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Microsoft Office 365, Exchange Server and Outlook Market Analysis, 2016 - 2020

SCOPE

This study examines the markets for Microsoft Office 365, Exchange Server, Outlook, Outlook Web App (OWA), and Outlook.com. For all products, this study provides extensive 2016 data regarding installed base, broken out by industry, business size, region, version, and other variables, along with four year forecasts. In addition, an overview of key features, direction, and our analysis of each product are included.

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

Regional breakouts are provided for: North America, Europe, Asia Pacific, and Rest of World. This report does not contain country breakouts but these may be obtained from The Radicati Group at an extra charge.

The revenue projections and market share figures in the following sections do not include revenues from systems integration or professional services.

This report uses the terms “mailboxes” and “accounts” interchangeably.

METHODOLOGY

The information and analysis in this report is 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

- In the On-Premises market, Microsoft Exchange Server is Microsoft's flagship email and collaboration platform, which is currently the leading platform in the On-Premises Email and Collaboration space. Exchange Server 2016 is the latest version of Exchange Server, released in late 2015. Consistent with Microsoft's new focus on Office 365, Microsoft Exchange Server 2016 is an on-premises version of functionality already available in Office 365.
- In the Cloud Email market, Microsoft offers the following solutions:

- **Microsoft Office 365:** is an enterprise-grade cloud messaging and collaboration suite, which includes the Microsoft Office Online, Microsoft Exchange Online, Microsoft SharePoint Online, Microsoft Skype for Business Online, Exchange Online Advanced Threat Protection, Exchange Online Archiving, OneDrive for Business, Power BI, Project Online, Yammer, Microsoft Dynamics CRM Online, and more. Microsoft Office 365 is also available through Syndication Partners, which resell Microsoft Office 365.
- **Hosted Microsoft Exchange Server:** is a version of Microsoft's email and collaboration platform aimed at hosting partners, which allows these partners to provide their own cloud business services to subscribers. Hosting partners host Microsoft Exchange entirely in their own data centers to provide access as cloud-based services to their customers.
- The deployment of Microsoft Office 365, as well as Hosted Exchange offered through hosting partners continues to grow rapidly as more organizations gain confidence with the security and privacy of cloud services. Adoption was initially driven mainly by the SMB sector, but is now seeing strong growth across all business sizes and verticals.

On-Premises Microsoft Exchange Server deployments still account for the majority of worldwide Exchange mailboxes, however most organizations are rapidly moving to cloud-based mailboxes. In 2016, On-Premises Microsoft Exchange Server deployments represent 73% of worldwide Exchange Server mailboxes, while cloud-based mailboxes offered through Office 365 and Exchange Hosting Partners, combined, account for 27% of worldwide Microsoft Exchange mailboxes.

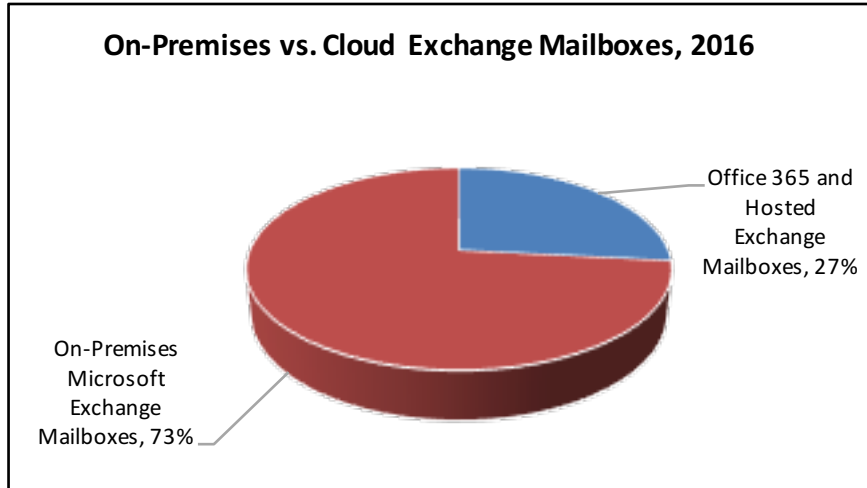


Figure 1: Cloud-based Exchange vs. On-Premises Exchange Deployment, 2016

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