

Microsoft Price Increases - Effective 2022

Microsoft 365 is set to receive the first substantive cost update since its launch.

Are you prepared?



Microsoft 365 Price increases - What is happening and when?

Microsoft has announced that beginning March 2022 there will be a price increase on most, if not all, of the Microsoft 365 products that they supply.

At the time writing, they haven't declared what those price rises look like for the UK market but based on the US pricing that has been announced, we're expecting a rise of between 10 - 25% depending on the product SKU. Even though price increases are never pleasant, we at Pavilion feel this one was probably long overdue since Microsoft has been continuously adding value to its 365 products and the pricing has remained stable for several years.

In addition to the price rise, there's another change occurring at the same time which will either have a pricing or commitment impact on your Microsoft 365 licensing; Microsoft will now be forcing all Microsoft 365 subscriptions to a 12-month term unless you decide to opt for a monthly term.

If you decide to commit monthly, there will be a price premium for doing so. Currently, it is expected that this will be around 20%.

As a result, to keep the Microsoft price increase to a minimum, you will need to commit to annual plans for as many of your licences as possible.

Is there any good news?

In fact, yes. If you convert your subscription to an annual subscription before the mandatory implementation of 12-month agreements in March 2022 and before the new SKUs are available, your present pricing will be locked in for one year. This will delay the price increase by 10 to 25% for a year and will soften the impact of the adjustments. Any new licences added after this time will almost certainly be charged at the new rate.

Microsoft Price Increases - Effective 2022

Can I switch now?

No, our recommendation is to wait until at least the launch of the new subscription SKUs in January as switching earlier than needed doesn't provide any additional benefits.

What happens with licence cancellations?

Although you can decrease your licensing without penalty now, once the annual plans are in place you will only have 72 hours to cancel an incorrect M365 licence before it has been committed for an annual term. As a result, you should forecast your staffing and licensing requirements to avoid overcommitting.

What about contract or flexible staff?

If you are prepared to pay a premium for this flexibility, you can switch these users to monthly licensing going forward. In other words, if you purchase an annual licence and a staff member or contractor leaves, the licence will remain in your M365 licence pool and can be allocated to another employee at any time - so it's not lost, just that you cannot cancel it and stop paying.

What next?

We'll be in touch with all our clients on a regular basis over the next three months to help them adjust to the new Microsoft pricing model, but if you have any questions in the meanwhile, please contact us and we'll be pleased to assist you.

To learn more about how Pavilion can help support your organisation, please contact info@pav.co.uk

Tier 1  Microsoft
Cloud Services Provider (CSP)