



6 Ways to Optimize and Reduce Microsoft 365 Licensing Costs

Abstract

Microsoft Office 365, now Microsoft 365, provides dozens of license options, which allow customers to tailor the service to their specific requirements and budgets. This flexibility is great, but it does put the onus on each customer to make smart decisions about license usages to get the most value from Microsoft 365. To optimize investment in Microsoft 365, administrators and IT teams must be able to identify and enact policies that will boost worker productivity and simultaneously reduce subscription costs, ultimately making Microsoft 365 more cost competitive.

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

6. **Adopt a License Assignment Strategy and Save Up to \$372 per User**

Microsoft offers a broad selection of Microsoft 365 licenses at a wide range of costs. Understanding your license agreement and assigning minimum required licenses – based on the business needs of the user – can save a significant amount of money.

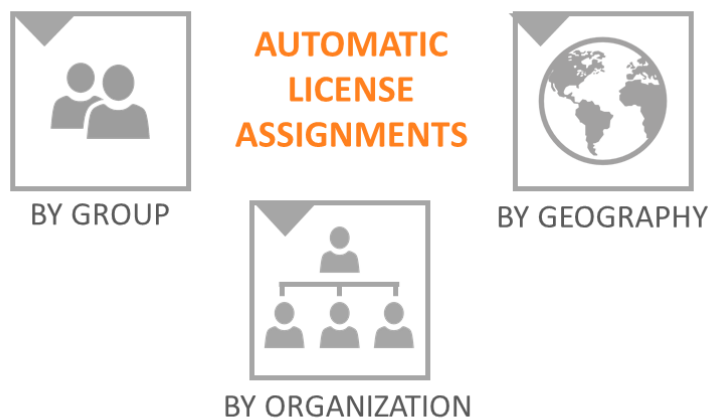
For example, temporary workers may only need a mailbox while full-time employees may require more advanced collaboration or storage features provided by a more expensive license.

If a user requires only a mailbox, 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 Microsoft 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.

5. 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 an organization runs 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. In addition to potential operational problems, incorrect license assignments can increase license costs by as much as 550% each year due to the price difference between licenses.



[Assign Licenses using Active Directory or Azure AD User Details](#)

Automatic license assignment and ongoing enforcement eliminates manual assignments, and can reduce license costs and administrative burden while improving 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.

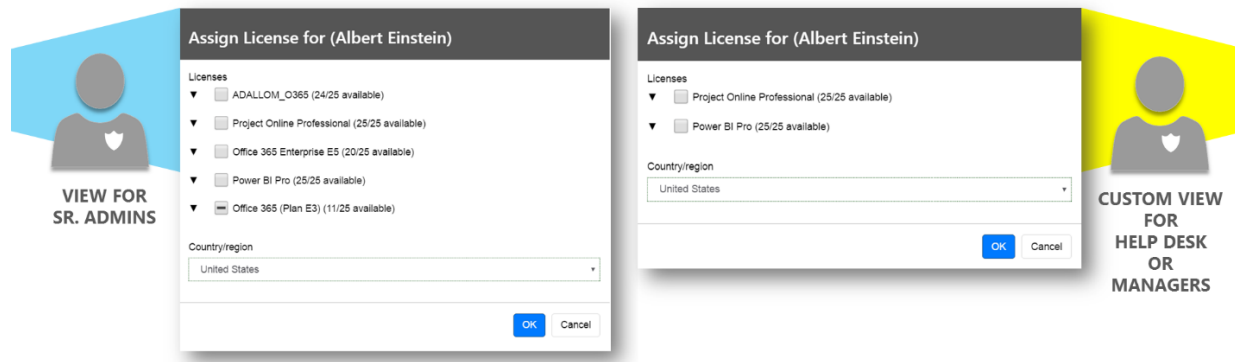
As Microsoft improves Microsoft 365, there are likely to be changes to the current license offerings. Automatic license assignment also gives administrators the flexibility of migrating some or all users from one license plan to another easily and accurately.

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4. Simplify Ongoing License Management and Avoid Hidden Operational Expenses

Unlike on-premises version of Microsoft products, Microsoft 365 licensing is manually assigned on a user-by-user basis. The admin or help desk operator who is delegated to handle Microsoft 365 license management now faces an ever-growing, complex, confusing list of interdependent license types and checkboxes. Over time, errors in assignment will occur, potentially causing outages that impact business users' day-to-day productivity.

DELEGATE LICENSE & OPTIONS VISIBILITY



You can simplify license management with granular delegation and control of license assignments with a hybrid management solution Cayosoft. This reduces mistakes and eliminates interruptions in service to business users.

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

3. **Review License Usage to Get the Most for the Investment**

It sounds simple, but one key method to optimize and reduce Microsoft 365 license costs is to thoroughly understand how licenses are being consumed. Monitoring, alerting and communicating how licenses are being used may uncover new ways to minimize costs.

Monitor License Consumption & Validate License Assignments - As a best practice, we recommend that you monitor license use at both the macro and micro levels. For example, a weekly high-level e-mail license consumption report will provide insight into license distribution. On the micro level, twice-monthly license will provide visibility into possible assignment mistakes, allowing for them to be corrected before incurring additional expense.

Avoid Service Interruptions Caused by a Lack of Licenses - Alert the administrative staff to critically low available license levels before Microsoft 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, we recommend a threshold of between 10% and 20%.

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.

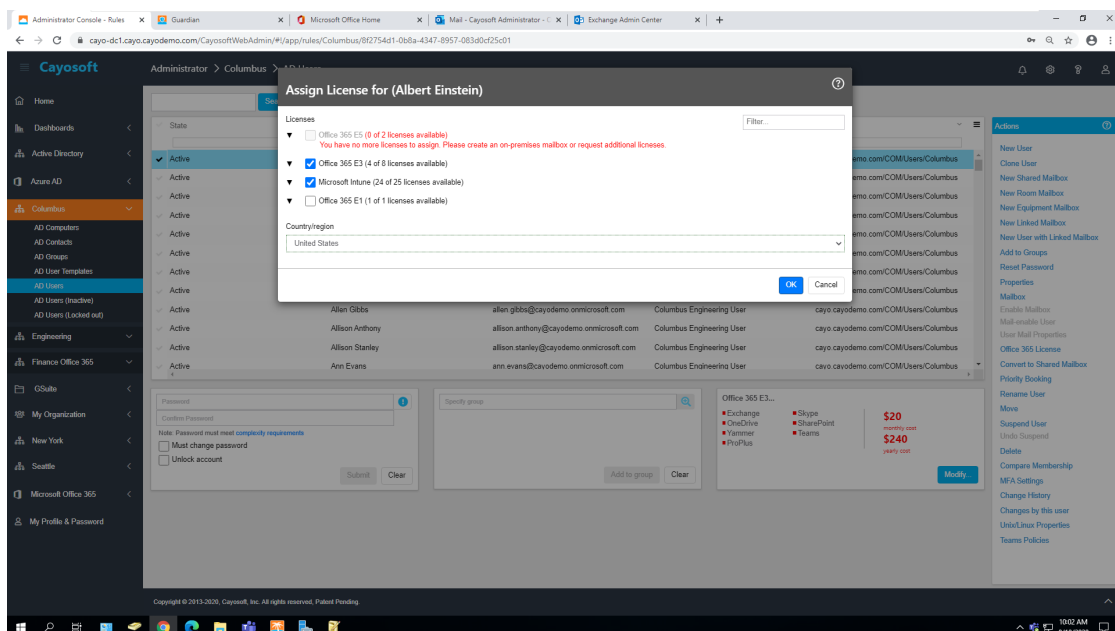
Drive User Adoption to Maximize Microsoft 365 ROI - Microsoft provides service-level usage detail, but user-level details are not easily extracted natively. By allowing IT or business managers to view the user-level Microsoft 365 license services in use the business can focus on maximizing the Return 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 Microsoft 365 and Azure platforms.

2. Leverage Third-Party Solutions to Help Improve Control and Visibility

Optimizing licenses manually is difficult, time-consuming and introduces inconsistencies across an organization. Find a third-party management solution that can help you automate license assignments, provide in-depth reports, and generally improve your visibility and control into Microsoft 365 licenses.

Our recommendation is [Cayosoft Administrator](#), which uses rules-based license assignments to target users, automatically assigning the exact license and options they require. Key Cayosoft Administrator features to optimize licenses include:

- **Granular Delegation over Microsoft 365 License Administrators & Help Desk:** Control which licenses advanced administrators can see and assign down to the individual license home option
- **Microsoft 365 License Reporting:** Cost savings & optimization by seeing who is not assigned the correct license
- **Automate License Assignments:** Rules automatically & dynamically assign the correct license every time



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1. Define a License Recovery and Account Cleanup Policy

Nobody wants to pay for something that is not being used. Identifying licensed Microsoft 365 user accounts 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 used 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 2 users	\$15.5k	\$336 1 users	\$336 1 licensed	\$420 1 users

After identifying an inactive user, or when proactively deprovisioning a user, we advise that you carefully consider your license-relation actions. Because revoking a license also flags the mailbox for deletion, there are times this is not the best option. In other cases, legal, regulatory or internal compliance policies may require mailbox remediation, making license revocation an imperative.

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 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, the result is a significant cost savings and the number of "extra" licenses is kept to the minimum.

Cayosoft®

The best way to manage the Microsoft 365 and hybrid Microsoft enterprise

Optimization Details (allen.albertson@cayodemo.onmicrosoft.com)

Select target license: Office E5 -> Office E3 (86%)

Overview

Recommendation: **This license change will have a major impact so the optimization is recommended with caution**

Current license(s): Office E5
Current cost: \$35.00
Target license(s): Office E3
New cost: \$20.00
Cost savings: **\$15.00**
Score: 86%
Difficulties: 1 major | 2 minor

Verified Items | User Activity

Service	Option	Office E5	Office E3	Current Usage	Note
Skype	Phone System	x	-	Used	note
Analytics	Power BI plan assignment	Power BI Pro	-	Assigned	note
Security	Office E5 security services	x	-	Used	note
Exchange	User mailbox size	100GB	100GB	78GB	
Exchange	Unified messaging enabled mailbox	x	x	Used	
Exchange	Exchange Online Archiving for Excha...	Unlimited	Unlimited	Not used	
Office Apps	Outlook desktop client (ProPlus)	x	x	Used	
Office Apps	Desktop Office applications (ProPlus)	x	x	Used	
Security	Office E3 security services	x	x	Used	

[Apply License](#) [Close](#)

*Cayosoft Administrator features a License Optimization Advisor that not only identifies users' licenses that need to be optimized, it more importantly shows you **if** the license can be changed*

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The best way to manage the Microsoft 365 and hybrid Microsoft enterprise

About Cayosoft

Cayosoft simplifies and streamlines the management and protection of Microsoft environments anywhere. Cayosoft solutions secure, simplify, automate and control Active Directory, Exchange on-premises, Microsoft 365, Exchange Online and Azure Active Directory, OneDrive, SharePoint and Teams. Cayosoft's unique architecture gives administrators easy to setup rules to define the organization-wide policies for Microsoft 365 License Management.

Cayosoft Microsoft 365 License Management

- Granular License Enforcement
- Assign to AD or Office 365 Users
- Compliance & Billing Reporting
- Alert on Low-License Availability

Cayosoft Administrator– Hybrid and Cloud Platform Capabilities

- Account Provisioning
- Automatic Group Management
- Microsoft 365 License Management
- On-going Administration & Maintenance
- Real-time Visibility & Reporting
- Works with: Active Directory, Exchange, Azure AD, Microsoft 365, Microsoft Teams 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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International: +1-614-423-6718

E-mail us: sales@cajosoft.com

Web: <http://www.cajosoft.com/contactsales/>

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