

IDC: Q4 EMEA Server Revenue Fall, Units Flat

Written by Marco Attard
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IDC reports Q4 2013 EMEA server revenues are down by -5.2% Y-o-Y to \$3.7 billion, while shipments remain flat with a minimal -0.3% Y-o-Y decline at 606548 units.

Causing the drastic Y-o-Y decline in revenues is price sensitivity during economically uncertain times, as well as ongoing price competition at the lower end of the market.

Top 5 Corporate Family, EMEA Server Factory Revenue (\$M), Fourth Quarter of 2013

Vendor	4Q12 Server Revenue	4Q12 Market Share	4Q13 Server Revenue	4Q13 Market Share	4Q13/4Q12 Revenue Growth
HP	1,255.2	32.5%	1,229.5	33.6%	-2.0%
IBM	1,356.3	35.1%	999.1	27.3%	-26.3%
Dell	486.0	12.6%	482.5	13.2%	-0.7%
Fujitsu	197.7	5.1%	202.2	5.5%	2.3%
Oracle	163.2	4.2%	175.9	4.8%	7.8%
Others	406.1	10.5%	573.2	15.7%	4.1%
Total	3,864.4	100.0%	3,662.5	100.0%	-5.2%

Source: IDC Quarterly Server Tracker, March 2014

Quarterly performance is more positive on a Q-o-Q basis, with 13.2% shipment growth and a seasonally "strong" 28.5% revenue increase.

For full-year 2013 revenues total \$12.4 billion with a -5.3% decline while shipments drop by -2.7% to total 2.2 million units-- negative performance, but still an improvement over the -9.6% revenue declines and -5% shipment drop of 2012 according to IDC.

On a market segment basis Q4 2013 x86 server revenues reach \$2.8 billion with either 6.6% Y-o-Y growth or -5.7% Q-o-Q decline, with industry-standard servers reaching 3.7% Y-o-Y growth despite -0.3% shipment decline.

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"These figures underline the ongoing shift toward higher-end servers with upgrades to models that feature the latest-generation x86 processors," IDC says. "Capacity increases are also achieved through advances on the virtualisation and management software side, making scale out less viable for on-premises datacenters in view of the high costs for energy, maintenance, and floor space rental. The trend is of course reversed in large B2C and B2B cloud facilities, which keep pushing the envelope on scale-out, commodity architectures."

Non-x86 sales total just 6250 units with \$888m revenues-- a -25.4% Y-o-Y decline as non-x86 technologies continue eroding due to migration to x86 (even if such migrations tend to be slow, demanding several quarters of planning).

Top 5 Corporate Family, EMEA Server Factory Revenue (\$M), Full Calendar Year 2013

Vendor	2012 Server Revenue	2012 Market Share	2013 Server Revenue	2013 Market Share	2013/2012 Revenue Growth
HP	4,733.711	36.1%	4,399.107	35.5%	-7.1%
IBM	3,793.392	28.9%	3,097.202	25.0%	-18.4%
Dell	1,775.486	13.5%	1,834.179	14.8%	3.3%
Fujitsu	696.691	5.3%	687.410	5.5%	-1.3%
Oracle	758.567	5.8%	674.755	5.4%	-11.0%
Others	1,349.959	10.3%	1,714.400	13.8%	27.0%
Total	13,107.806	100.0%	12,407.052	100.0%	-5.3%

Source: IDC Quarterly Server Tracker, March 2014

On a geographical basis the W. European servers shrink by -3.5% Y-o-Y in Q4 2013, with the market reflecting the "general trend" towards x86 servers.

"Large datacenter build-outs by global cloud service providers and social networks accounted for a significant chunk of growth in W. Europe that is most notable in the Nordic region and leads to a greater rise in shipments than revenues due to large deals of commodity servers at low prices from Asian ODMs as well as major server vendors," the analyst remarks. "However, several countries that saw larger shipments to mega-datacenter customers in the previous year experienced a decline this quarter including the Netherlands, Ireland and Belgium."

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IDC also points out strong growth in Greece and Portugal, as well as moderate rises in Germany and declines in the UK and Spain. France and Italy see double-digit shipment growth even as revenues fall due to a surge in cheap tower servers and growing price competition in the lower end.

Meanwhile CEMA Q4 2013 server revenues drop by -10.3% Y-o-Y to \$892.31m, making a 6th consecutive quarter of decline as the region remains economically weak.

"The Central and Eastern Europe (CEE) subregion was down 13.3% to \$494.24 million," IDC says. "Deferred demand due to upcoming refresh cycles and a lack of major deals in Russia and the Czech Republic added to weak year-end performances. Server sales in Poland were a bright spot thanks to investments in the government sector and demand from service provider companies. MEA declined 6.2% year-on-year to \$398.07 million, impacted by weak performance in S. Arabia and Turkey. In contrast, African countries such as S. Africa, Nigeria, and Kenya all recorded growing server revenue driven by the financial and telecommunications sectors."

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