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Email Market, 2012-2016

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SCOPE

This study provides an analysis of the Email market in 2012, and its potential growth over the next four years. It provides detailed market trends, market share, market size, forecasts, and an analysis of key email vendors and cloud email providers.

This study segments the Email market as follows:

- **Enterprise Business Email** - email products deployed on-premises by SMBs and enterprises of all sizes.
- **Cloud Business Email** - cloud-based email services geared to business use in a multi-tenant or dedicated environment.
- **Managed Business Email** - consulting and system integration organizations that manage email and other services on an outsourced basis for their customers.
- **Consumer Email** - cloud-based email solutions geared to consumers.
- **Messaging Platforms for Service Providers** - email platforms deployed by business-oriented and consumer-oriented service providers to provide email services to their users.

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- **Email Clients** – desktop or web-based interfaces for accessing and working with email.

Revenues, pricing, and all currency figures in this study are expressed in \$USD. All market numbers represent worldwide figures, unless otherwise indicated.

Installed base mailbox figures represent *active* mailboxes, which we define as mailboxes that are used at least once every three months. Email aliases are not counted as a separate unit.

Throughout this report the terms email and messaging are used interchangeably.

This study does not include data on the number of wireless or mobile email users.

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 hosting providers 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

- The Email Market continues to show strong growth in terms of both users and revenues. In 2012, we estimate that there are over 2.1 billion email users worldwide, including both business and consumer users.
- This is expected to grow in the next four years to over 2.7 billion users. Total worldwide revenues for the Email Market will top \$8 billion in 2012 and will grow to over \$12 billion by

2016, this is an average annual growth rate of 10%. Table 1 shows this growth forecast from 2012 to 2016.

Worldwide Email Market Forecast	2012	2013	2014	2015	2016
Worldwide Email Users (M)	2,172	2,317	2,463	2,611	2,761
% change		7%	6%	6%	6%
Worldwide Email Market Revenues (\$M)	\$8,107	\$8,978	\$9,977	\$10,962	\$12,080
% change		11%	11%	10%	10%

Table 1: Worldwide Email Market Forecast, 2012-2016

- This report looks at the Email Market as comprising six segments:
 - **Enterprise Business Email** – deployed on-premises by SMBs and enterprises of all sizes. Leading Enterprise Business Email providers include: *IBM, Microsoft, Novell*, and many others.
 - **Cloud Business Email** - Multi-tenant and dedicated cloud solutions geared to business use. Leading Cloud Business Email providers include: *Apptix, AppRiver, Ceryx, Google, IBM, Intermedia, Microsoft, NaviSite, Rackspace, USA.NET*, and many others.
 - **Managed Business Email** - Consulting and system integration organizations that manage email and other services on an outsourced basis for their customers. Leading Managed Business Email players include: *Accenture, Hewlett-Packard (HP), IBM Global Services*, and others.
 - **Consumer Email** - Email solutions geared to consumers. Leading consumer email services include: *AOL, Deutsche Telekom, Google, NetEase.com, NTT Communications, Microsoft, Sina, Sohu, Tencent, United Internet, Yahoo!*, and many others.
 - **Messaging Platforms for Service Providers** – email platforms deployed by business-oriented cloud providers or consumer-oriented email providers to offer email services to their users. Leading platforms include: *Critical Path, Openwave Messaging, Oracle*, and many others.

- **Email Clients** – desktop or web-based interfaces for accessing and working with email. Leading clients include: *IBM Lotus Notes*, *Microsoft Outlook*, and many others.

- Some of the key trends in the Email market today, across all segments are:
 - *Anywhere Access* – Businesses and consumers today expect to be able to reach their email from multiple devices, at any time, and from any location.

 - *Social Media Integration* – user contact lists now go beyond the address book and into multiple social networks. As a result, all email solutions are integrating with popular social media sites, such as Facebook and LinkedIn.

 - *Unified Communications Tools* – email platforms and services are including features such as instant messaging, web conferencing, and VoIP as part of their packages.

- Microsoft continues to dominate the on-premises Enterprise Email market segment with its Microsoft Exchange Server platform. Microsoft has continued to invest heavily in its Microsoft Exchange Server platform, adding native archiving, tight integration with its instant messaging solution (Lync), unified communications, and a broad range of features to its already popular Outlook email client.

- Business organizations of all sizes are increasingly looking to move their email to the cloud to reduce costs. The demographics of organizations migrating to cloud-based email and collaboration services has continued to shift over the past year, whereas previously SOHOs and SMBs were the main customers of Cloud Business Email solutions, now mid-market and larger organizations are also aggressively moving to the cloud.

- Google and Microsoft have re-imagined the Cloud Business Email market by including productivity tools with each mailbox. Cloud Business Email providers are now developing their solutions to place more of an emphasis on productivity tools, such as instant messaging (IM), cloud storage, document collaboration, and other features.

- The overarching trend for all service providers today is a growing demand from subscribers for “more features”. Vendors of Messaging Platforms for Service Providers are now including features like mobile access, social media integration, a richer client experience and

much more to empower both business and consumer-oriented service providers to better meet growing customer demand.

- The Consumer Email market is mostly controlled by Google, Microsoft, and Yahoo!. These providers offer a broad range of services that expand beyond email, such as instant messaging (IM), search, news, and more. Google, Microsoft, and Yahoo! have a combined market share of about 44% in the Consumer Email market.
- In the Email Client segment, Corporate Webmail Clients will show the fastest growth rate over the next four years. The installed base of Corporate Webmail Clients is expected to grow from 629 million in 2012 to over 1 billion by year-end 2016. This represents an average annual growth rate of 13%.
- Table 2 shows the number of email clients and email users worldwide, from 2012 to 2016, as well as the ratio of email users to clients. The number of email clients worldwide will increase from over 4.3 billion in 2012 to 5.5 billion by year-end 2016. (*Note: email users typically have more than 1 email client, wireless and mobile email clients are not included in this data*).

	2012	2013	2014	2015	2016
Worldwide Email Clients (M)	4,366	4,657	4,963	5,274	5,591
Worldwide Email Users (M)	2,172	2,317	2,463	2,611	2,761
Average Clients/Users	2.01	2.01	2.02	2.02	2.03

Table 2: Worldwide Email Clients, 2012 - 2016

- The total worldwide email traffic including both business and consumer emails is estimated to be over 144 billion emails/day at year end 2012 and growing to over 192 billion emails/day by 2016.
 - Most of the world's email traffic comes from the corporate world. In 2012, the number of business emails sent and received per day total 89 billion. This figure is expected to

grow at an average annual rate of 13% over the next four years, reaching over 143 billion by year-end 2016.

Daily Email Traffic	2012	2013	2014	2015	2016
Total Worldwide Emails Per Day (B)	144.8	154.6	165.8	178.3	192.2
<i>% Change</i>		<i>7%</i>	<i>7%</i>	<i>8%</i>	<i>8%</i>
Business Emails Per Day (B)	89.0	101.0	114.3	128.6	143.8
<i>% Change</i>		<i>13%</i>	<i>13%</i>	<i>13%</i>	<i>12%</i>
Consumer Emails Per Day (B)	55.8	53.6	51.5	49.7	48.4
<i>% Change</i>		<i>-4%</i>	<i>-4%</i>	<i>-3%</i>	<i>-3%</i>

Table 3: Worldwide Daily Email Traffic, 2012-2016

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