

## IBM Hits Cloud E-Mail Market With \$3 Mailbox

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IBM has waded into the cloud-based e-mail market with LotusLive iNotes, a low-cost, low-function system for users with less sophisticated e-mail needs. IBM is a late joiner, but this market is still in its early days.

## NEWS ANALYSIS

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### Event

On 5 October 2009, IBM announced the general availability, pricing and features for LotusLive iNotes, a cloud-based e-mail service priced at \$3 per user per month.

### Analysis

Increasingly, competition in the e-mail market is moving from on-premises to the cloud. Google is making headway in the enterprise market with its \$4.16 per user/month Gmail service, and Microsoft has aggressively entered the market with a browser-only version of Exchange, for \$2 per user/month. We expect Cisco to enter the low-priced cloud e-mail market by the end of 2009. IBM, which needed a cloud-based offering to remain relevant in the e-mail market, agreed in April 2009 to acquire the messaging assets of Outblaze, a low-cost provider of e-mail services, targeted mostly at telecommunications providers and Internet service providers (ISPs).

The IBM-branded implementation of the Outblaze service is LotusLive iNotes, which is not related to Lotus Notes in any way. Priced at \$3 per user/month, iNotes is targeted at individuals with relatively unsophisticated e-mail needs, such as retail and factory floor workers. It is not meant to replace Lotus Notes/Domino (or Microsoft Exchange). iNotes access is through an individual's existing browser or via POP or IMAP. iNotes does not provide group calendar services.

iNotes is part of an IBM cloud initiative for collaboration services called LotusLive, which includes a variety of combinations of instant messaging (IM), shared workspaces, Web conferencing and e-mail. The Microsoft equivalent is Business Productivity Online Service (BPOS). The Google alternative is Google Applications Premier Edition (GAPE). The challenge for IBM — and for Microsoft — is to deliver a single-seat administration model that will enable organizations to mix and match cloud-based and premises-based services and enable management and provisioning models to work across both deployment models.

Compared to Google and Microsoft, IBM is late to market with a multitenant e-mail offer; however, the transition to the cloud model will take at least a decade, giving IBM plenty of opportunity to participate in the market shift. Meanwhile, IBM's strategy continues to evolve. We expect the company to deliver a multitenant, cloud-based version of Notes/Domino — which would offer a true alternative to premises based Notes/Domino (and Microsoft Exchange) — in 2010.

## RECOMMENDATIONS

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### Enterprises:

- Look for opportunities to segment some users onto lower-cost e-mail platforms.
- Evaluate competing offers from Google, Microsoft and traditional suppliers of low-cost mail services, such as Rackspace and BlueTie.
- Longer term, evaluate hybrid e-mail provisioning models in which some e-mail services are cloud-based and some are on-premises.
- Request a product road map before engaging in negotiations with any of these vendors.

## RECOMMENDED READING

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- "IBM Plays Collaboration SaaS Card With Lotus Live" — IBM's move to a software as a service model allows it to invigorate its collaboration business. **By Matt Cain**
- "Microsoft BPOS: Maturation Under Way" — Microsoft has been advancing collaboration in the cloud, transforming its collaboration business model. **By Matt Cain**

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

This research is part of a set of related research pieces. See "Roundup of E-Mail Research Through 3Q09" for an overview.

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