Microsoft Exchange Server and Outlook Market Analysis, 2011-2015

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SCOPE

This study examines the market for Microsoft Exchange Server in both the On-Premises and the Hosted Email market. The study also examines the market for Microsoft's two main business email clients: Microsoft Outlook and Microsoft Outlook Web App (OWA). For all products, this study provides extensive 2011 data regarding installed base, broken out by industry, business size, region, version, and other variables, along with four year forecasts. This report also examines the features, strategies, strengths and weaknesses of Microsoft Exchange Server 2010, Microsoft Office 365, Microsoft Outlook 2010, Microsoft Outlook Web App (OWA) 2010, and Windows Live Hotmail.

The revenue projections and market share figures in the following sections do not include revenues from systems integration or professional services.

All market numbers, such as market size, forecasts, installed base, revenue information, and any financial information presented in this study represent *worldwide* figures, unless otherwise indicated. All revenue numbers are expressed in $USD.

METHODOLOGY

The information and analysis in this report is based on primary research conducted by The Radicati Group, Inc. It consists of information collected from vendors and users within global corporations via interviews and surveys.

Secondary research sources have also been used, where appropriate, to cross-check the information collected. These include company annual reports and market size information from various market segments of the computer industry.

EXECUTIVE SUMMARY

- This report examines the penetration of the Microsoft Exchange Server messaging platform and Microsoft Outlook email client, in both the On-Premises and Hosted Messaging and Collaboration market. This report also examines Microsoft Office 365, Microsoft Outlook Web App (OWA) 2010, and Windows Live Hotmail.

- In 2011, Microsoft Exchange Server will have a worldwide installed base of 360 million mailboxes. On-Premises Microsoft Exchange Server deployments currently account for the majority of Microsoft Exchange Server mailboxes worldwide, representing 76% of the worldwide installed base in 2011. We expect this to gradually decrease as the popularity of hosted, cloud-based solutions increases.

- Released in November 2009, Microsoft Exchange Server 2010 introduced increased storage support, new high availability (HA) and disaster recovery (DR) features, granular administration, built-in archiving and compliance capabilities, enhanced anywhere access, and improved unified messaging (UM). To date, however, uptake of Microsoft Exchange Server 2010 has been slow. This is partly due to slower economic conditions, as well as customer "fatigue" when it comes to upgrading to new releases. As Microsoft released its first Microsoft Exchange Server 2010 service pack (SP1) in August 2010, and we expect to see greater uptake of Microsoft Exchange Server 2010 later this year.

- Microsoft has also found success in the Hosted Email market with their Business Productivity Online Suite (BPOS), which includes Microsoft Exchange Online, Microsoft SharePoint Online, Microsoft Office Communications Online, and Microsoft Office Live Meetings. This past year, Microsoft announced the successor to Microsoft Business Productivity Online Suite (BPOS) – Microsoft Office 365. Microsoft Office 365 will include updated versions of Microsoft Exchange Online, Microsoft SharePoint Online and Microsoft Lync Online. The release of Microsoft Office 365 later in 2011 will help bring greater attention to cloud-based email and collaboration, and help drive further growth of Microsoft Hosted Exchange over the next several years.

- In July 2010, Microsoft released Microsoft Outlook 2010 as part of the Microsoft Office 2010 productivity suite. Microsoft's main objective for the Microsoft Outlook 2010 client was to help control information overload. Many of its newest features, such as the enhanced Conversation View and the conversation actions help to achieve this goal. Over the next four years, adoption of Microsoft Office 2010 is expected to increase rapidly.

- Over the next four years, Microsoft Outlook Web App (OWA) is expected to also show increase usage, due to its ability to provide quick and easy email access from any web browser. However, for the most part, Microsoft Outlook Web App (OWA) will still be used as a complement to Microsoft Outlook.

- Last December 2010, Microsoft released Microsoft Outlook 2011 for Mac as part of its Microsoft Office 2011 for Mac productivity suite. Microsoft Outlook 2011 for Mac will replace Microsoft Entourage as the default desktop email client for Microsoft Exchange Server 2010. This is an important move for Microsoft as adoption of Apple Mac OS X is making a comeback with both consumer and business users.

- Figure 1, shows the worldwide installed base of Microsoft Exchange Server, categorized by mailbox type, 2011 and 2015.
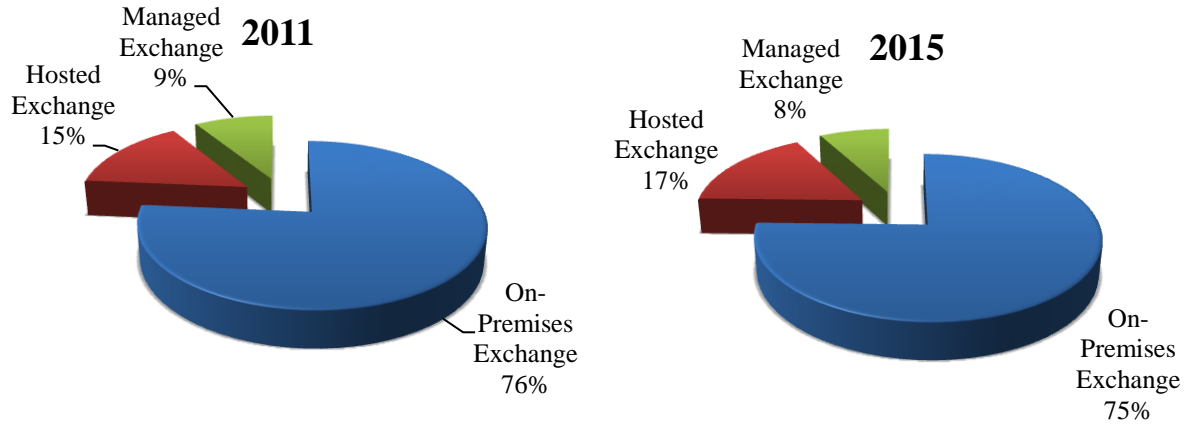
Figure 1: Worldwide Microsoft Exchange Server IB by mailbox, 2011 vs. 2015

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