Microsoft Exchange Server and Outlook Market Analysis, 2012-2016

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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 2012 data regarding installed base, broken out by industry, business size, region, version, and other variables, along with four year forecasts. This report examines the features, strategies, strengths and weaknesses of Microsoft Exchange Server 2010, and Microsoft Office 365. This report also covers 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.
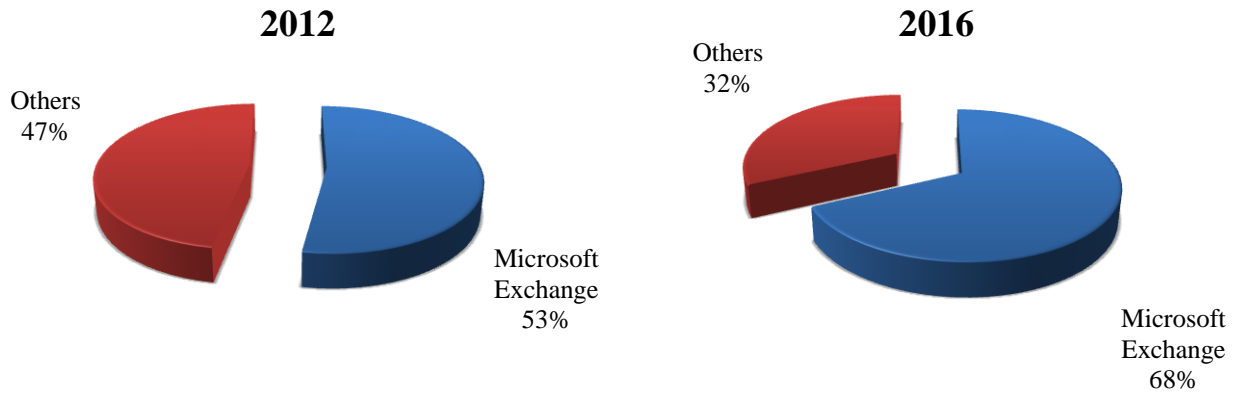
Secondary research sources have also been used, where appropriate, to cross-check the information collected. These include company annual reports and market size information from various market segments of the computer industry.

EXECUTIVE SUMMARY

- Microsoft continues to be the market leader in the Enterprise Messaging and Collaboration market with its Microsoft Exchange Server email platform, deployed either as an on-premises solution or as a cloud-based service.

- Despite the growing popularity of cloud-based computing, On-Premises Microsoft Exchange Server deployments currently still account for the majority of Microsoft Exchange Server mailboxes worldwide. However by year-end 2016, the market share of On-Premises Microsoft Exchange Server mailboxes is expected to decrease due to continuing trend of outsourcing email to hosted and managed providers. Microsoft's own Office 365 solution, in particular, is expected to drive most of this growth.

- Released in November 2009, Microsoft Exchange Server 2010 builds on top of many of the features first introduced in Microsoft Exchange Server 2007. To date, the uptake of Microsoft Exchange Server 2010 has been slow due to slow world-wide economic conditions and the short release cycles between versions. However, we do expect to see stronger migration to Microsoft Exchange Server 2010 in the next 12-18 months as organizations upgrade their current email platforms. This is helped by the fact that mainstream support for Microsoft Exchange Server 2007 ends in April 2012, and the platform is slowly becoming outdated. Microsoft Exchange Server 2010 is best-in-class, and offers greater cost

savings, granular administration, improved anywhere access, and built-in archiving and eDiscovery features.

- Microsoft has built growing traction in the Hosted Email market since its entry into this market with their Business Productivity Online Suite (BPOS). Last year, Microsoft released Microsoft Office 365, which is the successor to Microsoft Business Productivity Online Suite (BPOS). Microsoft Office 365 includes updated versions of Microsoft Exchange Online, Microsoft SharePoint Online, and Microsoft Lync Online. So far, Microsoft has been able to continue the success it has built in the market.

- Microsoft has also found lots of success in the Education Sector with its free cloud-based Live@edu offering for universities over the past few years. Later this year, Live@edu will be replaced by Microsoft Office 365 for Education, which offers a richer productivity experience.

- Microsoft released Microsoft Outlook 2010 in July 2010, as part of the Microsoft Office 2010 productivity suite. So far, the adoption of Microsoft Office 2010 has been sluggish. Over the next four years, however, we expect greater adoption as mainstream support for Microsoft Office 2007 ends, and organizations upgrade their end-users to the latest productivity technologies provided by Microsoft Office 2010.

- Over the next four years, Microsoft Outlook Web App (OWA) is also expected to show increased usage due to its ability to provide end-users with a full email experience across any web browser. However, Microsoft Outlook Web App (OWA) will still be used primarily as a complement to Microsoft Outlook, when end-users are out of the office and away from their desk.

- Figure 1, shows the worldwide penetration of Microsoft Exchange Server in the Enterprise Messaging and Collaboration market in 2012 and 2016.

2012

Others
47%

Microsoft
Exchange
53%

2016

Others
32%

Microsoft
Exchange
68%

Figure 1: Worldwide Microsoft Exchange Penetration, 2012 – 2016

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