Microsoft Licensing Changes Update

Since 1998, Microsoft has been offering donated and discounted software to nonprofits and educational institutions through various channels including TechSoup, Channel Partners and direct from Microsoft's website. As technology and business conditions change, Microsoft also changes the program including adding Microsoft 365 cloud licensing to the offers and sunsetting on-premise software offers. Announcements of these changes can be overlooked, misunderstood or just plain confusing to nonprofit customers. In this post, we try to consolidate the latest changes that may affect your organization.

Server and Desktop Software

Microsoft's donation program through TechSoup will change drastically beginning on April 4, 2022. Read the blog post for details Important Changes to the Microsoft Donation Program (techsoup.org) . Products including Windows operating systems, Office Desktop Apps (Word, Excel, PowerPoint, Outlook) and server-based software will have higher costs after April 4, 2022 which should be included in your budget. Microsoft is changing this program in conjunction with their global Cloud First Grant Program Microsoft Tech for Social Impact announces its updated cloud-first grant program - Microsoft On the Issues which aims to move all nonprofit computing environments to cloud ensure that nonprofits of every size in every part of the globe have access to the world-class cloud technology they need to accelerate the work they are doing to accomplish their missions.

Cloud Licensing

Microsoft first introduced its cloud platform (BPOS) back in 2010 with Exchange online. Tech Impact was an early adopter of the technology and helped 100's of nonprofits leverage the free E2 licensing to make the shift. Since then, Microsoft has made significant additions and improvements to the platform that resulted in best in class platform globally. Over the years, Microsoft has occasionally added and changed nonprofit donated and discounted licensing on the platform. All of this was managed by Microsoft's Philanthropies program until 2017 when Microsoft created a new group called Technology for Social Impact (TSI) who now manages the program. TSI is focused on working with nonprofits to help them meet their mission and increase the social impact of their services through cloud computing. To do this, the group manages nonprofit licensing offers to optimize the reach of the offers and sustain the TSI group. There has definitely been some challenges with this program as the group continues toward this goal and we hope that the changes settle down in the near future. Here is what we know about cloud license changes as of October 2021:

Microsoft 365 offers

Microsoft 365 Business licensing offers are directed at organizations with fewer than 300 users. Each license is a bundle that includes various features and levels of functionality. Microsoft is heavily promoting these offers as full solution licensing.

Microsoft 365 Business Basic is offered as a grant (free) for up to 300 users and includes email, cloud file-storage and sharing, web conferencing with IM, audio, and HD video, and other services. Office desktop applications are not included. This is a great option for organizations that have minimal security and compliance needs and users that need to email and files that can be accessed through a web browser.

Microsoft 365 Business Standard is offered as a discounted license ($3/user/month) for up to 300 users and includes everything in Microsoft 365 Business Basic plus subscription to Office desktop applications (Word, Excel, PowerPoint, Outlook, etc). This is a great option for organizations that have minimal security and compliance needs and users that need to email and files through the desktop apps.

Microsoft 365 Business Premium is offered as a grant (free) for up to 10 users and then as a discount ($5/user/month) for up to 300 users and includes everything in Microsoft 365 Business Standard plus simple device management and advanced security features through Enterprise Security + Mobility licensing and Windows 10 Pro upgrade. This is a great option for organizations that want the full functionality of cloud platform, desktop apps and additional security and compliance capabilities.

Microsoft 365 Enterprise E3 is offered as a discounted license ($8/user/month) for unlimited number of users and includes cloud-based access to Office applications with email, instant messaging, HD video conferencing, 1 TB personal file storage and sharing, and other services, Office desktop apps, Windows 10 Enterprise upgrade and EMS features including Azure AD Premium P1, Azure Information Protection Premium P1, Microsoft Advanced Threat Analytics, and Microsoft Intune. This is a great option for organizations that exceed the 300 user limit of the Business plan licenses and need to manage the environment with enterprise tools.

Offer comparison chart with pricing: Microsoft Nonprofits | Microsoft 365 Plans and Pricing and more information here: Microsoft 365 – Nonprofit Cloud Subscriptions (techsoup.org)

Office 365 Offers

Office 365 Business licensing has been renamed to Microsoft 365 Business (see previous section for details).

Office 365 Enterprise licensing allows organizations of any size to mix and match licenses and add-ons to provide users with the exact functionality and security options that they need. These licenses were offered with donated and discounted pricing until recently. Starting October 2021, Microsoft requires nonprofits to submit a request including license type and number of users in order to provide discounted pricing between $1 and $14/user/month on these licenses. Office 365 Enterprise – Nonprofit Cloud Subscriptions (techsoup.org)

Office 365 E1 includes hosted email, online file storage, and collaboration tools. *This license was offered as a donation (free) but as of Oct 2021 new licenses will be purchased at the new discounted rate determined based on number of licenses required. 2021. Organizations that already have active E1 licenses will continue to use those at no cost for up to 2000 users.* Rate shown online is $2/user/month

Office 365 E3 includes hosted email, online file storage, and collaboration tools plus Office desktop apps and compliance features such as encrypted email and retention features. Pre-Oct 2021 price was $4.50/user/month. Any new licenses will be purchased at the new discounted rate determined based on number of licenses required. Rate shown online is $4.50/user/month

Office 365 E5 includes hosted email, online file storage, and collaboration tools plus Office desktop apps and compliance features such as encrypted email and retention features, advanced security and analytics plus audio conferencing. Rate shown online is $14/user/month

Office 365 F3 to be assigned to volunteers includes hosted email, online file storage, and collaboration tools through web browser only. Licenses will be purchased at the new discounted rate determined based on number of licenses required. Rate shown online is $1/user/month

Enterprise Mobility + Security

Enterprise Mobility + Security or EMS licensing provides additional features to help organizations manage security and identity roles traditionally provided by on-premise domain controllers plus new features specifically for cloud security.
Consult with your IT provider to understand the full capabilities of these licenses.

EMS E3 includes Azure AD Premium P1, Azure Information Protection Premium P1, Microsoft Advanced Threat Analytics and Microsoft Intune. *This license was offered as a donation (free) up to 50 licenses but as of April 2022, all licenses will need to be purchased at the new discounted rate determined based on number of licenses required. Organizations already using the donated licenses will be able to do so until the renewal date after April 2022.* Rate shown online is $2.70/user/month

EMS E5 includes all the capabilities of EMS E3 plus Azure Active Directory Premium (AADP) P2, Azure Information Protection P2, Microsoft Cloud App Security, Azure Active Directory [AD] Identity Protection (as a feature of AADP P2), Azure Advanced Threat Protection, Azure AD Privileged Identity Management (as a feature of AADP P2). Licenses will be purchased at the new discounted rate determined based on number of licenses required. Rate shown online is $4.10/user/month

Available Add-ons

Microsoft 365 Audio Conferencing ($1.80/user/month) allows hosts to schedule meetings that allow up to 250 users to call in from their phones.

Microsoft Defender for Office 365 (Plan 1) ($.80/user/month) protects organizations against phishing, malware, and other attacks.

Microsoft Defender for Office 365 (Plan 2) ($2.00/user/month) protects organizations against phishing, malware, and other attacks and includes automation, investigation, remediation, and education features.

Other licensing with nonprofit discounted pricing is available. You can search current offers and pricing in your Microsoft 365 Admin portal by going to Billing>Purchase Services and clicking the Nonprofit tab.

Microsoft Donation Eligibility Guidelines

Utilization (the 85% rule) Microsoft now requires nonprofits to use a minimum of 85 percent of their granted licenses to remain compliant with the guidelines. This means that 85% of licenses must be assigned to active users. Nonprofits need to start using inactive licenses or unassign unneeded licenses to remain above the 85 percent threshold.

Donated licenses should only be assigned to paid staff. Microsoft provides discounted Office 365 F licenses that can be assigned to volunteers (see previous section).

Microsoft is actively auditing nonprofit tenants and contacting the organizations that are not in compliance. See our recent blog post Are You Compliant with Microsoft's New Donation Program Requirements? (techimpact.org).

Azure Offer

Microsoft continues to offer Azure services through a credit program. Qualifying nonprofits can use up to $3500 of Azure services annually.