The 2019 State of Servers: Executive Summary
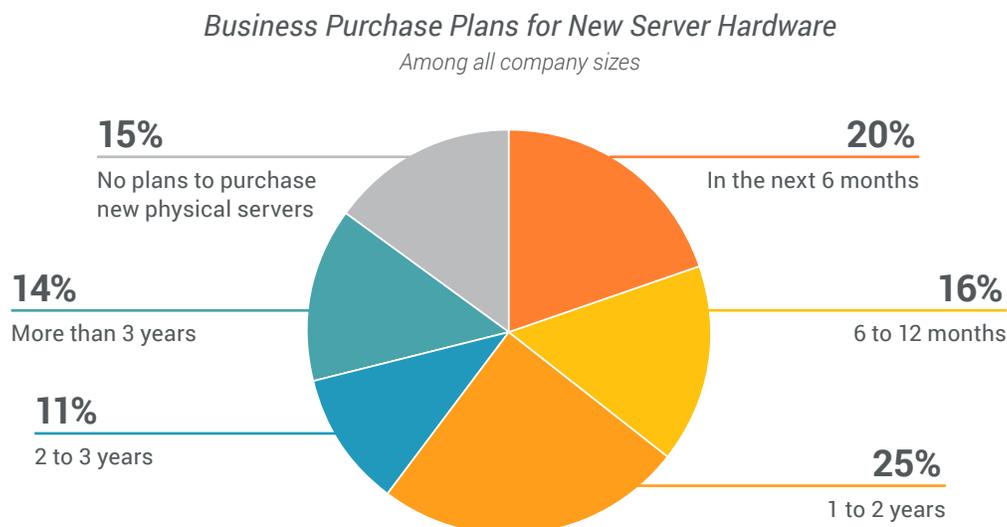
From purchase plans to emerging trends, Spiceworks examines the state of server hardware in the workplace

In our constantly-connected digital world, server infrastructure is incredibly important to businesses and individuals everywhere. After all, behind the scenes, servers power websites, business software, mobile apps, and the online services we all depend on.

And while cloud-based infrastructure and services get a lot of buzz, Spiceworks research shows the reality is 98 percent of businesses are currently running server hardware on-premises. To better understand how and why businesses buy servers, what components will go into them, and what trends are emerging in the server market, Spiceworks surveyed more than 500 IT decision makers in businesses across North America and Europe. Here's a preview of the findings from the 2019 State of Servers report.

SERVER PURCHASE PLANS

According to our research, 36 percent of organizations plan to purchase new server hardware within the next 12 months, and an additional 25 percent plan to buy servers within the next one to two years. Only 15 percent of organizations have no current plans to buy servers.

Business Purchase Plans for New Server Hardware

Among all company sizes

15%
No plans to purchase
new physical servers

20%
In the next 6 months

14%
More than 3 years

16%
6 to 12 months

11%
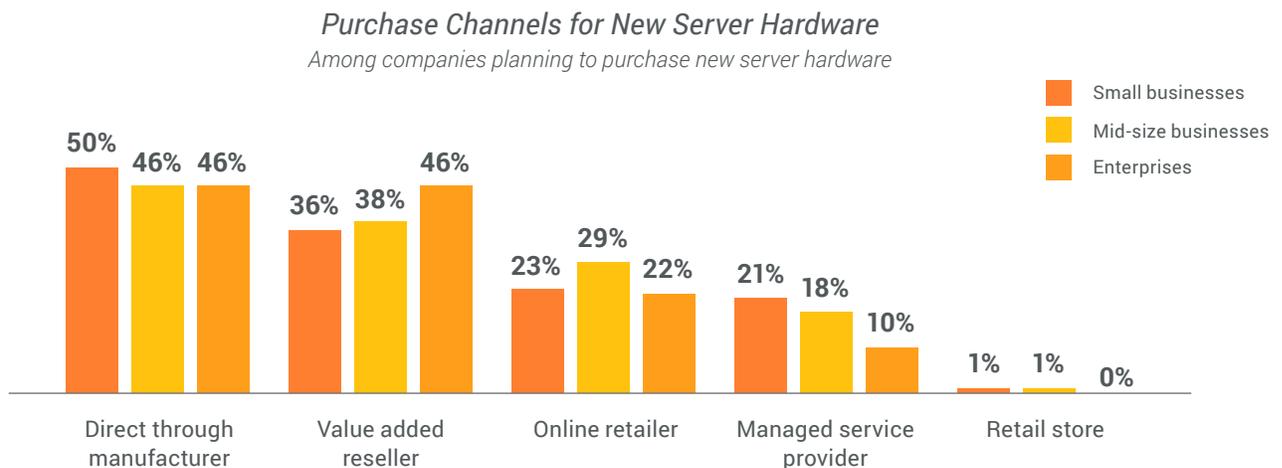2 to 3 years

25%
1 to 2 years

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Breaking the data down by company size, we found enterprises are most likely to purchase new physical servers in 2019: 68 percent of enterprises (1,000+ employees) plan to buy servers within the next 12 months, compared to 34 percent of mid-size companies (100 to 999 employees), and 30 percent of small businesses (1 to 99 employees).

SERVER BUYING BEHAVIOR

When purchasing new hardware, businesses have options: buy directly from the manufacturer, through the channel, or some combination of both. According to our data, nearly half (48 percent) of businesses planning to purchase new servers will buy them directly from a manufacturer.

However, a company size breakdown shows enterprises are just as likely to purchase servers through a VAR than through the manufacturer. Conversely, mid-size businesses are more likely to purchase servers via an online retailer, and smaller companies are more likely to seek out assistance from an MSP compared to their larger counterparts.

Purchase Channels for New Server Hardware
Among companies planning to purchase new server hardware

Legend:
- Small businesses
- Mid-size businesses
- Enterprises

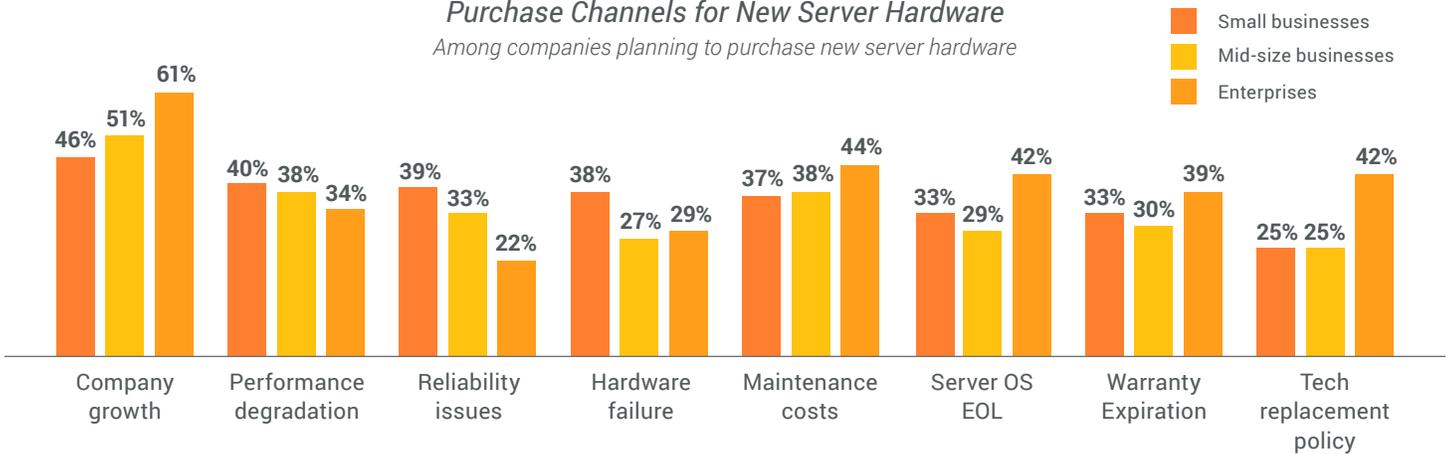| Channel	Small businesses	Mid-size businesses	Enterprises
Direct through manufacturer	50%	46%	46%
Value added reseller	36%	38%	46%
Online retailer	23%	29%	22%
Managed service provider	21%	18%	10%
Retail store	1%	1%	0%

SERVER PURCHASE DRIVERS

Among organizations planning to buy server hardware, our research shows company growth (50 percent) is the top reason for new purchases, followed by performance degradation (38 percent), maintenance costs of aging hardware (38 percent), and reliability issues (34 percent). And with Microsoft dropping extended support for Windows Server 2008 on January 14, 2020, it's no surprise that server OS end of life is prompting nearly one-third of organizations to buy new servers.

When breaking down the data by company size, we found that enterprises are most likely to purchase new servers due to company growth and due to a schedule outlined in a corporate tech replacement policy. Conversely, the smallest businesses, which also tend to have the smallest IT budgets, are more likely to wait until hardware failure or reliability issues drive them to buy new server hardware.

Purchase Channels for New Server Hardware
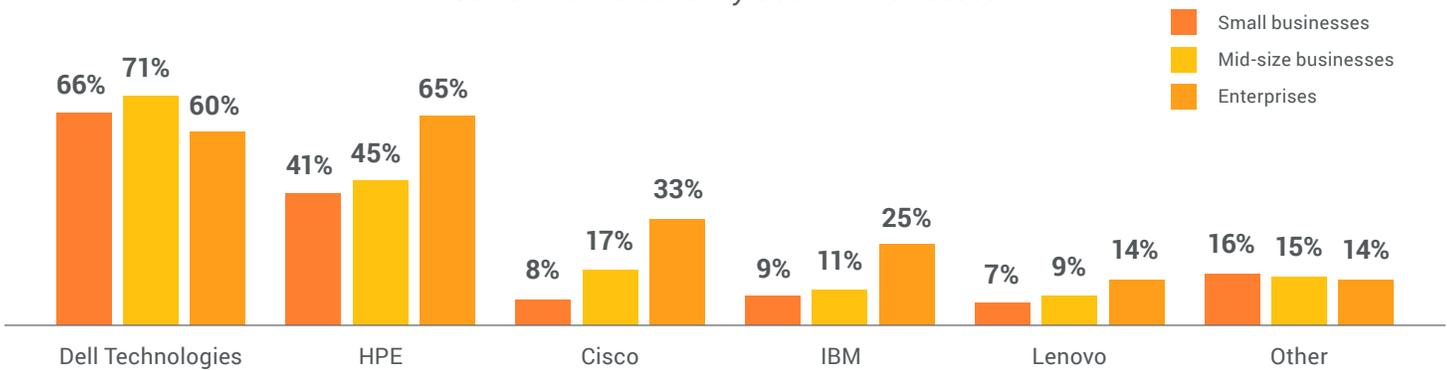*Among companies planning to purchase new server hardware*

Legend:
- Small businesses
- Mid-size businesses
- Enterprises

Company growth: 46%, 51%, 61%
Performance degradation: 40%, 38%, 34%
Reliability issues: 39%, 33%, 22%
Hardware failure: 38%, 27%, 29%
Maintenance costs: 37%, 38%, 44%
Server OS EOL: 33%, 29%, 42%
Warranty Expiration: 33%, 30%, 39%
Tech replacement policy: 25%, 25%, 42%

SERVER BRAND PREVALENCE

Among organizations surveyed, servers from Dell Technologies are most popular: 68 percent of organizations currently use Dell servers on-premises, followed by Hewlett-Packard Enterprise (HPE) at 46 percent. Additionally, 15 percent of organizations currently use Cisco servers, 12 percent use IBM servers, and 9 percent use Lenovo servers.

However, brand preferences can vary greatly by company size. While Dell is the king of server rooms in SMBs, enterprises with 1,000+ employees are more likely to use HPE servers. Enterprises are also more likely to use Cisco, IBM, and Lenovo servers than their smaller peers. This indicates enterprises often use a mix of server brands from multiple vendors, while SMBs primarily stick with Dell and HPE.

Server Brands Currently Used in Businesses

Legend:
- Small businesses
- Mid-size businesses
- Enterprises

Dell Technologies: 66%, 71%, 60%
HPE: 41%, 45%, 65%
Cisco: 8%, 17%, 33%
IBM: 9%, 11%, 25%
Lenovo: 7%, 9%, 14%
Other: 16%, 15%, 14%

EMERGING SERVER TRENDS

AMD gains ground on Intel

For years, Intel has dominated the server processor market. And according to our data, their processors are still by far the most commonly used in on-premises server hardware. Currently, 93 percent of organizations use Intel server processors, while 16 percent use AMD processors, compared to only 4 percent for ARM. However, according to our research, AMD is expected to gain some ground, with adoption of their server processors expected to grow from 16 percent today to 21 percent within the next two years.

Adoption of SSDs in servers soars

According to our research, many businesses believe SSDs are ready for the server room where uptime is critical. In fact, 62 percent of businesses use SSDs in their on-premises servers today, and usage is expected to increase to 72 percent by 2020. Currently, among businesses using SSDs in on-premises servers, 51 percent are using SATA SSDs, 34 percent are using faster SAS SSDs, and 13 percent are using even faster NVMe SSDs.

Hyperconverged infrastructure poised to go mainstream

Hyperconverged infrastructure (HCI) solutions offer the promise of a single turnkey solution that combines server, storage, networking, and virtualization technology in a scalable, easy-to-manage package. According to our survey, 46 percent of organizations plan to use hyperconverged infrastructure solutions by 2020, up from 38 percent today.

Hardware-as-a-service market opportunities grow

Few companies are currently tapping into a hardware-as-a-service (HaaS) model, which bundles managed services with a hardware lease, when it comes to servers. In fact, only 8 percent of companies currently lease their servers, and only 3 percent plan to within the next two years. Among that small group, only 17 percent procure their servers through an "as-a-service" model … but that figure is expected to grow to 24 percent by 2020.

Want more insights on the server market?
Read the full 2019 State of Servers report: **spice.ly/2019stateofservers**

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