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Microsoft Office 365, Exchange Server and Outlook Market Analysis, 2018 - 2022

SCOPE

This study examines the markets for Microsoft Office 365, Exchange Server, Outlook, and Outlook on the web. For all products, this study provides extensive 2018 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 has been highly successful in the Cloud Business Email and collaboration market with Office 365, which includes Microsoft Office Online, Microsoft Exchange Online, Microsoft SharePoint Online, Microsoft Teams (formerly 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 offers Office 365 direct, as well as through CSP Partners, which are essentially resellers of Office 365. CSP Partners own the rights to the customer, and are responsible for billing and providing Tier 1 or Tier 2 support while Microsoft hosts the service in its data centers.
- Microsoft Exchange Server is Microsoft's on-premises email and collaboration platform, which is currently the leading platform deployed in the On-Premises Email and Collaboration space. Exchange Server 2016 is the current version of Exchange Server. A newer version, Exchange Server 2019, is planned for initial release in late 2018. Consistent with Microsoft's new focus on Office 365, Microsoft Exchange Server 2016 and 2019 are on-premises versions of functionality already available in Office 365.
- Microsoft has also had early success in the Education Sector with the Microsoft Office 365 Education version, aimed at students, faculty, and staff. However, Microsoft faces strong competition in the Education Sector from Google with its G Suite for Education suite.
- 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. Microsoft Office 365 is seeing strong worldwide adoption 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.
- In 2018, On-Premises Microsoft Exchange Server deployments represent 61% of all worldwide Exchange mailboxes, while Cloud Exchange mailboxes represent 39% of all Exchange mailboxes.

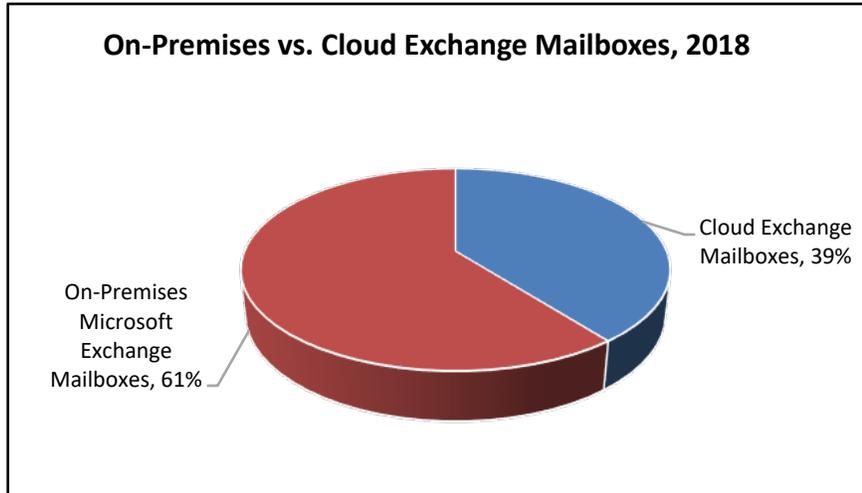


Figure 1: On-Premises Exchange vs. Cloud-based Exchange Deployment, 2018

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