Optimise your Microsoft licensing strategy

Licensing optimisation best practice: a step-by-step guide

Microsoft licensing changes fast and without clear visibility. As a result, organisations may find themselves:

- Paying for licences that aren't being used.
- Assigning users to licence tiers far above their actual needs.
- Running overlapping security or compliance tools already included in Microsoft bundles.
- Stuck with legacy SKUs that no longer reflect current usage.
- Missing opportunities to leverage CSP, NCE, or renewal negotiations for better commercial outcomes.

The result is unnecessary operational spend, compliance risk and reduced agility. But our licensing optimisation tips are here to help you avoid this.

Want a deeper review?

If you'd like help identifying savings or building a long-term optimisation plan, we can support with a full Microsoft licensing audit and usage analysis.

Get in touch to discuss your Microsoft licensing strategy.

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1) Audit your current licences

Start with a simple but thorough review:

- Identify users with inactive or rarely used licences.
- Compare assigned licences with their actual usage (via the Microsoft 365 Admin Centre or usage analytics).
- Highlight duplicate products or standalone addons that may already be included in your bundles.
- Check for legacy licences that no longer match the apps people use today.

This gives you a baseline understanding of where waste occurs.

4) Review renewal dates and contract structure

Licensing optimisation is commercial, as well as technical, so:

- Track renewal dates so you can make changes before you're committed for another year.
- Evaluate whether CSP or EA offers better flexibility or pricing for your situation.
- Review whether monthly vs annual commitments are still appropriate.
- Take note of Microsoft promotions or growth offers you could make use of.

A proactive approach gives you more control over spend.

2) Map user roles to licence personas

Microsoft offers different licence tiers for different working patterns. To avoid overspend:

- Group users by the tools they genuinely need.
- Consider whether frontline or lighteruse workers could move to F3, E1 or Business Standard.
- Reserve E3/E5 for users who require advanced security, analytics or compliance capability.
- Validate that premium tools (like Power BI Pro, Defender suites or Teams Phone) are assigned only where needed.

This ensures everyone has the right capability but without wasted spend.

5) Optimise Azure costs separately

Azure optimisation goes hand-in-hand with licensing:

- Assess underused or stopped Azure resources.
- Use Reservations or Savings Plans for predictable workloads.
- Monitor Azure consumption regularly to avoid unexpected charges.

Small tweaks can create substantial long-term savings.

3) Eliminate redundant or overlapping tools

Many organisations pay twice for the same capability:

- Review thirdparty security and compliance tools that may already be covered in Microsoft bundles (especially in E5).
- Check for overlapping meeting, collaboration or backup solutions.
- Remove standalone products where Microsoft already provides the same features at no additional cost.

Consolidation is one of the quickest ways to unlock savings.

6) Establish ongoing governance

Licensing waste creeps back in without ongoing management. So, consider:

- Monitoring usage monthly.
- Implementing a clear process for assigning and removing licences during onboarding/offboarding.
- Running regular reviews to ensure personas and assignments are still accurate.

Consistency prevents overspend from returning.