Worldwide Converged Systems Market Grows 1.1% Year Over Year During the Fourth Quarter of 2019, According to IDC

FRAMINGHAM, Mass., March 19, 2020 – According to the International Data Corporation (IDC) Worldwide Quarterly Converged Systems Tracker, worldwide converged systems market revenue increased 1.1% year over year to $4.2 billion during the fourth quarter of 2019 (4Q19).

"Hyperconverged system sales remained robust during the fourth quarter and carried overall converged systems market growth despite annual declines of other product types," said Greg Macatee, research analyst, Infrastructure Platforms and Technologies at IDC. "The hyperconverged system growth picture was largely consistent across the globe with growth in every region in the low to mid double-digit range as these types of systems continue to provide value to a wide variety of businesses in both hybrid and multicloud environments given their easy-to-deploy and automated software-defined nature."

Converged Systems Segments

IDC's converged systems market view offers three segments: certified reference systems & integrated infrastructure, integrated platforms, and hyperconverged systems. The certified reference systems & integrated infrastructure market generated nearly $1.3 billion in revenue during the fourth quarter, which represents a contraction of 18.5% year over year and 30.7% of all converged systems revenue. The integrated platforms segment grew 0.1% year over year in 4Q19, generating $620 million worth of revenue. This amounted to 14.8% of the total converged systems market revenue. Revenue from hyperconverged systems grew 17.2% year over year during the fourth quarter and totaled $2.3 billion. This amounted to 54.5% of the total converged systems market revenue.

Figure 1
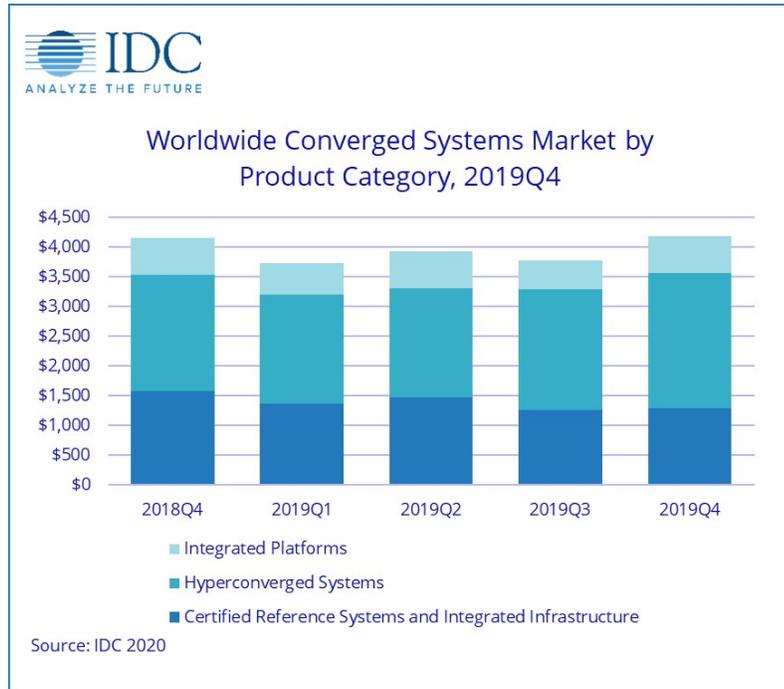
IDC offers two ways to rank technology suppliers within the hyperconverged systems market: by the brand of the hyperconverged solution or by the owner of the software providing the core hyperconverged capabilities. Rankings based on a branded view of the market can be found in the first table of this press release and rankings based on the owner of the hyperconverged software can be found in the second table within this press release. Both tables include all the same software and hardware, summing to the same market size.

As it relates to the branded view of the hyperconverged systems market, Dell Technologies was the largest supplier with $760.0 million in revenue and a 33.3% share. Nutanix generated $312.9

million in branded hardware revenue, representing 13.7% of the total HCI market during the quarter. There was a 3-way tie* for third between Cisco, Lenovo, and Hewlett Packard Enterprise, generating $138.0 million, $121.8 million, and $115.5 million in revenue, which represents 6.0%, 5.3%, and 5.1% share of the market share, respectively.

Top 3 Companies, Worldwide Hyperconverged Systems as Branded, Q4 2019 (revenue in $M)					
Company	4Q19 Revenue	4Q19 Market Share	4Q18 Revenue	4Q18 Market Share	4Q19/4Q18 Revenue Growth
1. Dell Technologies (see table notes)	$760.3	33.3%	$552.4	28.4%	37.6%
2. Nutanix	$312.9	13.7%	$284.3	14.6%	10.0%
T3. Cisco*	$138.0	6.0%	$75.0	3.8%	84.1%
T3. Lenovo*	$121.8	5.3%	$85.0	4.4%	43.2%
T3. Hewlett Packard Enterprise*	$115.5	5.1%	$92.8	4.8%	24.4%
Rest of Market	$833.9	36.5%	$858.4	44.1%	-2.8%
Total	$2,282.2	100.0%	$1,947.6	100.0%	7.2%
Source: IDC Worldwide Quarterly Converged Systems Tracker, March 19, 2020					

Table Notes:

Dell Technologies represents the combined revenues for Dell and EMC sales for all quarters shown.

* IDC declares a statistical tie in the worldwide converged 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.

Numbers in this press release may not sum due to rounding.

From the software ownership view of the market, new systems running VMware hyperconverged software represented $938.0 million in total 4Q19 vendor revenue, or 41.1% of the total market. Systems running Nutanix hyperconverged software represented $616.4 million in fourth quarter vendor revenue or 27.0% of the total market. Both amounts represent the value of all HCI hardware, HCI software, and system infrastructure software sold, regardless of how it was branded at the hardware level.

Top 3 Companies, Worldwide Hyperconverged Systems Revenue Attributed to Owner of

HCI Software, Q4 2019 (revenue in $M)					
Company	4Q19 Revenue	4Q19 Market Share	4Q18 Revenue	4Q18 Market Share	4Q19/4Q18 Revenue Growth
1. VMware	$938.0	41.1%	$742.6	38.1%	26.3%
2. Nutanix	$616.4	27.0%	$576.5	29.6%	6.9%
3. Cisco	$138.0	6.0%	$75.0	3.8%	84.1%
Rest of Market	$589.8	25.8%	$553.6	28.4%	6.5%
Total	$2,282.0	100.0%	$1,947.6	100.0%	17.2%
Source: IDC Worldwide Quarterly Converged Systems Tracker, March 19, 2020					

Table Notes:

Numbers in this press release may not sum due to rounding.

Taxonomy Notes

IDC defines converged systems as pre-integrated, vendor-certified systems containing server hardware, disk storage systems, networking equipment, and basic element/systems management software. Systems not sold with all four of these components are not counted within this tracker. Specific to management software, IDC includes embedded or integrated management and control software optimized for the auto discovery, provisioning and pooling of physical and virtual compute, storage and networking resources shipped as part of the core, standard integrated system.

Certified reference systems & integrated infrastructure are pre-integrated, vendor-certified systems containing server hardware, disk storage systems, networking equipment, and basic element/systems management software. Integrated platforms are integrated systems that are sold with additional pre-integrated packaged software and customized system engineering optimized to enable such functions as application development software, databases, testing, and integration tools. Hyperconverged systems collapse core storage and compute functionality into a single, highly virtualized solution. A key characteristic of hyperconverged systems that differentiate these solutions from other integrated systems is their scale-out architecture and their ability to provide all compute and storage functions through the same x86 server-based resources. Market values for all three segments includes hardware and software but excludes services and support.

Beginning with the release of 2019 results, IDC has expanded its definition of the hyperconverged systems market segment to include a new breed of systems called Disaggregated HCI (hyperconverged infrastructure). Such systems are designed from the ground up to only support distinct/separate compute and storage nodes. An example of such a system in the market today

is NetApp's HCI solution. They offer non-linear scaling of the hyperconverged cluster to make it easier to scale compute and storage resources independent of each other while offering crucial functions such as quality of service. For these disaggregated HCI solutions, the storage nodes may not have a hypervisor at all, since they don't have to run VMs or applications.

IDC considers a unit to be a full system including server, storage, and networking. Individual server, storage, or networking "nodes" are not counted as units. Hyperconverged system units are counted at the appliance (aka chassis) level. Many hyperconverged appliances are deployed on multinode servers. IDC will count each appliance, not each node, as a single system.

The Worldwide Quarterly Converged Systems Tracker is part of IDC's Worldwide Quarterly Enterprise Infrastructure Tracker, which provides a holistic total addressable market view of the five key enabling infrastructure technologies for the datacenter (servers, external enterprise storage systems, purpose-built appliances: HCI and PBBA, and datacenter switches).

For more information about IDC's Worldwide Quarterly Converged Systems 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.

Click here to learn about IDC's full suite of data products and how you can leverage them to grow your business.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,100 analysts worldwide, IDC offers global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions

and to achieve their key business objectives. Founded in 1964, IDC is a wholly-owned subsidiary of International Data Group (IDG), the world's leading tech media, data and marketing services company. To learn more about IDC, please visit www.idc.com. Follow IDC on Twitter at @IDC and LinkedIn. Subscribe to the IDC Blog for industry news and insights: http://bit.ly/IDCBlog_Subscribe.

All product and company names may be trademarks or registered trademarks of their respective holders.

IDC is a subsidiary of IDG, the world's leading technology media, research, and events company. Additional information can be found at www.idc.com. All product and company names may be trademarks or registered trademarks of their respective holders.

For more information contact:

Sebastian Lagana
slagana@idc.com
508-935-4585
Paul Maguranis
pmaguranis@idc.com
508-988-6711
Michael Shirer
press@idc.com
508-935-5200
Greg Macatee
gmacatee@idc.com
508-935-4707
Eric Sheppard
esheppard@idc.com
508-988-7925