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EMEA Hosted Email Market, 2009-2013

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SCOPE

This study provides an analysis of the Hosted Email market in EMEA¹ in 2009 and its forecasted growth through 2013. It includes current market trends, market size, installed base market share by provider, and four-year forecasts. Detailed breakouts are provided for the top-5 European countries - United Kingdom, Germany, France, Italy, Spain - as well as Rest of Europe (RoE).

The Hosted Email market is categorized by three segments: ISP/Webmail, Hosted Business Email, and Managed Email. The first 2 segments are discussed in detail in this report, the latter, which comprises mostly systems integration and consulting projects is not.

Microsoft is identified as a key player in the Hosted Email market. A section is dedicated to Microsoft and a four-year forecast is provided for Microsoft Hosted Exchange mailboxes.

All revenue numbers are expressed in EUROS (€) unless stated differently.

¹ EMEA is defined as: Portugal, Spain, France, Italy, Switzerland, Austria, Belgium, Luxemburg, The Netherlands, The United Kingdom, Germany, Norway, Sweden, Finland, Denmark, Iceland, Bulgaria, Belarus, Hungary, Ukraine, Serbia, Slovakia, Greece, Romania, Poland, Russia and the Rest of Europe (RoE).

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, global corporations and users 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 study provides an analysis of the Hosted Email market in EMEA¹ including both consumer and business email services. This report does not look into email solutions deployed on premises. Separate country breakdowns including installed base, four-year forecasts and market share are provided for the top 5 countries in EMEA: UK, France, Germany, Spain, Italy – as well as for Rest of Europe (RoE).
- The report categorizes the Hosted Email market into three key segments:
 - **ISP/Webmail:** This segment focuses on advertising driven, and thus free, email solutions. These email solutions are mostly used by consumers, but also by a number of SOHO customers. The most popular email solutions in this category are *Microsoft Windows Live (Hotmail)*, *Google's Gmail* and *Yahoo!*.
 - **Hosted Business Email:** this segment offers professional email solutions to a wide range of businesses (from SOHO to Corporate). Typically this type of solution is paid for, doesn't have advertising, is linked to the company domain name and offers advanced business features such as shared calendar, contacts, and mobile 'push' email.
 - **Managed Business Email:** This segment deals with solutions hosting a dedicated mail server in a data center, meaning that the infrastructure is dedicated to a single customer. The provider typically adds management services (e.g. maintenance, security, back-up, etc.)

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on top of pure hosting. This segment is not analyzed in depth in this report, but is included here for the sake of completeness.

- The growing adoption of Broadband Internet, both fixed and mobile, is positively impacting the adoption of email services throughout EMEA. However, in several mature EMEA markets the adoption of fixed-line Broadband services is slowing due to saturation. Growth in these markets is driven mainly by replacement sales rather than new customers. This is reducing the growth rate of ISP/Webmail services in mature markets (e.g. UK, Germany, Nordic countries, etc.), whereas we still see strong ISP/Webmail growth in emerging markets in southern Europe and eastern European countries.
- In most EMEA countries, Mobile Broadband services (using a USB modem across an HSDPA or 3G mobile network) are now growing more quickly than the DSL fixed line equivalent. In some countries, the number of Mobile Broadband subscribers has already overtaken the number of fixed Broadband subscribers.
- The growth of Mobile Broadband services across EMEA indicates that email, instant messaging and SMS will be integrated into one access method in the future for both the consumer and the business sectors to a greater extent than before.
- Demand for Hosted Business email services in the business sector is growing, driven by a variety of factors:
 - The economic downturn is leading more businesses to look at lower cost alternatives to running their own on-premises email infrastructure.
 - Increased availability of business-quality email services and applications targeted at the business market (particularly services based on hosted Microsoft offerings) is also driving more generally conservative EMEA businesses to take a fresh look at SaaS (Software as a Service) for email and other services.
 - The growing emphasis on ensuring that the mobile office user will be able to access email and the full range of office applications irrespective of the user's location is creating a boost in demand for Hosted Email services and applications.

- Microsoft has been actively re-shaping the Hosted Business Email market as part of its overall direction towards SaaS and cloud computing. Today, most Hosted Business Email providers offer basic POP3 email services as well as hosted email based on Hosted Microsoft Exchange Server.
- Despite Microsoft’s propensity to compete directly with its own resellers, most EMEA Hosted Business Email providers view Microsoft’s entry into the Hosted Business Email market positively, as it legitimizes the market and helps drive customer migration from on-premises Microsoft solutions to hosted services based on Microsoft offerings.
- Hosted Business Email providers are also seeking to up-sell more IT-related services to their existing client base, in particular Unified Communications & Collaboration (UCC) often based on a Microsoft platform. UCC applications are typically are sold as a suite of messaging, web and video services, and are sometimes also combined with a VoIP PBX network solution.
- The EMEA Hosted Email market, including all segments, is estimated to count 398 M mailboxes in 2009. This will grow to 564 M in 2013. Figure 1, illustrates the total IB growth forecast for the total Hosted Email market in EMEA from 2009 to 2013.

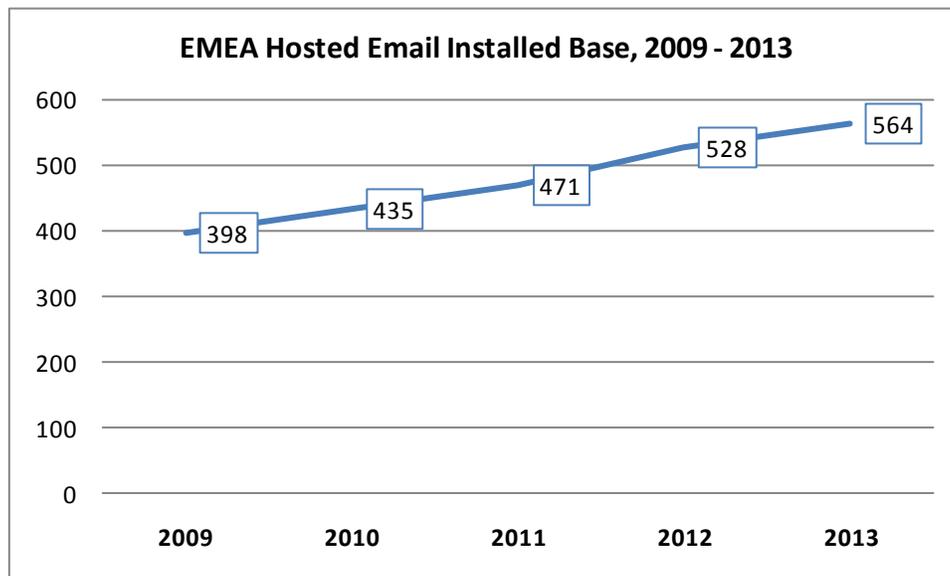


Figure 1: EMEA Hosted Email Market IB Forecast, 2009 - 2013

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