WINTERGREEN RESEARCH, INC.

Blade Server Market Shares, Market Opportunities, Market Forecasts, and Market Strategies, 2008-2014

Blade Server Market Assessment

Picture by Susan Eustis

Blade Servers Provide Mountains Of Opportunity:
Expand Small and Medium Business Markets By Improving Productivity and Implementing Automated Process

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CHECK OUT THESE KEY TOPICS

BLADE SERVER MARKET FORECASTS

Blade Server Market Driving Forces

Blade Server Interoperability

IT Infrastructure

Blade Server Regional Analysis

IT Department Focus

SERVICE LEVEL OBJECTIVES

UTILITY MODEL

PROFESSIONAL SERVICE CAPABILITIES

SUPERCOMPUTING

POWER USAGE OF DATA CENTERS

MODULAR FUNCTIONS

THIN FILM BATTERY

OPPORTUNITY ABOUNDS

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Blade Server Market Opportunities, Market Forecasts, and Market Strategies, 2008-2014

Blade vendors have positioned to help implement business strategy relative to real time exchange of information. Mid size businesses are positioned to use middleware to increase productivity. New systems are built on Web based middleware that is positioned to leverage the Internet as a channel for the supply chain, to partners, and directly to customers. Systems are useful for automation of processes that were previously manual.

A focus on network computer systems hardware gives mid size companies the ability to leverage shared workload and integration of applications on blades. Services oriented architecture (SOA) provides the ability to be responsive to changing market conditions. Messaging software renamed as ESBs supports SOA to effect exchange of information over the network. Network storage systems are adapting to the Internet and providing a thrust for blade servers.

Margins are slim on blade systems compared to mid-range server systems. Manufacturers are attempting to gain market share and sell volume. The anticipation of making profits from software, supplemental service, warranties, consulting, and systems integration is a market factor.

Blade servers consolidate and simplify the reduction of tangled cables. The spaghetti mess of 200 cables coming out of a 2-meter rack can be replaced with 3 to 6 cables saving as much as one half of the system cost. Replacing cables is significant for services as it is very easy to disconnect the wrong cable bringing down an entire system.

The blade server market showed continued growth in the first three quarters 2007. Blade servers include both x86 and RISC blades. Hewlett-Packard led the blade markets with 41% share, followed by IBM which maintained the number two position in the blade server mark, with 38% market share.

Fujitsu Siemens maintained the number three market position with 10.7% market share. Sun was number four in the market with 5% snare and Dell holds the number five market share position with respect of revenue of 3% share.

Growth drivers are Linux clusters and blades. Server consolidation is driving UNIX low- end substitution. The small and medium business market represents over 50% of the Intel- based market. Benefits of servers relate to the fact that systems are implemented in data centers and distributed computing environments. Servers are positioned as Web network devices that provide an integration platform.

Blades support the integration of multiple servers, storage, Ethernet switches, and networking blades. Blades are available at reduced cost in comparison to other servers.

Systems collapse the complexity of corporate datacenters by integrating servers, networks, storage and applications in one system. Blades run web sites and email systems, and also attack the most demanding computing tasks such as digital animation, genomic calculations and financial trading..

Worldwide total blade server markets at $5.2 billion in 2008 are forecast to reach $15.7 billion dollars by 2013.

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Companies Profiled

Market Leaders

Hewlett Packard
IBM

Market Participants

Fujitsu Siemens
Sun
Dell
Others

Blade Server Strategies and Forecasts

2008-2014

REPORT METHODOLOGY

THIS IS THE 326TH REPORT IN A SERIES OF MARKET RESEARCH REPORTS THAT PROVIDE FORECASTS IN COMMUNICATIONS, TELECOMMUNICATIONS, THE INTERNET, COMPUTER, SOFTWARE, TELEPHONE EQUIPMENT, HEALTH EQUIPMENT, AND ENERGY. THE PROJECT LEADERS TAKE DIRECT RESPONSIBILITY FOR WRITING AND PREPARING EACH REPORT. THEY HAVE SIGNIFICANT EXPERIENCE PREPARING INDUSTRY STUDIES. FORECASTS ARE BASED ON PRIMARY RESEARCH AND PROPRIETARY DATA BASES. FORECASTS REFLECT ANALYSIS OF THE MARKET TRENDS IN THE SEGMENT AND RELATED SEGMENTS. UNIT AND DOLLAR SHIPMENTS ARE ANALYZED THROUGH CONSIDERATION OF DOLLAR VOLUME OF EACH MARKET PARTICIPATION IN THE SEGMENT. INSTALLED BASE ANALYSIS AND UNIT ANALYSIS IS BASED ON INTERVIEWS AND AN INFORMATION SEARCH. MARKET SHARE ANALYSIS INCLUDES CONVERSATIONS WITH KEY CUSTOMERS OF PRODUCTS, INDUSTRY SEGMENT LEADERS, MARKETING DIRECTORS, DISTRIBUTORS, LEADING MARKET PARTICIPANTS, OPINION LEADERS, AND COMPANIES SEEKING TO DEVELOP MEASURABLE MARKET SHARE. OVER 200 IN DEPTH INTERVIEWS ARE CONDUCTED FOR EACH REPORT WITH A BROAD RANGE OF KEY PARTICIPANTS AND INDUSTRY LEADERS IN THE MARKET SEGMENT. WE ESTABLISH ACCURATE MARKET FORECASTS BASED ON ECONOMIC AND MARKET CONDITIONS AS A BASE. USE INPUT/OUTPUT RATIOS, FLOW CHARTS, AND OTHER ECONOMIC METHODS TO QUANTIFY DATA. USE IN-HOUSE ANALYSTS WHO MEET STRINGENT QUALITY STANDARDS. INTERVIEWING KEY INDUSTRY PARTICIPANTS, EXPERTS AND END-USERS. OUR RESEARCH INCLUDES ACCESS TO LARGE PROPRIETARY DATABASES. LITERATURE SEARCH INCLUDES ANALYSIS OF TRADE PUBLICATIONS, GOVERNMENT REPORTS, AND CORPORATE LITERATURE.

REPORT # SH29821557 358 PAGES 135 TABLES AND FIGURES 2008 $3,200

Blade Server Strategies and Forecasts 2008 to 2014

Table of Contents

List of Tables and Figures

ABOUT THE COMPANY

WINTERGREEN RESEARCH, HAS A UNIQUE RESEARCH STRATEGY THAT RELATES TO IDENTIFYING MARKET TRENDS THROUGH READING AND INTERVIEWING OPINION LEADERS. BY READING THE ELECTRONIC EQUIVALENT OF 40 FEET OF PAPER, WINTERGREEN RESEARCH SENIOR ANALYSTS CAN LEARN A LOT MORE ABOUT MARKETS, A LOT FASTER THAN CAN BE LEARNED THROUGH EXPENSIVE SURVEYS AND FOCUS GROUPS. THINKING ABOUT MARKET TRENDS IS A HIGH PRIORITY AT WINTERGREEN RESEARCH. AS WITH ALL RESEARCH, THE VALUE PROPOSITION FOR COMPETITIVE ANALYSIS COMES FROM INTELLECTUAL INPUT.

IT IS A LUXURY REALLY, AVAILABLE TO ONLY A VERY FEW PEOPLE, TO BE ABLE TO GATHER INFORMATION, LOTS OF INFORMATION FROM READING MASSIVE AMOUNTS OF CONTENT, AND THEN TRYING TO MAKE SENSE OF THAT CONTENT. THE ABILITY TO THINK ABOUT MARKET TRENDS IS ENHANCED BY DOING IT OVER AND OVER FOR MANY DIFFERENT MARKETS. THAT IS WHAT WINTERGREEN RESEARCH IS ALL ABOUT: READING AND THINKING IS AN ESSENTIAL ASPECT OF COMPETITIVE ANALYSIS. TALKING TO OPINION LEADERS IS THE THIRD ESSENTIAL ASPECT OF PRODUCING GOOD, RELIABLE DATA.

WINTERGREEN RESEARCH, FOUNDED IN 1985, PROVIDES STRATEGIC MARKET ASSESSMENTS IN TELECOMMUNICATIONS, COMMUNICATIONS EQUIPMENT, HEALTH CARE, INTERNET AND ADVANCED COMPUTER TECHNOLOGY. INDUSTRY REPORTS FOCUS ON OPPORTUNITIES THAT EXPAND EXISTING MARKETS OR DEVELOP MAJOR NEW MARKETS. THE REPORTS ASSESS NEW PRODUCT AND SERVICE POSITIONING STRATEGIES, NEW AND EVOLVING TECHNOLOGIES, AND TECHNOLOGICAL IMPACT ON PRODUCTS, SERVICES, AND MARKETS. MARKET SHARES ARE PROVIDED. LEADING MARKET PARTICIPANTS ARE PROFILED, AND THEIR MARKETING STRATEGIES, ACQUISITIONS, AND STRATEGIC ALLIANCES ARE DISCUSSED. THE PRINCIPALS OF WINTERGREEN RESEARCH HAVE BEEN INVOLVED IN ANALYSIS AND FORECASTING OF INTERNATIONAL BUSINESS OPPORTUNITIES IN TELECOMMUNICATIONS AND ADVANCED COMPUTER TECHNOLOGY MARKETS FOR OVER 30 YEARS.

ABOUT THE PRINCIPAL AUTHORS

ELLEN T. CURTISS, TECHNICAL DIRECTOR, CO-FOUNDER OF WINTERGREEN RESEARCH, CONDUCTS STRATEGIC AND MARKET ASSESSMENTS IN TECHNOLOGY-BASED INDUSTRIES. PREVIOUSLY SHE WAS A MEMBER OF THE STAFF OF ARTHUR D. LITTLE, INC., FOR 23 YEARS, MOST RECENTLY AS VICE PRESIDENT OF ARTHUR D. LITTLE DECISION RESOURCES, SPECIALIZING IN STRATEGIC PLANNING AND MARKET DEVELOPMENT SERVICES. SHE IS A GRADUATE OF BOSTON UNIVERSITY AND THE PROGRAM FOR MANAGEMENT DEVELOPMENT AT HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION. SHE IS THE AUTHOR OF RECENT STUDIES ON WORLDWIDE TELECOMMUNICATIONS MARKETS, THE TOP TEN INTERNET EQUIPMENT COMPANIES, THE TOP TEN CONTRACT MANUFACTURING COMPANIES, AND THE TOP TEN TELECOMMUNICATIONS MARKET ANALYSIS AND FORECASTS.

SUSAN EUSTIS, PRESIDENT, CO-FOUNDER OF WINTERGREEN RESEARCH, HAS DONE RESEARCH IN COMMUNICATIONS AND COMPUTER MARKETS AND APPLICATIONS. SHE HOLDS SEVERAL PATENTS IN MICROCOMPUTING AND PARALLEL PROCESSING. SHE HAS THE ORIGINAL PATENTS IN ELECTRONIC VOTING MACHINES. SHE HAS NEW PATENT APPLICATIONS IN FORMAT VARYING, MULITPROCESSING, AND ELECTRONIC VOTING. SHE IS THE AUTHOR OF RECENT STUDIES OF THE REGIONAL BELL OPERATING COMPANIES' MARKETING STRATEGIES, INTERNET EQUIPMENT, BIOMETRICS, A STUDY OF INTERNET EQUIPMENT, WORLDWIDE TELECOMMUNICATIONS EQUIPMENT, TOP TEN TELECOMMUNICATIONS, DIGITAL LOOP CARRIER, WEB HOSTING, WEB SERVICES, AND APPLICATION INTEGRATION MARKETS. MS. EUSTIS IS A GRADUATE OF BARNARD COLLEGE.

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