

MARKET INSIGHTS

# Microsoft Matters: Making the Most of Your Renewal Opportunity

How to optimize your Microsoft investments  
in a challenging renewal environment



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## INTRODUCTION

Microsoft's fiscal year end is approaching; if your organization timed your agreement around fiscal-year incentives, you may be facing a true-up or EA renewal soon. If you migrated to the M365 E5 license during your last renewal and received an attractive discount, you may be wondering what your options are now that you are on Microsoft's most premium license. Imagine your discount is going away, your organization is targeting a similar or same state renewal, and you're not ready to increase adoption across newer products like Microsoft Power Platform, Dynamics, or Teams Premium. What leverage do you have to reduce your Microsoft costs when you might be expecting limited user growth and a similar go-forward product mix?

Despite a challenging renewal scenario, you may have more leverage than you think. Consider four critical opportunities as you approach your upcoming Microsoft renewal.

### 1 LOOK BEYOND YOUR UNASSIGNED LICENSE BUFFER FOR DEMAND MANAGEMENT OPPORTUNITIES

Before you enter a negotiation with Microsoft, review your license deployments to ensure they are properly rightsized to your organization - this is one of the frequently overlooked levers to reduce your spend with Microsoft and avoid waste. Many organizations are keen to review their buffer of unassigned licenses at renewal and eliminate any excess licenses, but fewer organizations do a holistic review of usage across the organization. In reviewing last activity date by user, you may discover additional opportunities to reallocate unused licenses and reduce overall costs.

### 2 CONSIDER MICROSOFT LICENSE NEEDS ACROSS USER GROUPS AND LOOK FOR OPPORTUNITIES TO RIGHT-SIZE YOUR USER PROFILES AND LICENSING

Your Microsoft renewal presents an opportunity to substantially adjust license commitments, with far more flexibility than available during annual true-ups and true-downs. Over the past few years, Microsoft offered attractive but declining discounts (descending discounts each year of the EA) to encourage customers to upgrade to its top premium license, the M365 E5. Now, it is worth reviewing your user base to confirm if all users need the full suite of functionality. We find that many organizations are not utilizing certain components of the E5: Power BI Pro is often underutilized across the user base and many organizations do not require 100 GB of Exchange Online storage and unlimited OneDrive storage. Reviewing your user groups relative to Microsoft's license options may reveal an opportunity to shift a subset of users to a less costly license option, such as the M365 F3, that better meets their productivity needs while reducing overall cost to your organization.

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## REVIEW AND RATIONALIZE YOUR MICROSOFT ADD-ONS AND PREMIUM PRODUCTS

Outside of core license spend, the next highest area of Microsoft EA spend for many organizations includes premium products such as Visio and Project. These licenses are typically purchased on an as-needed basis within organizations, but when was the last time that you conducted a review of utilization for these less frequently monitored licenses? As individuals leave your organization or transition into new roles, and as business priorities change, you may be surprised to learn how many licenses are unused from day to day. Even those that are used may be touched so infrequently that there is not a substantive business case to maintain these products. Your O365 portal offers considerable information which can be studied to better understand consumption patterns and uncover reasons for low adoption.

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## IDENTIFY BIGGEST POINTS OF LEVERAGE RELATIVE TO MICROSOFT'S CURRENT PRIORITIES

From year to year, Microsoft places greater emphasis on growing revenue within different products and services. Going into your renewal, it is important to understand the areas that Microsoft is prioritizing most – they are typically inclined to give deeper discounts in other areas if you invest in the “high priority” targets. Previously, the highest priority target was E5. Currently, Microsoft is heavily focused on increasing adoption across its Power Platform, Microsoft Dynamics, and Azure. If you are investing in any of these areas, leverage this spend heavily in your broader EA negotiations.

## CONCLUSION

In summary, your Microsoft renewal presents a unique opportunity to rightsize your footprint, eliminate waste, and optimize the value of your future Microsoft renewal. Start planning at least 3 – 4 months prior to renewal so that you can take advantage of all levers.

If you are interested in learning more about optimizing your Microsoft renewal, contact us. Insight Sourcing Group provides expert benchmarking analysis, hands-on negotiations advisory, and procurement transformation services. We have helped clients of all sizes increase resiliency, stretch their budgets, and enhance the value of their purchases.



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