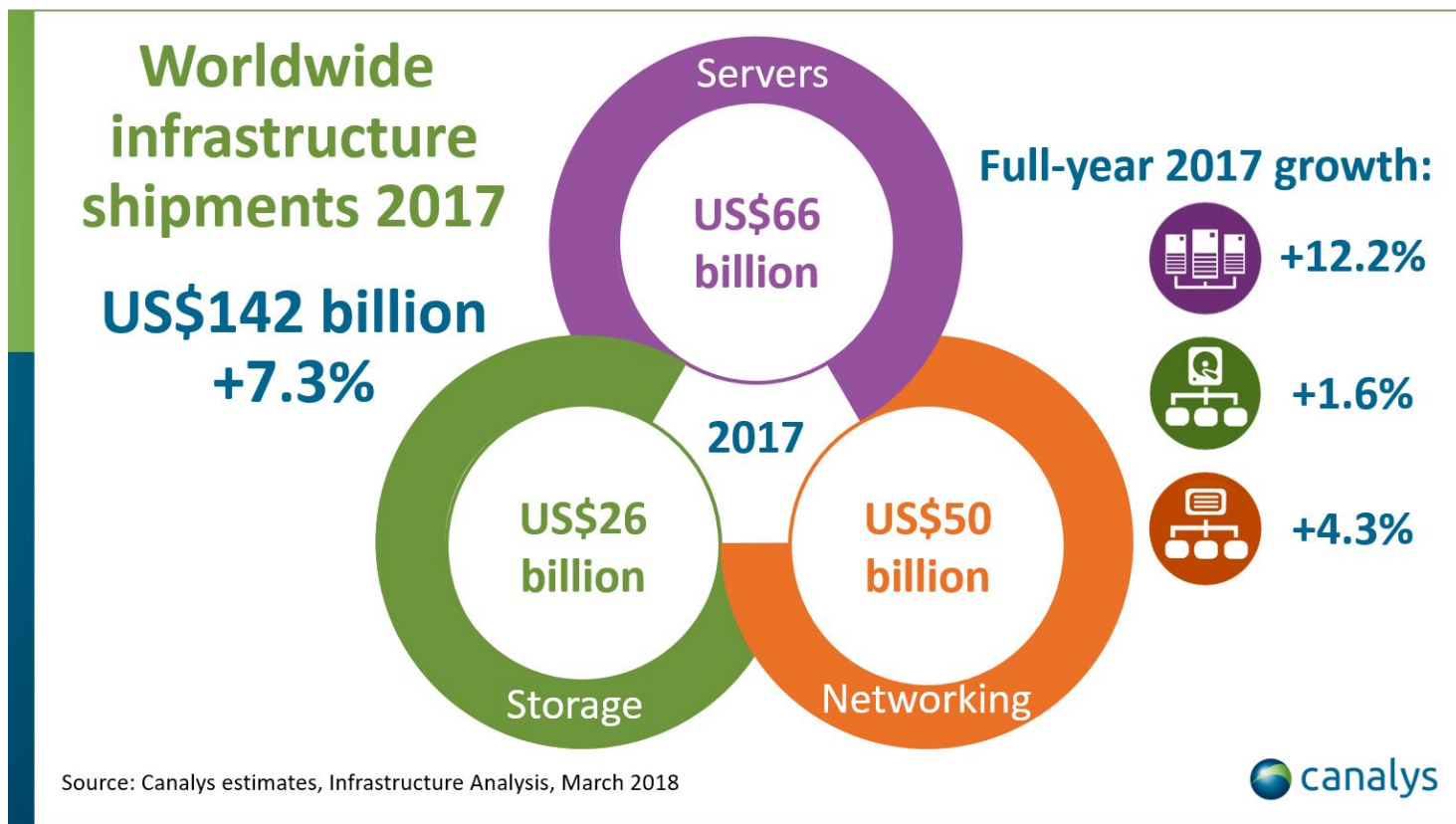


Canalys: Channel Holds 74% of 2017 Infrastructure Shipments

Written by Marco Attard
16 March 2018

The channel dominates the 2017 infrastructure market, Canalys reports, making 74% of global shipments in a record year with revenues worth \$142 billion, a 7% increase over 2016.



Server revenues are up by 12.2% to \$66bn, networking is up by 4.3% to \$50bn and storage sees 1.6% growth to \$26bn. Driving revenues are rising DRAM component costs and increasing demand for higher server specifications, leading to ASPs increasing faster than unit shipments. In addition, datacentres are growing due to hyperscale cloud server demand, as well as the start of a new enterprise refresh cycle following the launch of next generation Intel and AMD processors.

On the networking side, investment in datacentre switching and 11ac Wave 2 WLAN demand remains strong, leading to ethernet switching growth of 7% and WLAN growth of 9%. Service provider routing is positive at 1%, but enterprise routing is down to -9%.

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However, Canalys says part of the growth is also the result of Chinese and Taiwanese ODM server vendors selling large volumes to cloud service providers-- leading to faster growth of the direct market. Direct accounts for 34% of server shipments, and the analyst expects the "massive capital expenditure" of hyperscale cloud service providers will go on in 2018.

Leading the vendor rankings are Cisco, Dell EMC and HPE. Collectively, the big three account for 50% of global shipments.

"Cisco's dominance in networking helped it maintain its lead of 20% in the overall infrastructure market. Its focus is on moving its predominantly hardware-centric customer base to software and subscriptions," Canalys says. "Dell EMC completed its first full year of operations, following the \$67bn merger in September 2016, making it a leader in servers and storage. It grew its share of infrastructure shipments to 15% and was one of the fastest-growing vendors through the channel. HPE's share of infrastructure shipments was 14%. The focus of its server business has shifted to higher-value segments, with growth in HCI and HPC. The acquisition of Nimble boosted its storage business last year, while Aruba is driving growth in wireless LANs as part of its intelligent edge strategy."

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