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Server Market Gets a Boost From New Microserver Segment

High-density systems emerge as growth driver and battleground between Intel and AMD processors.

Information in this Research Bulletin comes from the 2014 edition of IC Insights' IC Market Drivers report, which was released in November 2013. The 475-page report includes 330 charts and figures to analyze several existing and emerging end-use applications that will drive the IC market through the year 2017.

Computer servers have been the workhorses of the Internet and data networks for two decades, responding to requests for services and files from a growing range of end-user systems that demand quick access to data, video, audio, web pages, and search engines. Price erosion and the weak global economy have lowered server sales volumes in the past two years, but this computer market is expected to see a modest rebound in 2014 with worldwide revenues rising about 3% to \$54.6 billion, followed by stronger growth in 2015 and 2016, according to IC Insights' new 2014 edition of *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*.

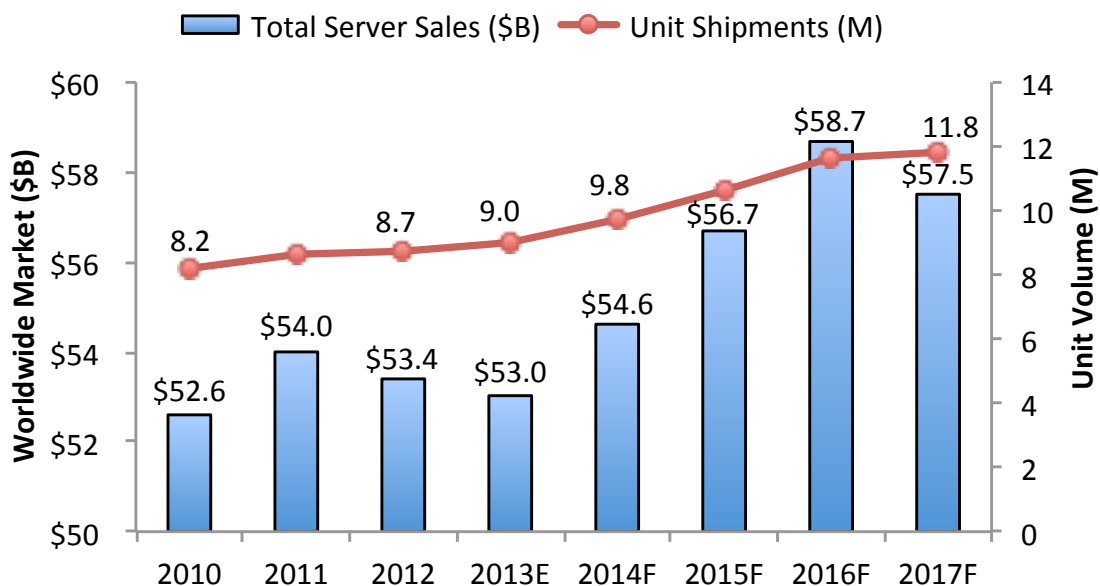
Servers, which accounted for an estimated 13% of total computer systems revenues in 2013, are forecast to reach record-high sales in the next three years before the next economic slowdown pulls the market down again in 2017 (Figure 1), says the new *2014 IC Market Drivers* report. Server sales are forecast to rise by a compound annual growth rate (CAGR) of just 1.5% between 2012 and 2017.

Server unit shipment growth will be stronger in the next several years, driven by purchases of new less-expensive microservers, says the *2014 IC Market Drivers* report. High-density microservers contain many central processing units (CPUs) on microprocessors and emphasize power efficiency for massive amounts of lightweight-computing tasks, such as delivering thousands of web pages to users of smartphones and other mobile systems. New microserver systems are also being aimed at a wider range of data center applications and new cloud-computing services. This computer segment has become a major battleground between Intel and about a half-dozen processor suppliers developing new 64-bit MPUs with ARM CPU cores for server systems.

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Computer Server Forecast



Source: IC Insights

Figure 1

IC Insights forecasts that microserver sales will climb 139% in 2014 to \$580 million from an estimated \$243 million in 2013. Between 2012 and 2017, microserver sales are projected to rise by a CAGR of nearly 72%, totaling \$1.2 billion in the final year of the forecast in the Servers and Cloud Computing section of the new report.

The total server IC market is projected to increase 3% in 2014 to \$14.4 billion after back-to-back annual sales declines of 2% in 2013 and 2012. Overall, the server IC market is expected to rise by a CAGR of just 1.0% in the 2012-2017 period to \$15.0 billion in the final year of the forecast, but stronger revenue growth will occur in multi-core MPUs for microservers and NAND flash memories for solid-state drives (SSDs), which can significantly boost the performance of servers by enabling more input/output operations per second (IOPS) than standard hard-disk drives, says the new 2014 report.

Report Details: *IC Market Drivers 2014*

IC Market Drivers 2014—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits examines the largest, existing system opportunities for ICs and evaluates the potential for new applications that are expected to help fuel the market for ICs.

IC Market Drivers is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2017. Part 2 of the *IC Market Drivers* report examines and evaluates key existing and emerging end-use applications that will support and propel the

IC industry through 2017. Among the key applications covered in the report are automotive electronics, cellphones and smartphones, personal and mobile computing, servers and cloud computing, wireless networks, digital television and video game consoles, the smart grid and smart appliances, medical/health electronics, and a review of many near-term and long-term applications to watch such as wireless-energy transfer, home robotics, the Internet of Things (IoT) and autonomous vehicles that may provide significant opportunity for IC suppliers later this decade. Released in November 2013, the *IC Market Drivers 2014* report is priced at \$3,290 for an individual-user license and \$6,390 for a multi-user corporate license.

Coming in January — The 2014 McClean Report

IC Insights is putting the finishing touches on the 2014 edition of its flagship report, *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. This highly regarded service features more than 800 pages and more than 400 tables and graphs that provide the user with a thorough overview and analysis of IC industry trends throughout the year. A subscription to *The McClean Report* includes **free** attendance to one of *The McClean Report* half-day seminars that are presented by IC Insights' President Bill McClean in January. *The McClean Report* seminars will be held in the following locations:

- **Scottsdale, Arizona on Tuesday, January 21**
- **Sunnyvale, California on Thursday, January 23**
- **Boston, Massachusetts Tuesday, January 28**
- **London, England Thursday, January 30**

In addition to the seminar, a subscription to *The McClean Report* includes **free** monthly updates from March through November (including a 250+ page *Mid-Year Update*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to the 2014 edition of *The McClean Report* is priced at \$3,490 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,490.

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IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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