

Back-Up Tape Technology: 2010

Trends for QIC, DAT, 8 mm, DLT and LTO Media & Hardware Markets

EXECUTIVE SUMMARY

Back-up tape drive and media sales represented a \$1.58 billion market in 2009. Drives accounted for \$629.28 million and media for \$955.53 million. The market for storage hardware was down in the year but had support from LTO 4 drives. Media unit sales were off and revenues were also affected by competitive conditions in the industry.

LTO was the major segment in the back-up technology market in 2009. The drives, produced by **Hewlett-Packard (H-P)**, **IBM**, **Quantum** and **Tandberg**, represented sales of \$534.31 million, 83.32% of back-up drive revenue. H-P led the market for LTO drives with a unit share of 51.11%. While third party suppliers were prominent in the market for LTO media, drive manufacturers H-P and IBM supplying complementary private label products were among the major players. H-P led the 24.43 million unit LTO media market with a 31.24% unit share. **Fuji** was second at 12.70%. Quantum is the sole source of DLT-S drives. H-P's leading share of the 1.36 MM unit DLT-S media segment was 31.98%.

DAT-72 was the largest DDS/DAT drive format in 2009 but posted a sharp decline in volume. DAT-160 gained traction during the year and supported media revenues. DDS/DAT drive sales amounted to \$69.70 million representing 4.40% of the total back-up technology market. Sales of DAT media came to \$44.55 MM. The leading supplier was Hewlett-Packard with 54.74% of the 5.702 million units sold. **Sony**, **Imation** and **Maxell** also maintained significant shares in the segment.

DLT-V drive and media unit sales were both off. The drives had sales of \$3.95 million in 2009. The market for DLT-V media comprised of DLTtape™ IV and DLTtape™ VS1 cartridges had sales of \$22.72 million. Quantum, H-P, Sony, Maxell Imation and Fuji were the leading suppliers of these products.

The 8 mm technologies accounted for 3.90% of the total back-up technology market. AIT drive volumes were down sharply in 2009. Sales of AIT media contracted. They will continue to be available to support the drives which are now EOL. Tandberg's 8 mm offerings are its VXA drives. Their sales were also down again in 2009. Total 8 mm media sales which are highly concentrated in AIT and AME products amounted to \$41.17 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 total 8 mm media segment with a 72.05% share of the 1.088 million units sold.

QIC products represented 1.38% of total back-up technology revenue with sales of \$21.90 million. Drives accounted for 18.40% and media 81.60%. The QIC market declined again in 2009. 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.

LTO drives have the most favorable outlook for hardware products over the forecast period. Their sales are expected to grow at a CAGR of 2.47% from 2009 to 2014. LTO cartridges have the most favorable outlook among media products with a CAGR of -2.21% leading to sales of \$683.62 million in 2014.

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