THE RADICATI GROUP, INC.
A TECHNOLOGY MARKET RESEARCH FIRM
1900 EMBARCADERO ROAD, SUITE 206 • PALO ALTO, CA 94303 • TEL. 650-322-8059 • FAX 650-352-2201

Hosted Unified Communications Market, 2010-2014

Editor: Sara Radicati, PhD; Principal Analyst: Todd Yamasaki

SCOPE

This study provides an analysis of the Hosted Unified Communications market in 2010 and its potential growth over the next four years. The study provides a detailed analysis of market trends, and also examines features, strengths, and weaknesses of various Hosted UC services.

For each market segment, we provide data on current worldwide installed base, service provider market share, revenues, and forecasted market growth from 2010 to 2014.

All market numbers, such as market size, forecasts, installed base, revenue information, and any financial information presented in this study represent worldwide numbers, unless explicitly otherwise indicated. All revenue numbers are expressed in $USD.

This report deals only with the Hosted Unified Communications market. On-Premises UC solutions offered by vendors are covered by our *On-Premises Corporate Unified Communications Market, 2010-2014* report.

METHODOLOGY

The data and analysis in this report is based on primary research conducted by The Radicati Group, Inc. It consists of data collected from service providers, vendors, and corporate enterprises via interviews and surveys.

Secondary research sources have also been used to cross-check the data collected. These include company annual reports and market size information from various related market segments of the computer industry.

The focus of this research was worldwide.

EXECUTIVE SUMMARY

- The Unified Communications (UC) market is comprised of solutions and/or services that offer voice, messaging, presence, mobility, and conferencing capabilities that can be accessed and managed through a single interface. The purpose of UC is to improve user communication, productivity, and efficiency, while reducing human latency and decision making time.

- UC solutions come as On-premises and Hosted services. This report deals only with Hosted UC services.

- This report looks at the Hosted UC market as comprising two segments: Hosted UC Providers, and Telecom UC Providers, defined as follows:

    - *Hosted UC Providers*: These are pure-play UC providers, and messaging providers that deliver UC solutions targeted mainly at business customers.

    - *Telecom UC Providers*: These are ISPs, fixed and wireless carriers that deliver UC solutions to subscribers as part of a broader telecom offering targeted at both consumer and business customers.

- Growth in the Hosted UC market has remained steady over the last 12 months. The slowdown in the worldwide economy has led to less rapid adoption of Hosted UC services than originally anticipated, but as the economy begins to pickup, we are again beginning to see strong interest in these services.

- On the other hand, the struggling economy has helped put the focus on Hosted services as a way to reduce costs. The key advantage that Hosted UC services offer over On-premises UC solutions is the reduced cost necessary to deploy and operate a UC platform. Lower software and hardware investments translate into more affordable services, while also reducing the management strain on administrators.

- The rapid rise in popularity of high-end smartphones has had a dramatic impact on the Hosted UC market over the last year. The main driver behind rapid uptake of mobile use by Hosted UC users has been the advancements in technology made by smartphone manufacturers and mobile OS providers. Simply put, today's devices can better integrate high-end UC features thanks to more adept processors and multitasking capabilities, in addition to 4G and WiFi-enabled connectivity.

- Enterprise Social Networking has greatly gained in popularity with organizations over the last year, and we are seeing an overlap in features (IM/presence, click-to-call, conferencing, and file transfers) between UC services and social networking. We expect that much research and development in the near future will be devoted to tighter integration of UC functionality and social networking.

- Conferencing has emerged over the last 12 months as a key component to UC suites. Both audio and web-conferencing have increased in popularity, largely due to the cost savings that result from a reduction in travel. Growth in video conferencing needs however have remained steady. The main barriers for video conferencing include increased costs for necessary hardware, and a higher learning curve compared to audio and web-conferencing.

- The Hosted UC market, including both Hosted UC and Telecom UC segments, will grow from $2.8 billion in 2010, to $5.5 billion in 2014. Figure 1 shows this growth.

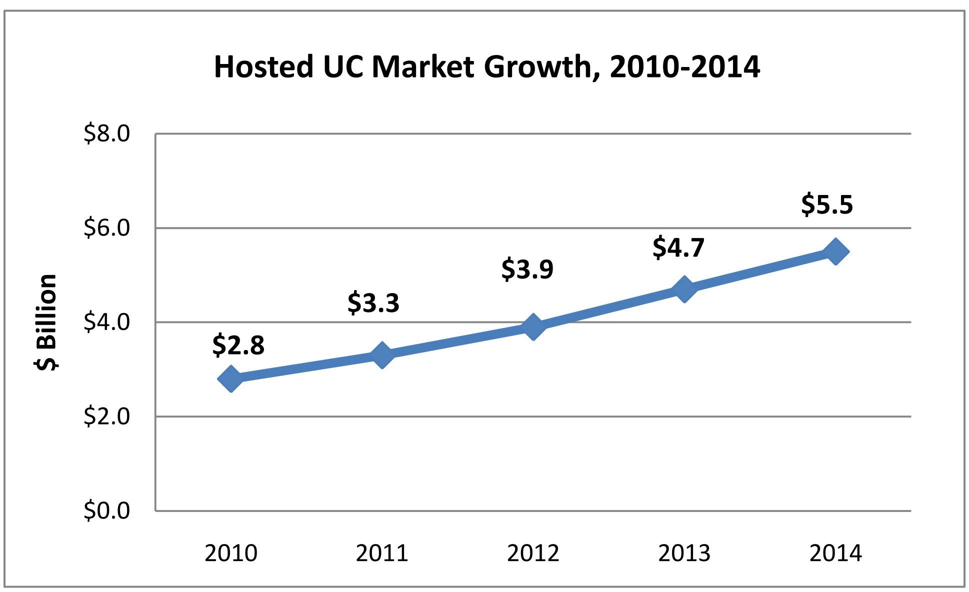

Figure 1: Hosted UC Market Growth – Worldwide Revenue, 2010 – 2014

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