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Microsoft Office 365, Exchange Server and Outlook Market Analysis, 2017 - 2021

SCOPE

This study examines the markets for Microsoft Office 365, Exchange Server, Outlook, Outlook on the web, 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

- **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. 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 Business Email market, Microsoft offers:

- **Microsoft Office 365** an enterprise-grade cloud messaging and collaboration suite, which includes 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.
- **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.
- Microsoft has been highly successful in the Cloud Business Email market with Office 365. Hosted Microsoft Exchange Partners have had success in the Cloud Business Email market, however, direct competition with Microsoft Office 365 is limiting growth for Hosting Partners. Microsoft has also had success in the Education Sector with the Microsoft Office 365 Education version, aimed at students, faculty, and staff.

On-Premises Microsoft Exchange Server deployments still account for the majority of worldwide Exchange mailboxes, however that is changing fast in favor of cloud-based mailboxes. In 2017, On-Premises Microsoft Exchange Server deployments represent 68% of worldwide Exchange Server mailboxes. By the end of 2021, On-Premises Microsoft Exchange Server mailboxes will account for only 33% of mailboxes, due to migration to Microsoft’s Office 365 and other cloud services.

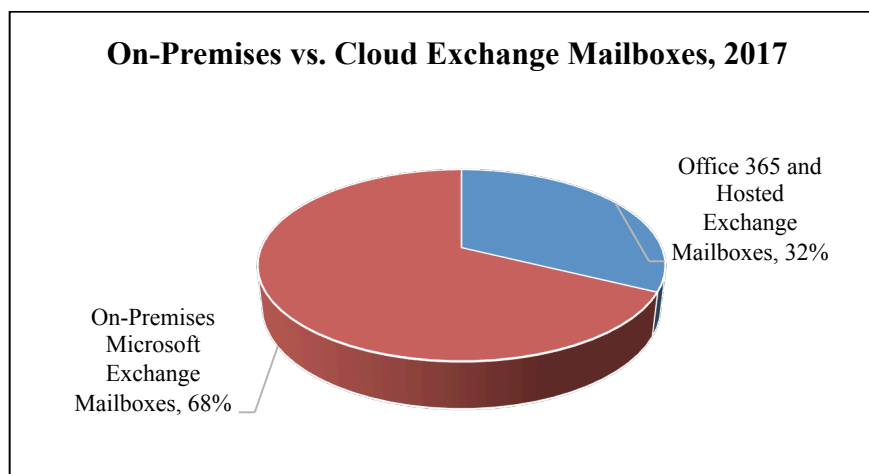


Figure 1: Cloud-based Exchange vs. On-Premises Exchange Deployment, 2017

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