



THE RADICATI GROUP, INC.

A TECHNOLOGY MARKET RESEARCH FIRM

1900 EMBARCADERO ROAD, SUITE 206. • PALO ALTO, CA 94303

TEL. 650 322-8059 • FAX 650 322-8061

Microsoft Exchange Server and Outlook Market Analysis, 2010-2014

Editor: Sara Radicati, Ph.D; Principal Analyst: Quoc Hoang

SCOPE

This study examines the market for Microsoft Exchange Server in both the On-Premises and Hosted Email Market. The study also examines the market for Microsoft's two main business email clients: Microsoft Office Outlook and Microsoft Outlook Web App (OWA). For all products, this study provides extensive 2010 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 2010 and Microsoft Office Outlook 2010.

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.

EUROPE: 29E FITZJOHNS AVE • LONDON NW3 5JY • TEL. +44 (0)207 794 4298 •

FAX. +44 (0)207 431 9375

e-mail: sara@radicati.com

<http://www.radicati.com>

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 2010, Microsoft Exchange Server will have a worldwide installed base of 301 million mailboxes, and is expected to reach 470 million by 2014. This represents an average annual growth rate of 12%.
 - Currently, On-Premises Microsoft Exchange Server deployments account for the majority of worldwide Microsoft Exchange Server mailboxes. In 2010, On-Premises Microsoft Exchange Server deployments represent 76% of worldwide Microsoft Exchange Server mailboxes. By 2014, On-Premises Microsoft Exchange Server mailboxes are expected to account for 72% of deployments 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 cloud-based hosted services by Hosted Business Email providers, including Microsoft with its 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 (i.e. these are generally large consulting and professional services organizations, such as HP, IBM Global Services, and many others). Managed mailboxes typically include fees for on-going consulting and professional services.

- Microsoft Exchange Server 2007 is currently the most deployed version of Microsoft Exchange Server, accounting for 44% of worldwide On-Premises Exchange deployments in 2010, but will gradually decline over the next four years in favor of the newly released Microsoft Exchange Server 2010.

- Released in November 2009, Microsoft Exchange Server 2010 builds on top of the high availability and unified messaging components of Microsoft Exchange Server 2007, and introduces out-of-the-box archiving capabilities. By 2014, we expect that Microsoft Exchange Server 2010 will account for 57% of total Exchange deployments. However, uptake of Microsoft Exchange Server 2010 will be gradual, mainly due to the current cautious economic situation, as well as general organizational inertia in moving to new systems.

- Due to the widespread use of the Microsoft Office 2007 productivity suite, Microsoft Outlook 2007 currently leads the Email Client market. By 2014, the number of Microsoft Outlook 2007 seats will decrease due to the rollout of Microsoft Office 2010, set to be released in mid 2010, as part of the Microsoft Office 2010 productivity suite.

- In the Hosted Email market, we expect the Microsoft Hosted Exchange segment to grow quickly over the next few years as more organizations become more comfortable with Software as a Service (SaaS) solutions. Much of the new growth will come from the SMB sector, where customers are migrating away from on-premises solutions or upgrading from more basic hosted solutions based on POP mailboxes. However, we expect that a substantial number of Medium, Large and even Very Large organizations will increasingly adopt a Hosted Exchange solution.

- Figure 1, shows the worldwide installed base of Microsoft Exchange Server, categorized by mailbox type, in 2010 and 2014.

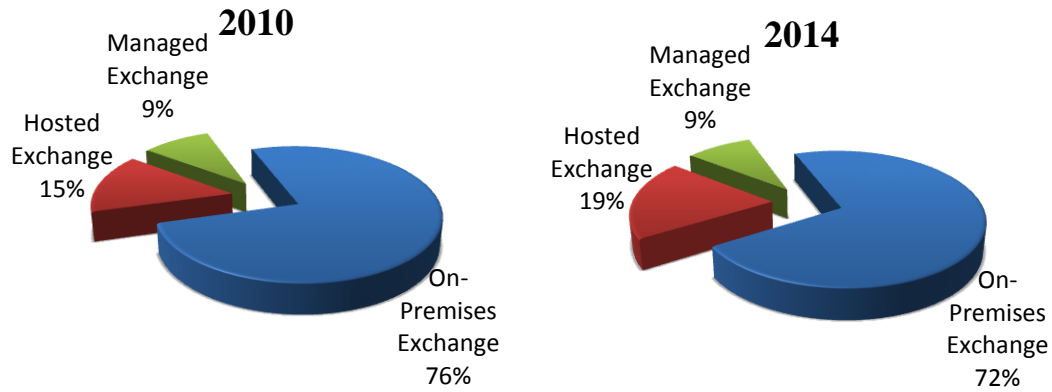


Figure 1: Worldwide Microsoft Exchange Server IB by mailbox type, 2010 vs. 2014

***To view the complete Table of Contents for this report,
visit our website at www.radicati.com.***