



## HARDWARE

# Dell Powers Ahead, Custom Systems Continues To Weaken

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JAN. 17, 2006

**D**ell turned in a stunningly strong performance in December. In a move never before seen in the 11 years that *CRN* has been collecting data, 45 percent of solution providers cited Dell as the manufacturer of their best-selling desktop PC, up an amazing 21 percentage points from November. (See chart below.) This is the highest monthly percentage ever recorded for a branded vendor in the desktop category. Dell also scored a 10 percentage point gain in its notebook figure, which rose to its highest level since March 2004. The vendor recorded a smaller, but still significant, increase in the PC server category as well.

The turnaround is all the more remarkable given *CRN* research data showing Dell losing ground in the small and midsize company desktop market for most of the past year. Given the size and suddenness of the turnaround, the December figure must be interpreted with caution. But Dell's gains in the PC hardware market coincided with significant losses by custom systems, which has been the vendor's nemesis throughout the past year.

Custom systems lost ground in all major markets in December, particularly desktop PCs and RISC servers. This follows losses in November as well, and is another indication that component shortages are seriously affecting the custom systems market. As discussed in the Custom Systems Report on *CRN's* Market Intelligence Web site, component shortages remained high in December in key areas such as microprocessors and memory. Moreover, shortage problems are becoming more widespread, continuing to increase in areas such as video graphics cards and network interface cards. Custom system builders have been reporting Intel motherboard shortages to *CRN* for

quite some time, and now AMD has confirmed reports that it's running short of supply, possibly explained by strong indications Dell has pre-ordered a large amount of AMD product. (See "VARs: An AMD-Dell Deal Would Hurt Channel Margins" by Kristen Kenedy in *CRN's* January 12 news at CRN.com.)

Compared to custom systems, branded vendors such as Hewlett-Packard and IBM were far less negatively affected by Dell's surge this month.

Hewlett-Packard saw a decline in the percentage of solution providers citing its desktops as best-selling, but realized gains in notebooks, PC servers and Unix-based servers. IBM turned in another solid performance in December (for the fourth time in the past five months), as the percentage of solution providers citing IBM servers as best selling increased modestly.

Lenovo was a different story, however. The vendor saw a sharp drop in its notebook percentage, and its already minuscule desktop percentage also fell slightly.

## BEST-SELLING HARDWARE BRANDS

PERCENTAGE OF VARs CITING EACH AS TOP-SELLING UNIT, IN MONTH LISTED

DESKTOPS	Dec. '05	Nov. '05	Dec. '04
HP	17%	24%	23%
Dell	45	24	26
Lenovo	4	5	6
White box	23	33	39

NOTEBOOKS	Dec. '05	Nov. '05	Dec. '04
HP	24%	20%	25%
Dell	35	25	23
Lenovo	8	12	15
Toshiba	7	8	10
White box	6	13	12

PC SERVERS	Dec. '05	Nov. '05	Dec. '04
HP	27%	25%	26%
Dell	28	20	22
IBM	15	14	11
White box	22	29	34

UNIX-BASED SERVERS	Dec. '05	Nov. '05	Dec. '04
HP	22%	20%	16%
Sun Microsystems	15	13	13
IBM	24	21	19
White box	16	26	32

**BASE:** 314 responding solution providers in December 2005

**SOURCE:** *CRN* Monthly Solution Provider Survey