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Microsoft 365 Licensing Mistakes to Avoid

1. Over-Purchasing Licenses

Do you have premium Microsoft 365 licenses for everyone in the office even though most users only access email and basic Office apps? A one-size-fits-all approach wastes money that could support other IT initiatives. When the finance department questions why costs exceed benchmarks, look for those unnecessary premium licenses first.

2. Under-Licensing and License Sharing

Asking teams to share Microsoft accounts to save money may seem like smart budgeting until compliance issues arise. Microsoft's licensing terms explicitly prohibit sharing accounts, putting your organization at risk. The consequences extend beyond financial penalties.

3. Neglecting License Optimization

When employees leave, their licenses often remain active for months. If you are still paying for an account for the marketing specialist who quit last summer, you're sending money into a digital void. Set up monthly license reviews aligned with HR processes to catch departures and role changes.

4. Failing to Plan License Changes

When new projects require immediate access, you panic-buy whatever licenses are quickest to deploy. This reactive approach inevitably costs more than planned procurement would have. Build license planning into your quarterly business reviews. Anticipate needs based on upcoming changes and adjust licenses before crises occur.

5. Ignoring Included Features

If your staff spends hours on manual tasks that Microsoft 365 can automate, you're paying twice—once for licenses and again in lost time. Help employees master the advanced tools in their existing licenses. Each hour saved on routine tasks translates to meaningful productivity gains across your organization.

6. Mismatching Users and Licenses

Your finance team struggles daily with basic reporting tools while requesting budget for specialized software. Meanwhile, administrative staff have premium analytics capabilities in their licenses that they never use. Aligning licenses with actual role requirements creates both cost savings and user satisfaction.

7. Skipping Regular License Audits

Those "temporary" licenses for last year's special project—they're still active and billing monthly despite the project ending months ago. Schedule license reviews on your calendar as a recurring task. Each audit uncovers wasted spending and opportunities to better align your digital tools with current business priorities.

8. Overlooking Renewal Opportunities

Your Microsoft renewal notification arrives just days before expiration, leaving no time to negotiate better terms. Mark your renewal date six months in advance and begin preparations early. This approach gives you time to compare options, negotiate terms, and align your licenses with future business needs rather than reacting to imminent deadlines.