

Back-Up Tape Technology: 2009

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

EXECUTIVE SUMMARY

Back-up tape drive and media technology represented a \$2.10 billion market in 2008. Drives accounted for \$923.73 million and media for \$1.18 billion. The market for storage hardware was down but was supported by growth of LT-O 4 drives. Media sales were 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 2008. The drives produced by **Hewlett-Packard (H-P)**, **IBM**, **Quantum** and **Tandberg** represented sales of \$743.31 billion, 80.47% of back-up drive revenue. H-P led the market for LT-O drives with a unit share of 49.74%. 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 26.90 million unit LT-O media market with a 29.71% unit share. **Fuji** was second at 12.38%. Quantum is the sole source of DLT-S drives. H-P's leading share of the 2.33 MM unit DLT-S media segment was 33.90%

DAT-72 was the largest DDS/DAT drive format in 2008. DAT-160 continued to gain traction through the year but its growth did not offset the declines of earlier generations. DDS/DAT drive sales amounted to \$106.18 million representing 5.05% of the total back-up technology market. Sales of DAT media came to \$59.19 MM. The leading supplier was Hewlett-Packard with 51.89% of the 8.436 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 \$9.14 million in 2008. The market for DLT-V media comprised of DLTtape IV and DLTtape VS1 cartridges had sales of \$43.80 million. H-P, Sony, Quantum, Maxell and Imation were the leading suppliers of this product.

The 8 mm technologies accounted for 5.44% of the total back-up technology market. Sony supplied AIT 3, 3EX, 4 and 5 and Turbo 1 and 2 drives with capacities from 40 to 400 GB (native). Unit sales of this technology were off significantly year over year. **Tandberg** 8 mm offerings are its VXA drives. Their sales were also down again in 2008. Total 8 mm media sales which are highly concentrated in AIT and AME products amounted to \$73.70 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 69.69% share of total unit sales.

QIC products represented 1.76% of total back-up technology revenue with sales of \$36.87 million. Drives accounted for 25.49% and media 74.51%. The QIC market declined again in 2008. Quantum, the sole supplier of drives that use mini-cartridges, ended their sales. Tandberg was the sole supplier of 5 1/4" form-factor drives. Imation dominates the QIC cartridge media business. H-P and Quantum 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 -4.62% from 2008 to 2013. LT-O cartridges have the most favorable outlook among media products with a CAGR of -11.01% leading to sales of \$484.72 billion in 2013.

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