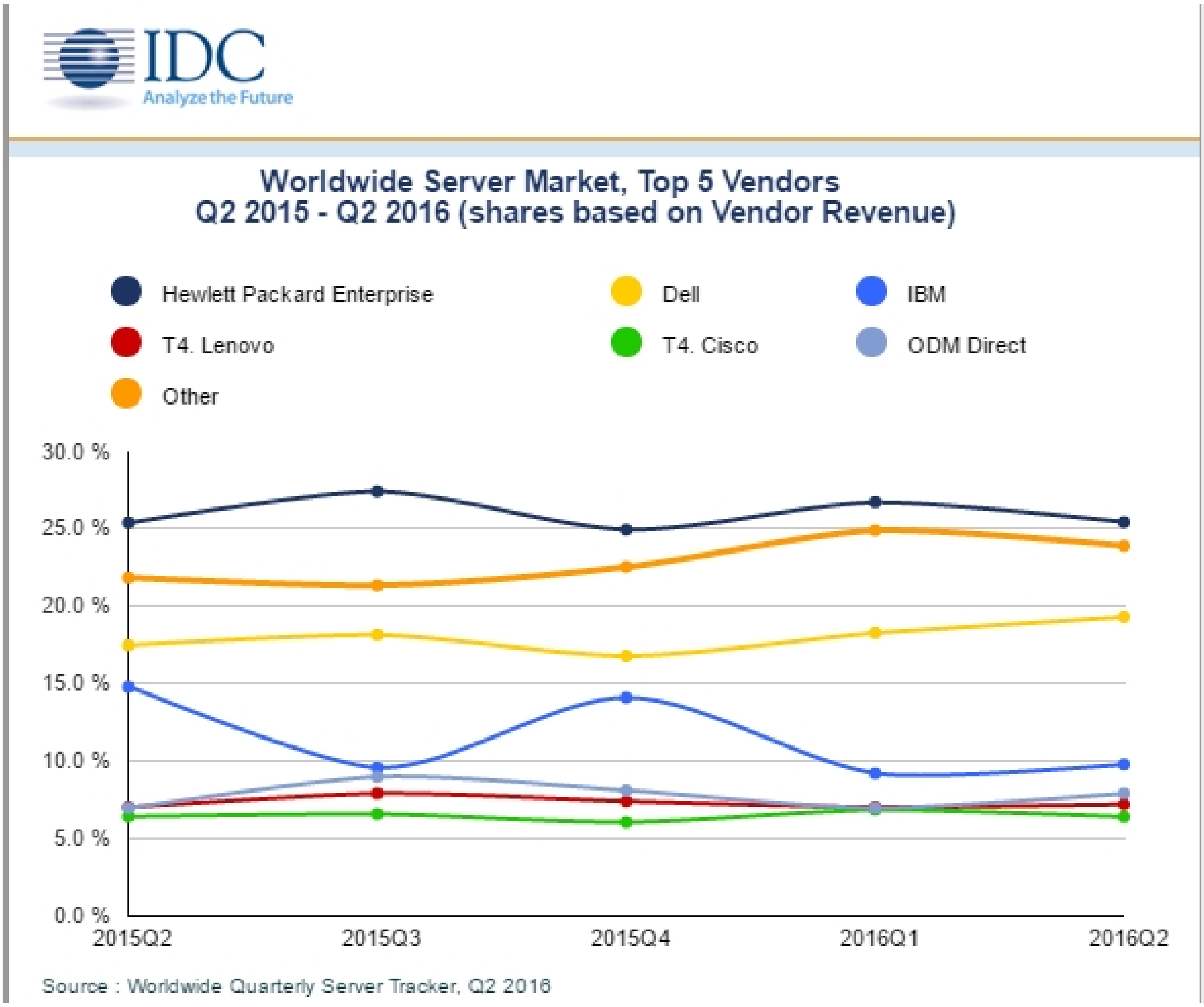
Written by Marco Attard
16 September 2016

According to IDC global server revenues reach $13.4 billion in Q2 2016-- a -0.4% Y-o-Y decline caused by a pause in hyperscale datacentre expansion and a drop in high-end server sales.

In addition, the robust enterprise refresh cycle of 2015 makes for difficult Y-o-Y comparisons, even as Q2 2016 server shipments increase by 2.6% Y-o-Y to 2.4 million units.



Volume system revenues are up by 5.3% and midrange system demand is up by 12.7%, to $10.6bn and $1.3bn respectively. Enterprise investment in scalable systems for virtualisation and consolidation helps midrange systems, together with increases in x86-based mission critical systems. However the quarter sees declining high-end system revenues (by -31.4% Y-o-Y to $1.6bn) due to a difficult compare to the prior year.

"The server market is progressing exactly as expected, with close to flat growth in the Q2 2016, following a difficult Q1, but growth in volume servers is still healthy, which is a good sign for the market moving forward," the analyst remarks. "As we prepare for H2 2016, expect to see market growth led by cloud datacentre buildouts from key hyperscalers. Looking out further, the market will be impacted by digital transformation initiatives, including the Internet of Things and cognitive computing, and by a continuing shift towards software-defined infrastructure."

In the vendor rankings HPE retains top place with 25.4% Q2 2016 market share, even as revenues drop by -0.3% to $3.4bn, the result of the H3C partnership in China leading to a portion of HPE-designed servers getting rebranded for the Chinese market, and thus not counting in HPE market data. Dell maintains 2nd place, with server revenue growth of 10% Y-o-Y leading to 19.3% vendor revenue share for the quarter.

IBM comes 3rd with 9.8% share and revenue declines of -34% Y-o-Y due to falling Power system and System Z mainframe declines, while Lenovo and Cisco tie for 4th place for the 2nd consecutive quarter, with respective market shares reaching 7.2% and 6.4%.

Go IDC WW Quarterly Server Tracker September 2016