

STAMFORD, Conn., December 8, 2011 — Worldwide external controller-based (ECB) disk storage revenue totalled \$5.1 billion in the third quarter of 2011, a 10.4 per cent increase from revenue of \$4.6 billion in the third quarter of 2010, according to Gartner, Inc. Although the worldwide ECB disk storage market showed positive revenue growth for the seventh quarter in a row, the market did show signs of slowing down.

"The third-quarter, year-over-year worldwide growth rate was the smallest percentage increase in the past seven quarters," said Roger Cox, research vice president at Gartner. "The North American region, which grew 6.7 per cent in the third quarter, appears to be finally laboring under the weight of an extremely sluggish economy. Moreover, the prolonged debate and uncertainty around the debt ceiling as the quarter came to an end also had a negative influence on third-quarter revenue."

Although the Asia/Pacific and Latin American regions produced the largest year-over-year revenue gains at 23 per cent and 15.3 per cent, respectively, the EMEA region continued to achieve results that defied its economic woes. These three regions in particular benefit from the conversion of direct attached storage (DAS) infrastructures to fabric attached storage (FAS) infrastructures associated with the transition to a virtualised server environment, as well as the ongoing movement from tape to disk in order to modernise inefficient backup/recovery methodologies.

Led by EMC, the branded sales of four vendors, including IBM, HP and Hitachi/Hitachi Data Systems, gained market share in the third quarter of 2011 (see Table 1). EMC's strength remained its broad ECB market coverage. EMC was the leading vendor in the block-access and Special Purpose Disk Active Archiving System (PDAAS) segments. Propelled by the Isilon acquisition and the new VNX series, EMC garnered for the first time the top position in the network-attached storage (NAS) segment.

Table 1

**Worldwide ECB Disk Storage Vendor Revenue Estimates for 3Q11
(Millions of US Dollars)**

Company	3Q11 Revenue	3Q11 Market Share (%)	3Q10 Revenue	3Q10 Market Share (%)	3Q10-3Q11 Change (%)
EMC ¹	1,652.3	32.1	1,328.5	28.5	24.4
IBM	665.6	12.9	597.0	12.8	11.5
NetApp ³	551.7	10.7	529.9	11.4	4.1
HP	536.8	10.4	445.7	9.6	20.4
Hitachi/HDS ²	476.9	9.3	405.0	8.7	17.7

Dell	401.0	7.8	388.9	8.4	3.1
Fujitsu ⁴	119.5	2.3	125.9	2.7	-5.1
Oracle	89.7	1.7	95.0	2.0	-5.5
Others	648.8	12.6	740.3	15.9	-12.4
Total	5,142.2	100.0	4,656.2	100.0	10.4

Note 1: EMC revenue excludes OEM revenue from Dell and Fujitsu Technology Solutions.

Note 2: Hitachi/Hitachi Data Systems revenue excludes OEM revenue from HP.

Note 3: NetApp revenue excludes ONTAP OEM revenue from IBM and Engenio OEM revenue.

Note 4: Fujitsu's branded revenue does not include products sold under the EMC and NetApp brands.

Source: Gartner (December 2011)

Bolstered by strong year-over-year growth results by IBM's flagship DS8000 series in conjunction with broad acceptance of its XIV Gen3 and Storwize V7000 modular storage systems, IBM overcame the decline in DS5000/DS3000 revenue sourced from NetApp to increase its share by a modest 0.1 per cent.

Driven by the performance of the P4000 G2 SAN Solution Platforms (formerly LeftHand Networks) and 3PAR Storage Systems, HP gained almost one percentage point in market share, offsetting the drop in EVA revenue. The high-end Virtual Storage Platform (VSP) remained the engine behind Hitachi/Hitachi Data Systems performance, enabling it to gain 0.6 percentage points of share in the third quarter of 2011.

NetApp's third-quarter results reflect an overdependence on a few large customers, limited geographic coverage in high-growth countries and increased competition from Dell, EMC, HP and IBM in the midrange modular ECB disk array market segment. In addition, Gartner analysts said NetApp's storage solutions that leverage the branded E-Series are yet to produce meaningful revenue.

Even though Dell is making notable strides with its Compellent acquisition, and the EqualLogic PS-Series results remain robust, the falloff in cobranded Dell/EMC CX-Series revenue, coupled with its deteriorating position in the NAS segment, inhibited Dell's overall ECB revenue growth.

The third quarter of 2011 was the first quarter where the disengagement from Hitachi Data Systems was not impacting Oracle's ECB disk storage results. Nevertheless, and even with credit for the Pillar Axiom acquisition, Oracle lost 0.3 per cent share.

In the ECB disk storage market segment, the block-access segment represented 77.9 per cent of the total market and increased 9 per cent

year-on-year in third quarter of 2011. The file-access segment represented 21.3 per cent of the total market and was up 15.5 per cent year-on-year. The SPDASS segment represented 0.7 per cent of the total market was up 22.1 per cent year-on-year. Vendor pricing and discounting were consistent with historic trends, with the price per terabyte declining 16.6 per cent. The hard-disk drive (HDD) shortfall caused by the floods in Thailand did not have an impact on HDD supply or third-quarter 2011 ECB disk storage system revenue results.

Gartner ECB disk storage reports reflect vendor-branded hardware-only revenue, as well as hardware revenue associated with financial leases and managed services. Optional and separately priced storage software revenue and storage area network infrastructure components are excluded.

Additional information on the ECB disk storage market is available in the Gartner report "Quarterly Statistics: Disk Array Storage, All Regions, 3Q11 Update." The report includes vendor market share by data access method, price band, sales channel and operating system segmentation. The report is available on Gartner's website at <http://www.gartner.com/resId=1863916>.

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