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Microsoft Exchange Server & Outlook Market Analysis, 2009-2013

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SCOPE

This study examines the market for Microsoft Exchange Server in both the On-Premises and Hosted Email Market. This study also examines the market for Microsoft's two email clients: Microsoft Office Outlook and Microsoft Outlook Web Access (OWA). For all products, this study provides extensive 2009 data regarding installed base, broken out by business size, region, version, industry, and other variables, along with four year forecasts. This report also examines the features, strategies, strengths and weaknesses of Microsoft Exchange Server 2007 and Microsoft Office Outlook 2007.

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.
- In 2009, Microsoft Exchange Server will have an installed base of 241 million on-premises and hosted mailboxes, and is expected to grow to 347 million by year-end 2013. This represents an average annual growth rate of 11%.
 - Currently, the on-premises Exchange mailbox installed base accounts for 73% of the Worldwide Exchange Mailboxes. By 2013, this percentage is expected to decrease to 67%, as demand shifts to Hosted Exchange services.
- In the Hosted Email Market, we distinguish between hosted and managed services:
 - **Hosted Microsoft Exchange Mailboxes:** This segment consists of Microsoft Exchange mailboxes offered as a hosted service by Hosted Business Email providers, including Microsoft with its recently released Microsoft Business Productivity Online Standard Suite (BPOS).
 - **Managed Microsoft Exchange Mailboxes:** This segment consists of Microsoft Exchange mailboxes that are under management by Managed Business Email providers (e.g. HP, IBM Global Services). Managed mailboxes typically include consulting and professional services.

- Microsoft Exchange Server 2007 is the latest version of the Exchange Server platform, and was first released in December 2006. In November 2007, Microsoft released Service Pack 1 (SP1) for Exchange Server 2007.
 - Microsoft Exchange Server 2007 is showing growing uptake accounting for 33% of total Microsoft Exchange deployments in 2009.
- Microsoft Outlook 2007 was released in January 2007. With this release, Microsoft tightened the integration between Outlook 2007 and Microsoft Exchange Server for improved productivity and collaboration. Microsoft Outlook continues to be the leader in the Desktop Email Client Market.
- In March 2009, Microsoft Business Productivity Online Standard Suite (BPOS) was made available to organizations worldwide. BPOS includes hosted versions of Microsoft Exchange Server, Microsoft SharePoint, Microsoft Office Communications Server (OCS), and Office Live Meeting.
 - BPOS is available to businesses of all sizes, although it is catered more to SMBs. We expect to see a significant portion of the current installed base of Microsoft Exchange 2000 and earlier versions to move to this option over the next four years.
 - Microsoft's BPOS competes against many of Microsoft's hosting partners, and it is still unclear how Microsoft plans to support this business model without alienating their partners.

- Figure 1, shows the installed base of Microsoft Exchange Server, categorized by mailbox type, in 2009 and 2013.

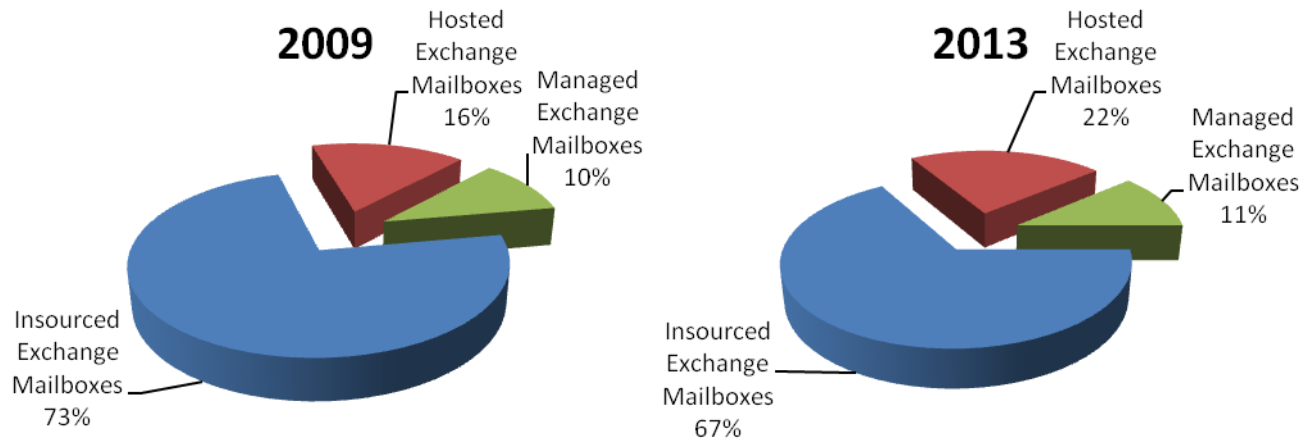


Figure 1: Microsoft Exchange Server Installed Base by mailbox type, 2009 vs. 2013

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