



IBM Sale to Lenovo Opens Opportunity for Other HPC Vendors

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Assuming that the [sale of IBM's x86 server business to Lenovo](#) receives U.S. government approval as expected, IBM will remain one of the leading high-performance computing (HPC) vendors based on the company's nearly \$1.5 billion in annual sales of non-x86-based supercomputers. But the makeup of the market leadership will dramatically change from two very large vendors with nearly the same market shares (HP and IBM) to a mix with one very large supplier (HP) and three medium-sized suppliers (IBM, Dell, and Lenovo).

The x86 business headed for Lenovo includes a large chunk of HPC accounts, and Lenovo today told IDC that they plan to support HPC and all other x86 server customers that would transfer to Lenovo.

In 2012 (our full-year 2013 numbers from the IDC HPC QView are still being finalized), IBM sold \$2.1 billion worth of x86 servers into the worldwide HPC market, or 59.4% of IBM's \$3.6 billion in total HPC server revenues for the year. Transferring the x86 server business to Lenovo, assuming the deal completes, will likely create an opportunity for competitors in the HPC x86 server market to boost their revenues by going after some of that \$2.1 billion opportunity. Historically, vendor transfers like this have exposed HPC accounts to raiding from competitors in the market.

Although Lenovo has not been active in the HPC market, a Lenovo spokesperson assured IDC that the company is fully committed to providing all customers who are slated to transfer from IBM as part of this transaction with the support and experience they have been accustomed to, whether they are in HPC or other domains. This would be provided by Lenovo and in some cases through Lenovo's strategic relationship with IBM, the spokesperson said.

HPC system prices today start at under \$10,000, and the majority of the over 100,000 HPC systems sold each year are priced at less than \$250,000 and are based on x86 processors, so low-end x86 and HPC often coincide. Looking at the overall technical computing server market from a system count viewpoint, IBM sold over 14,000 x86 HPC systems in 2012, representing 76.2% of their server unit sales in HPC.

x86 processors have also become dominant for high-end supercomputers. For example, on the November 2013 list of the world's TOP500 supercomputers, more than 90% of the supercomputers were based on x86 processors.

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