

Gartner: EMEA Servers in "Downward Spiral"

Written by Marco Attard
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For Q3, EMEA sees declines in both server shipments (54800 units less, a -7.2% decline) and revenues (\$2.8bn with -4.3% decline) Gartner reports-- performance the analyst describes as no less than a "downward spiral."

According to Gartner Q3 2013 is the 9th consecutive quarter of dropping revenues and the 8th for shipments. Server revenue across the region is also the lowest for over 15 years, making out an increasingly contracting server market. W. and E. Europe both see revenue declines at -4.8% Y-o-Y and 13% Y-o-Y respectively, while MEA is the only region showing growth at 12.1% Y-o-Y.

EMEA: Server Vendor Revenue Estimates, 3Q13 (U.S. Dollars)

| Company | 3Q13 Revenue | 3Q13 Market Share (%) | 3Q12 Revenue | 3Q12 Market Share (%) | 3Q13-3Q12 Growth (%) |
|--------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| HP | 1,095,435,019 | 38.6 | 1,083,893,433 | 36.6 | 1.1 |
| IBM | 563,758,746 | 19.9 | 697,969,730 | 23.6 | -19.2 |
| Dell | 416,240,750 | 14.7 | 454,751,400 | 15.3 | -8.5 |
| Fujitsu | 195,725,072 | 6.9 | 192,858,138 | 6.5 | 1.5 |
| Oracle | 145,127,020 | 5.1 | 171,691,600 | 5.8 | -15.5 |
| Others | 419,148,223 | 14.8 | 361,854,511 | 12.2 | 15.8 |
| Total | 2,835,434,829 | 100.0 | 2,963,018,812 | 100.0 | -4.3 |

Source: Gartner (December 2013)

EMEA x86 server revenues drop by 0.1%, RISC/Itanium UNIX revenues fall by -29.4% and Other CPU sees 15.2% growth. Non-x86 platforms suffer from platform migration, although the RISC/Itanium UNIX platform is the worst hit.

"Q4 is typically the strongest quarter of the year for these platforms, but even a strong end to the year will not change the long term downward trend," the analyst remarks.

When it comes to vendors, only 2 from the top 5 grow in revenues-- HP retains revenue leadership, with revenue growth reaching 1.1% Y-o-Y. IBM follows with revenues dropping by -19.2% as the positive effects of its mainframe refresh diminish, while 3rd placing Dell sees

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revenues dropping by -8.5%.

EMEA: Server Vendor Shipments Estimates, 3Q13 (Units)

| Company | 3Q13 Shipments | 3Q13 Market Share (%) | 3Q12 Shipments | 3Q12 Market Share (%) | 3Q13-3Q12 Growth (%) |
|--------------|----------------|-----------------------|----------------|-----------------------|----------------------|
| HP | 221,427 | 40.4 | 233,538 | 39.6 | -5.2 |
| Dell | 104,433 | 19.1 | 119,443 | 20.2 | -12.6 |
| IBM | 44,673 | 8.2 | 70,712 | 12.0 | -36.8 |
| Fujitsu | 29,900 | 5.5 | 31,738 | 5.4 | -5.8 |
| Cisco | 15,259 | 2.8 | 11,756 | 2.0 | 29.8 |
| Others | 131,935 | 24.1 | 122,698 | 20.8 | 7.5 |
| Total | 547,627 | 100.0 | 589,885 | 100.0 | -7.2 |

Source: Gartner (December 2013)

At 4th place Fujitsu is the other vendor seeing revenue growth (1.5%), followed by Oracle and Cisco. While at 6th place Cisco sees double-digit shipment growth through blade server success.

"Weak demand continues to make EMEA one of the hardest regions for server vendors to do business in," Gartner says. "The market is resetting itself to a new level with architectural shifts making life very challenging for vendors that have relied on high-end platforms in the past. The ongoing economic weakness plays its part here, but there is also a broader shift taking place that brings a new set of competitive challenges. Q4 2013 is also expected to be weak, making 2013 a year to forget for most server vendors."

On a global scale shipments reach 2.5 million with 1.9% Y-o-Y growth while revenues drop by -2.1% Y-o-Y to \$12.3 billion. "The WW server market remains in a relatively weak performance mode as we move through H2 2013," the analyst remarks. "There were only three regions that exhibited positive vendor revenue growth. They were Canada, MEA at 12.1% and the US. In shipments, MEA had the greatest increase at 13% compared to Q2 2012."

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