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Hosted Email Market, 2010-2014

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SCOPE

This study provides an analysis of the Hosted Email market in 2010, and its potential growth over the next four years. It provides detailed market trends, market share, market size, forecasts, and an analysis of key service providers.

The study segments the Hosted Email market as follows:

- Hosted Business Email
- Managed Business Email
- ISP/Webmail Email

Microsoft Hosted Exchange is also covered in this report and is a rapidly growing sub-segment of the Hosted Email market.

Revenues, pricing, and all currency figures presented in this study are expressed in \$USD, unless otherwise indicated.

All market numbers represent worldwide figures, unless otherwise indicated.

Installed base mailbox figures represent *active* mailboxes, which we define as mailboxes that are used at least once every three months. Email aliases are not counted as a separate unit.

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 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 categorizes the Hosted Email market according to three key segments:
 - **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 calendars, contacts, and mobile 'push' email.
 - **Microsoft Hosted Exchange:** Microsoft Hosted Exchange is a large and rapidly growing sub-segment of the Hosted Email market.
 - **Managed Business Email:** Managed Business Email services are commonly deployed by large organizations, which prefer to outsource their messaging environment to a system integrator or professional services organization.
 - **ISP/Webmail:** The bulk of the Hosted Email market is comprised of mailboxes primarily used by consumers. These services are usually free, advertisement-driven email solutions that are offered by Internet Service Providers (ISP), Web Hosting Providers, Web Portals, and others. Email solutions in this category are *Google Gmail*, *Microsoft Windows Live Hotmail*, *Yahoo! Mail*, and many others.
- The past few years have seen many major IT vendors enter the Hosted Email market. Google's entry acted like a catalyst and helped build momentum in a stalled market. Google was soon followed by Microsoft, IBM and Cisco, which have all helped to validate the market. However,

the entry of these major players is also making it harder for smaller hosting providers to compete in this market.

- The increased competition in this market has led to rapid decreases in price over the past year. Prices are expected to continue dropping. This has led many hosted email providers to evaluate new ways to generate revenues through email-related services such as email security, email archiving and compliance, instant messaging (IM) and presence, wireless email synchronization, and more.
- While in the past, the Hosted Business Email market was primarily geared towards SMBs, the higher level of services being offered by Hosted Business Email providers today are also making cloud-based email services highly attractive to many medium-sized organizations and large enterprises.
- The Business Email market is continuing to evolve. Organizations are now looking beyond email, and are actively deploying additional collaborative services, such as Microsoft SharePoint and Unified Communications, in conjunction with email as a way to increase productivity.
- Over the next few months, more and more Microsoft Hosted Exchange providers will begin offering hosted services for Microsoft Exchange Server 2010. Most Microsoft Hosted Exchange providers are following Microsoft's roadmap for Hosted Exchange, and are waiting until the end of 2010 to release Microsoft Hosted Exchange 2010.
- In the ISP/Webmail segment, the usage of consumer email is beginning to change. Email is no longer the primary way for consumers to communicate over the Internet, as Blogs, Instant Messaging (IM), Social Networks, and SMS Text messages have helped create alternative ways for consumers to communicate.
 - Many webmail providers are now integrating their webmail client with social networks, such as Facebook. Within their webmail client, users can check their friend's status updates, as well as update their own statuses.
- Table 1, shows the worldwide installed base for hosted email mailboxes, including all three segments, from 2010 -2014.

Worldwide Hosted Email Mailbox Installed Base (M), 2010-2014					
	2010	2011	2012	2013	2014
Worldwide Installed Base (M)	2,375	2,560	2,753	2,943	3,139
<i>% Change</i>		8%	8%	7%	7%

Table 1: Hosted Email Market—Worldwide IB (i.e. Mailboxes), 2010-2014

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