Americas Technology: Hardware: Server 2Q26 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

BOTTOM LINE: We update our industry server model to reflect the latest available 2Q26 data from 650 Group & IDC. Key takeaways:

- **2Q26 traditional server market growth accelerated sequentially, driven by pricing.** 650 Group estimates the industry traditional compute market grew +91% in 2Q26 (v. +24% in 1Q26), with -9% decrease in units offset by +111% growth in ASPs. IDC estimates industry traditional (non-accelerated) server revenue was +81% year-over-year (v. +36% in 1Q26) driven by +17% growth in units and +56% growth in ASPs.
- **2Q26 AI server growth more balanced across units and ASPs.** 650 Group estimates the industry AI server market grew +94% in 2Q26 (v. +100% in 1Q26), with +20% increase in units and +62% growth in ASPs. IDC estimates industry AI (accelerated) server revenue was +43% year-over-year (v. 30% in 1Q26) driven by +10% growth in units and 30% growth in ASPs.
- **DELL gained market share in both traditional and AI servers year-over-year.** Per 650 Group estimates, DELL's C2Q26 traditional server revenue was up +278% year-over-year, driven by a +9% year-over-year increase in units and a +248% year-over-year increase in ASPs (v. +122% yoy reported growth for F2Q27, three months ending July 31, 2026); market share in traditional server was up to 29% in 2Q26 (v. 15% in 2Q25). 650 Group estimates that DELL also gained share in AI servers (17% in 2Q26 v. 13% in 2Q25) with +146% year-over-year growth driven by +80% unit growth and +37% ASP growth. IDC estimates that DELL maintained share in non-accelerated compute (13%) and gained +8 pts of accelerated compute (14% in 2Q26 v. 6% in 2Q25)
- **HPE market share in both traditional & AI server largely stable year-over-year.** Per 650 Group estimates, HPE's C2Q26 traditional server revenue was up +75% year-over-year, driven by a -3% year-over-year decline in units more than offset by at +82% year-over-year increase in ASPs; market share in traditional server was 12% in 2Q26 (v. 13% in 2Q25). 650 Group estimates that HPE lost share in AI servers (1% in 2Q26 v. 3% in 2Q25) with -10% year-over-year declines driven by -42% unit declines partially offset by +54% ASP growth. IDC estimates that HPE gained +1 pt share in non-accelerated compute (8% in 2Q26 v. 7% in 2Q25) and lost 1 pt of share in accelerated compute (2% in 2Q26 v. 3% in 2Q25)

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

- **SMCI 2Q26 market share mixed, with AI server softness offset by strength in traditional servers.** Per 650 Group estimates, SMCI's C2Q26 traditional server revenue was up +$2.9 bn (356%) year-over-year, driven by a -4% year-over-year decline in units more than offset by at +375% year-over-year increase in ASPs; market share in traditional server was up to 10% in 2Q26 (v. 4% in 2Q25). 650 Group estimates that SMCI lost share in AI servers (8% in 2Q26 v. 9% in 2Q25) with +66% year-over-year growth driven by +59% unit growth and +5% ASP growth. IDC estimates that SMCI gained share in non-accelerated compute (6% in 2Q26 v. 5% in 2Q25) and in accelerated compute (6% in 2Q26 v. 5% in 2Q25)

C2Q26 vendor market share (650 Group)

DELL gained share in the traditional & AI server markets year-over-year and maintained share gains from C1Q, with broad-based growth across enterprise and neocloud verticals driven by both unit growth and ASP uplift. Per 650 Group estimates:

- **DELL's C2Q26 traditional server revenue was up +$8.3 bn year-over-year to $11.3 bn,** or +278% year-over-year (v. $10.5 bn and +122% year-over-year reported; difference driven by Dell's July 31 quarter end v. 650 Group's June 30 quarter end), driven by a +9% increase in units and a +248% increase in ASPs. By vertical, 650 Group estimates that Dell's C2Q26 traditional server revenue growth was lead by neoclouds +502% yoy (+20% yoy units, +400% yoy ASPs) and enterprise +219% yoy (+8% units yoy, +195% ASPs yoy). DELL's C2Q26 traditional server hardware revenue of ~$11.3 bn was ~49% enterprise, ~45% neocloud, ~5% hyperscalers/service provider (v. 58%/28%/13% in C2Q25). DELL gained market share in traditional server revenue (29% in 2Q26 v. 15% in 2Q25), including share gains in neocloud (34% in 2Q26 v. 15% in 2Q25) and enterprise (36% in 2Q26 v. 21% in 2Q25).
- **DELL's C1Q26 AI server revenue was up +$8.7 bn year-over-year** (+146% year-over-year), driven by a +80% increase in units and a +37% increase in ASPs. By vertical, 650 Group estimates that Dell's C2Q26 AI server revenue growth was broadbased across neoclouds (+$7.9 bn) and enterprise (+$1.5 bn). DELL gained market share in AI server revenue (17% in 2Q26 v. 13% in 2Q25), including share gains in neocloud (51% in 2Q26 v. 47% in 2Q25) and enterprise (46% in 2Q26 v. 30% in 2Q25).

HPE market share in both traditional & AI server largely stable year-over-year. Per 650 Group estimates:

- **HPE's C2Q26 traditional server revenue was up +75% year-over-year** driven by unit -3% shipments and +82% increase in ASPs. By vertical, 650 Gro[illegible] that HPE's C2Q26 traditional server revenue balanced growth acros[illegible] +89% (-2% units, +93% ASPs) and neoclouds +54% (-9% units, +69[illegible] delivered 12% market share in traditional server revenue (v. 13% 2Q[illegible] enterprise traditional server market share (flat YoY) and 6% neoclou[illegible] (v. 11% in 2Q25).

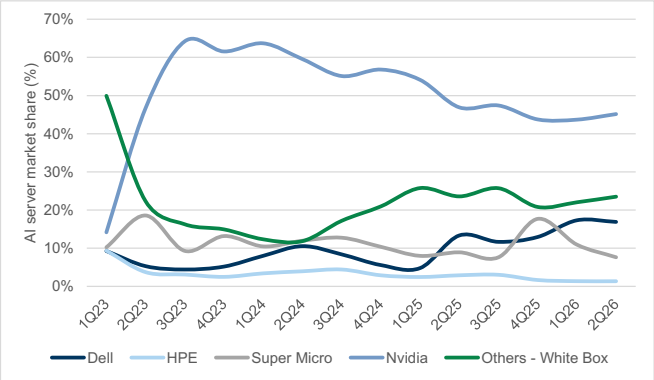


- **HPE's C2Q26 AI server revenue was down -10% year-over-year** (~+13% sequentially), with units -42% year-over-year and ASPs +54%. By vertical, 650 Group estimates that HPE's C1Q26 AI server revenue declines was balanced across neoclouds (-15%) and enterprise (-10%). HPE lost market share in the overall AI server revenue market in enterprise, with 17% share in 2Q26 v. 30% share in 2Q25.

SMCI lost AI server market share, but gained +6 pts of traditional server market share. Per 650 Group estimates:

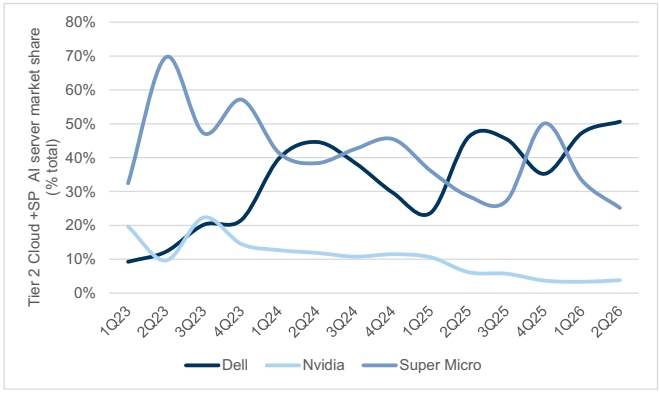
- **SMCI's C2Q26 traditional server revenue was up +$2.9 mn or +356% year-over-year**, with a -4% decrease in units offset by a +375% increase in ASPs. Per 650 Group, SMCI primarily sold traditional servers to neoclouds, where it has 22% market share in the quarter (v. 2% market share in 2Q25).
- **SMCI's C2Q26 AI server revenue was up +66% year-over-year**, driven by a +59% increase in units and a +9% increase in ASPs. By vertical, 650 Group estimates that SMCI's C2Q26 AI server revenue growth was driven by neoclouds (+94% year-over-year). SMCI lost market share in AI server revenue (8% in 2Q26 v. 9% in 2Q25), driven by weaker market share in neocloud (25% v. 29% in 2Q25)

Exhibit 1: Nvidia leads the AI server market with 42% share as of 2Q26, followed by whitebox players (24%), Dell (17%), and Super Micro (8%)
AI server revenue market share (%)



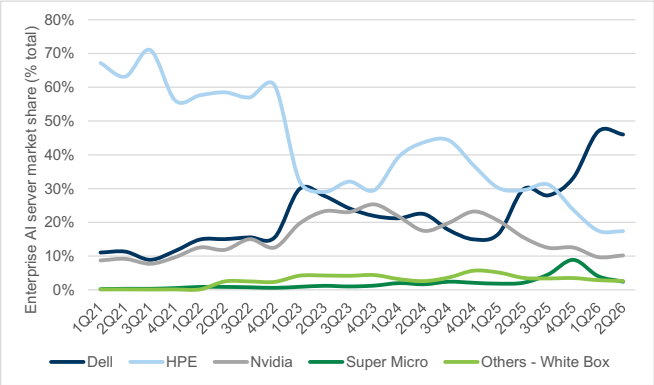
Source: 650 Group

Exhibit 2: Neocloud AI server market is lead by DELL
Neocloud AI server revenue market share (%)



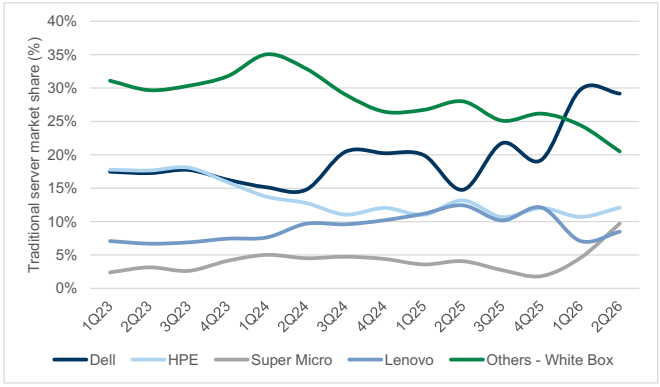
Source: 650 Group

Exhibit 3: Dell also maintained its significant share in enterprise AI servers in 2Q26 (46%)
Enterprise AI server revenue market share



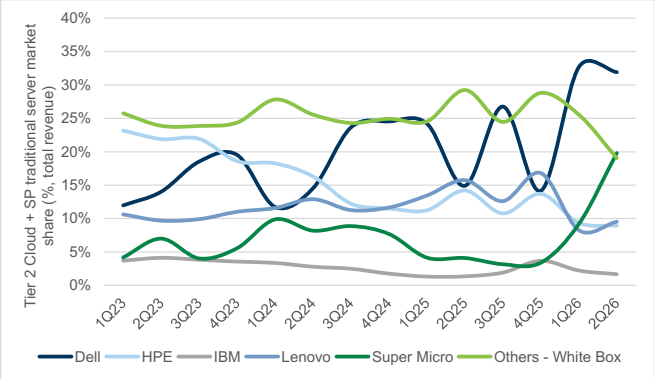
Source: 650 Group

Exhibit 4: Dell lead the traditonal server market in 2Q26 (29% share), followed by white-box (21%), HPE (11%), Supermicro (10%), and Lenovo 86%).
Traditional server revenue market share (%)



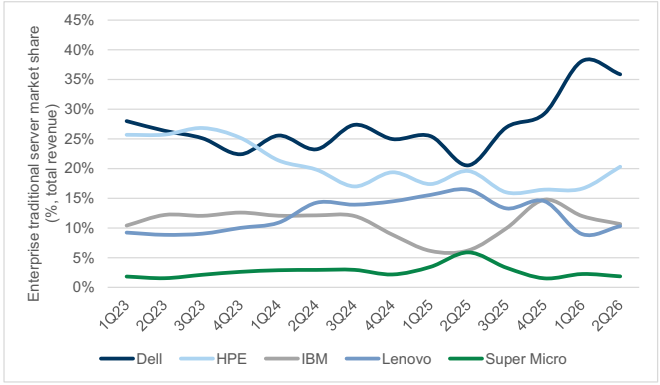
Source: 650 Group

Exhibit 5: Neocloud traditional server market share is more mixed, with DELL and SMCI leading in 2Q26
Neocloud traditional server market share



Source: 650 Group

Exhibit 6: DELL leads the enterprise traditional server market with 36% share in 2Q26
Enterprise traditional server revenue market share



Source: 650 Group

Server forecast updates (650 Group)

650 Group upgraded its outlook for the server market, now expecting the overall server market to reach $1.5 tr by 2030 at 39% 2025-2030 CAGR (v. $1.4 tr on prior 1Q26 forecast). Estimates for the overall server market were raised by 7% on average, primarily on higher ASPs.

- 650 Group raised its annual AI server forecasts for 2026-2030 by ~4% on average, now expecting the AI server market to achieve ~$1.3 tr by 2030 (v. $1.2 bn prior per 1Q26 forecasts). 650 Group is forecasting the AI server revenue market to grow at a +46% 5-yr CAGR with +29% growth in units and +13% growth in ASPs.
- 650 Group raised its annual traditional server forecasts for 2026-2030 by ~17% on average, now expecting the traditional server market to achieve ~$192 bn by 2030 (v. $164 bn prior per 1Q26 forecasts). 650 Group is forecasting the traditional server revenue market to grow at a +17% 5-yr CAGR with +6% growth in units and +10%

growth in ASPs.

Exhibit 7: 650 Group expects the overall server market to grow to $1.5 tr by 2030 on growth across both AI (+46% 5-yr CAGR) and traditional servers (+17% 5-yr CAGR)
Global data center server by vertical and AI/traditional ($, mn)

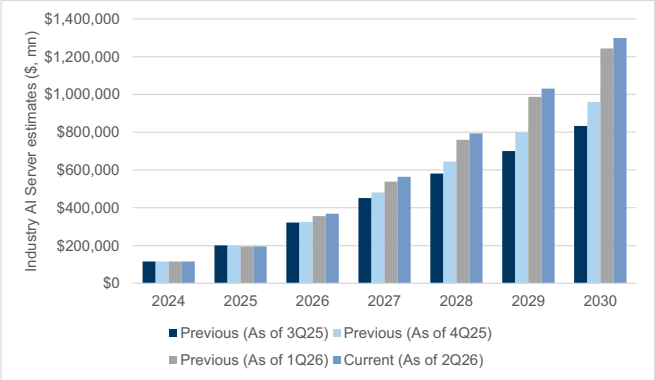
($, mn)	AI Servers		
	2025	2030	5-yr CAGR
Hyperscalers	$135,444	$646,737	37%
Tier 2 Cloud + SP	$45,209	$560,536	65%
Enterprise	$14,430	$91,472	45%
Total AI Data Center	**$195,083**	**$1,298,746**	**46%**

	Traditional Servers		
	2025	2030	5-yr CAGR
Hyperscalers	$20,881	$36,629	12%
Tier 2 Cloud + SP	$29,539	$80,862	22%
Enterprise	$38,570	$74,790	14%
Total Traditional Data Center	**$88,990**	**$192,282**	**17%**

	Total Servers		
	2025	2030	5-yr CAGR
Hyperscalers	$156,325	$683,366	34%
Tier 2 Cloud + SP	$74,748	$641,399	54%
Enterprise	$53,000	$166,262	26%
Total Data Center	**$284,073**	**$1,491,027**	**39%**

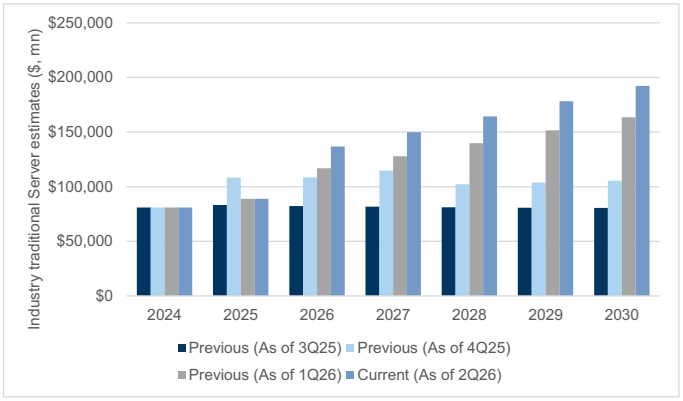
Source: 650 Group

Exhibit 8: 650 Group raised its annual AI server forecasts for 2026-2030 by ~4% on average, now expecting the AI server market to achieve ~$1.3 tr by 2030 (v. $1.24 bn prior per 1Q26 forecasts)
Industry AI server estimate revisions ($, mn)



Source: 650 Group

Exhibit 9: Traditional server forecasts for 2026-2030 were revised upwards by ~17% on average annually
Industry traditional server estimate revisions ($, mn)



Source: 650 Group

Dell Technologies (DELL, Buy)

We are **Buy rated** on DELL with a 12-month target price of $570 (unchanged) based on 18.0x (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 $34 (unchanged) reflecting 7.5X 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 $75 (unchanged) based on 14x (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.