

news release

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European ISPs urged to capitalise on potential £1.2b market New Yahoo and Hotmail charges open the door to paid for e-mail

The decision by free e-mail services Hotmail and Yahoo¹ to start charging for a premium service opens the door for UK and European service providers to also charge for premium e-mail services. With the global number of e-mail boxes forecast to grow to 1.2 billion in 2005² the revenue potential is significant, even if the cost per mailbox is as low as £1. Hotmail alone has more than seven million registered users in the UK.

“E-mail may not be sexy but it can be profitable,” explained Alun Davies, European director of Rockliffe, a provider of high-end e-mail and messaging server software. “E-mail is the primary reason why people want Internet access and as consumers become more net-savvy they become more demanding.”

The explosion in popularity of digital cameras and MP3 music files means that many users are restricted by the 2 Mb space limit on Hotmail which is why the service proposes to charge \$12.95 a year to increase this limit to 10 Mb. The decrease in advertising revenue means that free webmail providers will be forced to find alternative revenue sources from their services. An additional example of a free provider moving the paid for model is Another.com, which has 300,000 accounts in the UK and earlier this year introduced charges of £1.50 per month.

Alun Davies of Rockliffe says that if subscribers have to pay then they will demand much higher levels of service than are currently available with many free webmail providers. Rockliffe has put together a checklist of advice for providers thinking of introducing paid-for e-mail services.

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Features of a successful paid-for e-mail service include:

- 1) High Availability. Subscribers who cannot easily access their paid-for e-mail will simply stop paying and move their account. Service providers will need to review their e-mail infrastructure and add resilience where required.
- 2) Secure Service. Subscribers will not want to pay for extra storage space that quickly fills up with Spam or automatically propagated viruses. Service providers will need to offer anti-spam filtering, anti-virus filtering and content scanning.
- 3) Technical Support Services. Paying subscribers will demand the ability to communicate problems at any time and will expect to be provided with 24/7 support services.
- 4) Billing Integration. To benefit from paid-for subscriptions, service providers will need to be able to integrate their e-mail infrastructure with billing and CRM software.
- 5) Feature Rich. Paying subscribers have the right to expect a feature rich e-mail service that includes POP3, IMAP, webmail, mobile device access, forwarding, auto-responders, signatures, and aliases.

About Rockliffe

Rockliffe is a leading developer of scalable messaging and e-mail solutions for Internet Service Providers, Application Service Providers and corporations. Rockliffe was established in 1995 and is based in California's Silicon Valley with European headquarters in Leeds, UK. Rockliffe has more than 3,000 customers hosting more than 12 million mailboxes. These include leading ASPs such as Digex and Intel Online Services, unified messaging providers such as Call Sciences, and large enterprises including AT&T, Cambridge University, and UK government departments. In April 2001, Rockliffe announced a strategic relationship with Compaq Computer Corporation to jointly develop and market Rockliffe's MailSite for the Compaq NonStop Himalaya platform.

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² IDC *Email Usage Forecast and Analysis, 2001-2005*