



## Hosted Messaging Market Trends, 2007-2010

### Report Focus

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This report presents the results of a detailed market research program into preferences and plans for hosted and managed messaging capabilities among North American organizations over the next several years. It focuses on various types of hosted messaging capabilities, including complete messaging services, messaging security services and archiving services, among others. The goal of this research and report is to provide vendors, investors and others interested in the hosted messaging market with actionable information that they can use to develop marketing plans and to more accurately focus their efforts on understanding and penetrating the market for hosted and managed services. Accompanying this report is the complete data set from the primary survey that was generated for this report.

### Key Findings and Trends Discussed in this Report

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- The market for various types of hosted messaging services will increase significantly as discussed in the forecasts provided in this report.
- There are a number of reasons that organizations indicate as important or extremely important drivers to consider the deployment of a hosted or managed messaging capability. These reasons focus primarily on guaranteeing service level agreements (SLAs), being able to use best-of-breed messaging capabilities and reducing the overall cost of their email functionality.
- The vast majority of prospective customers for hosted messaging service providers view several key issues as important or extremely important, including the reliability of the system, customer service, features of their offering and the ability of the provider to be a 'one-stop-shop'.
- There are a variety of reasons that organizations do not use hosted messaging services of various types, although the most often cited reasons are organizations' desire to maintain control of their email environment, their perception that in-house management of messaging systems provides them with more flexibility and their concerns over the security of corporate data in the hands of a third party.
- The key issues that inhibit growth of the hosted messaging market in general, and the growth of hosted messaging security services in particular, are control, flexibility and cost.



- Organizations will be much more likely to deploy various types of hosted messaging services as their price per seat drops. Larger organizations are willing to pay somewhat higher prices for hosted messaging, but are less open to the hosted paradigm.
- Most organizations would likely or definitely deploy hosted messaging services if the provider under consideration could offer extremely high levels of uptime.
- While nearly two in five prospective customers of hosted messaging archiving services would prefer a flat pricing model that places a ceiling on the maximum size of the archive per mailbox, nearly as many would prefer somewhat higher flat pricing that did not limit the size of the archive.
- Only two in five organizations believes that the typical hosted provider offers security that would be better than the in-house security capabilities that have been deployed. Smaller organizations tend to believe that hosted providers offer a more secure environment than the one that exists internally.
- A significant proportion of organizations will consider adding vendor-managed servers behind their corporate firewall for inbound and outbound content management.

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## About Osterman Research, Inc.

Osterman Research, Inc. provides market research, cost modeling, benchmarking and related services to vendors of technology-based products and services.

We help vendors, IT departments and other organizations make better decisions through the acquisition and application of relevant, accurate and timely data on markets, market trends, products and technologies. We also help vendors of technology-oriented products and services to understand the needs of their current and prospective customers.

Part of what makes us unique is our market research panel: a large and growing group of IT professionals and end-users around the world with whom we conduct our research surveys. This allows us to conduct surveys quickly and accurately.

**Hosted Messaging Market Trends, 2007-2010  
was published in August 2007 and is available for \$2,295**



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