



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 and Collaboration Market, 2012-2016

Editor: Sara Radicati, PhD; Principal Analyst: Thomas Buckley

SCOPE

This study provides an analysis of the Business and Consumer Hosted Email and Collaboration market in 2012, 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 and Collaboration market as follows:

- **Hosted Business Email and Collaboration:** Multi-tenant and dedicated cloud solutions geared to business use.
- **Managed Business Email:** Consulting and system integration organizations that manage email and other services on an outsourced basis for their customers.
- **Consumer Email:** ISP/Webmail solutions geared to consumers.

Microsoft Hosted Exchange and Google Apps are rapidly growing sub-segments of the Hosted Business Email and Collaboration 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.

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

- The demographics of organizations migrating to cloud-based email and collaboration services has continued to shift over the past year. Whereas previously SOHOs and SMBs were the main customers of Hosted Business Email and Collaboration solutions, mid-market and larger organizations are now aggressively moving to the cloud. Additionally, most Hosted Business Email and Collaboration providers are able to offer email add-ons, such as security, encryption, archiving, instant messaging (IM), wireless email management, and web-based productivity suites that will attract larger organizations.
- The main reason organizations are moving to the cloud is to reduce costs. However, increasingly other motivations such as easier anywhere access, backup,

etc. are leading organizations of all sizes to consider cloud-based solutions.

- Google and Microsoft have re-imagined the Hosted Business Email and Collaboration market by including productivity tools with each mailbox. Hosted Business Email and Collaboration providers are now developing their solutions to place more of an emphasis on productivity tools, such as instant messaging (IM), cloud storage, document collaboration, and other features.
- Push email and other mobility features have become a necessity for all Hosted Email Business Email and Collaboration providers. As more mailboxes are being accessed from mobile devices, providers that do not have an optimized experience for mobile devices will be abandoned.
- This report sorts the Hosted Email and Collaboration market in three segments:
 - **Hosted Business Email and Collaboration:** Multi-tenant and dedicated cloud solutions geared to business use. Leading Hosted Business Email and Collaboration providers include: *Apptix, AppRiver, Ceryx, Google, IBM, Intermedia, Microsoft, NaviSite, Rackspace, USA.NET*, and others.
 - **Managed Business Email:** 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.
 - **Consumer Email:** ISP/Webmail solutions geared to consumers. Leading services include: *AOL, Deutsche Telekom, Google, NetEase.com, NTT Communications, Microsoft, Sina, Sohu, Tencent, United Internet, Yahoo!*, and others. (*Note: While many of these may also offer services to SOHOs and SMBs, we consider those business mailboxes, therefore this segment refers to consumer-only email.*)
- The Hosted Business Email and Collaboration market continues to evolve at a rapid pace. While there are still thousands of Hosted Business Email and Collaboration providers in the market that offer hosted POP/IMAP solutions, there has been strong migration to enterprise-grade messaging and collaboration

solutions, particularly Google and Microsoft.

Google and Microsoft lead the Consumer Email market with regard to functionality, by including productivity tools, cloud storage, mobility, and many other robust features that can be a big draw in luring users to their platform. Consumers are leveraging other modes of communication, such as social media, instant messaging (IM), text messaging, IP messaging (e.g. Apple iMessage), and more, in addition to email. Despite this trend, however, email use is still growing.

- Table 1, shows the total worldwide installed base of hosted email mailboxes, including all three segments, from 2012-2016.

Worldwide Hosted Email and Collaboration Mailbox Installed Base (M), 2012-2016					
	2012	2013	2014	2015	2016
Worldwide Installed Base (M)	2,752	2,944	3,139	3,338	3,540
<i>% Change</i>		7%	7%	6%	6%
<i>Hosted Business (M)</i>	175	197	221	247	275
<i>Managed Business (M)</i>	52	59	66	74	79
<i>Consumer Email (M)</i>	2,525	2,688	2,852	3,017	3,186

Table 1: Hosted Email Market—Worldwide IB (i.e. Mailboxes), 2012-2016

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