IDC Analyze the Future

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COMPETITIVE ANALYSIS

# Worldwide RDBMS 2006 Vendor Shares: Preliminary Results for the Top 5 Vendors

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## IDC OPINION

The relational database management systems (RDBMS) market perked up in 2006, showing some vigor, even in unexpected places. This study examines preliminary results, which nonetheless show that there's life in this space yet. In particular:

- The market as a whole grew fairly well, and there is some indication that minor vendors picked up the pace.
- Oracle continued to glide along in first place, bolstered by apparently broad acceptance of the 10gR2 release and the success of key options.
- IBM remains in second place but claims significant increases in database sites.
- With the strongest growth among the leaders, Microsoft has steadily narrowed the gap.
- Sybase showed positive growth as ASE 15 has found favor with users.

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## IN THIS STUDY

This study presents preliminary data regarding the top 5 vendors in the relational database management systems market for 2006 as well as the market as a whole. This data will be superceded by a later study once data collection is completed in IDC's Software Market Forecaster (SMF). For a complete explanation of the data and its collection in this study, see the Methodology in the Learn More section of this study.

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## SITUATION OVERVIEW

The market for RDBMS software grew by 14.3% from 2005 to 2006, as indicated in Table 1. Once again, Oracle led the field, with a market share of 44% and software revenue of $7.3 billion, a jump of 14.7% over 2005. IBM held second place with $3.5 billion. Microsoft continued to gain ground with 25% growth to $3 billion. Upgrades to ASE 15 helped lift Sybase by 4.3% to $524 million, followed by the soon-to-be-independent Teradata with $457 million. Smaller vendors averaged a relatively robust 5.3% growth rate from 2005 to 2006.

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### TABLE 1

Worldwide RDBMS Software Revenue by Vendor, 2004–2006 ($M)

| | 2004 | 2005 | 2006 | 2005 Share (%) | 2005–2006 Growth (%) | 2006 Share (%) |
|---|---|---|---|---|---|---|
| Oracle | 6,003 | 6,376 | 7,312 | 44.3 | 14.7 | 44.4 |
| IBM | 2,923 | 3,113 | 3,483 | 21.6 | 11.9 | 21.2 |
| Microsoft | 2,013 | 2,442 | 3,052 | 17.0 | 25.0 | 18.6 |
| Sybase | 471 | 503 | 524 | 3.5 | 4.3 | 3.2 |
| NCR Teradata | 390 | 423 | 457 | 2.9 | 8.0 | 2.8 |
| Other | 1,495 | 1,542 | 1,624 | 10.7 | 5.3 | 9.9 |
| Total | 13,296 | 14,398 | 16,451 | 100.0 | 14.3 | 100.0 |

Notes:

Oracle revenue does not include data movement, analysis, and reporting options sold with Oracle Database; adding that revenue would take Oracle to $7.4 billion.

IBM also has significant DBMS revenue in the nonrelational DBMS (NDBMS) market.

Microsoft revenue includes OLAP functionality that is bundled in with SQL Server.

2006 data is preliminary.

Source: IDC, March 2007

Oracle enjoyed substantial growth due to the success of some of its database options and has also shown strong growth in new sites among small and medium-sized business (SMB) customers. It should also be noted that additional license purchases due to processor- (or core-) related upgrades also helped drive Oracle's license revenue growth. IBM has indicated substantial net increases in new DB2 sites and users across the board. Microsoft also reported a substantial growth in sites and appears to be moving up in the enterprise because of increased acceptance of SQL Server 2005 as an enterprise RDBMS.

It should be noted that the revenue reported here represents products that include collections of options and features, some of which are bundled with the RDBMS and some of which are not. In those cases where options or features are separately priced and belong in other markets — such as end-user query, reporting, and analysis; advanced analytics; or data integration and access — they have been deducted from the RDBMS total for that vendor. As a result, although Table 1 accurately reflects the revenue derived from the branded and priced RDBMS products of these vendors, it may not fully reflect the competitive relationships among vendors when optional features are taken into account. Also, a substantial majority of the revenue for well-established RDBMS vendors is derived from software maintenance and, in some cases, subscription revenue.

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## FUTURE OUTLOOK

Will the rich continue to get richer? It would seem so; the large vendors are exploiting new markets in the Asia/Pacific region while simultaneously mining opportunities with smaller customers and with the sales of new features and tools to existing customers. Technology innovations are afoot that could disrupt this process, but the impact of such innovations is only very subtle at the moment.

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## ESSENTIAL GUIDANCE

The top 3 vendors are pursuing platform strategies, each based on the vendor's strengths: Oracle is integrating the stack from the iron up to and including the application; IBM also has vertical integration, but it includes the hardware and goes up to but does not include the application; IBM also takes a heterogeneous database approach. Microsoft wants to own the whole environment except the hardware. Therefore:

- Other vendors should continue to develop indirect strategies to sell in a market dominated by these three.
- Each of these three should continue doing what it is doing — it's working — but not get complacent.
- Suppliers of allied technologies and services should base their technologies and expertise on the top 5, but not exclusively. There are hidden gems among the lesser players.

 

## LEARN MORE

### Related Research

- *Will Storage Virtualization Become the Peacemaker in the Database Wars?* (IDC #206058, March 2007)
- *IDC's Software Taxonomy, 2007* (IDC #205437, February 2007)
- *Worldwide RDBMS 2005 Vendor Analysis: Top 10 Vendor License Revenue by Operating Environment* (IDC #204865, December 2006)
- *Worldwide Database Management Systems 2006–2010 Forecast and 2005 Vendor Shares* (IDC #203732, October 2006)
- *Worldwide Embedded DBMS Software 2005 Vendor Shares* (IDC #203346, September 2006)
- *Worldwide Embedded DBMS Software 2006–2010 Forecast* (IDC #201875, May 2006)

### Definitions

#### *Relational Database Management Systems*

The relational database management system (RDBMS) market includes multiuser DBMSs that are primarily organized according to the relational paradigm and that use SQL as the foundational language for data definition and access. Also included are RDBMSs that have been extended to support embedded tables or other nonrelational enhancements or to include extended attribute types (such as graphical, geospatial, and audio) or object-oriented formalisms (such as data encapsulation).

### Methodology

#### *IDC Data Collection Methodology*

IDC's industry analysts have been measuring and forecasting IT markets for more than 30 years. IDC's software industry analysts have been delivering analysis and prognostications for packaged software markets for more than 25 years.

The market forecast and analysis methodology incorporates information from five different but interrelated sources, as follows:

- **Reported and observed trends and financial activity.** This includes reported revenue data for public companies.
- **IDC's *Software Census* interviews.** IDC interviews all significant market participants to determine product revenue, revenue demographics, pricing, and other relevant information.

- **Product briefings, press releases, and other publicly available information.** IDC's software analysts around the world meet with hundreds of software vendors each year. These briefings provide an opportunity to review current and future business and product strategies, revenue, shipments, customer bases, target markets, and other key product and competitive information.

- **Vendor financial statements and related filings.** Although many software vendors are privately held and choose to limit financial disclosures, information from publicly held companies provides a significant benchmark for assessing informal market estimates from private companies. IDC also builds detailed information related to private companies through in-depth analyst relationships and maintains an extensive library of financial and corporate information focused on the IT industry. We further maintain detailed revenue by product area models on more than 1,000 worldwide vendors.

- **IDC demand-side research.** This includes thousands of interviews with business users of software solutions annually and provides a powerful fifth perspective for assessing competitive performance and market dynamics. IDC's user strategy databases offer a compelling and consistent time-series view of industry trends and developments. Direct conversations with technology buyers provide an invaluable complement to the broader survey-based results.

Ultimately, the data presented in IDC's studies and Software Market Forecaster pivot tables represent our best estimates based on the above data sources as well as reported and observed activity by vendors and further modeling of data that we believe to be true to fill in any information gaps. For more detail regarding how software is classified and software revenue data is collected, please see *IDC's Software Taxonomy, 2007* (IDC #205437, February 2007).

### *How This Document Varies from the Standard Methodology*

Due to intense subscriber interest, this document was prepared before the above processes could be completed. As a result, information from the Software Market Forecaster as of March 14, 2007, was compared with the most recent available information about the leading vendors to produce reasonable estimates of those vendors' and the market's performance in 2006. These results may change materially when the SMF data on this market is finalized, but the magnitudes of market share and growth are correct according to the best information available as of the publication date of this document.

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