

IDC: Server Refresh Cycle Kicks Off

Written by Marco Attard
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According to IDC Q2 2014 global server revenues are up by 2.5% Y-o-Y to \$12.6 billion, while shipments total 2.2 million units with 1.2% Y-o-Y growth, signs of a future server refresh cycle.

Closer to home W. Europe sees Y-o-Y revenue growth of 6%.

Top 5 Corporate Family, Worldwide Server Systems Factory Revenue, Second Quarter of 2014 (Revenues are in Millions)

Vendor	2Q14 Revenue	2Q14 Market Share	2Q13 Revenue	2Q13 Market Share	2Q14/2Q13 Revenue Growth
1. HP	\$3,194	25.4%	\$3,071	25.0%	4.0%
2. IBM	\$2,972	23.6%	\$3,311	27.0%	-10.2%
3. Dell	\$2,083	16.6%	\$2,227	18.2%	-6.5%
4. Oracle*	\$737	5.9%	\$709	5.8%	3.9%
4. Cisco*	\$727	5.8%	\$537	4.4%	35.4%
ODM Direct	\$835	6.6%	\$669	5.5%	24.7%
Others	\$2,021	16.1%	\$1,736	14.2%	16.4%
Total	\$12,570	100%	\$12,261	100%	2.5%

Source: IDC Worldwide Quarterly Server Tracker, August 26, 2014.

The quarter also has consolidation, a strategic focus for many large and small customers, offsetting investments in hyperscale datacentre capacity, the analyst continues.

Volume systems see 4.9% Y-o-Y revenue growth, a 5th consecutive quarter of growth for the segment. Midrange systems are up by 11.6% Y-o-Y thanks to technology refreshes, while

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high-end enterprise systems are down by -9.8% Y-o-Y, if due to difficult annual comparisons.

"IDC expects [the] refresh cycle will continue well into 2015 and be further accelerated by Microsoft's announcement that it is ending support for Windows Server 2003 coupled with Intel's forthcoming release of the Grantley Xeon EP and a significant number of related server platform announcements," the analyst says. "At the same time, IDC is also seeing early stage enterprise investment in 3rd Platform workloads that leverage Webscale architectures typically seen in hyperscale environments."

In the vendor rankings HP comes on top, with 25.4% Q2 2014 revenue share and 4% Y-o-Y revenue growth. IBM follows with 23.6% revenue share and a sharp decline in Power-based system demand ahead of a "significant" technology refresh.

Dell retains 3rd place with 16.6% revenue share, even as revenues drop by -6.5% Y-o-Y as the company tries to realign the PowerEdge server business with its solutions selling strategy. Sharing 4th place are Oracle and Cisco with 5.9% and 5.8% revenue share, even if Cisco sees higher revenue growth.

On the technology side x86 server demand is on the up, while non-x86 server revenues are down by -12.8% Y-o-Y. Blade servers, a building block for integrated systems, account for 17% of total server revenues, while density-optimised servers experience difficult Y-o-Y comparisons due to the several large deployments seen on Q2 2013.

"Demand for servers in the public cloud continues to be a major driving force for server market growth," IDC concludes. "While many of the largest of these companies have already undergone periodic datacenter expansions over the past year, public cloud demand for new servers will continue to outpace the general market in the immediate future. As these customers search for new ways to maximize datacenter efficiency, their technological choices may help accelerate emerging trends in low power and alternative server architectures."

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