



Session Title :
Microsoft Support:
New Cost Reduction and Avoidance Opportunity

Speaker Name:
Matthew Harris
US Cloud

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LET'S TALK!

Microsoft Support
New Cost Reduction and
Avoidance Opportunity




Matthew Harris
President
US Cloud





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**First a quick story about life, death,
and Microsoft Support...**





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What is Microsoft Unified Support? And Why Should You Care?



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The Microsoft Monopoly: Support Costs Skyrocket

Unified Support is the biggest change Microsoft has made to its product support in decades

Gartner estimates that the forced switch to Unified Support will increase cost between 30% and 150% + yoy




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What did your first Unified quote look like compared to Premier?

Ryan Holcomb
Sr. IT Director
Multinational Oil & Gas Company





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Microsoft Unified Support Pricing: The Microsoft Tax

How is pricing calculated?
Formula solely based on historical annual IT spend

- Previous 12 months cloud spend
- 12 months of Software Assurance spend
- 60 months of license-only spend

| Annual spend | Azure | Annual spend | Modern Work, B3 Apps, On-Prem User | On-Prem Server |
|-----------------|-------|----------------|------------------------------------|----------------|
| \$0 to \$1.8M | 10% | \$0 to \$1.5M | 8% | 10% |
| \$1.8M to \$6M | 7% | \$1.5M to \$3M | 7% | 9% |
| \$6M to \$12M | 5% | \$3M to \$6M | 6% | 8% |
| \$12M to \$30M | 3% | \$6M to \$15M | 5% | 7% |
| \$30M to \$60M | 2.25% | >\$15M | 4% | 6% |
| \$60M to \$120M | 2% | | | |
| >\$120M | 1.75% | | | |

Rates are graduated, so if a customer has \$6M in annual Azure spend, it would be calculated as 10% of the first \$1.8M and 7% of the next \$4.2M (\$1.8M-\$6M).

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Know Your Cloud Roadmap: Unplanned Expense

5-year Impact of Cloud Adoption On unified Pricing

Unified Support costs increase up to 8% - 10% for every dollar of new M365 and Azure annual spend

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Migration Savings? Beware Unified Impact

Example: 10k-user organization moves from Exchange on-premise to Office 365 Enterprise E3

| On-Premises | Office 365 |
|--|--|
| Unified Support Cost = 100 hours * \$243/hour | Reactive Support Cost |
| \$24,300 | \$0 |
| Proactive Support Cost = 100 hours * \$234.55/hour | Proactive Support Cost = 100 hours * \$234.55/hour |
| \$23,455 | \$23,455 |
| 10M hours to Support Hours Allowed = 100 * \$2333/hour | Total Cost Under Premier Support |
| \$23,330 | \$23,455 |
| Total Cost Under Premier Support | Savings VS. On-Premises |
| \$24,750 | (\$492) |

Unified Support

Office 365 Enterprise E3 Cost = \$18.00 per user per month

Office 365 Enterprise E3 Cost = \$18.00 per user per month

Unified Support Reactive and Proactive Support at \$0


Support Cost Increase

On-Premises Support of On-Premises Under Premier

On-Premises Support of Office 365 Under Premier

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MSFT Unified...More Pain on the Way


Pricing

Discounts


Microsoft Premier Support **end-of-life June 30, 2022**

Gartner is forecasting *another* "20% - 200% increase EACH YEAR under Premier/Unified Support"

Software Assurance **end-of-life Jan 2023**, including SAB credits and 24x7 Problem Resolution Support benefit



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It's Not Just About Price


Falling Quality



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How Much of Your MSFT Support Was Outsourced in the last year?

Ryan Holcomb
Sr. IT Director
Multinational Oil & Gas Company

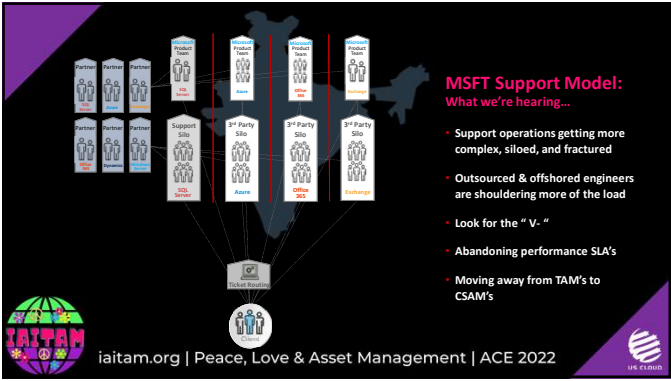




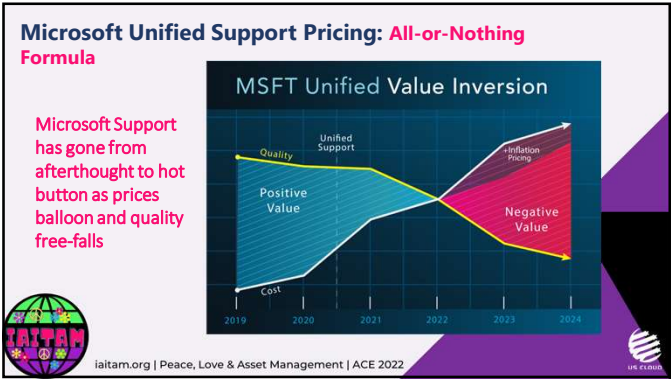
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MSFT Negotiations Limited Options

- **Big \$ increases years 2 and 3:** Make the MSFT account team do 3-year cost projections based on your roadmap
- **License-only penalty:** With license-only software / no Software Assurance (SA), pricing is punitive. Consider SA as part of the deal
- **Hidden fees:** DSE hours and engineer-led proactive support credits (optional for additional fees) get a 30% up-charge added automatically
- **Check the math and itemize:** Mistakes in the quote are not uncommon
 1. Separate pricing into "base" and "add-ons",
 2. Itemize extras like Proactive credits
 3. Call out the number of any SAB credits used as well.
- **Beat the clock:** Ask MSFT for a 30-day extension to evaluate if they delay



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Perform an Audit: Verify Your Pricing

DO NOT rely on MSFT to provide formula inputs



1. **Inventory Software:** Get a full list of contracts, including itemized products, and the Unified Support allocations for each
2. **Confirm Access:** Confirm that your organization actually has all the software / licenses listed and that the entire entity has access to the support services
3. **Look for Double Counting:** Ensure that the Microsoft products you are subscribed to have not been double counted. For example, e.g. Microsoft Office suite vs M365

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Perform an Audit: Verify Your Pricing (cont.)

4. **Verify M365 Split:** Clarify for M365 what percentage is allocated toward User costs vs. Server costs which are up to 25% higher.
5. **True-ups Not Included:** True-ups should not be included at 100% of spend in the Unified calculation.
6. **Multi-Year is Prorated:** Check that multi-year Azure agreements. For example, a 5-year agreement should be charged 20% per year
7. **Leverage Azure Spend:** Microsoft will discount Unified if you are buying large and/or multi-year Azure contracts.
8. **Lock Rates:** For growing companies, negotiate 3-year deals based on current "look-back" spend

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Alternatives to Unified

New Viable Options Emerge



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Third-Party Support: a Proven Model




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Gartner Guide: 3rd-Party Support




“Savings from third-party support could range from 30% to 50%, but the market for alternatives is still developing.”

Michael Silver
Gartner
Distinguished VP Analyst
Microsoft Support

“Quick Answer: Assessing Alternatives to Microsoft Unified Support”
August 2021



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Microsoft Support: Three Choices Today

| Microsoft Unified | Internal + VAR/MSP | 3rd-Party Specialist |
|---|--|---|
| Pro's <ul style="list-style-type: none"> Proven 24/7 global support Ultimate experts on product On-line library of DIY tools | Pro's <ul style="list-style-type: none"> Existing partner relationship MSFT <u>project</u> engineers Potential cost savings | Pro's <ul style="list-style-type: none"> 30% to 50% savings 15-minute initial response SLA US-based L2 - L4 engineers |
| Con's <ul style="list-style-type: none"> EXPENSIVE and inflexible Slow response times, missed SLAs Falling quality, offshore engineers Automatic SAM up-charge | Con's <ul style="list-style-type: none"> Only L1-L2 in-house support 24/7 Breadth / depth lacking MSFT escalation either VERY slow or VERY expensive | Con's <ul style="list-style-type: none"> Not "cheaper path to MSFT" Low severity tickets that need MSFT can be slower New vendor relationship |

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Savings Across All Sizes and Industries

Global Agriculture & Food Corp: \$134 Billion Annual Revenue

| Support Category | Annual MSFT Costs | 3rd-Party Support Costs | Annual Savings |
|------------------------------|--------------------|-------------------------|--------------------|
| Annual Support Fees | \$2,302,543 | \$1,540,300 | \$1,342,243 |
| Designated Support Engineers | \$1,274,744 | \$499,100 | \$575,644 |
| Proactive Support Credits | \$455,000 | \$211,300 | \$239,500 |
| Totals | \$4,032,287 | \$2,490,700 | \$2,107,387 |

46%

Major US Healthcare System: \$13 Billion Annual Revenue

| Support Category | Annual MSFT Costs | 3rd-Party Support Costs | Annual Savings |
|------------------------------|--------------------|-------------------------|------------------|
| Annual Support Fees | \$653,800 | \$385,801 | \$268,099 |
| Designated Support Engineers | \$450,800 | \$265,972 | \$184,828 |
| Proactive Support Credits | \$155,000 | \$91,450 | \$63,550 |
| Totals | \$1,359,600 | \$743,223 | \$596,477 |

41%

Mid-size European Bank: \$0.8 Billion Annual Revenue

| Support Category | Annual MSFT Costs | 3rd-Party Support Costs | Annual Savings |
|------------------------------|-------------------|-------------------------|------------------|
| Annual Support Fees | \$268,450 | \$174,493 | \$93,958 |
| Designated Support Engineers | \$80,100 | \$52,888 | \$27,212 |
| Proactive Support Credits | \$45,085 | \$29,305 | \$15,780 |
| Totals | \$394,455 | \$256,686 | \$138,059 |


35%

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Did leaving MSFT Support affect your Microsoft relationship?

Ryan Holcomb
Sr. IT Director
Multinational Oil & Gas Company




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Never Going to Switch, So Why Bother?



**Most of the time,
it works every time...**

In 2021, 86% of clients with a US Cloud quote had their Unified price reduced.



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A Full Replacement for Microsoft Support

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Economical, expert Microsoft support.

Save 30-50% on a complete replacement for Microsoft Premier/Unified Support.

US CLOUD is the #1 Unified alternative in the world and we are fanatical about providing high-quality Microsoft support for less.

Why Replace Microsoft with US Cloud?

| | | | | | |
|---|--------------------------------------|--|---|---------------------------------------|-----------------------|
| <p>30-50% Reduction Premier/Unified</p> | <p>4x Increase Response Time</p> | <p>100% USA Domestic Engineers</p> | <p>Personalized Microsoft Support</p> | <p>Tool/layer Built for Scale</p> | <p>Proven Results</p> |
|---|--------------------------------------|--|---|---------------------------------------|-----------------------|


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Hey Ryan, how much did you save with US Cloud?

Ryan Holcomb
Sr. IT Director
Multinational Oil & Gas Company



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Important Points

- Microsoft Support represents a huge opportunity for savings AND service upgrades
- Although Unified pricing is a "fixed formula" it's important to sweat the details
- New viable 3rd-party options are emerging, with 30% - 50% savings (or more) possible

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