Americas Technology: Hardware: Server 1Q26 market share and outlook update

Katherine Murphy
+1(212)902-1151 | katherine.a.murphy@gs.com
Goldman Sachs & Co. LLC

Michael Ng, CFA
+1(212)902-8618 | michael.ng@gs.com
Goldman Sachs & Co. LLC

Zorayda Montemayor
+1(212)357-6403 | zorayda.montemayor@gs.com
Goldman Sachs & Co. LLC

BOTTOM LINE: We update our industry server model to reflect the latest available 1Q26 data from 650 Group. Key takeaways:

- AI server forecasts for 2026-2030 raised by ~18% on average, now expected to reach ~$1.24 tr by 2030 (v. $961 bn prior per 4Q25 forecasts), with +3% increased outlook across units and +15% increased outlook across ASPs.
- Traditional server forecasts for 2026-2030 raised by ~31% on average, now forecast to reach ~$164 bn by 2030 (v. $105 bn prior per 4Q25 forecasts), with +19% increased outlook across units and +10% increased outlook across ASPs.
- DELL's C1Q26 traditional server revenue was up +85% year-over-year, driven by a +24% year-over-year increase in units and a +49% year-over-year increase in ASPs (v. +92% yoy reported growth for F1Q27, three months ending April 30, 2026). By vertical, 650 Group estimates that Dell's C1Q26 traditional server revenue growth was balanced across neoclouds +102% yoy (+34% yoy units, +50% yoy ASPs) and enterprise +91% yoy (+29% units yoy, +48% ASPs yoy). DELL gained market share in traditional server revenue (30% in 1Q26 v. 20% in 1Q25), including share gains in neocloud (35% in 1Q26 v. 26% in 1Q25) and enterprise (38% in 1Q26 v. 25% in 1Q25).
- HPE's C1Q26 traditional server revenue was up +20% year-over-year driven by flat unit shipments and +20% increase in ASPs. HPE maintained 11% market share in traditional server revenue (unchanged v. 1Q25), with 17% enterprise traditional server market share (flat yoy) and 7% neocloud market share (v. 8% in 1Q25).

Server forecast updates

650 Group upgraded its outlook for the server market, now expecting the overall server market to reach $1.4 tr by 2030 at 38% 2025-2030 CAGR (v. $1.1 tr on prior 4Q25 forecast). Estimates for the overall server market were raised by 20% on average, with unit shipment expectations revised up ~+13% and ASPs up ~+6% on average.

- 650 Group raised its annual AI server forecasts for 2026-2030 by ~18% on average, now expecting the AI server market to achieve ~$1.24 tr by 2030 (v.

$961 bn prior per 4Q25 forecasts), with +3% increased outlook across units and +15% increased outlook across ASPs. By vertical, 650 Group raised its outlook for (1) neocloud AI server revenue growth for 2026-2030 by ~22% on average (+4% units, +17% ASPs), (2) hyperscale AI server revenue growth for 2026-2030 by ~17% on average (+3% units, +13% ASPs), and (3) enterprise AI server revenue growth for 2026-30 by ~16% (+1% units, +16% ASPs). 650 Group is forecasting the AI server revenue market to grow at a +45% 5-yr CAGR with +29% growth in units and +12% growth in ASPs.

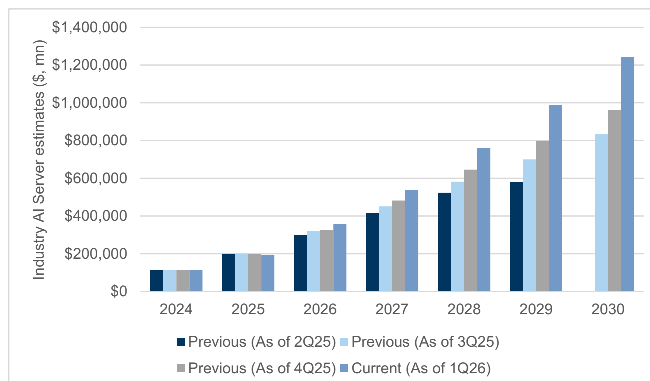
- 650 Group raised its annual traditional server forecasts for 2026-2030 by ~31% on average, now expecting the traditional server market to achieve ~$164 bn by 2030 (v. $105 bn prior per 4Q25 forecasts), with +19% increased outlook across units and +10% increased outlook across ASPs. By vertical, 650 Group raised its outlook for (1) enterprise traditional server revenue growth for 2026-2030 by ~48% on average (+30% units, +13% ASPs) and (2) hyperscale traditional server revenue growth for 2026-2030 by ~47% on average (+32% units, +10% ASPs). 650 Group is forecasting the traditional server revenue market to grow at a +13% 5-yr CAGR with +5% growth in units and +8% growth in ASPs.

Exhibit 1: 650 Group expects the overall server market to grow to $1.4 tr by 2030 on growth across both AI (+45% 5-yr CAGR) and traditional servers (+13% 5-yr CAGR)
Global data center server by vertical and AI/traditional ($, mn)

($, mn)	AI Servers		
	2025	2030	5-yr CAGR
Hyperscalers	$135,444	$611,663	35%
Tier 2 Cloud + SP	$45,209	$540,481	64%
Enterprise	$14,430	$91,472	45%
Total AI Data Center	**$195,083**	**$1,243,616**	**45%**
	Traditional Servers		
	2025	2030	5-yr CAGR
Hyperscalers	$20,881	$35,164	11%
Tier 2 Cloud + SP	$29,539	$53,548	13%
Enterprise	$38,570	$74,844	14%
Total Traditional Data Center	**$88,990**	**$163,556**	**13%**
	Total Servers		
	2025	2030	5-yr CAGR
Hyperscalers	$156,325	$646,827	33%
Tier 2 Cloud + SP	$74,748	$594,029	51%
Enterprise	$53,000	$166,315	26%
Total Data Center	**$284,073**	**$1,407,171**	**38%**

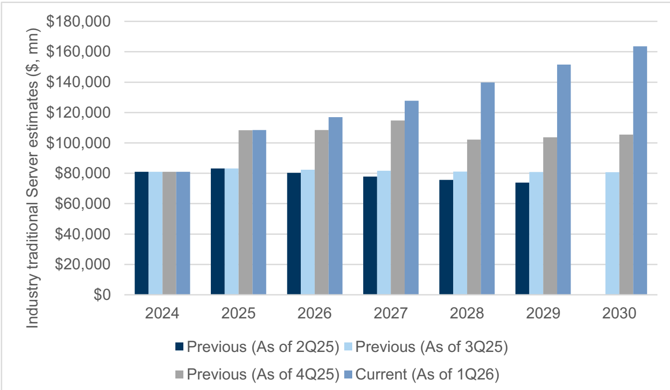
Source: 650 Group

Exhibit 2: 650 Group raised its annual AI server forecasts for 2026-2030 by ~18% on average, now expecting the AI server market to achieve ~$1.24 tr by 2030 (v. $961 bn prior per 4Q25 forecasts)
Industry AI server estimate revisions ($, mn)



Source: 650 Group

Exhibit 3: Traditional server forecasts for 2026-2030 were revised upwards by ~31% on average annually
Industry traditional server estimate revisions ($, mn)



Source: 650 Group

C1Q26 vendor market share

DELL gained share in the traditional & AI server markets, with broad-based growth across enterprise and neocloud verticals driven by both unit growth and ASP uplift. Per 650 Group estimates:

- **DELL's C1Q26 traditional server revenue was up +85% year-over-year** (v. +92% reported), driven by a +24% increase in units and a +49% increase in ASPs. By vertical, 650 Group estimates that Dell's C1Q26 traditional server revenue growth was balanced across neoclouds +102% yoy (+34% yoy units, +50% yoy ASPs) and enterprise +91% yoy (+29% units yoy, +48% ASPs yoy). DELL's C1Q26 traditional server hardware revenue of ~$8.0 bn was ~54% enterprise, ~40% neocloud, ~6% hyperscalers/service provider (v. 52%/36%/12% in C1Q25). DELL gained market share in traditional server revenue (30% in 1Q26 v. 20% in 1Q25), including share gains in neocloud (35% in 1Q26 v. 26% in 1Q25) and enterprise (38% in 1Q26 v. 25% in 1Q25).
- **DELL's C1Q26 AI server revenue was up +$11.3 bn year-over-year** (+622% year-over-year), driven by a +300% increase in units and a +81% increase in ASPs. By vertical, 650 Group estimates that Dell's C1Q26 AI server revenue growth was broadbased across neoclouds (+$9 bn) and enterprise (+$2 bn). DELL gained market share in AI server revenue (17% in 1Q26 v. 5% in 1Q25), including share gains in neocloud (48% in 1Q26 v. 24% in 1Q25) and enterprise (47% in 1Q26 v. 17% in 1Q25).

HPE maintained its share in the traditional server market but ceded some share in AI servers. Per 650 Group estimates:

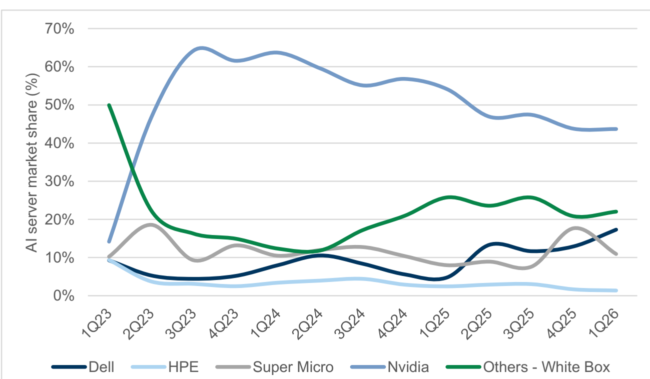
- **HPE's C1Q26 traditional server revenue was up +20% year-over-year** driven by flat unit shipments and +20% increase in ASPs. By vertical, 650 Group estimates that HPE's C1Q26 traditional server revenue balanced growth across enterprise +22% (+1% units, +21% ASPs) and neoclouds +18% (-1% units, +19% ASPs). HPE maintained 11% market share in traditional server revenue (unchanged v. 1Q25), with 17% enterprise traditional server market share (flat YoY) and 7% neocloud market share (v. 8% in 1Q25).

- **HPE's C1Q26 AI server revenue was up +11% year-over-year** (~flat sequentially), with units -6% year-over-year and ASPs +18%. By vertical, 650 Group estimates that HPE's C1Q26 AI server revenue growth was balanced across neoclouds (+11%) and enterprise (+10%). HPE lost market share in the overall AI server revenue market in enterprise, with 17% share in 1Q26 v. 30% share in 1Q25.

SMCI lost AI server market share, but gained +1 pt of traditional server market share. Per 650 Group estimates:

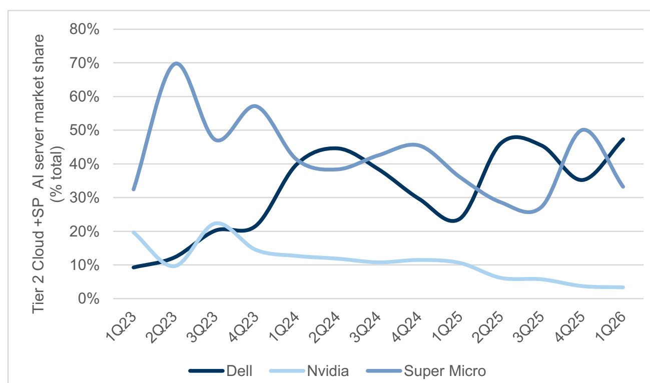
- **SMCI's C1Q26 traditional server revenue was up +58% year-over-year**, with a -23% decrease in units offset by a +104% increase in ASPs. Per 650 Group, SMCI primarily sold traditional servers to neoclouds, where it had 10% market share in the quarter (v. 2% market share in 1Q25).
- **SMCI's C1Q26 AI server revenue was up +$5.3 bn year-over-year** (+173%), driven by a +164% increase in units and a +4% increase in ASPs. By vertical, 650 Group estimates that SMCI's C1Q26 AI server revenue growth was driven by neoclouds (+260% year-over-year). SMCI gained market share in AI server revenue (11% in 1Q26 v. 8% in 1Q25), with share gains in enterprise (4% share in 1Q26 v. 2% in 1Q25) and service provider (42% v. 9% in 1Q25) more than offsetting weaker market share in neocloud (33% v. 37% in 1Q25)

Exhibit 4: Nvidia leads the AI server market with 44% share as of 1Q26, followed by whitebox players (22%), Dell (17%), and Super Micro (11%)
AI server revenue market share (%)



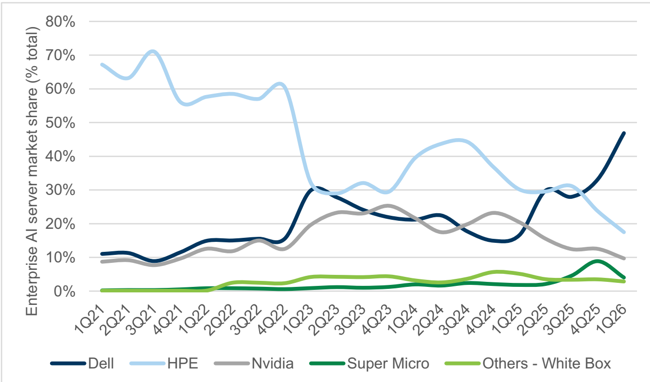
Source: 650 Group

Exhibit 5: Neocloud AI server market share leadership oscilates between DELL and SMCI
Neocloud AI server revenue market share (%)



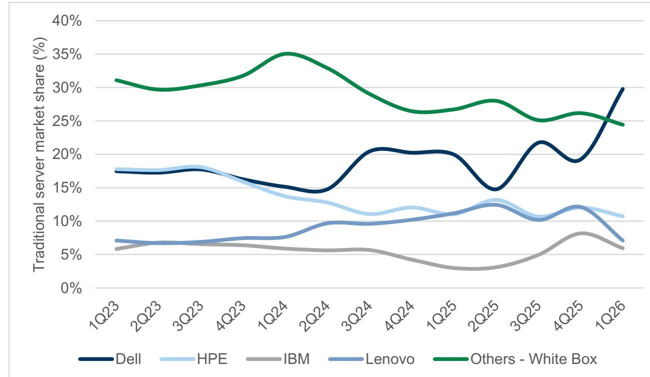
Source: 650 Group

Exhibit 6: Dell gained significant share in enterprise AI servers in 1Q26 (47%)
Enterprise AI server revenue market share



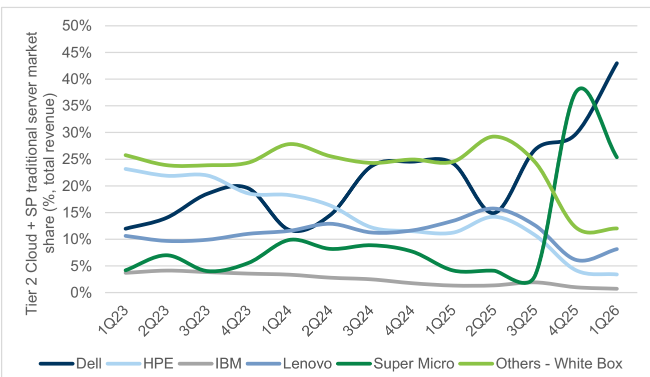
Source: 650 Group

Exhibit 7: Dell lead the traditonal server market in 1Q26 (30% share), followed by white-box (24%), HPE (11%), Lenovo (7%), and IBM (6%).
Traditional server revenue market share (%)



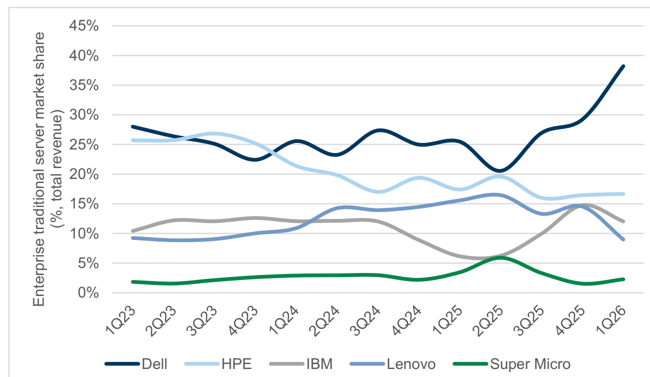
Source: 650 Group

Exhibit 8: Neocloud traditional server market share is more mixed, with DELL and SMCI leading in 1Q26
Neocloud traditional server market share



Source: 650 Group

Exhibit 9: DELL leads the enterprise traditional server market with 38% share in 1Q26
Enterprise traditional server revenue market share



Source: 650 Group

Dell Technologies (DELL, Buy)

We are **Buy rated** on DELL with a 12-month target price of $500 (unchanged) based on 22.0x (unchanged) our NTM+1Y EPS.

Key risks: (-) Weaker than expected consumer and commercial PC market demand; (-) Worse-than-expected enterprise IT spending; (-) headwinds from hybrid work could result in reduced spending in enterprise IT; (-) Macroeconomic weakness could result in lowered consumer demand; (-) Pricing pressure could occur as competitors discount due to excess channel inventory and reduced demand, particularly in PCs; (-) Margin pressure from higher input costs; (-) Competition from white box manufacturers could occur, particularly in servers and storage; (-) Structurally lower AI server demand from neocloud cohort.

Super Micro Computer Inc (SMCI, Sell)

We are **Sell-rated** on SMCI with a 12-month target price of $30 (unchar
9X NTM+1 EPS (unchanged).

Key risks: (+) Stronger than expected demand for AI servers; (+) Market share gains; (+) Core operating margin improvement; (+) Customer diversification.

Hewlett Packard Enterprise Co. (HPE, Buy)

We are **Buy rated** on HPE with a 12-month target price of $79 (unchanged) based on 18x (unchanged) our NTM+1Y EPS.

Key risks: (-) Lower-than-expected corporate IT spending and data center capex could result in worse-than-expected hardware sales; (-) Competition from white box manufacturers could result in cannibalization in HPE's server market share; (-) Market share loss from customer churn during Juniper integration; (-) Component costs could be higher than expected, resulting in worse gross margins; (-) Corporate actions from strategic investors; (-) Failure to deliver market share gains in storage driven by a strategy shift towards selling more owned-IP storage products that carry higher gross margins; (-) Worse-than-expected demand for enterprise and sovereign AI data center infrastructure.