

Office 365 E3 Total Cost of Ownership (TCO) Will Be Lower Than On-Premises for Small Organizations, Higher for Large Ones

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Office 365 Enterprise E3 can be more than 23% less expensive than equivalent Microsoft on-premises software for midsize organizations. Economies of scale favor on-premises for larger organizations. I&O leaders managing cloud office initiatives should use this research to build their business case.

Key Findings

- Based on our cost models, Gartner believes that midsize organizations, which lack economies of scale for internal computing operations, will likely save money (our model shows 23%) and have a more efficient cost structure moving from on-premises services to Office 365 Enterprise E3.
- As an organization gets larger, the savings decrease or disappear, with our model showing a 10% savings for a 2,500 user organization and a 9% increase in costs for a 10,000 user organization that moves to Office 365 Enterprise E3.
- Some applications and services may still need to be run on-premises after a move to Office 365 Enterprise E3, and the organization will still spend money to run them.
- There are many features in Office 365 Enterprise E3 that could provide value to an organization's digital workplace that do not exist in the on-premises versions and are not included in our cost model.

Recommendations

I&O leaders responsible for Office 365 or other cloud office initiatives should:

- Analyze the costs of Office 365 compared with your on-premises implementation as part of your decision process, by adapting our model and numbers to more closely reflect your organization's environment. Add other workloads if you are looking at larger Office 365

offerings, or remove costs from our model if you are not using or planning to use certain function.

- Create a cross-organization team with representatives from IT groups including server, storage, networking, messaging, collaboration, application and end-user computing personnel and representatives from lines of business to provide input on costs and benefits of moving.
- Focus on both the benefits of services included in Office 365 as well as an analysis of costs as two of many inputs to your purchasing and migration decision in order to build a comprehensive model.

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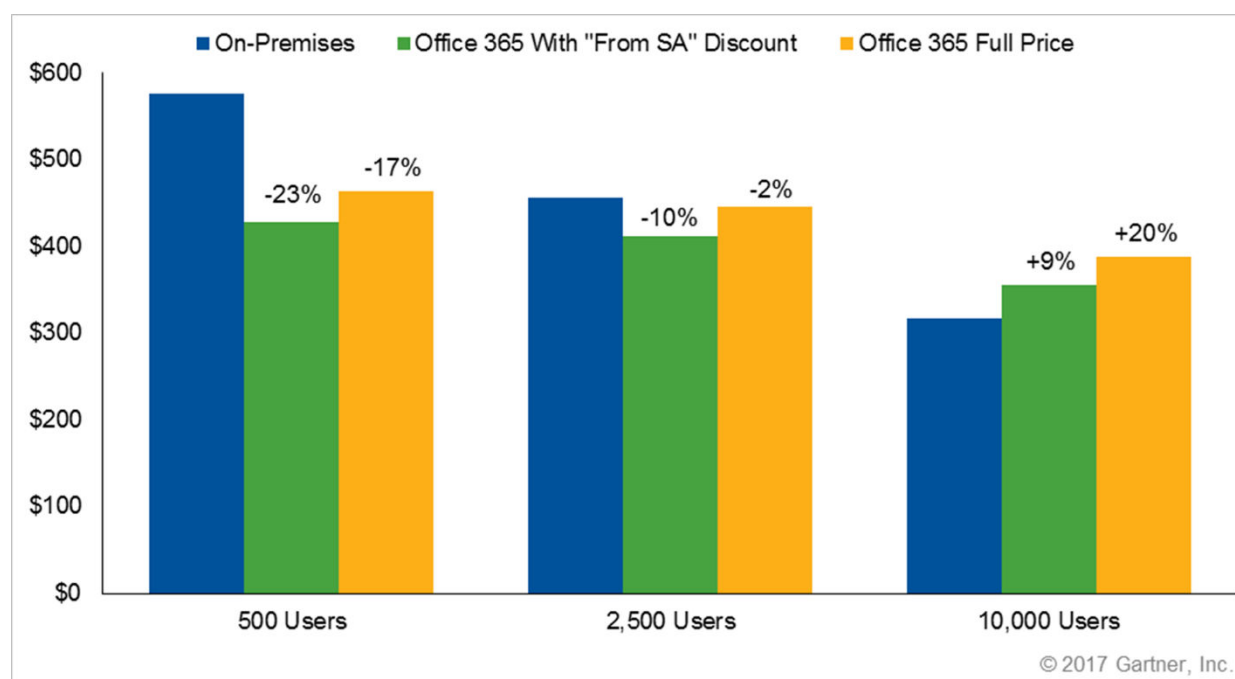
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Analysis

Gartner analysts field hundreds of "cloud office" inquiries each month, and although many organizations believe moving their collaboration and communications systems to the cloud is inevitable, they must still build a business case to get the project approved. Microsoft frequently discusses the benefits of Office 365 with references to cost savings that can be vague, and promises of improved collaboration and productivity are difficult to quantify and prove. Organizations need to understand whether their costs will increase, decrease or stay the same when moving to the cloud.

To help organizations calculate the cost of their on-premises and potential cloud office costs, Gartner has created our Office 365 Enterprise E3 versus on-premises office cost model (see Figure 1). We selected Office 365 Enterprise E3 because it is the most popular Office 365 SKU. Government organizations running G3 should have similar costs. Organizations licensing other products, like Office 365 Enterprise E5 or Microsoft 365 (formerly Secure Productive Enterprise) E3 or E5 can extend our model to reflect the additional components they license and/or use. Organizations evaluating Office 365 Enterprise E1 should remove costs for Office Professional Plus from their on-premises calculations, and consider whether they will need more third-party products to replace archiving and data loss prevention (DLP) features not included with that SKU.

Figure 1. Gartner Cost Model Comparing On-Premises Microsoft Office Clients and Servers Versus Office 365 Enterprise E3 From SA and Full Pricing, Annual Cost per Seat



Source: Gartner (August 2017)

The components of Office 365 Enterprise E3:

- Business-class email and calendars — Exchange Online Plan 2
- Social, video, sites, work management — Yammer, Office 365 Video, and a SharePoint Online Plan 2
- Create and edit Word, Excel, PowerPoint and OneNote files — Office Online
- File storage, sharing, information discovery — OneDrive for Business, Sway, Office Delve and StaffHub for scheduling
- IM, online meetings, meeting broadcast — Skype for Business
- Office client apps — Office 365 ProPlus
- Online archiving, data loss prevention, encryption, rights management — Exchange Online Protection

Organizations contemplating a move to Google G Suite or another cloud office platform can use this model to calculate the on-premises "before" component of the business case, if they are using Microsoft on-premises products now.

Our goal is to provide an analysis of an on-premises environment that's as similar to Office 365 Enterprise E3 as possible. Therefore, we are including on-premises servers and operation costs for

Exchange Server, SharePoint Server, Skype for Business Server, file servers, and the Office suite. Office 365 Enterprise E3 has other features and services including Yammer, Delve, and Teams (see Note 1), which have no parallel for on-premises infrastructure; organizations should consider additional benefits of cloud office as they build their models and work through their decision process.

Organizations should review our assumptions and adjust them to match their organization's circumstances to get a more accurate understanding of their costs. We document our assumptions to help organizations customize our model, which covers three years. Capital costs are annualized based on the expected life of the asset. As with all numbers in our TCO models, organizations should replace them with their own numbers, which will be more accurate for their organization.

We model three scenarios that organizations can use as a baseline to customize their analyses — a midsize 500-user environment, a 2,500-user environment and a 10,000-user enterprise.

The 500-user organization is a single campus environment. The 2,500-user environment includes a headquarters and four satellite sites in North America and Europe. Other geography combinations may be similar, but we are not including sites in Asia (which have more complicated networking issues) until we reach the 10,000-user environment, which will have more than 30 sites over at least three continents, including one with significant network bandwidth and latency challenges, requiring more local servers for the on-premises scenario. All purchase costs are in U.S. pricing in dollars based on discount levels entitled by organization size (for Microsoft products); prices will vary across locations, variations may be asymmetric, whereby for example, the Euro delta above U.S. dollars for online services may be less than the equivalent delta for on-premises licenses.

Cost Is Only One Component of a Complete Analysis

Our model considers the cost elements only and not the productivity or user satisfaction benefits, which are difficult to quantify and are highly subjective. When deciding whether to move to Office 365, IT application managers should do a complete analysis of all costs and benefits. These factors include: (1) improving quality of service, productivity and user satisfaction; (2) services available only in the cloud or only on-premises; (3) risks — including security, data sovereignty, service interruption; and (4) freeing up internal IT resources.

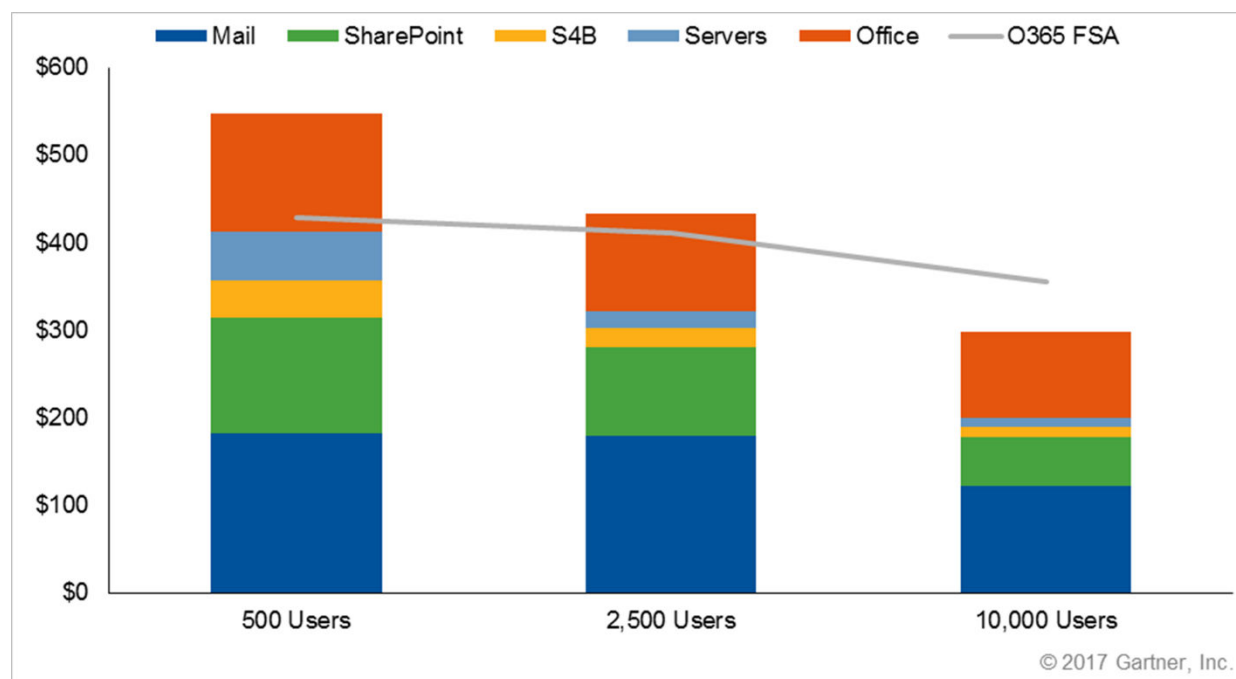
Findings

Based on our cost models, Gartner believes that smaller organizations, which lack economies of scale for internal computing operations, will likely save money and have a more efficient cost structure moving from on-premises services to Office 365. However, the larger the organization is, the more likely that its economies of scale make its collaboration and communications infrastructures very efficient, and moving to Office 365 is likely to increase its costs. Organizations that expect to spend more money after they move to cloud office will need to quantify additional benefits they will reap in a move to the cloud. Our analysis is also contingent on Office 365 pricing staying static; any price increases could change the long-term economic model.

Figure 1 includes Office 365 Enterprise E3 pricing for organizations coming from Software Assurance (SA) into E3 ("from SA" [FSA] pricing) and organizations paying the full Office 365 tariff (which is 15% higher). For simplicity, most of the remaining figures will include FSA pricing only. Organizations that have not been paying Software Assurance should reduce the on-premises software costs in our model to reflect their annualized costs. These organizations will also have a more difficult time shifting to a paradigm where they must always be upgrading to and running current software.

Figure 2 shows how FSA annual TCO compares with running the Office services on-premises; but it shows the costs of the individual on-premises services as well. This allows organizations to exclude any on-premises services they do not use to easily understand their current costs better.

Figure 2. On-Premises Microsoft Office Clients and Servers by Workload Versus Office 365 Enterprise E3 From SA, Annual Cost per Seat

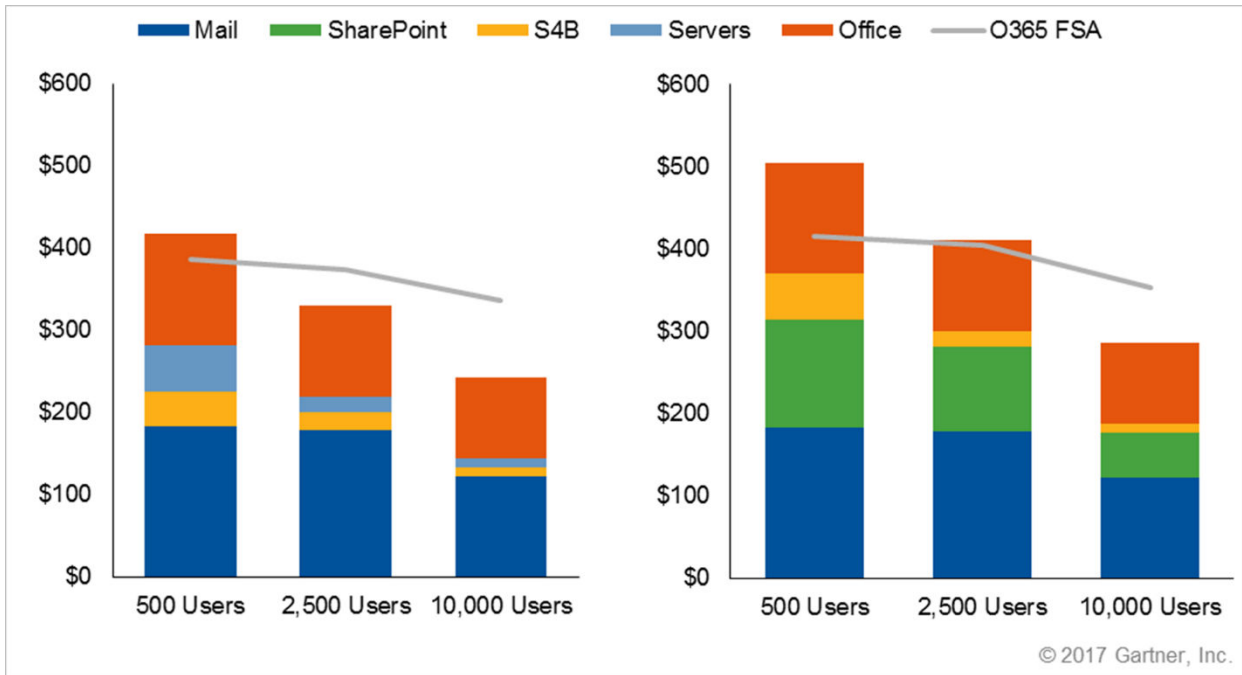


S4B = Skype for Business (for the purposes of this research).

Source: Gartner (August 2017)

For example, an organization that does not run SharePoint or Skype for Business can eliminate those costs from the analysis to get a better idea of how their costs will change (see Figure 3). Organizations that run other applications that address functions they will get with Office 365 Enterprise E3 need to consider whether they will replace those functions with the Office 365 equivalents, and may decide to include those in their cost model.

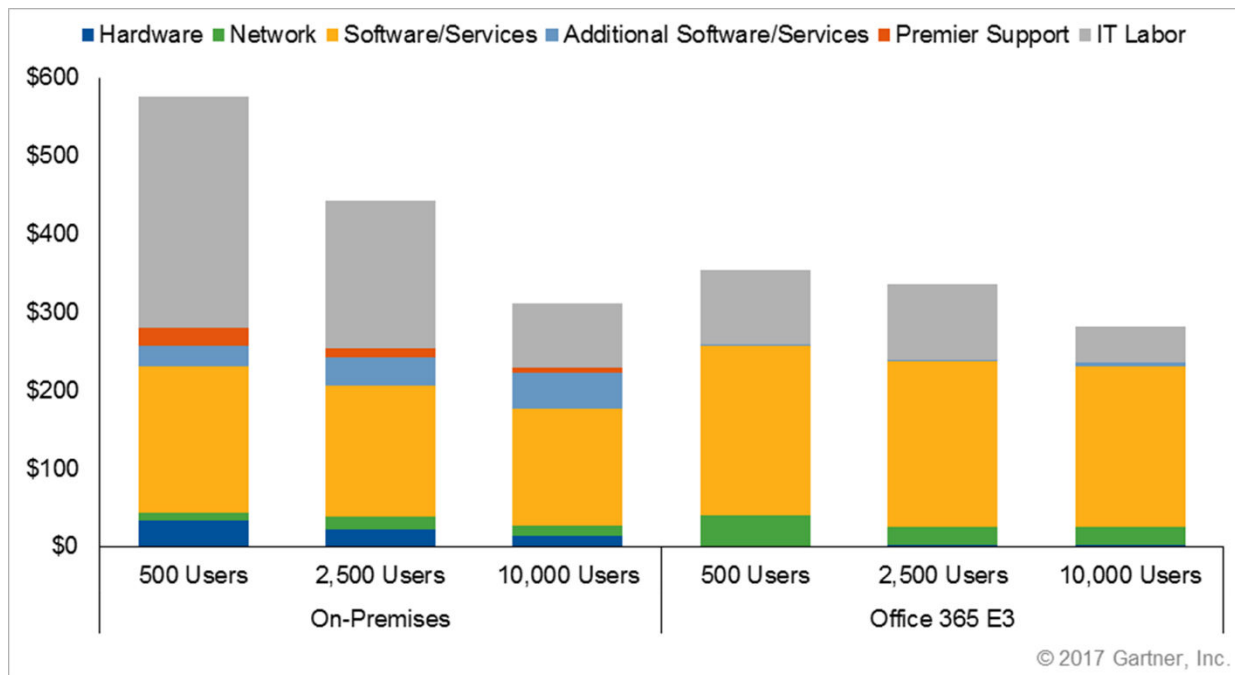
Figure 3. On-Premises Microsoft Office Clients and Servers (Except SharePoint, Left, and Skype for Business, Right) Versus Office 365 Enterprise E3 From SA Pricing, Annual Cost per Seat



Source: Gartner (August 2017)

Figure 4 shows why smaller organizations have more potential for savings with Office 365. While the per-user costs for many of our cost categories are similar for organizations of varying sizes, IT labor costs are much higher in a 500-user environment due to the smaller employee base across which these costs are amortized.

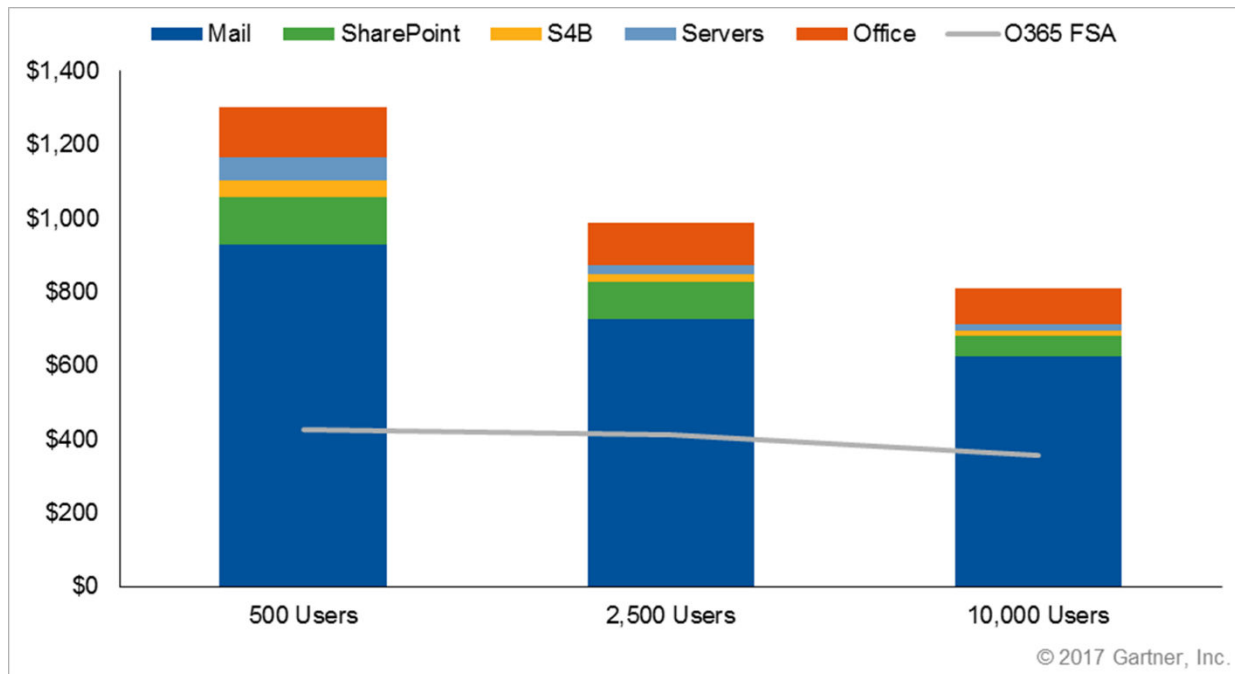
Figure 4. Cost per User for On-Premises Services and Office 365 Enterprise E3, by Cost Category



Source: Gartner (August 2017)

Storage capacity limits are the bane of many administrators' jobs. Our model assumes a 4GB used (5GB limit) for user storage on Exchange and 1.25GB (2.5GB limit) for file servers. To make a fair cost comparison between on-premises and Office 365 (which offers 100GB for email and 1TB for files), organizations could model the cost to provide more storage on-premises, but since they have no intention of providing that much capacity, it could make the comparison unrealistic (see Figure 5).

Figure 5. On-Premises Microsoft Office Clients and Servers Versus Office 365 Enterprise E3 From SA and Full Pricing, Annual Cost per Seat, If the Organization Provides as Much Storage as Office 365 Enterprise E3 (100GB for Email and 1TB for Files)



Source: Gartner (August 2017)

Model Details

On-Premises Environment

We model three scenarios that organizations can use as a baseline to customize their analyses: 500 users, 2,500 users, and 10,000 users (see Figures 6, 7, 8, 9, 10 and 11).

Figure 6. Office TCO Model, Exchange On-Premises Costs

		Exchange								
		500 Users			2,500 Users			10,000 Users		
		Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization
Hardware	Number of Servers	2	\$1,194	\$2,389	6	\$1,057	\$6,342	12	\$923	\$11,070
	Storage (TB), Primary + Backup	5. TB	\$1,047	5,234	25. TB	\$768	\$19,188	100. TB	\$708	\$70,824
	Data Center Allocation, Power, Cooling			564			1,830			6,102
	Branch Office Connection Appliance									
Hardware Total				\$8,186			\$27,361			\$87,996
Network	Data			\$3,369			\$37,925			\$127,528
	WAN Optimization			N/A			N/A			N/A
	ExpressRoute (Office 365 only)									
Network Total				\$3,369			\$37,925			\$127,528
Software/Services	Server Software	2	\$1,246	\$2,493	6	\$1,103	\$6,618	12	\$963	\$11,552
	Storage Software	5. TB	\$262	\$1,308	25. TB	\$192	\$4,797	100. TB	\$177	\$17,706
	Office Professional Plus/Office 365 E3									
	Client Access Licenses	500	\$13.87	\$6,936	2500	\$12.91	\$32,280	10000	\$11.81	\$118,080
	Branch Office Connection Appliance									
Software/Services Total				\$10,737			\$43,695			\$147,338
Additional Software/Services	Spam/Signature-Based Malware Protection	100%	10	\$5,000	100%	8	\$20,000	100%	6	\$60,000
	Advanced Threat for Defense	20%	18	\$1,800	40%	16	\$16,000	60%	12	\$72,000
	Encryption/DLP	20%	15	\$1,500	20%	14	\$7,000	20%	12	\$24,000
	Audit Compliance									
	Cloud Access Security Broker (Office 365 only, up to 4 items above)									
	Archiving	20%	36	\$3,600	50%	36	\$45,000	80%	36	\$288,000
	Backup (included in hardware and software for on-premises)									
Additional Software/Services Total		Low	\$-	\$11,900	Low	\$-	\$88,000	Low	\$-	\$444,000
		High	\$39,500		High	\$185,000		High	\$660,000	
Premier Support		30 hrs.		\$6,900	75 hrs.		\$17,250	200 hrs.		\$46,000
IT Labor	Service Desk	We do not expect a significant difference between L1 calls on-premises vs. cloud								
	Server Management (also includes WOC mgmt. costs)									
	Storage Management	5. TB	\$483	2,416	25. TB	\$354	\$8,856	100. TB	\$327	\$32,688
	Application Management	.33 FTE	\$96,219	\$31,752	2. FTE	\$96,219	\$192,438	3. FTE	\$96,219	\$288,657
	Upgrade/Update Projects	.5 FTE every 3 years		\$16,037	1 FTE every 3 years		\$32,073	1.5 FTE every 3 years		\$48,110
Labor Total				\$50,204			\$233,367			\$369,455
End-User Labor										
Migration	Application Testing									
Grand Total per Year (typical)				\$91,297			\$447,598			\$1,222,316
Per User per Year				\$182.59			\$179.04			\$122.23
Low Total per User per Year, Total per Year			\$158.79	\$79,397		\$143.84	\$359,598		\$77.83	\$778,316
High Total per User per Year, Total per Year			\$237.79	\$118,897		\$217.84	\$544,598		\$143.83	\$1,438,316

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Source: Gartner (August 2017)

Figure 7. Office TCO Model, SharePoint On-Premises Costs

		SharePoint								
		500 Users			2,500 Users			10,000 Users		
		Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization
Hardware	Number of Servers	2	\$1,194	\$2,389	12	\$1,057	\$12,685	14	\$923	\$12,915
	Storage (TB), Primary + Backup	6 TB	\$1,047	628	2.25 TB	\$768	\$1,727	6.75 TB	\$708	\$4,781
	Data Center Allocation, Power, Cooling			209			841			1,130
	Branch Office Connection Appliance									
Hardware Total				\$3,226			\$15,253			\$18,827
Network	Data			\$336			\$1,721			\$1,868.49
	WAN Optimization			N/A			N/A			N/A
	ExpressRoute (Office 365 only)									
Network Total				\$336			\$1,721			\$1,868
Software/Services	Server Software	2	\$1,246	\$2,493	12	\$1,103	\$13,236	14	\$963	\$13,477
	Storage Software	6 TB	\$262	\$157	2.3 TB	\$192	\$432	6.8 TB	\$177	\$1,195
	Office Professional Plus/Office 365 E3									
	Client Access Licenses	500	\$17.34	\$8,670	2500	\$16.14	\$40,350	10000	\$14.76	\$147,600
	Branch Office Connection Appliance									
Software/Services Total				\$11,320			\$54,018			\$162,272
Additional Software/Services	Spam/Signature-Based Malware Protection									
	Advanced Threat for Defense									
	Encryption/DLP									
	Audit Compliance	20%	\$3.00 PUPM	\$300	20%	\$3.00 PUPM	\$1,500	20%	\$3.00 PUPM	\$6,000
	Cloud Access Security Broker (Office 365 only, up to 4 items above)									
	Archiving									
	Backup (included in hardware and software for on-premises)									
Additional Software/Services Total		Low	\$-	\$300	Low	\$-	\$1,500	Low	\$-	\$6,000
		High	\$1,500		High	\$7,500		High	\$30,000	
Premier Support		10 hrs.		\$2,300	25 hrs.		\$5,750	40 hrs.		\$9,200
IT Labor	Service Desk									
	Server Management (also includes WOC mgmt. costs)									
	Storage Management	6 TB	\$483	290	2.3 TB	\$354	\$797	6.8 TB	\$327	\$2,206
	Application Management	.33 FTE	\$96,219	\$31,752	1.5 FTE	\$96,219	\$144,329	3. FTE	\$96,219	\$288,657
	Upgrade/Update Projects	.5 FTE every 3 years		\$16,037	1. FTE every 3 years		\$32,073	2. FTE every 3 years		\$64,146
Labor Total				\$48,079			\$177,199			\$355,009
End-User Labor										
	Application Testing									
Migration										
Grand Total per Year (typical)				\$65,560			\$255,441			\$553,177
Per User per Year				\$131.12			\$102.18			\$55.32
Low Total per User per Year, Total per Year			\$130.52	\$65,260		\$101.58	\$253,941		\$54.72	\$547,177
High Total per User per Year, Total per Year			\$133.52	\$66,760		\$104.58	\$261,441		\$57.72	\$577,177

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PUPM = Per user, per month

Source: Gartner (August 2017)

Figure 8. Office TCO Model, Skype for Business On-Premises Costs

		Skype for Business								
		500 Users			2,500 Users			10,000 Users		
		Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization
Hardware	Number of Servers	2	\$1,194	\$2,389	3	\$1,057	\$3,171	8	\$923	\$7,380
	Storage (TB), Primary + Backup									
	Data Center Allocation, Power, Cooling			161			177			436
	Branch Office Connection Appliance									
Hardware Total				\$2,550			\$3,348			\$7,816
Network	Data			\$312			\$414			\$962.64
	WAN Optimization			N/A			N/A			N/A
	ExpressRoute (Office 365 only)									
Network Total				\$312			\$414			\$963
Software/Services	Server Software	2	\$1,246	\$2,493	3	\$1,103	\$3,309	8	\$963	\$7,701
	Storage Software									
	Office Professional Plus/Office 365 E3									
	Client Access Licenses	500	\$3.47	\$1,734	2500	\$3.23	\$8,070	10000	\$2.95	\$29,520
	Branch Office Connection Appliance									
Software/Services Total				\$4,227			\$11,379			\$37,221
Additional Software/Services	Spam/Signature-Based Malware Protection									
	Advanced Threat for Defense									
	Encryption/DLP									
	Audit Compliance	20%	\$3.00 PUPM	\$300	20%	\$3.00 PUPM	\$1,500	20%	\$3.00 PUPM	\$6,000
	Cloud Access Security Broker (Office 365 only, up to 4 items above)									
	Archiving									
	Backup (included in hardware and software for on-premises)									
Additional Software/Services Total		Low	\$-	\$300	Low	\$-	\$1,500	Low	\$-	\$6,000
		High	\$1,500		High	\$7,500		High	\$30,000	
Premier Support		5 hrs.		\$1,150	10 hrs.		\$2,300	25 hrs.		\$5,750
IT Labor	Service Desk									
	Server Management (also includes WOC mgmt. costs)									
	Storage Management									
	Application Management	.1 FTE	\$96,219	\$9,622	.25 FTE	\$96,219	\$24,055	.5 FTE	\$96,219	\$48,110
	Upgrade/Update Projects	.1 FTE every 3 years		\$3,207	.33 FTE every 3 years		\$10,584	.33 FTE every 3 years		\$10,584
Labor Total				\$12,829			\$34,639			\$58,694
End-User Labor										
Application Testing										
Migration										
Grand Total per Year (typical)				\$21,367			\$53,580			\$116,443
Per User per Year				\$42.73			\$21.43			\$11.64
Low Total per User per Year, Total per Year			\$42.13	\$21,067		\$20.83	\$52,080		\$11.04	\$110,443
High Total per User per Year, Total per Year			\$45.13	\$22,567		\$23.83	\$59,580		\$14.04	\$140,443

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Source: Gartner (August 2017)

Figure 9. Office TCO Model, File Server On-Premises Costs

		File Servers								
		500 Users			2,500 Users			10,000 Users		
		Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization
Hardware	Number of Servers	2	\$1,194	\$2,389	5	\$1,057	\$5,285	19	\$923	\$17,528
	Storage (TB), Primary + Backup	.63 TB	\$654	\$443	3.13 TB	\$2,399	\$2,213	12.5 TB		\$8,853
	Data Center Allocation, Power, Cooling		211	143		480	443			1,716
	Branch Office Connection Appliance									
Hardware Total				\$2,974			\$7,941			\$28,097
Network	Data			\$337			\$782			\$2,626.77
	WAN Optimization			N/A			N/A			N/A
	ExpressRoute (Office 365 only)									
Network Total				\$337			\$782			\$2,627
Software/Services	Server Software	2	\$1,246	\$2,493	5	\$1,103	\$5,515	19	\$963	\$18,290
	Storage Software	.63 TB	\$262	\$164	3.13 TB	\$192	\$600	12.5 TB	\$177	\$2,213
	Office Professional Plus/Office 365 E3									
	Client Access Licenses									
	Branch Office Connection Appliance									
Software/Services Total				\$2,656			\$6,115			\$20,503
Additional Software/Services	Spam/Signature-Based Malware Protection									
	Advanced Threat for Defense									
	Encryption/DLP									
	Audit Compliance									
	Cloud Access Security Broker (Office 365 only, up to 4 items above)									
	Archiving	20%		\$125	50%		\$1,563	80%		\$10,000
	Backup (included in hardware and software for on-premises)									
Additional Software/Services Total		Low	\$-	\$125	Low	\$-	\$1,563	Low	\$-	\$10,000
		High	\$625		High	\$3,125		High	\$12,500	
Premier Support		5 hrs.		\$1,150	10 hrs.		\$2,300	25 hrs.		\$5,750
IT Labor	Service Desk									
	Server Management (also includes WOC mgmt. costs)	2	\$2,285	\$4,570	5	\$2,022	\$10,111	8	\$1,765	\$14,119
	Storage Management	0.625	\$483	\$302	3.125	\$354	\$1,107	12.5	\$327	\$4,086
	Application Management									
	Upgrade/Update Projects	.5 FTE every 3 years		\$16,037	.5 FTE every 3 years		\$16,037	.5 FTE every 3 years		\$16,037
Labor Total				\$20,908			\$27,255			\$34,241
End-User Labor										
	Application Testing									
Migration										
Grand Total per Year (typical)				\$28,151			\$45,955			\$101,219
Per User per Year				\$56.30			\$18.38			\$10.12
Low Total per User per Year, Total per Year			\$56.05	\$28,026		\$17.76	\$44,392		\$9.12	\$91,219
High Total per User per Year, Total per Year			\$57.30	\$28,651		\$19.01	\$47,517		\$10.37	\$103,719

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Source: Gartner (August 2017)

Figure 10. Office TCO Model, Office Productivity Suite On-Premises Costs

		Office Suite					
		600 Devices		3,000 Devices		12,000 Devices	
		Cost per Unit	Cost for Organization	Cost per Unit	Cost for Organization	Cost per Unit	Cost for Organization
Hardware	Number of Servers						
	Storage (TB), Primary + Backup						
	Data Center Allocation, Power, Cooling						
	Branch Office Connection Appliance						
Hardware Total							
Network	Data						
	WAN Optimization						
	ExpressRoute (Office 365 only)						
Network Total							
Software/ Services	Server Software						
	Storage Software						
	Office Professional Plus/Office 365 E3	\$108.72	\$65,232	101.16	\$303,480	92.76	\$1,113,120
	Client Access Licenses						
	Branch Office Connection Appliance						
Software/Services Total			\$65,232		\$303,480		\$1,113,120
Additional Software/ Services	Spam/Signature-Based Malware Protection						
	Advanced Threat for Defense						
	Encryption/DLP						
	Audit Compliance						
	Cloud Access Security Broker (Office 365 only, up to 4 items above)						
	Archiving						
	Backup (included in hardware and software for on-premises)						
Additional Software/Services Total			\$-		\$-		\$-
Premier Support							
IT Labor	Service Desk						
	Server Management (also includes WOC mgmt. costs)						
	Storage Management						
	Application Management						
	Upgrade/Update Projects	.5 FTE every 3 years	\$16,037	1 FTE every 3 years	\$32,073	2 FTE every 3 years	\$64,146
Labor Total			\$16,037		\$32,073		\$64,146
End-User Labor							
Migration	Application Testing		\$8,333		\$41,667		\$166,667
Grand Total per Year (typical)			\$81,269		\$335,553		\$1,177,266
Per User per Year			\$135.45		\$111.85		\$98.11
Low Total per User per Year, Total per Year							
High Total per User per Year, Total per Year							
		End-User Costs	\$8,333		\$41,667		\$166,667

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Source: Gartner (August 2017)

Figure 11. Office TCO Model, Office 365 Enterprise E3 Costs

		Office 365 (From SA)								
		500 Users			2,500 Users			10,000 Users		
		Number/% Needed	Cost per Unit	Cost for Organization	Number/% Needed	Cost per Unit	Cost for Organization	Number/% Needed	Cost per Unit	Cost for Organization
Hardware	Number of Servers									
	Storage (TB), Primary + Backup									
	Data Center Allocation, Power, Cooling									
	Branch Office Connection Appliance				4	\$1,057	\$4,228	30	\$923	\$27,676
Hardware Total							\$4,228			\$27,676
Network	Data			\$26,280			\$60,360			\$123,360
	WAN Optimization							1	\$12,000	12,000
	ExpressRoute (Office 365 only)							1	\$33,600	33,600
Network Total				\$26,280			\$60,360			\$492,612
Software/Services	Server Software									
	Storage Software									
	Office Professional Plus/Office 365 E3	O365 E3 FSA	\$16.49 PUPM	\$98,940		\$15.98 PUPM	\$479,400		\$15.47 PUPM	\$1,856,400
	Client Access Licenses	Bridge	\$1.63 PUPM	\$9,780		\$1.53 PUPM	\$45,900		\$1.38 PUPM	\$165,600
	Branch Office Connection Appliance				4	\$1,103	\$4,412	30	\$963	\$28,879
Software/Services Total				\$108,720			\$529,712			\$2,050,879
Additional Software/Services	Spam/Signature-Based Malware Protection									
	Advanced Threat for Defense									
	Encryption/DLP									
	Audit Compliance									
	Cloud Access Security Broker (Office 365 only, up to 4 items above)	5%	\$5.00 PUPM	\$125	10%	\$5.00 PUPM	\$1,250	20%	\$5.00 PUPM	\$10,000
	Archiving	4%	\$3.00 PUPM	\$60	10%	\$3.00 PUPM	\$750	56%	\$3.00 PUPM	\$16,800
	Backup (included in hardware and software for on-premises)	15%	\$3.00 PUPM	\$225	30%	\$2.50 PUPM	\$1,875	70%	\$2.00 PUPM	\$14,000
Additional Software/Services Total		Low	\$-	\$410	Low	\$-	\$3,875	Low	\$-	\$40,800
		High	\$5,500		High	\$26,250		High	\$100,000	
		Additional for O365 Full	\$17,460		Additional for O365 Full	\$84,600		Additional for O365 Full	\$327,600	
Premier Support										
IT Labor	Service Desk									
	Server Management (also includes WOC mgmt. costs)				4	\$2,022	\$8,089	30	\$1,765	\$52,945
	Storage Management									
	Application Management			\$47,532			\$234,534			\$406,525
	Upgrade/Update Projects									
Labor Total				\$47,532			\$242,623			\$459,470
End-User Labor										
Migration	Application Testing			\$15,000			\$75,000			\$300,000
				\$37,500			\$187,500			\$750,000
Grand Total per Year (typical)				\$220,442			\$1,028,298			\$3,464,186
Per User per Year				\$440.88			\$411.32			\$346.42
Low Total per User per Year, Total per Year			\$440.06	\$220,032		\$409.77	\$1,024,423		\$342.34	\$3,423,386
High Total per User per Year, Total per Year			\$451.06	\$225,532		\$420.27	\$1,050,673		\$352.34	\$3,523,386
	End-User Costs			\$15,000			\$75,000			\$300,000

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Source: Gartner (August 2017)

For our server hardware, storage, software and networking costs, we've elected to use averages reported in Gartner's IT Key Metrics Data (ITKMD). For servers and storage, we use ITKMD data for hardware and software. For storage, we also use the ITKMD labor costs. ITKMD costs are shown in Tables 1, 2, and 3. ITKMD numbers for servers and storage include hardware, software, labor, networking, and data center space and power allocations (defined as being 4% of all the other costs). We are not using all components from ITKMD, but by selecting ones to use and eliminating others we believe we can develop specific purpose-driven numbers for ourselves.

Table 1. Server Costs Included in This Analysis per Server

	Server Hardware	Server/App Software	Server/App Labor	Connectivity
Small Org	\$1,194	\$1,246	\$2,285	\$156
Medium Org	\$1,057	\$1,103	\$2,022	\$138
Large Org	\$923	\$963	\$1,765	\$120

Source: Gartner (August 2017)

Table 2. Storage Costs Included in This Analysis per TB

	Storage Hardware	Storage Software	Storage Labor	Connectivity
Small Org	\$1,047	\$262	\$483	\$40
Medium Org	\$768	\$192	\$354	\$30
Large Org	\$708	\$177	\$327	\$27

Source: Gartner (August 2017)

Table 3. Networking (Data Transmission)

	Transmission	Allocation for Office On-Premises
Small Org	\$114	\$11
Medium Org	\$145	\$15
Large Org	\$123	\$12

Source: Gartner (August 2017)

The ITKMD server cost numbers take the typical number of physical and virtual servers into account, and we are assuming that all the servers in our model represent an "average load." We are also using the averages for software cost for servers rather than having to make separate assumptions for Windows software cost allocations and the cost of Exchange, SharePoint and

Skype for Business software. While this results in less-accurate numbers, costs will vary by organization anyway and we believe the discrepancies do not significantly alter the model outputs/results.

We do the same for storage. Organizations that provide more or less storage can change our assumption easily. Our storage ITKMD data aggregates all types of storage, including more expensive primary storage and less-expensive storage used for backup. Again, better accuracy can be attained by making different cost assumptions for different storage types, but Gartner has found that the more complex the model is, the less likely it is that our clients will be able to apply and customize it for their environments. We believe that the differences in cost will not be significant and that the examples listed are sufficient for this analysis. Organizations are always welcome to replace our assumptions with their own. Like for servers, storage ITKMD data covers hardware, software, labor, networking, and data center space and power allocations.

For networking, we include the allocations per server and per TB of storage, but also the cost per user for data transmission. We are not including the cost for network hardware or software costs, just the data transmission cost. We assume that all servers are in central or headquarters' data centers and, therefore, all branch sites already have WAN optimization controllers if required. For 500 and 2,500 users, we will assume the enterprise connects to the internet via the data center; if branches are connected to internet, organizations will need to change our assumptions.

For on-premises implementations, we are separating the cost of Exchange, SharePoint, Skype for Business, file servers and the Office suite so that organizations that do not own or implement one or more individual services on-premises can easily exclude them from their analysis. With Office 365 Enterprise E3, all the services are paid for whether they are used or not.

For endpoint software licensing, the components in the on-premises model include the Client Access License (CAL) Suite and the Office Suite. We are allocating the difference in the cost of the (per user) Core CAL Suite and the Bridge CAL (which covers the CALs for components not included in Office 365 like Windows Server and System Center Configuration Manager [SCCM]) across the three on-premises services. We allocate 40% of the difference as the cost of the Exchange Server CAL, 40% as the cost of the SharePoint Server CAL, and 10% as the cost of the Skype for Business CAL. If you decide to exclude any of the on-premises servers from your analysis but license the Core CAL or Enterprise CAL suite, you are still paying for the CALs of the servers you're not using and should probably allocate the cost of the CAL across the servers you are using. Other client software related to Exchange, like Outlook, is not part of the cost of the Exchange Server CAL, it's part of Microsoft Office, so it is included in the cost of that workload.

Many organizations with critical on-premises Microsoft infrastructure contract with Microsoft for Premier Support. A move to Office 365 may change the composition of the Premier Support contract because Office 365 includes support and organizations with a Premier Support contract are currently entitled (see Note 2) to have their Premier Support technical account manager track and escalate their Office 365 incidents at no additional charge. Therefore, we are including some Premier Support hours in the on-premises section of the cost model (see Table 3).

Table 4. Premier Support Hours Included for On-Premises Servers

On-Premises Workload	500 Users	2,500 Users	10,000 Users
Exchange	30 hours	75 hours	200 hours
SharePoint	10 hours	25 hours	40 hours
Skype for Business	5 hours	10 hours	25 hours
File Servers	5 hours	10 hours	25 hours

Source: Gartner (August 2017)

IT Labor

For service desk support, we assume that on-premises support for all workloads, applications and servers will be similar to support for Office 365 and do not include the cost of either in the model. It is possible that the constant addition of features in Office 365 could result in a modest increase in service desk costs. There will also likely be additional service desk calls during migration, and that increase should be considered as part of migration (rather than annual) costs. Training may be required to introduce users to work differently and get more benefit from the online services.

For each workload, we consider the cost to manage the servers and applications involved. Here is where we decided to diverge from the ITKMD for servers, which includes the cost of managing the server applications. Except for the file servers, rather than use the average, we make estimates for each workload as shown in Table 5. For file servers, the management cost will use the ITKMD cost to manage the servers and the storage allocated. As you can see, we do not see staffing costs as varying linearly with the number of users in the organization. We do not include the rows for staffing costs for the Office client software. Organizations with different staffing should replace our assumptions; but if they are understaffed, reductions we predict in a move to cloud office may not happen.

Table 5. IT Application Labor for On-Premises Server Workloads

On-Premises Workload	500 users	2500 Users	10,000 users
Exchange	0.33 FTE	2 FTE	3 FTE
SharePoint	0.33 FTE	1.5 FTE	3 FTE
Skype for Business	0.1 FTE	0.25 FTE	0.5 FTE
FTE = full-time equivalent.			

Source: Gartner (August 2017)

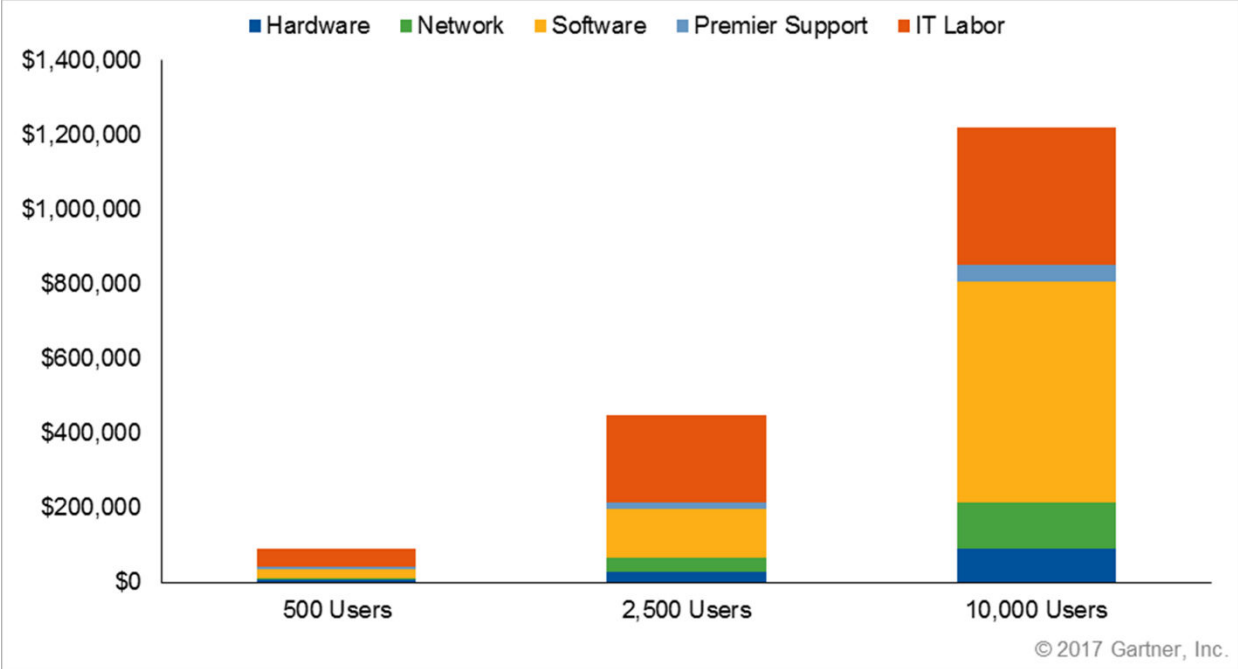
IT labor categories of "server management" and "storage management" consider the labor for the basic hardware, OS and storage.

Exchange

For the on-premises Exchange environment, we are assuming recent versions of Exchange, like 2013, which require fewer servers than older releases like 2010 and 2007. We assume fault-tolerant implementations with two Exchange servers in the 500-user environment; six servers in the 2,500-user environment; and 12 servers, due to local servers in an Asian hub, in the 10,000-user environment. We assume that the organization has allocated 5GB of mailbox storage per user (with 2.5GB used on average), which requires about 10GB of storage per user, including logs, database availability groups and backup.

Storage makes up a large part of the Exchange cost, and when comparing costs to Office 365 Enterprise E3, organizations need to decide whether to model how much storage they have, how much storage their users want, or how much storage they get with Office 365. Most organizations continually wrestle with users about storage limits. Modeling the cost to provide the same amount of storage provided by Office 365 in their on-premises implementation will show a large value of storage, but they could have no intention of implementing it. Figure 12 shows the cost categories that comprise Exchange on-premises TCO.

Figure 12. Category Breakdown for Enterprisewide Exchange On-Premises Costs



Source: Gartner (August 2017)

Most organizations add third-party products or services, like spam and malware protection, encryption and other security products, to manage Exchange on-premises and we include those costs in the on-premises model. Some organizations will continue to use these services with Office 365 Enterprise E3 and we will address those assumptions in the Office 365 section. For on-premises, we assume the percentage of organizations using these products or services and the annual cost for them in Figure 13. However, the way we do the model, we include the software for the percentage of users indicated in the "typical" costs in the model. Figure 14 shows the "typical" costs with the percentage of add-on software in the table, plus the cost without any and with all the add-ons. Adjust the numbers to include or exclude the services for your organization.

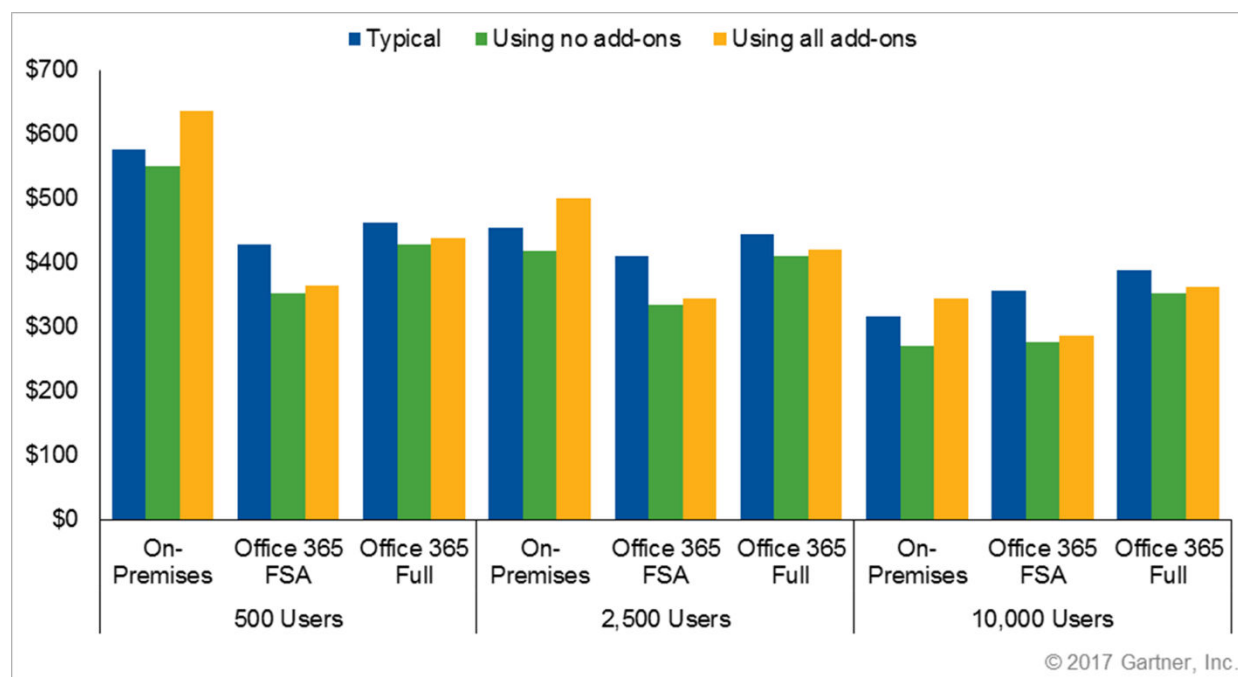
Figure 13. Exchange Add-Ons Implemented On-Premises

		500 Users			2,500 Users			10,000 Users		
		Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization
Additional Software/ Services Total	Spam/Signature-Based Malware Protection	100%	10	\$5,000	100%	8	\$20,000	100%	6	\$60,000
	Advanced Threat for Defense	20%	18	\$1,800	40%	16	\$16,000	60%	12	\$72,000
	Encryption/DLP	20%	15	\$1,500	20%	14	\$7,000	20%	12	\$24,000
	Audit Compliance									
	Cloud Access Security Broker (Office 365 only, up to 4 items above)									
	Archiving	20%	36	\$3,600	50%	36	\$45,000	80%	36	\$288,000
	Backup (included in hardware and software for on-premises)									
Additional Software/Services Total		Low	\$-	\$11,900	Low	\$-	\$88,000	Low	\$-	\$444,000
		High	\$39,500		High	\$185,000		High	\$660,000	

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Source: Gartner (August 2017)

Figure 14. On-Premises TCO With Typical, None and All Add-Ons



Source: Gartner (August 2017)

For Exchange on-premises, we assume a major upgrade project every three years and we apply a very rough labor estimate to the project as 0.5 FTE every three years for our 500-user organization; 1.0 FTE every three years for our 2,500-user organization; and 1.5 FTE every three years for our 10,000-user organization.

SharePoint

SharePoint performs many different functions and not every organization uses every function. For our cost model, we looked at the functions provided by SharePoint and made some assumptions as to which ones would be used by the "typical" 500, 2,500 and 10,000-user organization. We wanted to reflect organizations that would consider SharePoint to be strategic for them, as well as the functions used by organizations of different sizes. However, it's also highly likely that not all SharePoint applications will be able to run in SharePoint Online, and organizations would need to continue running them in SharePoint on-premises after their migration. Therefore, we are only including the SharePoint functions that can be migrated to SharePoint Online and workloads that cannot be migrated are not included in either the on-premises or Office 365 cost model. Figure 15 shows the typical workloads used by organizations of each size in our model, and details which workloads are included in the model and which are not.

Figure 15. SharePoint Server Functions Assumed for the Organizations in Our Model

SharePoint Functions Used	500	2,500	10,000	
Secure Repository (Basic Content Services)	☑	☑	☑	Services more likely to move to SharePoint online (and included in our cost model)
Team Collaboration	☑	☑	☑	
Portal			☑	
SharePoint Workflow, Process Needs	☑	☑	☑	
Extranet Collaboration			☑	
Departmental AppDev		☑		Services more likely to stay on SharePoint on-premises (costs of migrating and managing these services are not included in this model)
Enterprise AppDev			☑	
Records Management		☑	☑	
Multigeography			☑	
WCM Internally Facing		☑	☑	

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Source: Gartner (August 2017)

To host these environments that will be moved to SharePoint Online, we assume the following server infrastructure would be required (see Figure 16).

Figure 16. Server Infrastructure Required to Host Environments Moved to SharePoint Online

	Server Type	500 Users, High Availability, Single Environment, Single Continent	2,500 Users, High Availability, Separate Production and QA/Test Environments, Two Continents	10,000 Users, High Availability, Separate Production, QA and Test Environments, Global
Production Servers	Web Front End	2	2	3
	Application	2	2	3
	SQL	2	2	2
Development and/or QA Servers	Web Front End		2	2
	Application		2	2
	SQL		2	2
QA Servers	Web Front End			
	Application			
	SQL			
Total Number of Servers		6	12	14

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Source: Gartner (August 2017)

We estimate the 500-user environment will use about 0.6TB of storage, the 2,500-user environment will use 2.25TB, and the 10,000-user environment will use 6.75 TB, including backup.

SharePoint will have minimal add-on software — we are only including audit compliance software — and we assume only about 20% of organizations implement it on-premises:

- 500 users: 20% of organizations will purchase at \$3.00 PUPM for an average cost per organization of \$300
- 2,500 users: 20% of organizations will purchase at \$3.00 PUPM for an average cost per organization of \$1,500
- 10,000 users: 20% of organizations will purchase at \$3.00 PUPM for an average cost per organization of \$6,000

For SharePoint upgrades, we assume a major upgrade project every three years and we apply a very rough labor estimate to the project as 0.5 FTE every three years for our 500-user organization, 1 FTE every three years for our 2,500-user organization, and 2 FTE every three years for our 10,000-user organization.

Skype for Business

Skype for Business on-premises has relatively modest hardware and labor requirements, assuming it is used for instant messaging and basic video and audioconferencing. Neither our on-premises costs nor Office 365 Enterprise E3 reflect using Skype for Business for telephony.

We estimate a modest server infrastructure of two, three and eight servers for our 500-, 2,500- and 10,000-user implementations respectively. We do not allocate any storage, and our assumption for add-on software is the same as SharePoint — 20% of organizations will be using a product for audit compliance. We assume more modest amounts of labor for management: 0.1 FTE for 500, 0.25 FTE for 2,500 user implementations and 0.5 FTE for 10,000 user implementations. Upgrade projects are also generally easier and we assume 0.1 FTE every three years to upgrade the infrastructure for a 500-user implementation and 0.33 FTE for 2,500 and 10,000 user organizations.

File Servers

For home drives and shared file server space, we assume an allocation of 2.5GB per user including backup. We assume two, five and 19 servers for our 500, 2,500 and 10,000 user implementations respectively.

For add-on software, the only product we are assuming is archiving for this percentage of organizations and price:

- 500 users: 20% of organizations will purchase at \$250 average cost per organization
- 2500 users: 50% of organizations will purchase at \$3,125 average cost per organization
- 10,000 users: 80% of organizations will purchase at \$20,000 average cost per organization

For file servers, IT labor is based on the IT Key Metrics Data, and upgrades are assumed to require .5 FTE every three years irrespective of organization size.

Office Professional Plus

Office Professional Plus is the traditional Office suite, which includes Word, Excel, PowerPoint, Outlook, etc. For all the other workloads, we assume user-based licensing for the CALs, but the traditional Office client software can only be licensed by device. Further, we assume 20% more devices than users, so we will base our analysis on 600, 3,000 and 12,000 devices respectively, and average out the additional devices over the 500, 2,500 and 10,000 users (if you have fewer devices per user, your on-premises costs will be lower than we show in our model and the savings from moving to per-user pricing in Office 365 will be lower as well). Upgrades for Office are typically done every three to six years, as organizations move to new versions as they get released or skip releases. Projects are often complex because organization worry about macros or products that integrate with Office. For upgrades, we assume 0.5 FTE every three years for our 500-user organization, 1 FTE every three years for the 2,500-user organization, and 2 FTEs every three years for our 10,000-user organization. We also assume about an hour, or \$50, of end user lost productivity because of application testing every three years due to upgrade testing. We have not included the end-user costs in most of our totals as they are indirect rather than direct costs.

Office 365 Enterprise E3

Our Office 365 assumptions are slightly different than our assumptions for on-premises servers.

On-Premises/Hybrid Mode — We are only including workloads and servers in our on-premises model that we assume will be moved to online services in Office 365. Some organizations elect to implement hybrid deployments, where on-premises servers will continue to be maintained after migration to Office 365. As noted above, this is especially common for SharePoint.

Organizations should only include the cost of servers that will be decommissioned in their on-premises costs or include the cost of on-premises servers that will remain when calculating their Office 365 costs. A hybrid deployment can significantly increase the cost of going to Office 365.

Skype for Business

To enable and improve Skype for Business performance with Office 365, we are including the cost of third-party Skype for Business Gateway appliances for the four branch offices in the 2,500 user scenario, and 30 for the 10,000 user scenario. Examples of products in this category include AudioCodes CloudBond 365 and Deltapath's Skype for Business Gateway.

Network

Office 365 could significantly affect an organization's network requirements (see "Network Design Best Practices for Office 365"). The actual change in cost will vary based on the network design. For our 500- and 2,500-user environments, we will assume that access to Office 365 services will be via their internet connection. And because we assumed that the on-premises servers were in data centers and not distributed at branches, and that there would be no significant change in application usage, the network traffic to the branches should not change significantly. If a branch requires a WAN optimization controller for Office 365, it will have been required and already purchased for the on-premises servers.

Once workloads are moved out of the organization's data center and into Microsoft's, it is likely that a larger connection to the internet will be required because traffic that used to stay on the organization's network will have to traverse the internet. We will estimate extra traffic of 20Kb per user, equating to increase of 10 Mbps and 50 Mbps for 500 and 2,500 users respectively (multiplied by two for a resilient connection). We assume a cost of about \$500 per 10 Mbps line (typical in the U.S.) per month for the 500-user environment (\$12,000 per year) and \$1,000 per 50 Mbps line per month, for the 2,500-user environment (\$24,000 per year).

The 10,000-user scenario is a bit different. For this environment, we make the assumption that the organization will access the Office 365 services via a Microsoft ExpressRoute connection, which in essence makes Microsoft's Office 365 services look like another data center on the enterprise's network. An ExpressRoute connection of 200 Mbps with unlimited data would cost approximately \$2,800 per month — \$1,300 of which goes to Microsoft and \$1,500 of which goes to the organization's carrier (based on typical U.S. pricing). These connections are inherently resilient so two such connections are not required. Further, the 10,000-user organization would probably

have WAN optimization controllers in place to support sites in other regions, such as Asia/Pacific, so we will assume that an additional (virtual) WAN optimization controller will be required for the ExpressRoute connection, at around \$1,000 per month. The total cost of this scenario is therefore \$45,600 per year (see Table 6).

Table 6. Additional Networking Costs for Office 365 E3

	500 Users	2,500 Users	10,000 Users
Additional Traffic per User	20Kb	20Kb	
Overall Bandwidth Increase	10 Mbps	50 Mbps	
Multiplied by two for Resilient Connection	20 Mbps	100 Mbps	
Additional Cost per Month	\$1,000	\$2,000	
ExpressRoute			\$2,800
WAN Optimization			\$1,000

Source: Gartner (August 2017)

Licensing

For the cost of an Office 365 Enterprise E3 subscription itself, we are using the monthly FSA and full subscription costs that organizations of these sizes are entitled to based on the Microsoft Enterprise Agreement waterfall tied to their band level on applications for online services (see Note 3).

Organizations that receive additional discounts from Microsoft should factor them in. In addition to an Office 365 Enterprise E3 subscription, each user will also require a Bridge CAL. We assume the Core CAL Bridge in our model. Organizations using the Enterprise CAL should replace our Core CAL costs for both on-premises and the Bridge CAL costs.

Security and Management

As discussed in the Exchange section, on-premises implementations often require security or other management tools that Microsoft does not include with Exchange and other server products. Office 365 Enterprise E3 includes many of these components, but some organizations will decide that they need additional function provided by third-party products. In the cloud, the spam/signature-based malware protection, advanced threat defense, encryption/DLP and audit compliance functions are accomplished by using a cloud access security broker (CASB). As with the on-premises models, we are including an assumption on the percentage of organizations that will implement a CASB, or third-party archiving or backup, and assuming that a percentage of seats will use the functions (see Figure 17). We list the cost if all users run the additional software as well. Organizations should decide whether to include or exclude these lines in their models.

Figure 17. The Cost of Additional Security and Management Tools Selected by Some Organizations With Office 365

		500 Users			2,500 Users			10,000 Users		
		Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization	Amount Needed	Cost per Unit	Cost for Organization
Additional Software/ Services Total	Spam/Signature-Based Malware Protection									
	Advanced Threat for Defense									
	Encryption/DLP									
	Audit Compliance									
	Cloud Access Security Broker (Office 365 only, up to 4 items above)	5%	\$5.00 PUPM	\$125	10%	\$5.00 PUPM	\$1,250	20%	\$5.00 PUPM	\$10,000
	Archiving	4%	\$3.00 PUPM	\$60	10%	\$3.00 PUPM	\$750	56%	\$3.00 PUPM	\$16,800
	Backup (included in hardware and software for on-premises)	15%	\$3.00 PUPM	\$225	30%	\$2.50 PUPM	\$1,875	70%	\$2.00 PUPM	\$14,000
Additional Software/Services Total	Low	\$-	\$410	Low	\$-	\$ 3,875	Low	\$-	\$40,800	
	High	\$5,500		High	\$26,250		High	\$100,000		
	Additional for O365 Full	\$17,460		Additional for O365 Full	\$84,600		Additional for O365 Full	\$327,600		

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Source: Gartner (August 2017)

Premier Support

We are not including Premier Support costs in the Office 365 Enterprise E3 cost model. Organizations with Premier Support can log Office 365 support incidents through Premier. But as long as the problem is in the cloud and not with an on-premises component (e.g., an Active Directory issue on your premises), Microsoft does not decrement the organization's Premier Support hour allocation to resolve issues. We have heard from organizations without Premier Support that they believe they need Premier to get better answers from Microsoft. So organizations without Premier Support contracts may consider whether they want to include the cost of an entry-level Premier Support contract in their model.

Staffing

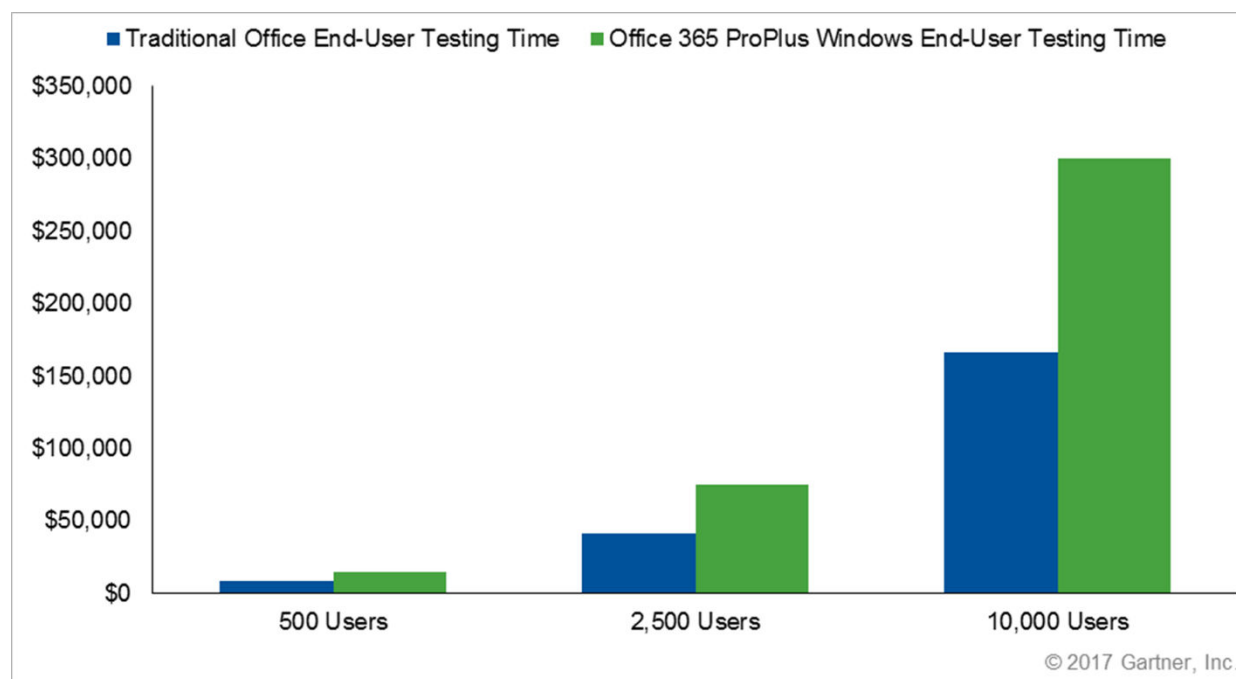
When an organization moves to Office 365, many of the server and application management tasks they do on-premises become Microsoft's responsibility. But many remain. Doing user adds, moves and changes, and testing updates, deciding how they will affect users or applications, and deploying them all remain the organization's responsibility, as does dealing with any outages and interfacing with Microsoft to resolve them. Our estimate is that the typical organization still requires 65% of the staffing it needed for on-premises server management when it moves to Office 365 Enterprise E3. Therefore, our staffing costs are set to be 65% of the sum of staffing in the other

columns. However, we include all the update tasks that were a separate staffing line item for on-premises in the Office 365 staffing.

Updates

Because Office 365 ProPlus for Windows desktop will be updated twice a year instead of once every three to six years, and organizations are creating processes to involve selected users in early testing, we significantly increased the end-user costs in the Office 365 Enterprise E3 scenario. Again, our direct cost totals do not include these costs (see Figure 18).

Figure 18. End User Costs for Office Client Software Update Testing



Source: Gartner (August 2017)

Initial Migration Costs

The migration to Office 365 Enterprise E3 could be the subject of its own cost model (see "Reduce Costs by Deciding What Data to Migrate to Cloud Office"). Each workload will have its own cost to migrate from on-premises, and the cost will vary based on the complexity of the implementation. Some workloads, like Skype for Business, could be relatively inexpensive to migrate, but others, like Exchange or SharePoint, could each have typical migration costs in the range of \$50 to \$100 per seat, but may go significantly higher. We don't want to overcomplicate this model with a full migration analysis, but we don't want to leave it out, either. Thus, we are including \$225 per seat for migration, included in the model as \$75 per seat per year.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Assess the Value and Optimize Negotiations for Microsoft's Secure Productive Enterprise E5 Cloud Suite"

"Reduce Costs by Deciding What Data to Migrate to Cloud Office"

"Toolkit: A Metrics Framework to Guide Digital Workplace Program Success"

"Toolkit: Estimating the IT Staffing Impact of Microsoft SharePoint"

"SWOT: Microsoft Office 365, Worldwide"

"Collaboration Suite Options Without the Cloud Are Dwindling"

"Checklist for Microsoft Office 365 or Google G Suite Migration Planning"

"Office 365, G Suite or Other Cloud Office Initiatives Primer for 2017"

"Adoption Strategies for Optimizing G Suite and Office 365 Exclusive Services"

"Network Design Best Practices for Office 365"

Note 1 Features in Office 365 Enterprise E3 With No On-Premises Equivalent for Which Benefits Should Be Considered

- Teams
- Yammer
- Planner
- Delve
- StaffHub
- GigJam
- Groups
- Sway

Note 2 Premier Support and Office 365

When Office 365 was initially released, it required its own Premier Support contract and was in many cases more expensive than support for the on-premises services. Later, Microsoft added support for it as an additional cost item in a standard Premier Support agreement (reducing the cost from when it required its own contract) and, finally, decided to include it in all Premier Support agreements at no additional charge. Gartner expects further changes over time.

Note 3 Microsoft EA Band Levels for Price Tiers on Enterprisewide Users or Devices and the Related Waterfall Discount Levels

- Level A: 250 to 2,399 = 3% below ERP
- Level B: 2,400 to 5,999 = 6% below ERP
- Level C: 6,000 to 14,999 = 9% below ERP
- Level D: 15,000 or greater = 12% below ERP

More on This Topic

This is part of an in-depth collection of research. See the collection:

- Research Roundup for Cloud Office Research, by Project Phase

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