

Worldwide Server Market Shows 4Q01 Uplift Despite Economy

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In the fourth quarter of 2001, the worldwide server market grew in revenue and unit shipments compared to the third quarter, but these results do not reliably indicate market recovery.

NEWS ANALYSIS

Event

On 5 March 2002, Gartner released its Server Quarterly Statistics Worldwide by Country — Combo Database," which summarizes worldwide server market unit shipment and revenue results for 4Q01. In 4Q01, total revenue in the worldwide server market amounted to \$47 billion, a 15.4 percent decline compared to 4Q00. Shipments showed marginal improvement, increasing from 4.3 million in 2000 to 4.4 million in 2001, a gain of 2.3 percent.

Analysis

Although shipments and revenue declined since 2000, shipments in 4Q01 increased by 11.5 percent compared to 3Q01, and revenue increased by 11.7 percent. But these results do not reliably indicate market recovery because the market was significantly weak during the 3Q01.

Compaq Computer retained the lead in overall shipments for 2001, but Dell Computer passed IBM to take second place. Worldwide market share rankings in unit shipments remain unchanged compared to 3Q01. Compaq continued to lead, followed by IBM, Dell, Hewlett-Packard and Sun Microsystems. IBM showed the largest increase in unit share while Dell and Compaq became the only vendors among the Top Five that experienced a drop compared to the previous quarter. Revenue rankings among the Top Five remained unchanged. IBM maintained its position as the revenue leader, posting the largest market share increase among the Top Five vendors. Compaq came next, followed by Sun, Hewlett-Packard and Dell. Hewlett-Packard posted the largest revenue decrease among the top vendors.

2001 saw changes in buying patterns. Customers reacted to difficult economic conditions by reinvesting in platform architectures and focusing on inexpensive front-end equipment. As a result, the mainframe and sub-\$5,000 server categories weathered the economic downturn better than the rest of the market. Due to the length of server purchasing cycles, Gartner expects the server market to show signs of recovery one to two quarters after initial improvement in the general economy.

Analytical Source: Joseph Gonzalez, Shahin Naftchi and Jeffrey Hewitt, Computing Platforms Worldwide

Need to Know: Recommended Reading and Related Research

- "Server Quarterly Statistics Worldwide by Country — Combo Database" (SVQS-WW-DB-DATA). Statistical overview of worldwide server market in terms of market size and share during the fourth quarter of 2001. **By Joseph Gonzalez, Shahin Naftchi-Ardebili, Tadaaki Mataga, Adrian O'Connell, Matthew Boon and Lilian Alvarado.**
- "The Top Vendors in the U.S. Server Market Changed in 2001 " (FT-15-5131). A synopsis of U.S. server vendor unit shipment and revenue results during the fourth quarter of 2001. **By Shahin Naftchi-Ardebili and Joseph Gonzalez and Jeffrey Hewitt**

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