the quarter.

Top 5 Companies, Worldwide Server Vendor Revenue, Market Share, and Year-Over-Year Growth, Second Quarter of 2019 *(Revenues are in US$ millions)*					
Company	**2Q19 Revenue**	**2Q19 Market Share**	**2Q18 Revenue**	**2Q18 Market Share**	**2Q19/2Q18 Revenue Growth**
T1. Dell Technologies*	$3,809.0	19.0%	$4,375.8	19.3%	-13.0%
T1. HPE/New H3C Group[a]*	$3,607.4	18.0%	$3,743.5	16.5%	-3.6%
3. Inspur/ Inspur Power Systems[b]	$1,438.8	7.2%	$1,087.9	4.8%	32.3%
T4. Lenovo*	$1,212.0	6.1%	$1,549.1	6.8%	-21.8%
T4. IBM*	$1,188.6	5.9%	$1,637.5	7.2%	-27.4%
ODM Direct	$4,232.7	21.1%	$5,488.2	24.2%	-22.9%
Rest of Market	$4,536.1	22.7%	$4,764.5	21.0%	-4.8%
Total	**$20,024.6**	**100%**	**$22,646.3**	**100%**	**-11.6%**
Source: IDC Worldwide Quarterly Server Tracker, September 4, 2019					

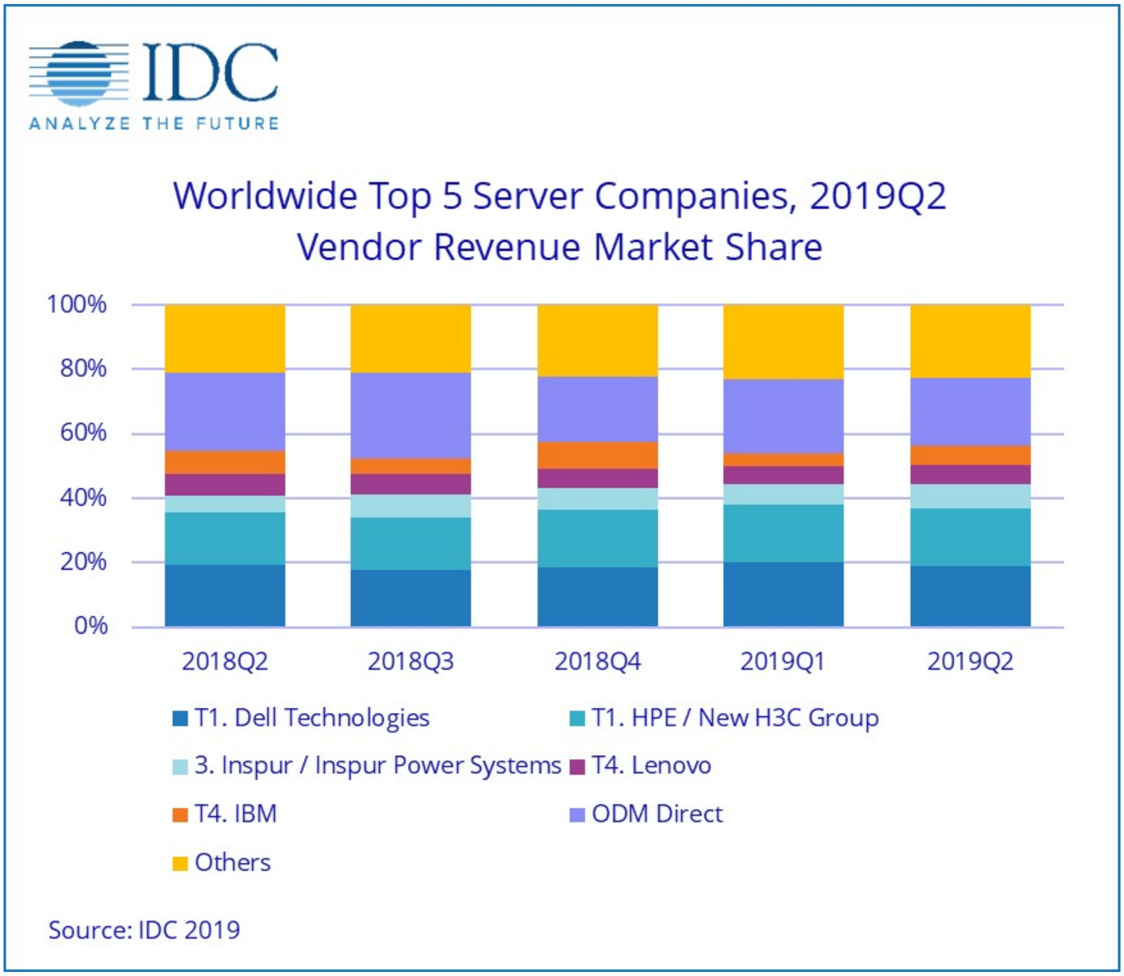
Notes:

***** 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


IDC
ANALYZE THE FUTURE
Worldwide Top 5 Server Companies, 2019Q2
Vendor Revenue Market Share
100%
80%
60%
40%
20%
0%
2018Q2
2018Q3
2018Q4
2019Q1
2019Q2
T1. Dell Technologies
T1. HPE / New H3C Group
3. Inspur / Inspur Power Systems
T4. Lenovo
T4. IBM
ODM Direct
Others
Source: IDC 2019

Top 5 Companies, Worldwide Server Unit Shipments, Market Share, and Growth, Second Quarter of 2019 *(Shipments are in thousands)*					
Company	**2Q19 Unit Shipments**	**2Q19 Market Share**	**2Q18 Unit Shipments**	**2Q18 Market Share**	**2Q19/2Q18 Unit Growth**
1. Dell Technologies	479,942	17.8%	576,956	19.4%	-16.8%
2. HPE/New H3C Group[a]	438,060	16.3%	464,962	15.7%	-5.8%
3. Inspur/ Inspur Power Systems[b]	232,885	8.7%	203,225	6.8%	14.6%
4. Lenovo	181,166	6.7%	224,138	7.6%	-19.2%
T5. Super Micro*	139,289	5.2%	175,092	5.9%	-20.4%
T5. Huawei*	116,994	4.3%	187,356	6.3%	-37.6%
ODM Direct	678,940	25.2%	732,643	24.7%	-7.3%
Rest of Market	424,675	15.8%	403,124	13.6%	5.3%
Total	**2,691,952**	**100%**	**2,967,496**	**100%**	**-9.3%**
Source: IDC Worldwide Quarterly Server Tracker, September 4, 2019					

Table Notes: Please refer to the Notes following the first table in this press release.

Top Server Market Findings

On a geographic basis, Canada was the fastest growing region in 2Q19 with 13.4% year-over-year revenue growth. Europe, the Middle East, and Africa (EMEA) grew 2.0% on aggregate while Japan declined 6.7% and Asia/Pacific (excluding Japan) contracted 8.1%. The United States was down 19.1% and Latin America contracted 34.2%. China saw its 2Q19 vendor revenues decline 8.7% year over year.

Revenue generated from x86 servers decreased 10.6% in 2Q19 to $18.4 billion. Non-x86 servers contracted 21.5% 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 multiuser 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.

About IDC

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