

## **Server Operating System - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The global server operating market was valued at USD 19.07 billion in the current year. It is expected to reach USD 30.69 billion by the end of the forecasted year, registering a CAGR of 9.53% during the forecast period.

#### Key Highlights

- The market's growth is attributed to enterprise spending on creating a robust data center infrastructure. In addition, the increasing adoption of hybrid cloud environments and deployment of 5G networking technologies fuel the market's growth. Further, technological advancements and increasing security requirements in infrastructure are anticipated to provide lucrative expansion opportunities for the market during the forecast period.
- Increasing adoption of cloud platforms & infrastructure and rising data center infrastructure investments by most of the prominent players are assisting the market growth. The development of current advanced infrastructure is anticipated to boost the number of cloud server users worldwide. The key cloud computing service firms are investing a considerable portion of money in expanding cloud infrastructure around the globe. For instance, In February 2023, Oracle Corporation announced a new plan for public cloud in Saudi Arabia with an investment of USD 1.5 billion, considering the increasing demand for cloud services.
- Servers can be used in various applications in smart cities, including delivering high-performance, low-latency services such as 5G and AI applications for intelligent transportation systems (ITS) and vehicle-to-everything (V2X) communication. They can also be used to host cloud-based voice-over-IP (VoIP) communication systems for public transportation and storing and managing data from IoT sensors and devices. Additionally, high-availability servers can play a role in smart city services' security and authentication processes. For example, Globally, many smart city projects and efforts are being implemented, encouraging global investments owing to urbanization. The OECD estimates that between 2010 and 2030, international investments in smart city initiatives would total around USD 1.8 trillion for all urban city infrastructure projects. This would create an opportunity for the players to develop a new version of OS to capture the market share.

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-To expand their market share, the market players are incorporating new strategies; for instance, In July 2023, CIQ, which builds software infrastructure for enterprises running workloads atop the Rocky Linux enterprise Linux distribution, announced today the launch of its CIQ Partner Program. The company said the launch reinforces CIQ's partner-first channel strategy as it aims to deliver its suite of solutions and services to organizations worldwide that desire stability, seamless compatibility, and cost-effectiveness for their IT infrastructure and high-performance computing needs. The CIQ Partner Program is ideal for resellers and integrators selling to enterprises and government organizations deploying and managing infrastructure at scale, data-intensive workloads for product development, scientific research, modeling, machine learning, and AI.

-However, the expanded interest in server operating systems with customized arrangements for a few applications & the many difficulties related to choosing a reasonable server is expected to affect the market development negatively. Besides, high establishment & support expenses represent a test to advertise product during the forecast period. In any case, the Bring Your Device Policy (BYOD) & the rising requirement for unified admittance frameworks are considered to assist with keeping the interest up for servers over the forecast period.

-The Covid-19 pandemic significantly boosted digital transformation and Internet services worldwide, with a significant part of businesses and enterprises that have started cooperating and working from home. The need for data centers has grown since remote technologies are demanded to keep companies operating during the Covid-19 pandemic. Following the pandemic, a new company environment has materialized, boosting cloud services and digitization as corporations modernize their digital infrastructure to support better working practices.

## Server Operating System Market Trends

### Cloud Segment is Expected to Hold a Significant Share of the Market

- A growing number of companies are increasingly using cloud computing technologies to provide efficient application and data management with no need for constructing or maintaining IT infrastructures on site. As per Flexera 2023 State of the Cloud Report, 75% of enterprise respondents indicated adopting Microsoft Azure for public cloud usage.

- Amazon Web Services (AWS), Microsoft Azure, and Google Cloud are the leading cloud computing platform providers globally. This rapid adoption of cloud technologies and the rising demand for one-stop access to multi-cloud services have created opportunities for cloud services brokerage. Such huge adoption of the cloud would increase the demand for servers, proportionately driving the demand for the studied market.

- Further, according to the Fortinet cloud report 2022, Most organizations pursue a hybrid (39%, up from 36% in 2021) or multi-cloud strategy (33%) to incorporate multiple services for scalability or business continuity reasons. 76% percent are utilizing two or more cloud providers. Firms continue to move workloads to the cloud at a rapid pace. 39% of surveyed members have more than half of their workloads in the cloud, while 58 percent plan to get to this level in the next 12-18 months. Cloud users guarantee that the cloud is delivering on the promise of adaptable capacity and scalability (53%), increased agility (50 percent), and improved availability and business continuity (45%).

- As organizations had to modernize and migrate to the cloud abruptly, various financial organizations partnered with cloud service providers. Such as HSBC's planned cloud contract with Amazon Web Services (AWS), Deutsche Bank striking a 10-year strategic partnership with Google Cloud, and Santander's made announcement that it is shifting its over 200 servers to the cloud per day, the company has declared the deadline to complete this project is the year 2023.

- According to Thales Group, as of 2022, around 60% of all corporate information is stored in the cloud. As companies progressively move their resources into cloud environments to enhance security, dependability, and enterprise agility, this proportion hit 30% in 2015 and has since continued to grow. These factors create a massive growth opportunity for the market-studied vendors to expand their offerings in the coming years.

- The growing adoption of cloud computing among enterprises also expands the market studied scope. For instance, India-based market vendor, Druva Inc., reported that many companies primarily target enterprise data due to a large amount of unstructured

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data. The company also reported that this data claim accounts for over 80% of the data stored in enterprise storage systems.

- According to Turbonomic, they released data in July 2022 stating that, in 2021, 56% of respondents stated that they are utilizing Microsoft Azure for their cloud services. Amazon Web Services was on top of the list until 2020 Microsoft took its place. Additionally, the percentage of respondents not utilizing any cloud increased to eight percent in 2022 from four percent in 2021.
- As per CloudPathSurvey conducted during a pandemic, 89% of banks plan to operate with hybrid cloud storage and deployment. As per Nutanix's third annual Enterprise Cloud Index report for financial services, hybrid cloud adoption is expected to grow 39% in the coming five years. Such huge adoption towards cloud deployment would drive the demand for the studied market.

#### North America Expected to Witness Significant Growth

- North America is expected to hold a significant share of the market. Americans are anticipated to lead the international market due to the increasing demand for server operating systems and the development of Internet applications. Using artificial intelligence technology, the server operating system manages many applications, such as storage and server management. The market in the region is being driven by the growing adoption of cloud computing solutions across numerous corporations. As a result, several provincial market participants are expanding their investments in cloud computing services. Several players are even focused on providing server operating system services.
- The players in the region are developing new operating systems (OS) for servers to capture the market share. For example, Red Hat Enterprise Linux (RHEL) 9 Beta is available and delivers exciting new features and many more modifications. RHEL 9 Beta is established on upstream kernel version 5.14 and delivers a preview of the following major update of RHEL. This release is designed to require hybrid multi-cloud deployments that range from on-premises and public cloud to edge. The System Security Services Daemon (SSSD), the built-in business single-sign-on framework, now adds more detail for possibilities such as time to complete tasks, errors, the authentication flow, and more. New search capabilities allow admins to analyze performance and configuration issues.
- According to the United States Small Business Administration Office of Advocacy, in 2022, the number of small businesses in the United States reached 33.2 million, accounting for nearly all (99.9 percent) firms in the country. The growth in the number of small businesses in the United States in 2022 reflects continuous growth, with a 2.2% increase from the previous year(2021) and a 12.2% increase from 2017 to 2022. Such a massive rise in the SMEs in the various region would create an opportunity for the market players to develop new solutions to capture the market share. Such a huge number of SMEs would allow the studied market to grow.
- Furthermore, virtualization technologies have also been instrumental in driving the market with the rise of cloud computing. Cloud environments use virtualization to create and manage multiple virtual machines (VMs). Operating systems that offer robust virtualization capabilities, for example, Linux with KVM (Kernal-based Virtual Machine) or Microsoft Windows with Hyper-V, become essential for cloud providers and users. Such technologies enable the efficient allocation of resources and managing VMs, further growing the appeal of specific server operating systems in cloud deployments.
- Further, the booming 5G deployments in the country will increase the demand for server operating systems to support the 5G features and services being rolled out. For instance, according to Ericsson, there will be more than 195 million 5G subscriptions by 2026, and by 2029, in the United States, 5G will account for about 71.5% of the entire U.S. mobile market. According to CTIA, rapid growth creates a platform for the US 5G economy.

#### Server Operating System Industry Overview

The Global Server Operating System market is moderately consolidated with the presence of several players like Oracle, Cisco System, IBM, Amazon Web Services, Microsoft Corporation, etc. The companies continuously invest in strategic partnerships and product developments to gain substantial market share. Some of the recent developments in the market are:

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In June 2023, HIPER Global, a company specializing in application-specific computing solutions, announced a new partnership with Canonical, the provider of Ubuntu Linux distribution and open-source products. The collaboration aims to offer HIPER Global's worldwide customers value-added services, including a subscription to security fixes and long-term support for Ubuntu Linux. Additionally, customers will have access to advanced Canonical products integrated into HIPER Global solutions, such as private cloud infrastructures, virtualization components, centralized management systems, and supported versions of Kubernetes. Furthermore, the partnership strengthens HIPER Global's commitment to delivering advanced service to its customer worldwide.

In January 2023, Red Hat, Inc., the global provider of open-source solutions, and Oracle formed a multi-state agreement. The collaboration aims to provide clients with additional operating system options for Oracle Cloud Infrastructure. The partnership begins with adding Red Hat Enterprise Linux to OCI's supported operating systems list. Furthermore, this upgrade will assist enterprises that rely on OCI and Red Hat Enterprise Linux for digital transformation and cloud migration of essential applications.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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