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Cloud Business and Consumer Email Market, 2013-2017

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SCOPE

This study provides an analysis of the Cloud Business and Consumer Email market in 2013, and its potential growth over the next four years. It provides detailed market trends, market share, market size, forecasts, and an analysis of key Cloud Email providers.

This study segments the market as follows:

- **Cloud Business Email** are cloud-based email services targeted at business organizations of all sizes for use in a multi-tenant or dedicated environment.
 - **Hosted Microsoft Exchange Partners** are a sub-segment of Cloud Business Email that offer Hosted Microsoft Exchange services to their subscribers.
- **Consumer Email** are cloud-based email services targeted at consumers.

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.

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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.

Note: The terms “installed base,” “accounts,” “seats,” and “mailboxes” are used interchangeably in this report.

METHODOLOGY

The information and analysis in this report are based on primary research conducted by The Radicati Group, Inc. Our proprietary methodology combines information derived from three principal sources:

- a. Our Worldwide Database which tracks user population, seat count, enterprise adoption and IT use from 1993 onwards.
- b. Surveys conducted on an on-going basis in all market areas which we cover.
- c. Market share, revenue, sales and customer demand information derived from vendor briefings.

Forecasts are based on historical information as well as our in-depth knowledge of market conditions and how we believe markets will evolve over time.

Finally, secondary research sources have also been used, where appropriate, to cross-check all the information we collect. These include company annual reports and other financial disclosures, industry trade association material, published government statistics and other published sources.

Our research processes and methodologies are proprietary and confidential.

EXECUTIVE SUMMARY

- The Cloud Email market, including both Business and Consumer email, is expected to increase from a worldwide installed base of over 3.2 billion accounts at year-end 2013, to over

4.2 billion by the end of 2017. This represents an average annual growth rate of 7% over the next four years.

- This report looks at the Cloud Email market as comprising the following segments:
 - **Cloud Business Email Providers** which offer feature-rich, enterprise-grade email and collaboration services to business organizations of all sizes. This includes Google Apps, Microsoft Office 365, many Hosted Microsoft Exchange providers, as well as many basic POP service providers. These services may be offered as multi-tenant or dedicated cloud services.
 - **Hosted Microsoft Exchange Partners** is a sub-segment of Cloud Business Email providers which focus on offering Hosted Microsoft Exchange services to their subscribers.
 - **Consumer Email Providers** includes all varieties of ISP/Webmail providers and Telcos that offer email services. This includes the main “big three” consumer email providers: Google Gmail, Microsoft Outlook.com, Yahoo! Mail, as well as a multitude of Telcos and regional ISP/Webmail providers that target consumers.
- While Social networks are increasingly being used alongside traditional email platforms, the number of worldwide Consumer Email accounts continue to grow, as email accounts are an essential part of the online experience, and are required to sign up for social networking sites, such as Facebook and Twitter, instant messaging services, online shopping, and more.
- In the Business Email market, the demographics of organizations migrating to Cloud Business Email services has shifted considerably, while previously, SOHOs and SMBs were the main customers for these solutions, now mid-market and larger organizations are increasingly migrating to cloud-based email solutions.
 - The gap in functionality between on-premises email and cloud-based email services has nearly disappeared, and this helps drive more customers to adopt a cloud-based model in order to cut deployment and maintenance costs.
- Google and Microsoft are continuing to drive business adoption of cloud-based email services with strong offerings that extend the user experience well beyond email. Ongoing competition

between Google and Microsoft will continue to further drive down prices of Cloud Business Email services over the next four years.

- Google and Microsoft have placed greater emphasis on integrating cloud storage services to create a more cohesive and collaborative environment for users. This integration combines cloud storage with productivity tools, allowing users to upload, access, edit, and collaborate on files, all from the cloud.
- Multi-tenancy is currently the most common form of Cloud Business Email deployments. However, Dedicated deployments are expected to grow at a fast pace over the next four years as more mid-market and enterprise organizations migrate to the cloud and require the high level of customization that only a dedicated option can provide.
- Table 1, shows the total worldwide adoption of cloud email mailboxes, including all segments, from 2013-2017.

Worldwide Cloud Business and Consumer Email and Installed Base (M), 2013-2017					
	2013	2014	2015	2016	2017
Worldwide Installed Base (M)	3,224	3,427	3,658	3,925	4,220
<i>% Change</i>		6%	7%	7%	8%
<i>Cloud Business Email (M)</i>	254	285	327	377	438
<i>Cloud Consumer Email (M)</i>	2,970	3,142	3,331	3,548	3,782

Table 1: Cloud Email Market Worldwide IB (i.e. Mailboxes), 2013-2017

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