

The Linux Marketplace - Moving From Niche to Mainstream

Prepared for OSDL

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Overview of IDC Linux Market Opportunity Study

IDC sized the Linux marketplace opportunity

- By shipments and installed base
- By revenue
- Three geographies (Americas, EMEA, AP)
- Covering
 - 2003-2008
 - Five Linux market segments
 - 1) New servers with Linux as primary OS
 - 2) New servers with Linux as secondary/non-primary OS (*new view*)
 - 3) Non-new servers redeployed to Linux (*new view*)
 - 4) Net new and redeployed PCs running a Linux operating system (*new view*)
 - 5) Packaged software deployed on Linux

Market Considerations

To most effectively use the data found in this study it is critical to understand:

- Software licenses frequently outnumber hardware counts
- Multiple licenses can reside on a single machine
- Not all deployments of Linux are on net new hardware; customers often “re-deploy” servers and PCs to run Linux
- Not all Linux “servers” are built on true server hardware
- There is a relationship between paid and unpaid licenses of Linux
- Mainstream use of Linux favors commercial Linux
- This study adds to the total count only the prorated portion of servers running Linux for servers running more than one OS

Key Findings

- Linux is no longer a niche phenomena. The overall Linux marketplace revenues for server and PC hardware and packaged software on Linux is expected to reach \$35.7 billion by 2008.
- Packaged software is the fastest growing market segment within the Linux marketplace in terms of revenue, growing 44% annually to over \$14 billion in 2008
- “Free” Linux deployments are attractive, but the reality is more commercial and government organizations will move toward paid, supported copies.
- Non-traditional deployments of servers with Linux as secondary or non-primary OS and redeployments have become significant factors. When added to existing IDC forecasts for installed base of new servers shipped with Linux as a primary OS, the installed base of servers expands 41% larger in 2003, 37% larger in 2004 and remains 26% larger at the end of the forecast period in 2008.



Linux Opportunity

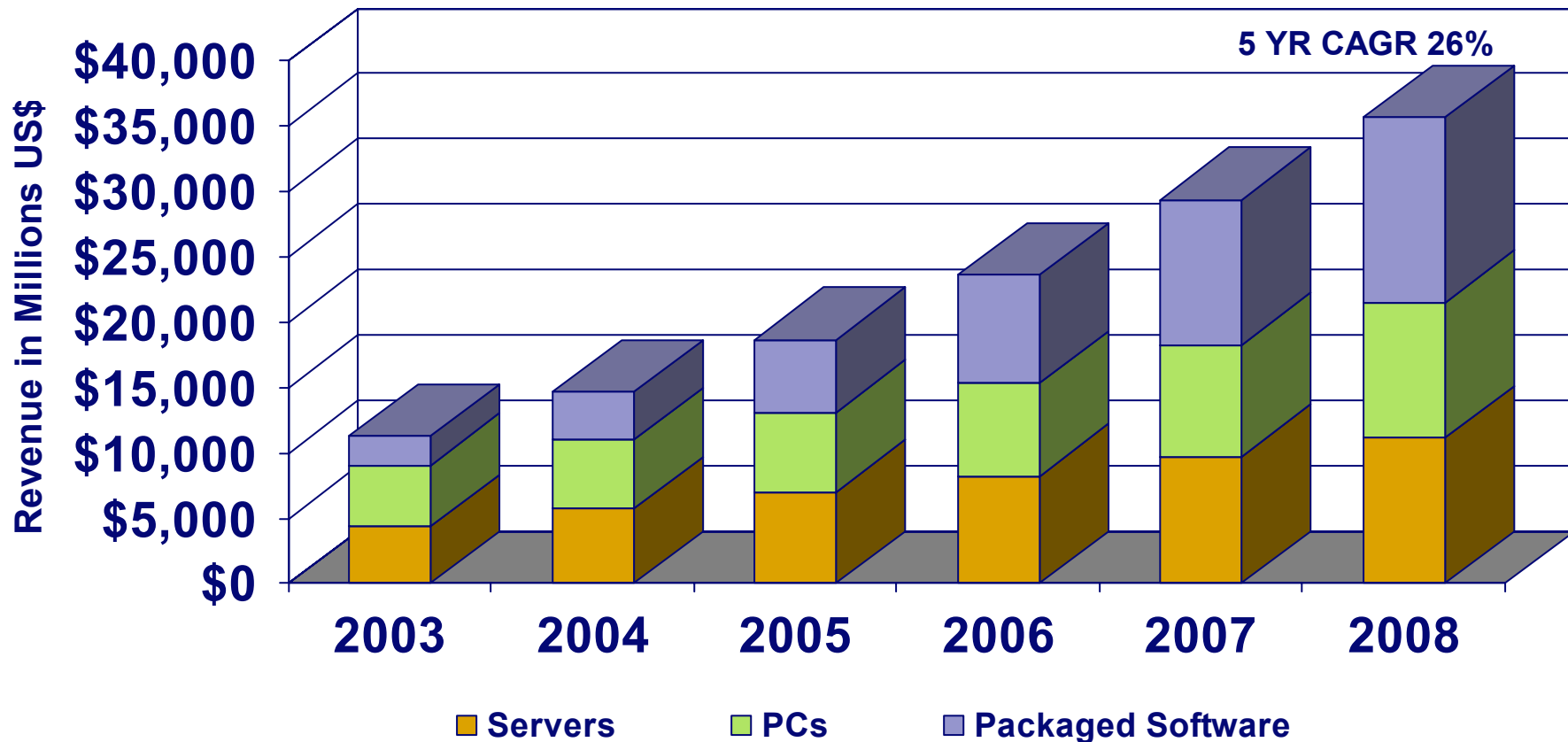
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Linux Experiencing Exploding Revenue Growth

Growing 26% annually to \$35.7 Billion by 2008

WW Linux Revenue Forecast by Market Type, 2003 - 2008



Source: IDC 2004

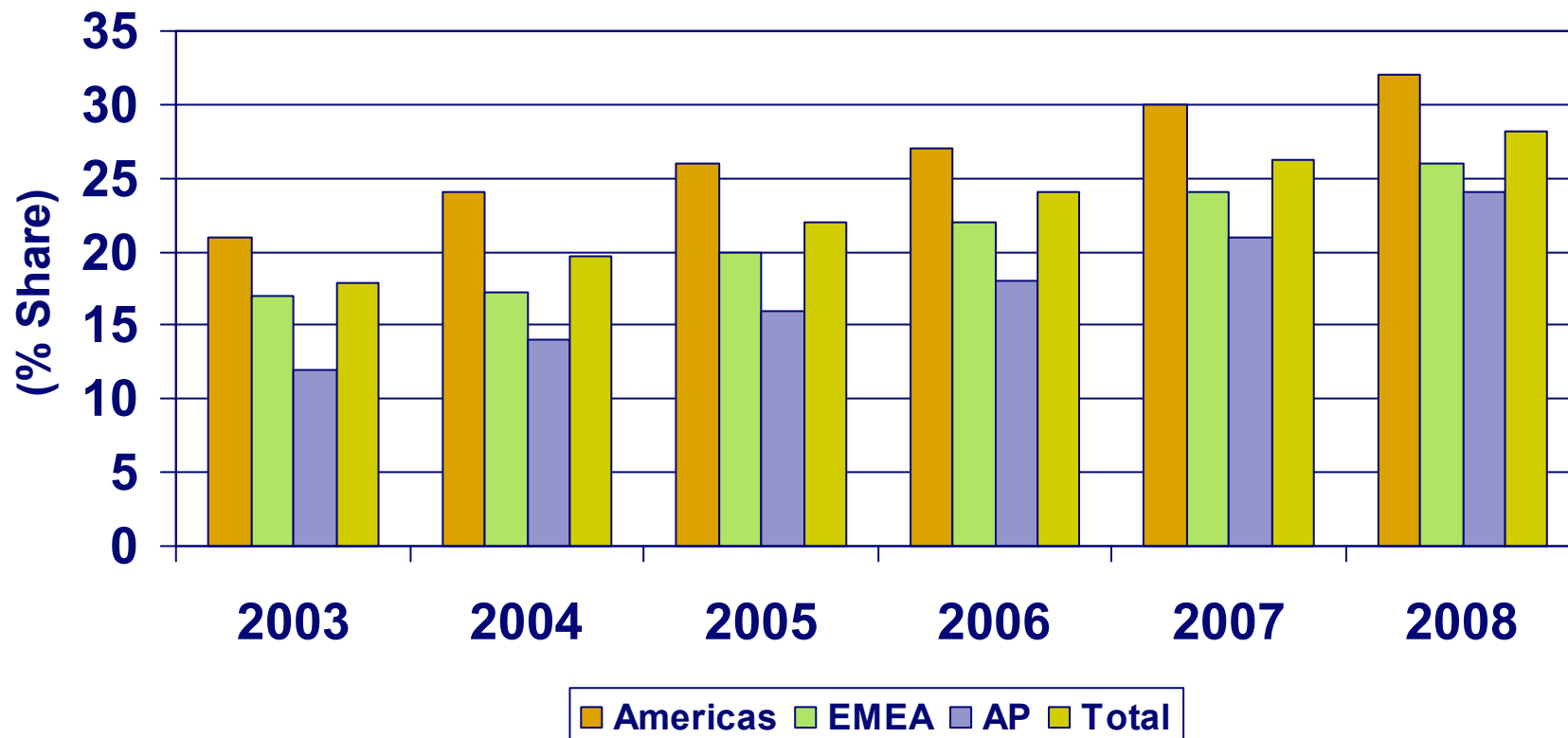


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Linux share of server shipments and redeploys exceeds 28% by 2008

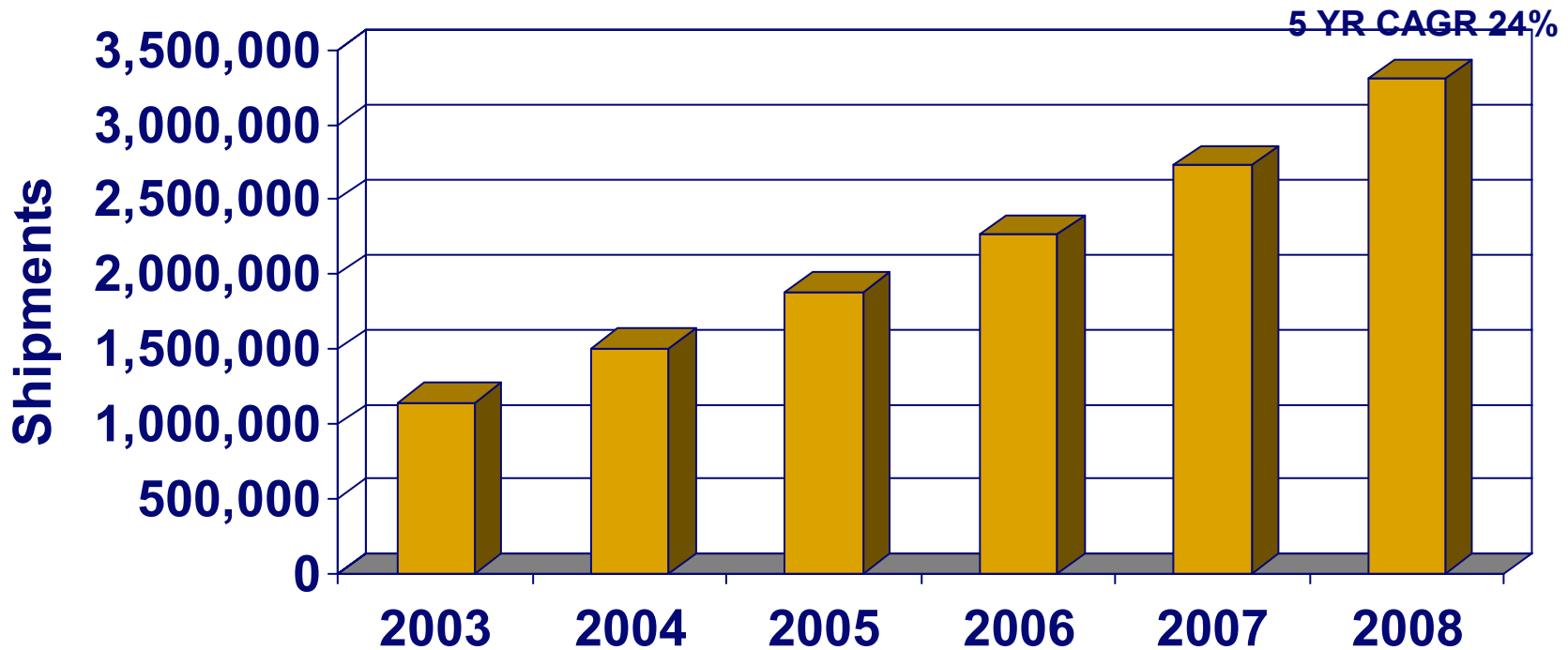
Linux Share of Server Shipments and Redeploys



Source: IDC 2004

Linux is firmly established in the marketplace as a legitimate enterprise server operating system

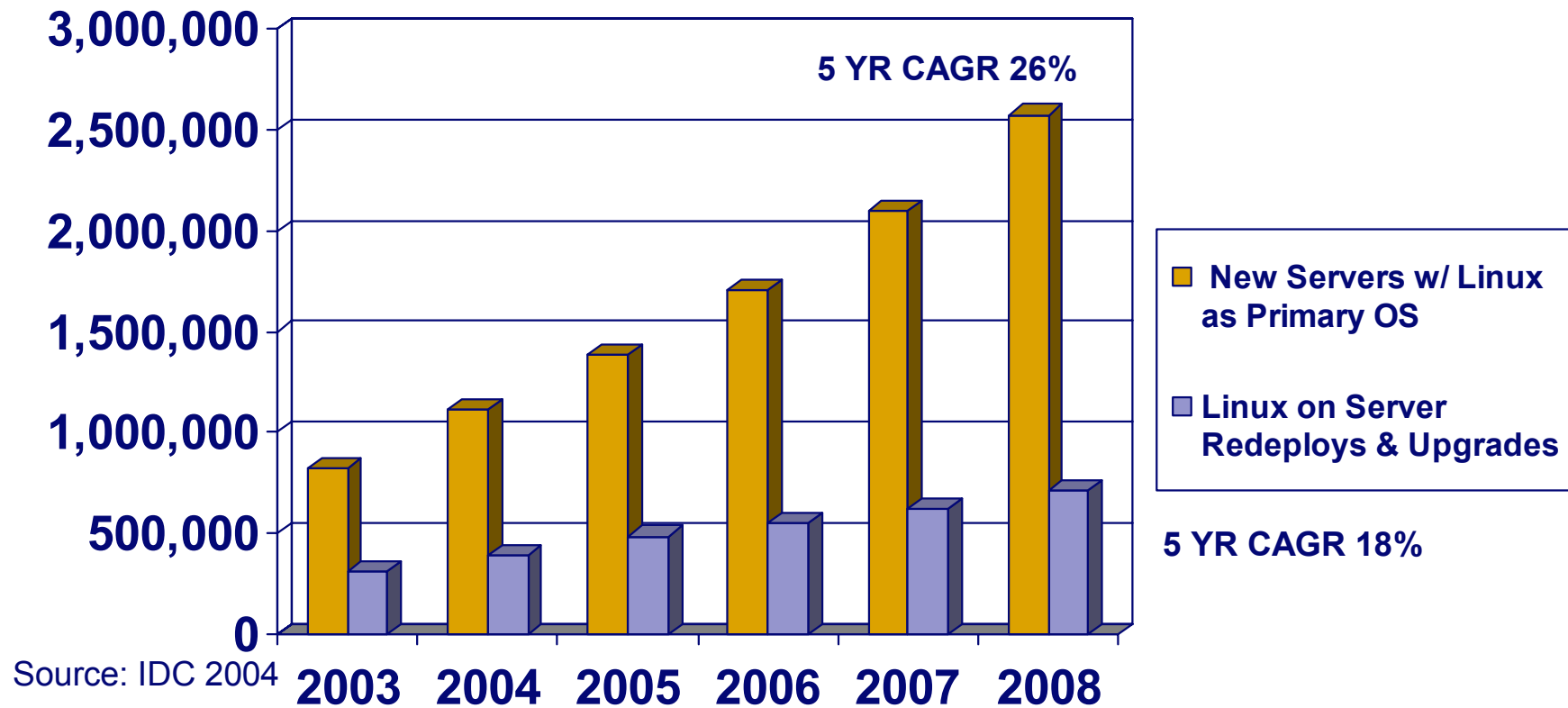
WW Shipments + Redeployments of Linux Servers



Source: IDC 2004

As Linux gains credibility, the balance of shipments shifts to new deployments

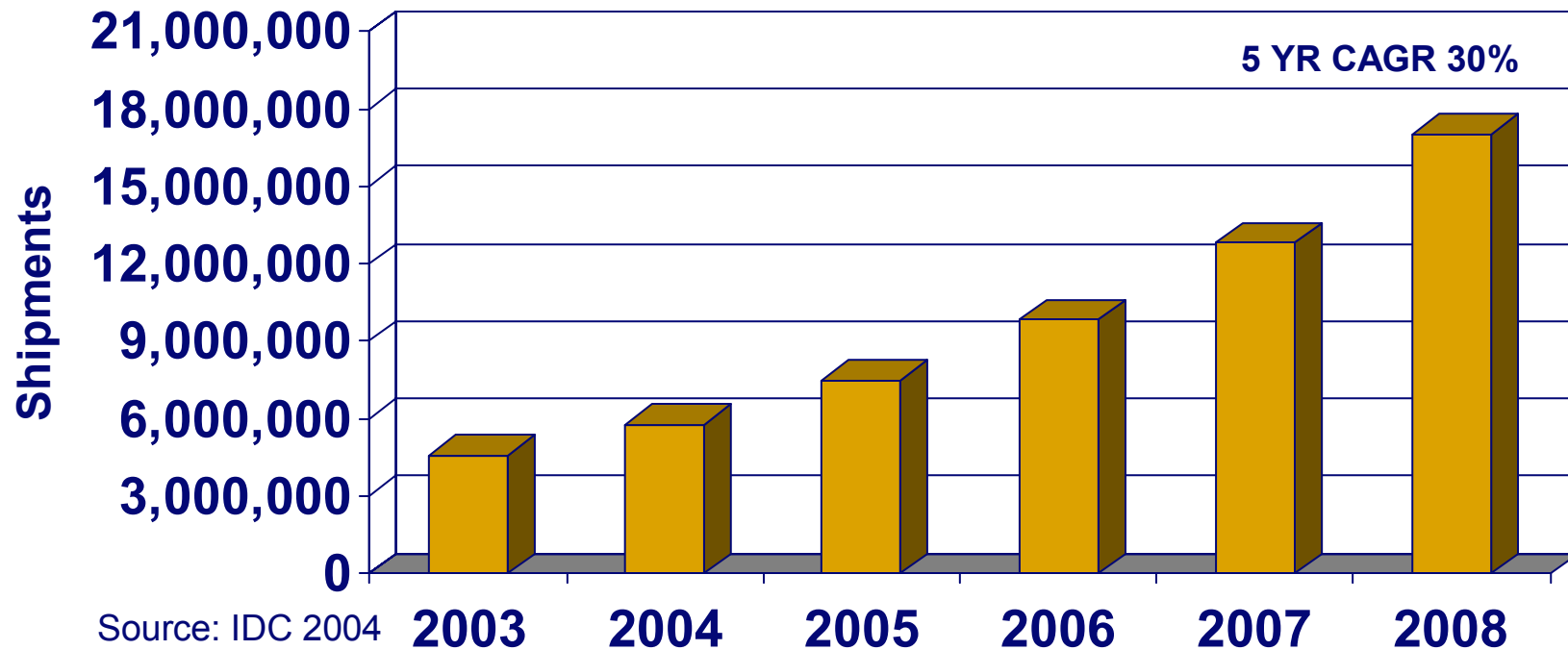
WW Shipments & Redeployments



Linux Establishes a Beachhead in the PC Market

Re-deployed PCs boost total Linux deployments

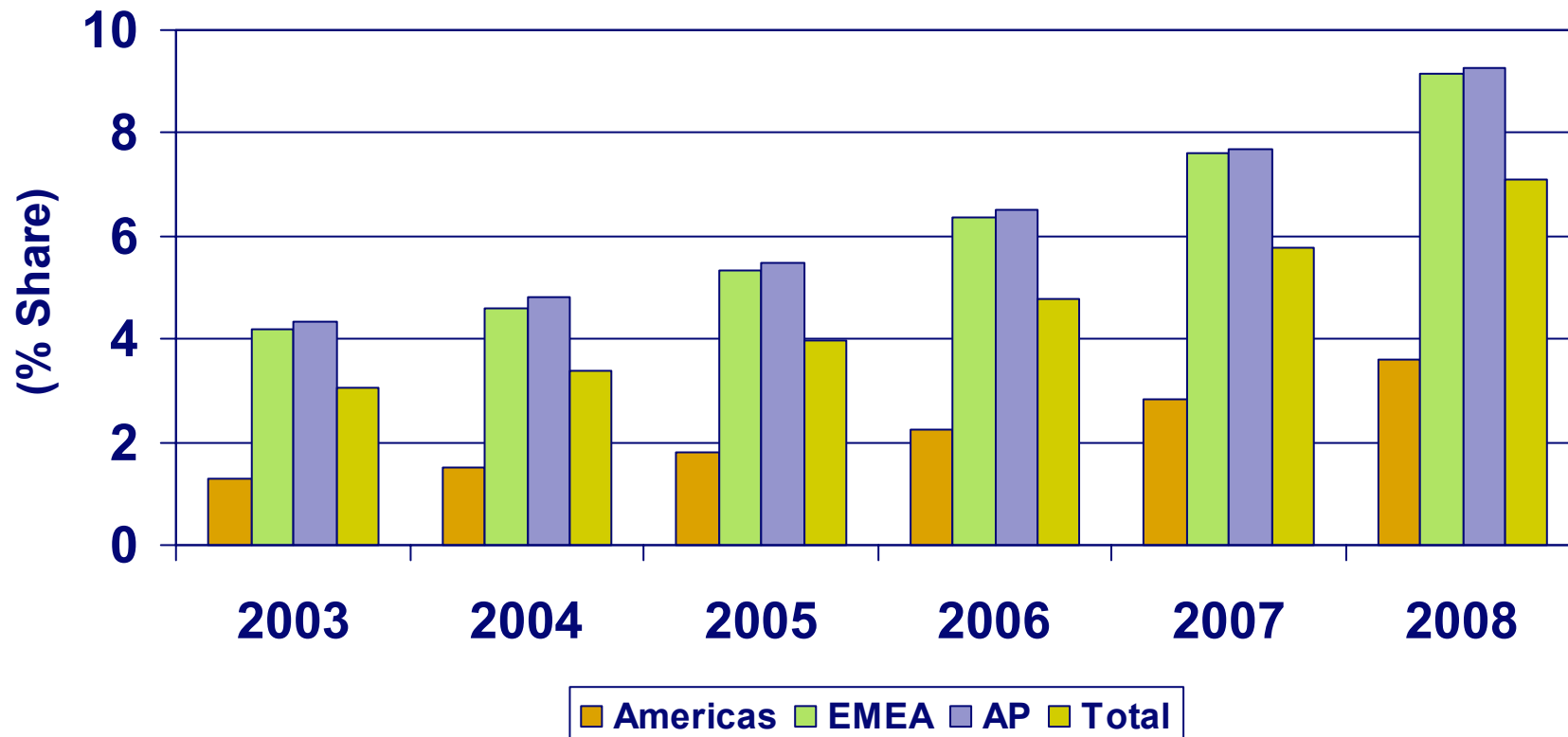
WW Shipments + Redeploys of Linux PCs



While still a minority player on the desktop/PC, Linux penetration is forecasted to reach \$10 billion annual revenues on 17 million units shipped globally by 2008

Linux PC Shipments and Redeploys higher in AP and EMEA than in Americas

Linux Share of PC Shipments and Redeploys

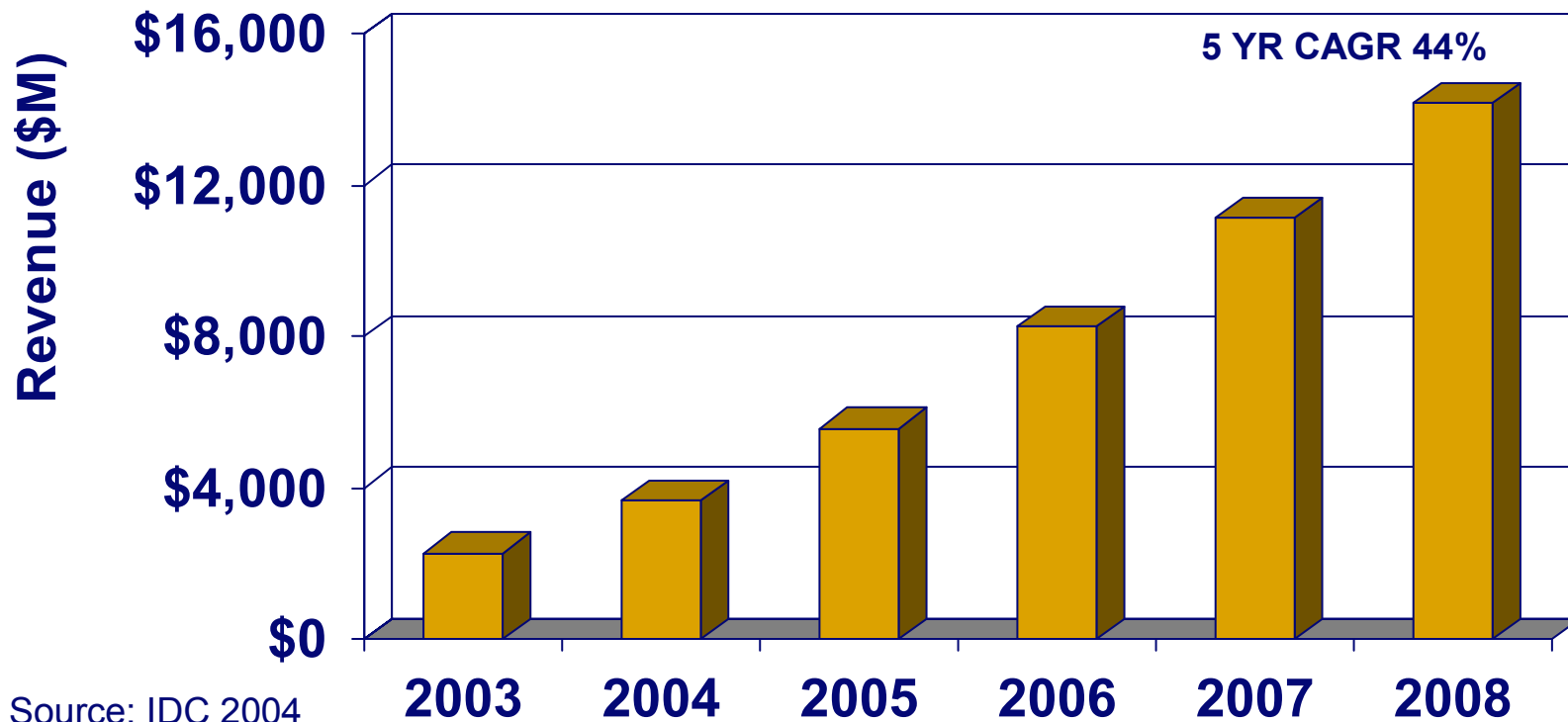


Source: IDC 2004

Packaged software is a key Linux opportunity

Packaged software is the fastest growing Linux market segment

WW Linux Software Revenue



Source: IDC 2004

Key packaged software markets on Linux include database, application server software, applications and management tools. These software revenues dwarf revenues for the Linux distributions.



Essential Guidance

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Essential Guidance

- Linux has gained steady ground in the marketplace and is poised to make further gains, often in forms other than pure new deployments.
- For current participants this forecast should provide additional validation of a trend they have been experiencing and will help prioritize investments.
- For competitors and companies still on the sidelines (end-customers, ISVs, channel partners), this forecast should provide additional justification to the market. Linux is no longer a fringe player. Linux is now mainstream.

Appendix

About IDC
IDC Project Team

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About IDC

IDC is the premier global market intelligence and advisory firm in the information technology and telecommunications industries. We analyze and predict technology trends so that our clients can make strategic, fact-based decisions on IT purchases and business strategy. Over 700 IDC analysts in 50 countries provide local expertise and insights on technology markets, and our management team is comprised of experienced and respected industry luminaries. Business executives and IT managers have relied for 40 years on our advice to make decisions that contribute to the success of their organizations.

IDC Project Team

Project Management

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