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Cost-optimisation best practices for licensing reviews

Regularly reviewing your IT licenses can help you uncover hidden savings, eliminate waste, and make smarter investment decisions. After all, effectively managing things like Microsoft 365 licenses isn't just about staying compliant, it's a powerful tool for cost control and operational efficiency.

Here are our top five best practices to help you maximise the value of your software spend:

1. Don't double - or triple - up on features

Licenses can sometimes overlap, so make sure you're not paying for the same or similar features in multiple licenses. Looking into bundles such as Microsoft 365 E3 can help you avoid this. A perfect example is paying for company-wide Zoom licensing when Teams – a core part of M365 - does the same job.

Keeping a well-maintained license inventory is the foundation for cutting costs – track purchase history, renewal dates, and actual usage so you can eliminate duplicate licenses, avoid unnecessary renewals, and reduce over-licensing. Implementing automated tools for license tracking reduces manual overheads, prevents billing surprises, and helps identify areas for rationalisation.

2. Know your agreements inside out

Licensing terms can be complex, and misinterpretation often leads to overspending or costly non-compliance. Deeply understanding vendor agreements including right sizing, usage restrictions, and renewal clauses allows you to negotiate better terms, avoid unnecessary features or users, and sidestep hidden fees.

3. Audit usage regularly and optimise utilisation

Routine audits help identify underused, idle, or outdated licenses – have people left the business? Do individuals really need expensive licenses such as CoPilot, Visio or Project Automate?

This insight enables immediate action such as reclaiming unused licenses, cancelling redundant subscriptions, or consolidating tools. Switching to more cost-efficient licensing models (e.g., moving from per-user to concurrent usage) can also bring long-term savings.

4. Align licensing choices with business, strategy and scalability

Choosing your licenses can be a minefield with so much choice – it can be overwhelming, rushed, and sometimes unconsidered, but take time to understand all the options.

- Are you a charity or non-profit? Meet Microsoft's eligibility criteria and you could save significantly.
- Want Business Premium and have under 300 users? There's a rate for that.
- Want to match the right plan level with each employee? No problem – one size doesn't have to fit all.
- Can you get a better rate and flexibility through your Managed Service or Cloud Solutions provider, instead of going direct?
- Can you get preferential pricing through an enterprise agreement?

When in your agreements, licenses should evolve alongside your organisation so regularly assessing whether they are subscription-based, perpetual, or consumption-based, is important to ensure they still align with actual needs and growth plans. Tailoring licensing strategies to your operating model ensures you're not overpaying for features you don't need, or underprepared for future scaling.

5. Be proactive about vendor audits and market shifts

Audits and licensing changes are inevitable but expensive surprises don't have to be. Keeping detailed records and staying informed about industry shifts reduces audit exposure and allows for smarter, faster responses. Proactively educating teams on compliance requirements also avoids unintentional misuse and potential penalties, saving money and reputation alike.

Best practise = long term success

Licensing is complex, and not made any easier by the pace of change in features and providers. Understanding your licensing could be a quick way to enhance efficiency, reduce costs, and avoid legal risks. Implementing these best practices also ensures that software investments remain well-managed and optimised for long-term success.