

## HPC Market Update: Industry Growth to Fall Short in 2011

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### EXECUTIVE SUMMARY

Intersect360 Research expects the HPC industry to fall short of the total year-over-year 9.4% growth forecasted earlier this year. A complete 2011 total market model and new five-year forecast will be published in the first half of 2012, pending final analysis of year-end numbers.

The projected shortfall in growth is due to two factors:

- *Eurozone crisis.* Poor macroeconomic conditions in Europe will contribute to a slowdown on spending in the region, particularly in High Performance Technical Computing (HPTC) applications in the government and academic sectors. Recent survey data on projected spending supports this assumption.
- *Thailand flooding causing disk drive shortages.* Storage is the third-largest product spending category and has the highest five-year forecast compound annual growth rate (CAGR). Severe flooding in Thailand has disrupted disk production, causing temporary product shortages and a short-term spike in prices, which will cause a shift in some product revenue from 2011 to 2012.

The information in this report is preliminary guidance pending a full yearend analysis. Intersect360 Research is not changing its five-year CAGR for the total HPC industry at this time. We will perform a full analysis of 2011 revenues and budget expectations to publish an updated five-year forecast in the first half of 2012.