



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

Hosted Email Market, 2011-2015

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

SCOPE

This study provides an analysis of the Business and Consumer Hosted Email market in 2011, 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** – multi-tenant and dedicated cloud email solutions geared to business use.
- **Managed Business Email** – large consulting and system integration organizations that manage email and other services on an outsourced basis for their customers.
- **ISP/Webmail Email** – cloud email solutions geared mainly to consumers.

Microsoft Hosted Exchange and Google Apps are rapidly growing sub-segments of the Hosted Business Email market, and are also covered in this report.

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

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>

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

- Over the past year, the demographics of organizations looking to migrate to cloud-based email services has evolved dramatically. Where in the past SOHOs and SMBs were the main adopters of hosted email solutions, now mid-market and larger organizations are also warming up to the cloud.
- Customers, today, however are looking to outsource more than just email. Many hosted business email providers are meeting these expectations by broadening their range of services. Most hosting providers now offer a broad range of email add-ons, such as email security, email encryption, email archiving, instant messaging (IM), wireless email management, Microsoft SharePoint, and in some cases entire web-based office productivity suites.
- This report categorizes the Hosted Email market according to three key segments:

- **Hosted Business Email:** Multi-tenant and dedicated cloud email solutions geared to business use. Leading Hosted Business Email providers include: *Apptix, AppRiver, Ceryx, Google, IBM, Intermedia, Microsoft, NaviSite, Rackspace, USA.NET*, and others.
- **Managed Business Email:** Large consulting and system integration organizations that manage email and other services on an outsourced basis for their customers. Leading Managed Business Email players include: *Accenture, Hewlett-Packard (HP), IBM Global Services*, and others.
- **ISP/Webmail Email:** Cloud email solutions geared mainly to consumers. Leading ISP/Webmail services include: *AOL, Deutsche Telekom, Google, NetEase.com, NTT Communications, Microsoft, Sina, Sohu, Tencent, United Internet, Yahoo!*, and many others.
- Today, the Hosted Email market is still made up mostly of relatively small, regional or industry-specific POP/IMAP hosting providers. However, in recent years, there has been a shift away from these POP/IMAP solutions to enterprise-grade offerings from Google and Microsoft. These enterprise-grade offerings from Google and Microsoft do not just include email, but are full-featured collaboration suites that also include hosted services for document management, team collaboration, instant messaging (IM), web conferencing, and office productivity tools.
 - Google has been very successfully with its Google Apps solution first introduced in 2006. Google continues to expand the reach of its Google Apps platform by appealing to customers on a worldwide basis. The company is also finding some initial success with local, state, and federal government agencies in the United States with its Google Apps for Government edition, which offers enhanced security features to meet the requirements of government agencies.
 - Microsoft is present in this market in two ways:
 - *Direct* - Since 2008, Microsoft has been offering its own Microsoft Hosted Exchange solution called Microsoft Exchange Online, as

part of Microsoft's cloud-based messaging and collaboration suite called Microsoft Business Productivity Online Suite (BPOS). In June 2011, Microsoft Business Productivity Online Suite (BPOS) was replaced with Microsoft Office 365, which includes an updated version of Microsoft Exchange Online.

- *Through Partners* - Microsoft has also built an extensive network of hosting providers and reselling partners worldwide, many of which, over the past year, have started offering hosted services based on Microsoft Hosted Exchange Server 2010.
- Contrary to the claim that email is dead, consumer demand for ISP/Webmail continues to grow. However, it is no longer the primary way for consumers to communicate over the Internet. New technologies, such as blogs, instant messaging (IM), social networking sites, and SMS text messages are increasingly becoming popular in addition to email. These services have worked to both complement and replace email usage.
 - With the explosion of social network usage, many ISP/Webmail providers are tightening the integration between their webmail clients and popular social networks, such as Facebook and Twitter. Within their webmail client, users can now view their friend's activities, update their own status, as well as connect with their social networking friends.
 - The greater penetration of mobile devices based on Apple iOS and Android has also made mobility a key "must have" feature. Popular ISP/Webmail providers, such as Gmail, Windows Live Hotmail, and Yahoo! Mail offer robust web pages designed for mobile browsers, as well as powerful mobile applications that synchronize email messages, contacts, and calendars.

- Table 1, shows the total worldwide installed base of hosted email mailboxes, including all three segments, from 2011-2015.

Worldwide Hosted Email Mailbox Installed Base (M), 2011-2015					
	2011	2012	2013	2014	2015
Worldwide Installed Base (M)	2,560	2,753	2,943	3,139	3,338
<i>% Change</i>		<i>8%</i>	<i>7%</i>	<i>7%</i>	<i>6%</i>

Table 1: Hosted Email Market—Worldwide IB (i.e. Mailboxes), 2011-2015

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