

IDC: A First Drop in Server Revenues in EMEA

Written by Frederick Douglas
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Server revenues are down by -3.7% Y-o-Y to €4.6 billion, IDC reports-- a first negative euro growth in the past 8 quarters. Shipments are also down as they reach 52000 units, a -3.6% Y-o-Y decline.

| Top 5 EMEA Server Companies, Vendor Revenues, Market Share, and Year-Over-Year Growth, Q1 2019 (revenues in \$M) | | | | | | |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|--------------------------|
| Company | 1Q18 Server Revenue | 4Q18 Server Revenue | 1Q19 Server Revenue | 1Q18 Market Share | 1Q19 Market Share | 1Q18/1Q19 Revenue Growth |
| HPE | \$1,243.60 | \$1,378.25 | \$1,150.79 | 28% | 28% | -7% |
| Dell Technologies | \$910.98 | \$1,149.06 | \$1,081.78 | 23% | 26% | 19% |
| ODM Direct | \$378.73 | \$550.07 | \$499.66 | 11% | 12% | 32% |
| Cisco | \$278.90 | \$254.44 | \$287.18 | 5% | 7% | 3% |
| Lenovo | \$312.48 | \$355.70 | \$284.56 | 7% | 7% | -9% |
| Others | \$833.39 | \$1,259.37 | \$817.57 | 25% | 20% | -2% |
| Total | \$3,958.08 | \$4,946.89 | \$4,121.54 | 100% | 100% | 4% |
| Source: IDC Quarterly Server Tracker, 1Q19 | | | | | | |

Looking into the EMEA market in terms of product detail, custom multinode units are the "standout contributor" with shipment growth reaching 53.5% Y-o-Y and revenues increasing by 89% Y-o-Y. Dell and ODM Direct perform strongly in the product segment, as does recent entrant Lenovo, whose objective is clearly the penetration of the hyperscale market.

Large systems also show strength as shipments are up by 5.4% Y-o-Y. Standard rack-optimised shipments are down by -8.1% Y-o-Y, but revenues show 7.7% Y-o-Y growth due to an increase in ASPs brought about by a shift towards higher socket counts and a continued rise in memory prices. IDC says the ASP for two socket standard rack servers is up by 13.8% Y-o-Y, the result of increased demand for richer component configuration and new persistent memory. However the analyst predicts such a trend is short-lived, as ASP growth is already slowing down.

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"The bulk of ODM spending in the region still goes to the hyperscalers-- AWS, Microsoft, Google, and Apple," IDC adds. "In the past few years, their growth has been fueled by datacenter buildout in several core countries from which these service providers entered the region-- Ireland, Germany, and Benelux. The growth has slowed down in recent quarters as the hyperscalers prepare another wave of datacenter openings in new locations, with concrete plans materializing mainly in the Nordics."

On a regional basis, Ireland maintains strong performance for W. Europe with 17.6% Y-o-Y revenue growth brought about by continued hyperscale datacentre investment. France also has a "very good" quarter with server revenues growing by 30% Y-o-Y, while Germany remains the largest market in the region with revenues worth \$791 million.

CEMA also sees another solid quarter in terms of server revenues, if one slower than previous periods. Q1 2019 revenue growth clocks at 10.9% Y-o-Y to \$791.9 million, the result of a positive economy driving strong server sales. CEE revenues total \$334.2m, a 4.3% Y-o-Y, while MEA revenues are up by 16.3% Y-o-Y to \$457.7m. Bahrain, Egypt and Israel are top performers, thanks to an IT infrastructure refresh and the delivery of large deals.

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