

Back-Up Tape Technology: 2008

Trends for QIC, 4 mm, 8 mm, DLT, and LT-O Hardware & Media Markets

EXECUTIVE SUMMARY

Back-up tape drive and media technology represented a \$2.28 billion market in 2007. Drives accounted for \$991.44 million and media for \$1.29 billion. The market for storage hardware was mixed but was supported by growth of LT-O drives in general and the launch of LT-O 4. Media sales are being supported by the transition to higher capacity cartridges but were affected by pricing competition.

LT-O was the major segment in the back-up technology market in 2007. The drives produced by **Hewlett-Packard (H-P), IBM, Quantum and Tandberg** represented sales of \$717.10 billion, 72.33% of back-up drive revenue. H-P led the market for LT-O drives with a unit share of 45.78%. While third party suppliers were very prominent in the market for LT-O media, drive manufacturers H-P and IBM supplying complementary private label products were among the major players. H-P led the 25.21 million unit LT-O media market with a 26.74% unit share. **Fuji** was second at 14.73%. Quantum is the sole source of DLT-S drives. H-P's leading share of the 3.38 MM unit DLT-S media segment was 31.13%

DAT-72 was the largest DDS/DAT drive format in 2007. DAT-160 was launched and was gaining traction by year's end. DDS-4 declined but still had a presence. Total DDS/DAT drive sales declined again in 2007. They amounted to \$150.50 million representing 6.61% of the total back-up technology market. Sales of DAT media came to \$74.38. The leading supplier was Hewlett-Packard with 45.86% of the 11.55 million units sold. **Sony, Imation and Maxell** maintained significant shares in the segment.

DLT-V drive and media unit sales were both off. The drives had sales of \$20.11 million in 2007. The market for DLT-V media comprised of DLTtape IV and DLTtape VS1 cartridges had sales of \$70.96 million. H-P, Quantum, Imation, Sony and Maxell were the leading suppliers of this product.

The 8 mm technologies accounted for 9.25% of the total back-up technology market. Sony supplies AIT Turbo and, 3, 3EX, 4 and 5 model drives with capacities from 20 to 400 GB. Unit sales of this technology were down significantly year over year. **Tandberg** 8 mm offerings are its VXA drives. They were also down in 2007. Total 8 mm media sales which are highly concentrated in AIT and AME products amounted to \$101.61 million. Tandberg held a significant position in the media segment supplying cartridges compatible with its drives. Sony accounted for the vast majority of the sales of AIT media. It was the leading supplier in the overall 8 mm media segment with a 66.82% share of total unit sales.

QIC products represented 2.12% of total back-up technology revenue with sales of \$49.90 million. Drives accounted for 30.88% and media 69.12%. The QIC market declined again in 2007. Quantum is the sole supplier of drives that use mini-cartridges and Tandberg was the sole supplier of 5 1/4" form-factor drives. **Imation** dominates the QIC cartridge media business. H-P, Quantum and **Verbatim** were among the other vendors supplying this media.

LT-O drives have the most favorable outlook for hardware products over the forecast period. Their sales are expected to grow at a CAGR of -1.25% from 2007 to 2012. Sales of LT-O cartridges are expected to have the highest growth in media products rising at a CAGR of 3.57% to \$1.02 billion in 2011.