

5 Methods to Optimize and Reduce Office 365 Licensing Costs

Abstract

Microsoft's Office 365 platform provides dozens of license options, all of which can affect subscription investment. Microsoft's plethora of options allow customers to tailor the service to their specific requirements and budgets. It is up to each customer to make smart decisions about licensing so that optimum value is gained from Office 365. It is therefore vital that customers identify and enact policies that will optimize worker productivity and simultaneously reduce subscription costs and, as a result, make Office 365 more cost competitive.

For information on Cayosoft's license management solutions visit: <http://www.cayosoft.com/office-365-license-management/>

5 Adopt a License Assignment Strategy and Save Up to \$372 per User

Assigning licenses by the business needs of the user can save a significant amount of money in Office 365 licenses fees. Microsoft offers a broad selection of different Office 365 licenses at a wide range of costs. Each Office 365 license defines a set of features to be unlocked for the user. Generally, the more features unlocked, the higher the cost of the license.

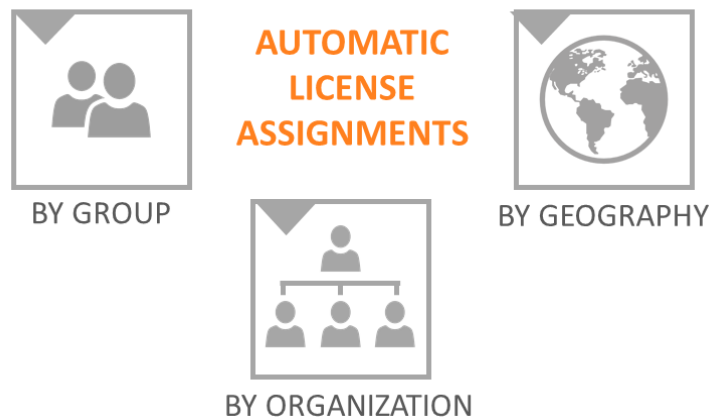
By understanding the business needs of your users, you can assign the minimum required license and thereby reduce the cost of using the Office 365 platform. For example, temporary workers may only need a mailbox while full-time employees may require more advanced collaboration or storage features provided by a more expensive license.

If a mailbox is all the user requires, the Exchange Online (Plan 1) license at \$4 per month is an excellent value. If the user requires a downloadable copy of Office and other enterprise features, then an E5 plan (\$35 per user/month) may be justified. The cost difference between the two plans is a whopping \$31 per user per month or \$372 per year – and for those users that require only a mailbox, the organization gets an 875% savings!

TIP: Many organizations attempt to maintain Office 365 license assignments manually or with scripts. Both methods incur additional costs and increase the possibility of accidentally denying access to the applications that end-users rely upon to perform even the most basic tasks.

④ Eliminate Scripting/Human Error with Automatic License Assignments

Native Office 365 license assignment is a manual, error-prone, and time-consuming process that often results in end-user problems and outages. Errors in license assignments are often discovered only after users complain about missing features or after running out of E5 licenses despite having bought enough E1 and E5 licenses for the entire organization. Not only do incorrect license assignments cause operational problems; they also cost the organization money. Incorrect license assignments can increase license costs by as much as 550% each year due to the price differences between licenses.



Assign Licenses using Active Directory or Azure AD User Details

Automatic license assignment and ongoing enforcement eliminates time-consuming and error-prone manual assignments, resulting in reduced license costs, reduced administrative burden and an improved user experience. Ideally, automatic assignment decisions are made using geographical or organizational criteria that target the correct users with a specific license plan and the desired options enabled.

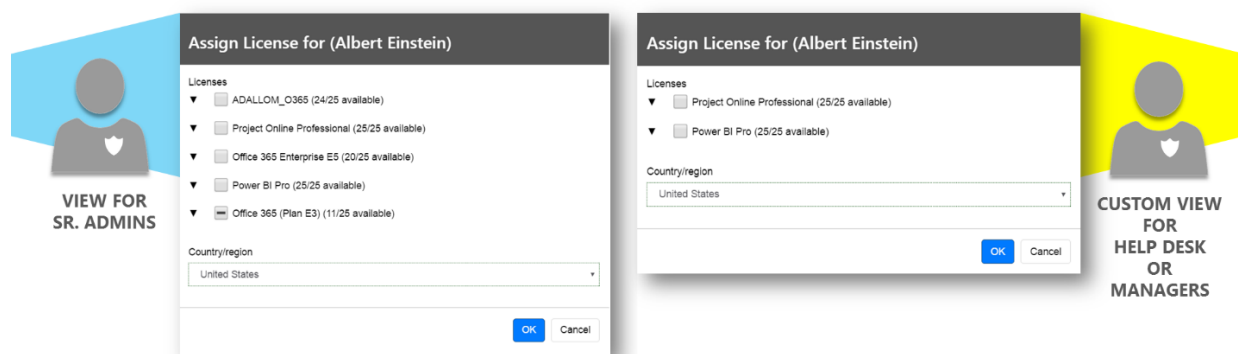
As Microsoft improves Office 365, there are likely to be changes to the current Office 365 license offerings. Automatic license assignment also gives administrators the flexibility of migrating some or all users from one license plan to another easily and accurately.

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③ Simplify Ongoing License Management and Avoid Hidden Operational Expenses

Unlike on-premises version of Microsoft products, Office 365 licensing is manually assigned on a user-by-user basis. The admin or help desk operator who assigns licenses are given an ever-growing, complex, confusing list of interdependent license types and checkboxes. This makes delegation to help desk and departmental administrators unworkable and over time errors in assignment will occur and outages will impact business users' day-to-day productivity.

DELEGATE LICENSE & OPTIONS VISIBILITY



Simplifying manual license management with granular delegation and controlling license visibility reduces mistakes and eliminates interruptions in service to business users. Background settings eliminate common assignment problems, ensuring Admins don't need a deep knowledge of licensing rules to manage licenses.

TIP: Some enterprise organizations use 3rd party tools to grant managers the ability to assign licenses or specific options that grant access to particular applications.

② Review License Usage to Get the Most for the Investment

One of the simplest and most overlooked methods to optimize and reduce Office 365 license costs is to thoroughly understand how licenses are being consumed. Monitoring, alerting, and communicating how licenses are being used introduces confidence in assignment efficiency and may uncover new ways to minimize costs. License usage detail is also critical in determining the best strategy to drive user adoption of Office 365 services, thus improving user productivity, collaboration, and business agility.

Monitor License Consumption & Validate License Assignments - It is vital to monitor license use at both the Macro and Micro level. At the Macro level, a weekly high-level e-mail report showing licenses consumed and remaining will provide insight into license distribution. On the Micro level, twice-monthly license validation reports comparing intended licenses assignment per user vs. the actual license and option assignment should be created. License validation reports provide visibility into possible assignment mistakes, so those mistakes can be corrected quickly before additional expense is incurred.

Avoid Service Interruptions Caused by a Lack of Licenses - Alert the administrative staff to critically low available license levels before Office 365 licenses are exhausted and operations are interrupted. Depending upon the size of the organization, the rate of consumption, and any planned bumps in hiring, a threshold of between 10% and 20% should be used.

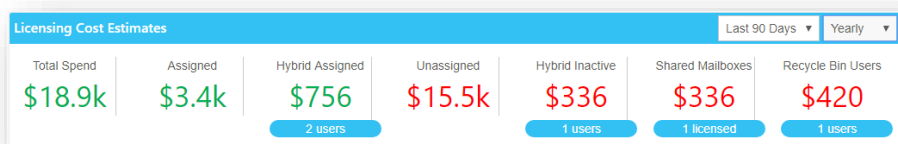
Communicating license count usage to managers or department heads will allow people in other areas to share responsibility for the licenses their direct reports consume. Coincidentally, this is the information normally used for internal or inter-departmental billing/chargeback scenarios where each department is notified about its share of license costs.

Drive User Adoption to Maximize Office 365 ROI - Microsoft provides service-level usage detail, but user-level details are not easily extracted natively. By allowing IT or business managers to view the user-level Office 365 license services in use the business can focus on maximizing the Return on Investment (ROI) of each license. With this detail license assignments and training regiments can be aligned to get the most out of the powerful Office 365 and Azure platforms.

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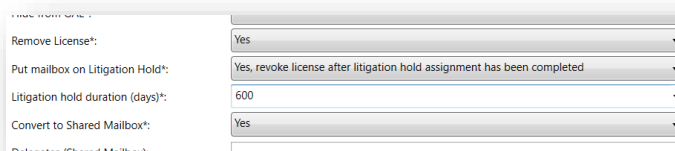
1 Define a License Recovery and Account Cleanup Policy

Most organizations would rather not pay for something that is not being used. Identifying licensed users that are not using the software and making those licenses available for others is an effective way to reclaim licenses and keep license costs manageable. The criteria needed to identify inactive accounts varies widely, but most organizations set a policy of 60 or 90 days of inactivity before they officially consider a user inactive. Other users such as those that were deprovisioned or simply disabled should also be considered because licenses are not removed from those users automatically.



Total Spend	Assigned	Hybrid Assigned	Unassigned	Hybrid Inactive	Shared Mailboxes	Recycle Bin Users
\$18.9k	\$3.4k	\$756	\$15.5k	\$336	\$336	\$420
		2 users		1 users	1 licensed	1 users

After an inactive user has been identified or when a user is proactively deprovisioned, the actions to be taken must be carefully considered. Simply revoking the license may not be the best option because license revocation also flags the mailbox for deletion. In some cases, legal, regulator, or internal compliance policies may require mailbox remediation and so license revocation may be a imperative.



Remove License*:	Yes
Put mailbox on Litigation Hold*:	Yes, revoke license after litigation hold assignment has been completed
Litigation hold duration (days)*:	600
Convert to Shared Mailbox*:	Yes
Delegate (Shared Mailbox):	

As an alternative, consider changing the license to a less expensive license or even to an unlicensed shared mailbox. For example, if the inactive user has an E4 license, change the license to an Exchange Online license that will not only will reduce the cost, but will maintain the mailbox. Converting the mailbox to a shared mailbox is another option and requires no license be assigned. In both cases, a significant cost savings is achieved and the number of "Extra" licenses is kept to the minimum.



The best way to manage the Hybrid Office 365 Enterprise

About Cayosoft

Simple and affordable, Cayosoft Administrator Suite is the #1 solution for Office 365 License Management. Cayosoft's unique architecture gives administrators easy to setup rules to define the organizational wide policies for Office 365 License Management.

Cayosoft Office 365 License Management

- Granular License Enforcement
- Assign to AD or Office 365 Users
- Compliance & billing reporting
- Alert on low-license availability

Cayosoft Administrator– Platform Capabilities

- Account Provisioning
- Automatic Group Management
- Office 365 License Management
- On-going Administration & Maintenance
- Real-time Visibility & Reporting
- Works with: Active Directory, Exchange, Office 365 and Windows Server

For more information visit:

<http://www.cayosoft.com/office-365-license-management/>

We are here to help answer any questions you may have, so please contact us using one of the following methods:

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