

Google Ups Enterprise E-Mail Stakes With Free Hygiene Services

Matthew W. Cain, Tom Austin, Arabella Hallawell

Postini spam-, virus- and content-filtering services will be available to enterprise Gmail users at no additional cost, demonstrating Google's rapid rate of innovation and willingness to sacrifice revenue for market share.

NEWS ANALYSIS

Event

On 3 October 2007, Google said it would provide enterprise Gmail customers with hosted spam-, virus- and content-filtering services at no additional cost to the \$50 per user per year fee. The company had previously relied on its consumer-grade filtering service: the Postini service is enterprise-grade. It also raised the mailbox storage limit from 10GB to 25GB, and added a rolling 90-day deleted mail archive to the standard Gmail offering — called Google Apps Premier Edition (GAPE) — and said it would provide free Gmail and associated applications to all 11 million Postini customers through June 2008.

Analysis

Hot on the heels of its acquisition of one of the leading hosted e-mail hygiene provider, Postini, Google added spam-, virus- and content-filtering services to its enterprise Gmail platform. Along with increasing storage space and adding a rolling 90-day deleted mail archive, which allows users to recall deleted messages, this offering demonstrates Google's ability to rapidly innovate as it strives to become a factor in the enterprise e-mail space based on a software-as-a-service (SaaS) model. Robust e-mail hygiene services — sold by Postini for \$18 per user per year — are essential for any vendor in this space.

Changing the delivery model for e-mail (and other collaboration services) is the most attractive approach to gaining business market share, a dynamic which also drove Yahoo to recently buy Zimbra. We expect Microsoft to announce a large-scale Exchange SaaS initiative later this year targeted at small businesses; it already offers a hosted hygiene service with Exchange 2007. We also expect Cisco to aggressively target the e-mail market via the WebEx platform within the next 18 months. All of this activity points to a rapid expansion of e-mail options in both vendors and delivery models during the next several years.

Google's strong financial position allows it to use its ad-based revenue stream to subsidize its push into enterprise services. While GAPE includes a suite of personal productivity applications, the core driver is clearly the e-mail service. Maturity of the nonconsumer Gmail platform will most likely be proven first in the free service that Google offers to the education, .org, and small-and-midsize-business markets, Google Apps Standard Edition. Large-enterprise acceptance of the Google model is expected to come via a user segmentation model, whereby companies split the user base between a lower-cost SaaS service and an existing higher-cost, higher-functionality on-premises e-mail platform. We expect Google to focus on improving Gmail calendar, user interface and mobile options during the next year.

RECOMMENDATIONS

- Organizations interested in Gmail should pilot the service and explore user segmentation models, but delay making wholesale commitments until the service demonstrates large-volume maturity, likely during 2009.
- Although Google appears committed to support for hosted hygiene services for Exchange and Domino, subscribing organizations should continue to monitor support and opt for one-year contracts.

RECOMMENDED READING

- "Google's Postini Buy Will Boost Gmail Corporate Appeal" — The purchase of Postini, which could add desirable business features to Gmail, is also a sign that Google seeks to penetrate the enterprise e-mail market. **By Matthew Cain and Peter Firstbrook**
- "Evolving Google Feature Addition and Rollout Strategies" — Google's experience in releasing new capabilities offers IT organizations lessons in how to benefit from a controlled acceptance of the Web-typical continuous improvement model. **By Tom Austin**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

REGIONAL HEADQUARTERS

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters

Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters

Gartner do Brazil
Av. das Nações Unidas, 12551
9º andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509