IBM, HP Led World in Tape Storage Markets in 2006

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HP is selling the most units, but IBM is pulling in far more revenue due to dominance in the high-end enterprise tape storage market.

Researcher IDC reported May 3 that the worldwide branded tape-drive market in 2006 continued to be dominated by two of the usual suspects: IBM and Hewlett-Packard.

According to the IDC year-end report, "IDC Worldwide Branded Tape Marketshare Report 2006" by analyst Robert Amatruda, HP held the No. 1 position in worldwide market share (overall shipments) at 34 percent, but Big Blue made the most revenue in the sector ($538.2 million to $492 million for HP).

HP, in Palo Alto, Calif., banked 31 percent of all tape drive revenue, while IBM sold only 15 percent of all tape drives shipped worldwide but brought in 33 percent of all tape drive revenue. The numbers plainly show that HP is focusing heavily on selling to the mid-tier and SMB markets, while IBM dominates the high-end tape storage market.

Dell and Quantum also continue to be key suppliers in the market, and their influence appears to be increasing. At the close of 2006, Dell and Quantum held 23 percent and 14 percent, respectively, of total worldwide shipments. Dell earned 14 percent of the total worldwide revenue, with Quantum at 7 percent.

"The majority of midrange tape drives continue to be brought to market

through branded channels by top-tier server suppliers," Amatruda wrote. "HP was the dominant supplier in the midrange tape drive market, selling 43 percent of the 289,264 total standalone drives shipped in 2006 and 39 percent of the total $764.5 million in revenue. Dell held second place with 28 percent of total worldwide midrange tape drive shipments."

In the fourth quarter of 2006, the market rebounded in both shipments and revenue over third quarter 2006 results, Amatruda wrote. In the fourth quarter of 2006, total shipments increased sequentially by 6 percent, totaling 256,371, while total worldwide revenue increased by 2 percent, totaling $404.8 million.

However, the worldwide branded tape automation software segment experienced the largest sequential increases. In the fourth quarter of 2006, shipments of autoloaders and tape libraries increased 11 percent over third quarter 2006, while total revenue increased by a whopping 41 percent.

Other highlights of the analysis included:

-- IBM held the top revenue position with 33 percent of total worldwide branded tape driveautomation software revenue at the close of 2006.

-- HP held second place with 22 percent of total worldwide branded tape drive automation revenue in 2006.

-- Dell held the No. 2 position - behind HP - with 23 percent of worldwide total branded tape drive and tape automation shipments in 2006.

The enterprise tape drive market has two competitors, IBM and Sun Microsystems (formerly StorageTek). Few drives in this category are

sold in a typical OEM manner; most enterprise drives are sold direct by IBM and Sun, Amatruda reported.

At the close of 2006, IBM sold 56 percent of the total 14,752 enterprise drive shipments, while Sun held the remaining 44 percent. IBM was the leader in revenue share with 62 percent of the $300 million in worldwide enterprise tape revenue, compared with Sun's 38 percent, Amatruda wrote.

In comparing 2005 to 2006 full calendar-year results, IBM increased its market share for worldwide branded tape revenue nearly 5 percent.

In 2006, IBM Research announced a new world record, packing data onto a test tape at a density of 6.67 billion bits per square inch, more than 15 times the data density of today's most popular industry standard magnetic tape products.

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