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EMEA HOSTED EMAIL MARKET, 2010 – 2014

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SCOPE

This study provides an analysis of the Hosted Email market in EMEA¹ in 2010 and its forecasted growth through 2014. It includes current market trends, market size, installed base market share by provider, and four-year forecasts. Detailed breakouts are provided for the top five 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 two 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).

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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 EMEA 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 five 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 used only by consumers. The most popular email solutions in this category are *Microsoft Windows Live Hotmail, Google Gmail and Yahoo! Mail*.
 - **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, does not 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 includes large consulting and systems integration organizations that offer a wide array of outsourced IT

services. These providers typically offer high levels of customization that require professional services and consulting. In many cases, Managed Email providers do not host email at their own data centers, but rather manage the customer's on-site messaging systems remotely. 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 continuing to drive the adoption of email services across all EMEA regions. However, in mature EMEA markets (such as UK, Germany, Nordic countries, etc.) growth is due mainly by replacement sales rather than new customers. Whereas in emerging markets in southern and eastern Europe, growth is occurring mainly due to new subscribers, due to greater Internet penetration to the home.
- Across EMEA countries, providers of fixed line Broadband services are increasingly bundling wireless access and blocks of SMS messages with their service offerings at increasingly attractive price points. While this is somewhat of a marketing gimmick, it is leading European consumers and business users to think of email, wireless, instant messaging and SMS as an integrated set of services which come packaged, and priced together. Social networking integration is also rapidly being overlaid onto this picture.
- Demand for Hosted Business Email services for the enterprise is growing in EMEA, 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 hosted email and other SaaS application services.
 - Also, the growing mobile workforces, where users are no longer just working from offices but are usually on the road or working from home, is also creating demand for easy, consistent access to email, calendars, and

contacts via all access methods at all times, a need which is inherently addressed by hosted email and collaboration services.

- Microsoft has been actively re-shaping the Hosted Business Email market in its on-going effort to compete with Google in terms of grabbing a slice of the lucrative cloud computing market. Microsoft launched its Business Productivity Online Suite (BPOS) in late 2008 and is seeing growing traction for it with business customers across all verticals.
- Despite Microsoft's propensity to compete directly with its own resellers, most EMEA Hosted Business Email providers have found that Microsoft's entry into the Hosted Business Email market has legitimized the market and is helping to drive migration from on-premises email and collaboration solutions to hosted solutions.
- Hosted Business Email providers are finding it easier to up-sell customers on sophisticated services which complement email and collaboration, such as Instant Messaging, Unified Communications, web conferencing, document sharing and archiving and more. Increasingly, VoIP and video services are also being integrated into a cohesive one-stop solution.
- The EMEA Hosted Email market, including both corporate and consumer accounts, will count 536 million mailboxes in 2010. This is expected to grow to 641 million by 2014. Figure 1, illustrates the installed base growth forecast for the total Hosted Email market comprising all segments in EMEA from 2010 to 2014.

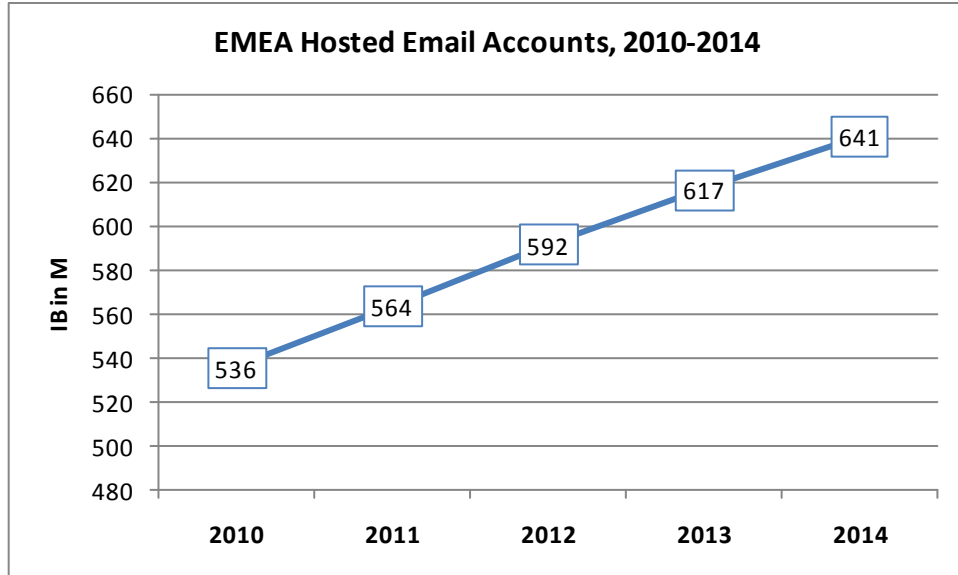


Figure 1: EMEA Hosted Email Market IB Forecast, 2010 - 2014

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