

## Osterman Research Executive Summary

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### Enterprise Messaging Systems: Market Problems, Needs and Trends

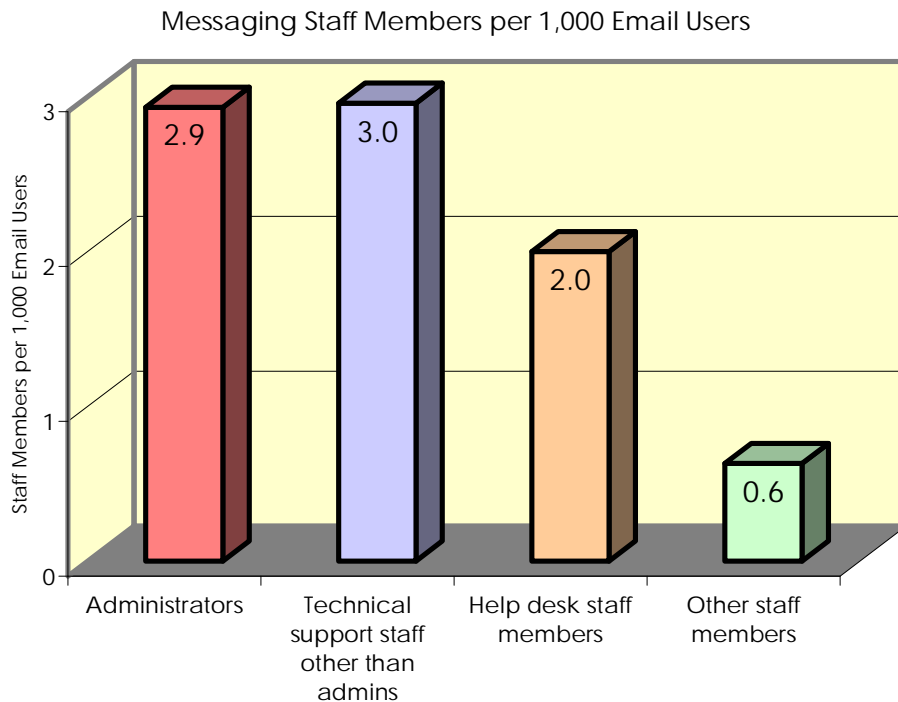
Messaging is the primary communications medium for many enterprises today and the one that its users can afford least to be without. At the heart of this medium is the messaging infrastructure, consisting of the variety of messaging servers, networks, anti-virus systems, spam-blocking systems and ancillary systems designed to provide not only email, but also calendaring, directory services, file transport and other services.

The survey that is discussed in this report was undertaken by Osterman Research to discover how enterprises use messaging systems, what investments they make in the various components that comprise these systems, the problems that enterprises experience in operating their messaging infrastructures, and their future plans for messaging. Much of the direction taken in this report was determined by the early subscribers to the report who were given the opportunity to provide questions for the survey.

#### Key Findings Presented in this Report

- Spam, growth in the size of message stores and increasing employee use of attachments are the leading problems experienced by messaging management staff.
- Enterprises spend an average of 19.9 person-hours per 1,000 email users per week managing spam-blocking systems, fine-tuning spam filters, and performing related anti-spam activities. Assuming a fully-burdened labor rate of \$65,000 annually for IT staff to perform these tasks, the labor cost alone of managing anti-spam defenses is more than \$32 per messaging user per year, or about \$2.70 per user per month.
- Twenty-four percent of emails sent by the typical enterprise user contain attachments, while 27% of the emails received contain attachments. During a work year, a typical user will send and receive nearly 23,000 emails. If we assume that a message without an attachment requires seven kilobytes of storage and one with an attachment requires 200 kilobytes of storage, then each user generates in excess of 1.2 gigabytes of storage each year. An enterprise with 3,000 messaging users, therefore, will generate about 3.7 terabytes of messaging traffic – and cumulative storage requirements – annually. If the use of attachments could be reduced by 25%, then messaging traffic could be reduced by 22%.
- The median growth in message store size was 25% between Q4/2002 and Q4/2003, although nearly 20% of enterprises experienced message store growth in excess of 50% during this period.

- Enterprises make significant ongoing labor investments in their messaging infrastructure: our research found that the typical enterprise employs about 8.5 full-time equivalent (FTE) staff members per 1,000 email users in order to manage the system.



- A large percentage of enterprises tend to underestimate the costs of providing messaging services. This can impact the decisions that enterprises make regarding whether or not to outsource some or all of their messaging system functionality and how management perceives the costs of messaging relative to other corporate infrastructure projects and initiatives.
- The majority of enterprises do not archive their messaging system content, instead relying on simple tape backups to preserve this content. Only about one-half of enterprises currently have and enforce a messaging retention policy.
- Related to the above finding is the fact that a significant proportion of enterprises are inadequately prepared to address regulatory, human resources and legal issues regarding email.

- The majority of enterprises opposes outsourcing messaging system functionality to a third party. However, there is less resistance to outsourcing anti-virus, anti-spam and messaging archiving functions to a third party than there is to using hosted messaging services that outsource the entire messaging infrastructure. About one-half of enterprises would never consider outsourcing their messaging infrastructure, regardless of the cost savings that doing so might provide.
- A large percentage of enterprises would seriously consider switching to an alternative messaging system that provided better performance or other advantages if the desktop infrastructure currently in place could be retained. If the desktop infrastructure had to be replaced, the desirability of switching to an alternative messaging system drops considerably. Enterprises that are at least two generations behind current messaging server offerings, as well as those enterprises that are seriously considering migrating to a new operating system, are key target markets for vendors of alternative messaging systems.

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## About Osterman Research

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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.

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