

## **Gartner Says Asia/Pacific Server Revenue Increased 7 Percent in the First Quarter of 2003 Australia, Korea, and India Show Positive Growth While Singapore and Hong Kong Server Revenue Declines**

SINGAPORE, May 27, 2003 — Asia/Pacific server revenue totaled \$1.12 billion in the first quarter of 2003, a 7 percent increase from the same period last year, according to Gartner, Inc. (NYSE: IT and ITB).

Gartner analysts said it was encouraging to see the Asia/Pacific server market experience growth again, after the past few quarters of declining revenue. However, the analysts said there are still concerns for future growth. The impact of SARS in region will influence some segments of the industry.

"A number of key markets, including Singapore, Hong Kong, Taiwan and China, face challenging business conditions in the second quarter of 2003. Thus, we should expect that the second quarter could negate much of the first quarter gains," said Matthew Boon, vice president for Gartner's Hardware and Systems research. "Many large organizations, particularly in the tourism, hospitality and services industries, are looking closely at delaying capital expenditure programs."

China continued to be the No. 1 country for server revenue in Asia/Pacific with a 32 percent market share, experiencing an 8 percent rise in revenue in the first quarter of 2003 (see Table 1) when compared with the first quarter of 2002. The major consumption areas were telecom and education, while hardware purchases in government and finance remained stable compared with last year.

**Table 1**  
**Asia/Pacific Server Vendor Revenue Estimates by Country in 1Q03 (U.S. Dollars)**

Market	1Q03 Revenue	1Q02 Revenue	Growth (%)
China	358,765,590	332,199,556	8.0
South Korea	245,814,952	228,699,640	7.5
Australia	138,231,584	125,112,010	10.5
Taiwan	81,062,256	76,839,149	5.5
India	69,197,925	54,463,498	27.1
Singapore	55,859,109	58,988,832	-5.3
Hong Kong	46,300,562	51,103,089	-9.4
Rest of Asia/Pacific	128,490,351	122,379,921	5.0
<b>Asia/Pacific</b>	<b>1,123,722,329</b>	<b>1,049,785,695</b>	<b>7.04</b>

Source: Gartner Dataquest (May 2003)

The Indian server market revenue grew 27 percent in the first quarter of 2003 when compared with the first quarter of 2002. "Increased uptake of Intel-based servers and end-fiscal buying by government and corporate contributed to this growth," said Vinod Nair, industry analyst for Hardware Platforms, Gartner India. "Part of the high growth is also because of lower than average performance for the same quarter last year. Continuing the previous trend, finance and banking, telecom and government were the main buyers."

Singapore's server market revenue fell 5 percent, indicating that the economy was not quite out of the economic doldrums. For the first quarter of 2003, much of the server spending was derived from government and education sectors.

Australia, one of the other key mature markets in Asia/Pacific, managed to show a 10 percent increase. "Australia has remained fairly resilient to major declines as the global IT sector has decreased the past couple of years, largely because of a very strong presence and focus by all the major vendors," Boon said. "This continued in the first quarter of 2003 led by strong growth from Hewlett-Packard, while Sun also grew albeit at a lesser rate."

From a vendor point of view, the first quarter of 2003 saw some interesting competitive dynamics unfurl.

With the exception of Sun Microsystems, all the major multinational server vendors maintained or grew overall server market share. Sun lost 1 percent market share in Asia/Pacific, but Sun did perform particularly well in 2002, so a correction was not unexpected.

Dell was one of the star performers, lifting market share from 3.3 percent to 4.7 percent (see Table 2) because of its growth in China. "Dell's investment in the China market in terms of resources and commitment continues to bear fruit, and the Dell

model has struck a chord in the Chinese server marketplace," Boon said.

**Table 2**  
**Asia/Pacific Server Market Share Estimates for 1Q03 based on Revenue (All Servers)**

<b>Region</b>	<b>1Q03 Market Share (%)</b>	<b>1Q02 Market Share (%)</b>
IBM	37.30	36.70
Hewlett-Packard	30.52	30.17
Sun Microsystems	14.56	15.67
Dell Computer	4.73	3.34
Legend	1.64	1.15
Fujitsu	1.49	0.87
Other Vendors	9.77	12.09
<b>Total Market</b>	<b>100.0</b>	<b>100.0</b>

Source: Gartner Dataquest (May 2003)