

The Total Economic Impact™ Of Microsoft 365 E3

The Combined Cost Savings And Business Benefits Enabled By Microsoft 365 E3, Microsoft Teams, And Microsoft 365 Copilot

A Forrester Total Economic Impact™ Study
Commissioned By Microsoft, January 2025

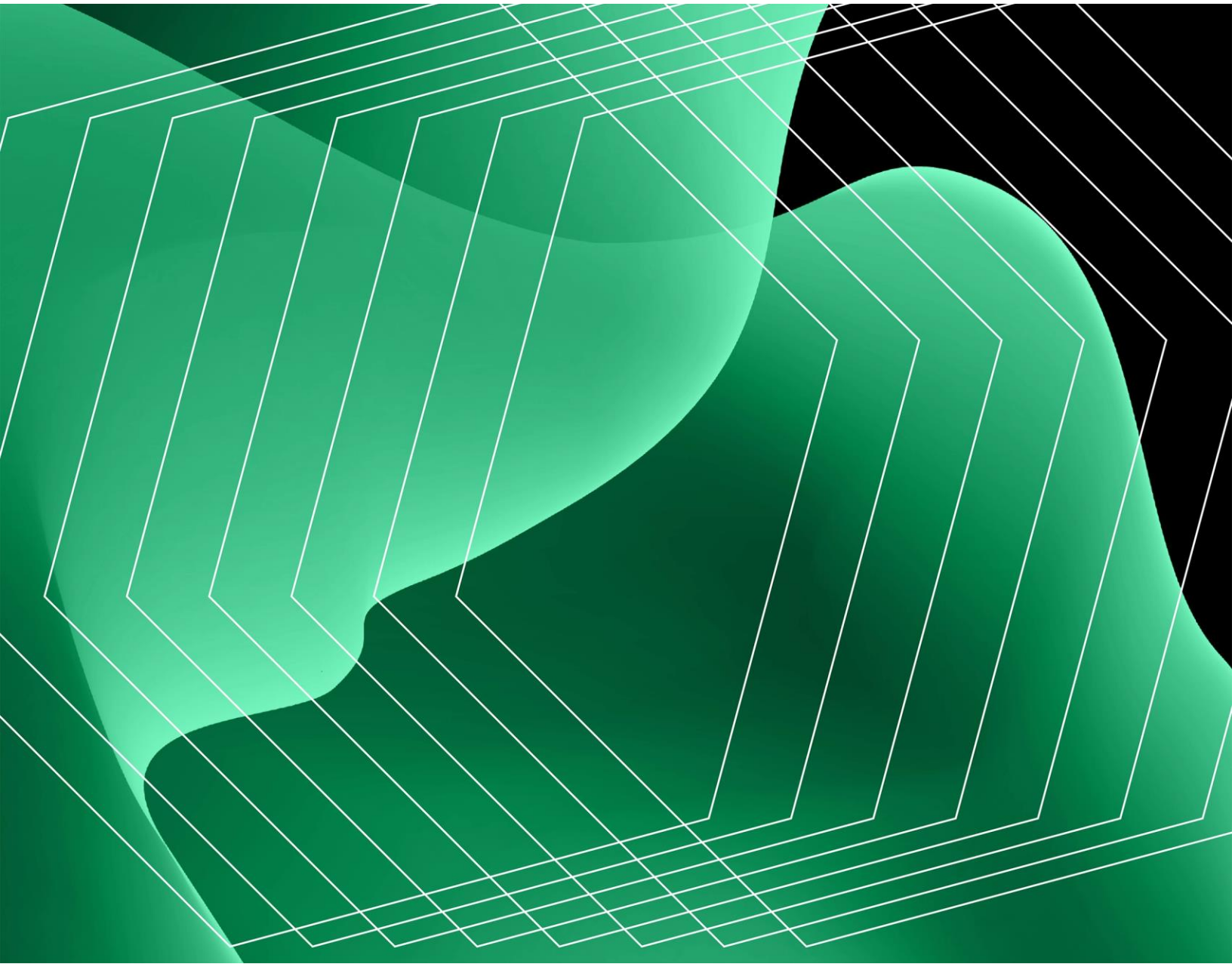


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Executive Summary

Microsoft 365 E3 allows organizations to drive cost savings, improve user and IT productivity, facilitate user collaboration across hybrid working models, and take advantage of AI capabilities. Adopting Microsoft 365 E3 along with Microsoft Teams and Microsoft 365 Copilot allows organizations to further reduce licensing and infrastructure costs while also decreasing IT support costs, improving security posture, and positioning users to take advantage of AI solutions now and in the future.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [Microsoft 365 E3](#), [Microsoft Teams](#), and [Microsoft 365 Copilot](#).¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of these Microsoft solutions on their organizations.

Return on investment (ROI)

197%

Net present value (NPV)

\$101.6M

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers and conducted a survey of 269 respondents with experience using Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot at their organizations. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is an industry-agnostic organization with \$10 billion annual revenue and 30,000 employees.

Prior to using Microsoft 365 E3 and Microsoft Teams, most interviewees' organizations maintained a hybrid environment with Microsoft Office (Microsoft 365 apps) and on-premises deployments. These organizations relied on third-party tools and vendors for communication, file sharing, and device management solutions. Managing these environments required significant IT staff hours, relationships with several vendors, and capex budgets for upgrades or user expansion. User-to-user collaboration was inconsistent, and disconnected solutions made file sharing, collaboration, and meetings a mixed experience. Interviewed decision-makers hoped that moving to the cloud and consolidating their organization's solution sets would reduce costs, free IT resources to focus on more important tasks, and improve user collaboration to

EXECUTIVE SUMMARY

support hybrid working models. Taking advantage of AI solutions was impossible for several of the interviewees' organizations due to disconnected solutions and siloed data across their solution landscapes.

By adopting Microsoft 365 E3, Microsoft Teams, and eventually Microsoft 365 Copilot, the interviewees' and survey respondents' organizations were able to retire on-premises, redundant applications, which freed up IT resources and reduced infrastructure and licensing costs. The new features and functionality of Microsoft 365 E3 made it easier for IT teams to manage their environments, while users gained access to a suite of solutions that enabled collaboration across hybrid working models. Users in roles suitable for AI assistance gained additional productivity benefits from Microsoft 365 Copilot.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Vendor consolidation savings of \$60 per user per month.** The composite organization consolidates its user applications under Microsoft 365 E3 and Microsoft Teams. This consolidation enables it to eliminate redundant licenses for communication, collaboration, file sharing, endpoint management, email, storage, mobile device management, identity and access management, information encryption and labeling, and endpoint protection. The composite also retires related infrastructure supporting legacy on-premises solutions.
- **End-user device savings on 3,000 devices.** With Microsoft 365 E3 providing more robust device management tools, the composite organization can transition some employees to a bring-your-own-device (BYOD) model and retire corporate devices. The composite organization recognizes savings in devices, wireless plans, back-office invoicing, and vendor management.
- **Endpoint deployment and management time savings of over 25,000 hours (or 12 FTEs).** Endpoint management tools on Microsoft 365 E3, including Windows Autopilot, Windows Autopatch, and Microsoft Intune, as well as a simplified application stack, lead to less "commodity IT" work required of the composite organization's IT teams. These teams now have the flexibility to transition to more strategic IT work supporting the business.

- **Reduction in support tickets by 45% and improved resolution times by 21%.** The composite experiences more consistent application updates and more efficient software deployments, contributing to fewer application or system errors and reducing the number of support tickets. Baseline security from Microsoft Defender for Endpoint P1 also reduces the likelihood of malware-related support tickets, while the ability to build corporate intranets with SharePoint Online provides users at the composite organization with self-service solutions to common problems.
- **End-user productivity savings of more than 70 hours per year.** The composite organization's end users become more productive by combining the communication and collaboration features of Microsoft Teams with the collaboration and document sharing capabilities of Microsoft 365 apps, OneDrive for Business, and SharePoint Online. Entra ID single sign-on (SSO) facilitates frictionless access to applications across the Microsoft platform.
- **Productivity savings of 108 hours per year for Microsoft 365 Copilot users.** Microsoft 365 Copilot users at the composite organization take advantage of features such as meeting transcription and summarizations, content creation assistance, and the ability to find information (and derive insights) faster to gain additional productivity in their roles across Microsoft 365 applications.
- **Travel and expense reduction of 20%.** The composite organization saves money on airfare, meals, insurance, and other costs related to employee travel by shifting from in-person meetings and activities to remote meetings and effective collaboration made possible by Microsoft Teams and Microsoft 365 E3 applications.
- **Security breach impact reduction.** Microsoft 365 E3 provides the composite organization with security tools that reduce the likelihood and impact of security breaches. Access management tools such as Entra ID P1 secure remote work, while Microsoft Purview Information Protection P1 offers a first line of defense for information protection. Microsoft Defender for Endpoint P1 offers attack surface protection at the endpoint level.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Enhanced business outcomes from AI-aided work.** While the productivity benefits of Microsoft 365 Copilot have been quantified for this study, interviewees ultimately noted
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that work completed with Copilot may result in better business outcomes from Copilot's improvements to the speed and quality of AI-aided decisions.

- **Improved security posture with Microsoft.** Windows 11 Enterprise has several advanced security features to help the composite organization combat malware. Organizations using Windows 11 security features instead of third-party point solutions or legacy versions of Windows expect improved system resource usage and device performance. Interviewees also expressed confidence in their ability on the Microsoft platform to keep their data secure while using AI models and applications.
- **Advanced scalability to transition capex to opex.** Microsoft 365 E3 is a pure software-as-a-service (SaaS) offering, affording the composite organization the flexibility to scale deployments without major investments in support hardware or upfront licensing. Organizations pay a monthly per user fee instead of purchasing an up-front license and can easily scale by adding more licenses without investing in support infrastructure.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Initial implementation and planning costs of \$3.3 million.** The composite organization dedicates internal resources to migrate existing applications to the cloud and implement new features offered by Microsoft 365 E3. The organization works with a Microsoft partner who creates a project roadmap, assists with implementation and migration efforts, and creates adoption and change management materials. Microsoft's FastTrack Center provides remote, expert guidance from Microsoft engineers to the composite organization at no additional cost.
 - **Microsoft licensing costs of \$37.6 million.** The composite organization pays Microsoft licensing fees per user per month across its end users. Microsoft 365 E3 and Microsoft Teams are licensed for all 30,000 users at \$33.75 and \$5.25 per user per month, respectively, while Microsoft 365 Copilot is licensed at \$30 per user per month for 3,000 users.
 - **Ongoing management costs of \$8.1 million.** The composite organization incurs labor costs for internal resources managing its deployment.
 - **End-user training costs of \$1.2 million.** The composite organization trains its existing users on new features and functionality, and it trains new hires annually.
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- **Device refresh costs of \$1.3 million.** The composite organization adopts modern endpoint management principles as part of its Microsoft 365 E3 rollout. As part of this shift, the organization shortens its device refresh cycle, providing newer devices to users more often.

The representative interviews, survey, and financial analysis found that a composite organization experiences benefits of \$153.21 million over three years versus costs of \$51.65 million, adding up to a net present value (NPV) of \$101.56 million and an ROI of 197%.

Annual user productivity savings

70 hours

“[With Microsoft 365 E3], we can deploy our resources on our own applications that need care and development versus the more ‘commodity IT’ stuff.”

VICE PRESIDENT OF IT, ENERGY



Return on investment
(ROI)

197%



Benefits PV

\$153.2M



Net present value
(NPV)

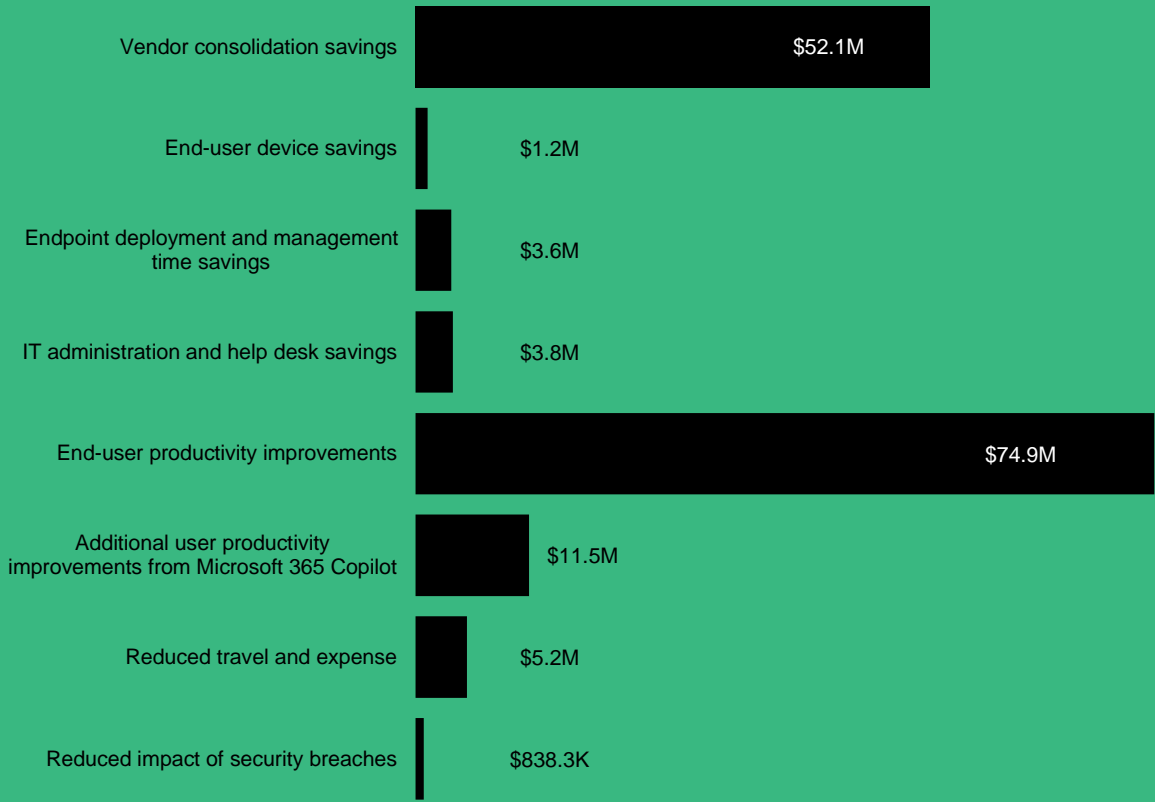
\$101.6M



Payback

<6 months

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that an investment in these Microsoft solutions can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Microsoft and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot.

Microsoft reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Microsoft provided the customer names for the interviews but did not participate in the interviews.

Due Diligence

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot.

Interviews and Survey

Interviewed five decision-makers and conducted a survey of 269 respondents at organizations using Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot to obtain data about costs, benefits, and risks.

Composite Organization

Designed a composite organization based on characteristics of the interviewees' organizations.

Financial Model Framework

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

Case Study

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see [Appendix A](#) for additional information on the TEI methodology.

The Microsoft 365 E3, Microsoft Teams, And Microsoft 365 Copilot Customer Journey

Drivers leading to the Microsoft product investment

KEY CHALLENGES

Forrester interviewed five decision-makers and surveyed 269 respondents with experience using Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot at their organizations. For more details on these individuals and the organizations they represent, see [Appendix B](#).

The interviewees and survey respondents noted how their organization struggled with common challenges, including:

- **IT complexity across multiple vendors.** Before investing with Microsoft, the legacy solutions of interviewees' organizations came from multiple vendors and lacked interoperability and/or connectivity. The resulting IT complexity required inordinate IT involvement and oversight.
- **Legacy solutions that were expensive to deliver, expand, and maintain.** The infrastructure and personnel of legacy on-premises solutions were expensive to maintain. Redundant, patchwork solutions and applications across several software areas increased costs and complexity and reduced standardization across functional areas. Adding new functionality or expanding the user base required significant capital expenditure and, in many cases, oversight of additional on-premises infrastructure.
- **Challenges around collaboration.** Interviewees noted that their organizations' end users frequently faced collaboration challenges as some legacy tools were unable to provide instant and seamless remote collaboration.
- **Suboptimal productivity and limited potential for AI functionality.** Productivity with current toolsets was stagnant across the organizations' end users, as the same tools had been in the field for years. Tools that offered AI assistance or other user productivity improvements were unavailable within current solution stacks without adopting new solutions that could further drive IT complexity while lacking interoperability with current tools to maximize their impact.

- **Expensive and aging infrastructure.** Some of the interviewees' organizations were nearing end of life with existing on-premises infrastructure supporting legacy tools. At this inflection point, interviewees' organizations reported taking the opportunity to standardize tools and migrate to cloud solutions where available.
- **The prevalence of shadow IT.** Teams reported purchasing their own solutions to meet specific needs without informing IT. Doing so exposed their organization to security risks and further increased the cost of redundant tools.
- **Supporting a hybrid workforce.** Interviewees stressed the importance of finding a toolset that would be equally effective in the office, at home, or anywhere else. In many cases, interviewees reported that users were only productive in front of their primary devices.

INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- Replace multiple solutions from different vendors with a single suite across a hybrid workforce.
- Consolidate license spending.
- Recognize the cost savings and IT efficiencies of the cloud.
- Provide employees with collaboration tools to enhance in-person and remote work.
- Allow employees to access applications and files anywhere.
- Enable a BYOD work environment.
- Maintain security posture.
- Facilitate the deployment of AI productivity tools.

“Microsoft 365 [E3] allows our users to leverage the high level of integration across the Microsoft platform. From an IT management perspective, these are huge benefits. We can deploy much easier — even basic things like online file storage. Nobody has to think about these things anymore; we take it for granted, but five years ago, we needed infrastructure and the [labor] that it would require.”

VICE PRESIDENT OF EMPLOYEE IT, AUTOMOTIVE

“The real strength of [Microsoft 365 E3] is the ecosystem of applications and how they are connected to each other. It’s very easy for our users to find and share data across the platform. We always hear that they are discovering new features.”

CLOUD OPERATIONS DIRECTOR, PHARMACEUTICALS

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five interviewees and survey respondents’ organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The industry-agnostic organization is based in the United States and operates globally. It has 30,000 employees that all have Microsoft 365 E3 licenses. Prior to using Microsoft 365 E3, the organization had a hybrid deployment, with Microsoft Office in the cloud and the rest of its applications on-premises. It also used numerous third-party chat and

video applications, file sharing services, and basic antivirus and mobile device management tools.

Deployment characteristics. The organization deploys the full suite of Microsoft 365 E3 solutions and recognizes benefits over its previous solutions from each of the Microsoft 365 E3 capabilities. Each of the 30,000 Microsoft 365 E3 users is also issued an add-on Microsoft Teams for Enterprise license. Ten percent of the organization (3,000 end users) is also issued a Microsoft 365 Copilot license.

Key Assumptions

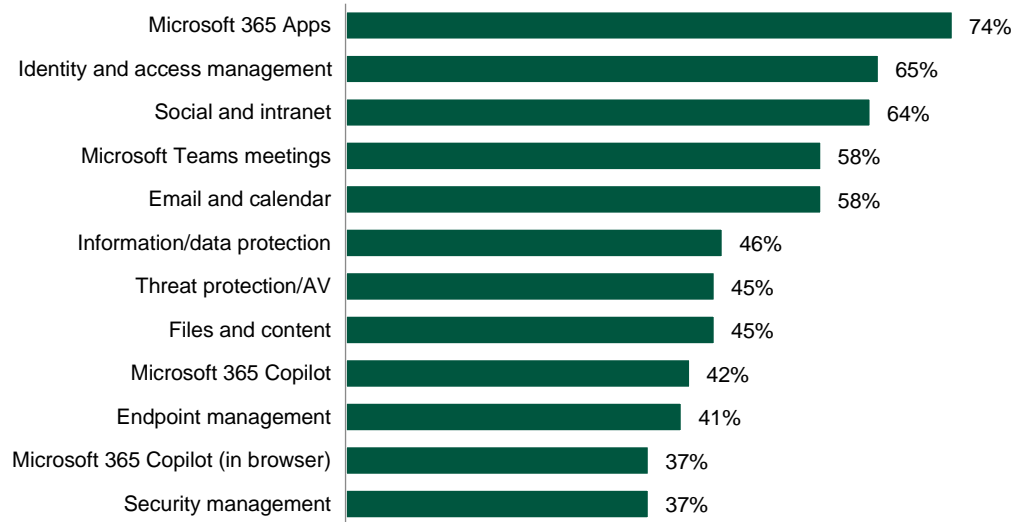
\$10 billion in annual revenue

Industry agnostic

30,000 Microsoft 365 E3 and Microsoft Teams users

3,000 Microsoft 365 Copilot users

Microsoft 365 E3, Microsoft 365 Teams, Microsoft 365 Copilot components deployed at surveyed organizations



Base: 269 IT decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Vendor consolidation savings	\$20,955,860	\$20,955,860	\$20,955,860	\$62,867,580	\$52,114,122
Btr	End-user device savings	\$486,000	\$486,000	\$486,000	\$1,458,000	\$1,208,610
Ctr	Endpoint deployment and management time savings	\$1,426,824	\$1,455,360	\$1,484,372	\$4,366,556	\$3,615,120
Dtr	IT administration and help desk savings	\$1,526,850	\$1,526,850	\$1,526,850	\$4,580,550	\$3,797,050
Etr	End-user productivity improvements	\$29,559,816	\$30,149,496	\$30,756,024	\$90,465,336	\$74,896,955
Ftr	Additional user productivity improvements from Microsoft 365 Copilot	\$4,547,664	\$4,638,384	\$4,731,696	\$13,917,744	\$11,522,608
Gtr	Reduced travel and expense	\$1,700,000	\$2,125,000	\$2,550,000	\$6,375,000	\$5,217,506
Htr	Reduced impact of security breaches	\$337,089	\$337,089	\$337,089	\$1,011,266	\$838,290
Total benefits (risk-adjusted)		\$60,539,423	\$61,673,189	\$62,826,871	\$185,039,483	\$153,210,261

VENDOR CONSOLIDATION SAVINGS

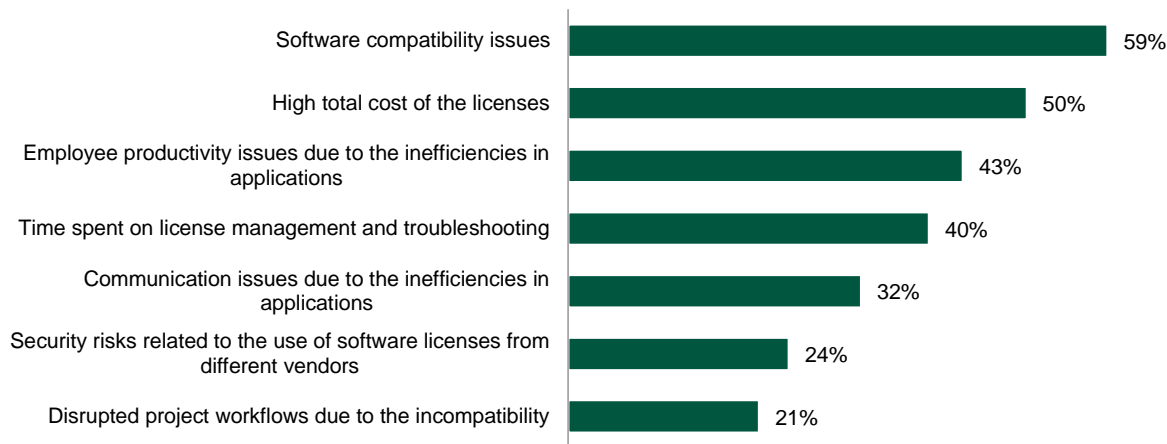
Evidence and data. By replacing legacy on-premises tools with Microsoft applications and functionality in Microsoft 365 E3, the interviewees' organizations reduced per user license spend and costs for on-premises infrastructure support.

- The interviewee at the automotive organization noted that they consolidated contracts across several solutions and eliminated the required on-premises infrastructure by moving to Microsoft 365 E3. This interviewee also expressed optimism that further consolidation was possible amid the integration of a recently acquired company.
- Moving to Microsoft Teams allowed the energy and pharmaceutical organizations to retire other communication platforms and related infrastructure, eliminating associated license fees. The interviewee at the energy organization told Forrester that just retiring their previous infrastructure paid for the Microsoft Teams licenses. Increasing storage

costs pre-Microsoft 365 E3 were also cited as an adoption driver, as costs in the on-premises environment were rapidly becoming untenable.

- The interviewee at the pharmaceutical company explained that the Microsoft Teams functionality allowed their organization to retire three separate collaboration tools with individual functionality that was now redundant with Microsoft Teams.
- Of the survey respondents, 54% indicated that they were able to reduce their overall software license expenditure by an average of 36%.
- 84% of the survey respondents indicated that they had retired or planned to retire on-premises infrastructure within the next 12 months because of their Microsoft 365 E3 deployment. Those who had already realized infrastructure savings reported savings of 25%.

“Which of the following challenges related to vendor license management did your organization experience?”



Base: 212 IT decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Modeling and assumptions. Forrester assumes the following about the composite organization:

- The composite organization eliminates nearly \$40 per user on third-party licensing (e.g., email, collaboration, productivity, identity solutions, etc.) through capabilities gained with Microsoft 365 E3 and an additional \$21 per user for on-premises hardware and software costs for legacy solution support.

ANALYSIS OF BENEFITS

- The composite's average monthly security tools licensing savings are \$9.68 per user. It primarily replaces existing mobile device management (MDM) solutions.
- The composite's average monthly file sync license cost is \$15.13 per user. It replaces this functionality with OneDrive and SharePoint.
- The composite previously used several different chat and video applications, with the average enterprise price being \$14.52 per user. Microsoft Teams replaces these applications.
- The composite saves \$21 (rounded, per user) on hardware and for on-premises tools, as well as on cloud hosting costs for redundant cloud solutions.
- The composite's previous on-premises licenses did not include the same installation functionality as Microsoft 365 E3 apps, which leads it to purchase additional licenses for a portion of its workforce (e.g., sales representatives with multiple work devices). By moving to Microsoft 365 E3, the composite eliminates this redundant licensing for 10% of its workforce. Legacy licenses are valued at \$12 per user.

Risks. This benefit will vary among organizations based on:

- Existing legacy solutions and their average cost, which organization size and negotiated discounts may impact.
- Industry and workforce makeup, which will dictate the likelihood of knowledge workers requiring multiple legacy Microsoft licenses.
- The breakdown of on-premises versus cloud solutions made redundant with Microsoft 365 E3 for potential avoided costs.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$52.1 million.

\$40

Licensing cost reduction per user

“Microsoft 365’s cloud-based platform really makes sense for us. [Microsoft 365] E3 is definitely very cost-efficient. So if you consider all of the [components], it’s a very good bundle that suits our purposes quite well.”

VICE PRESIDENT OF EMPLOYEE IT, AUTOMOTIVE

“At one point, we were paying three vendors for a piece of the functionality that just Microsoft Teams provides [now].”

CLOUD OPERATIONS DIRECTOR, PHARMACEUTICALS

ANALYSIS OF BENEFITS

Vendor Consolidation Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Total end users	Composite	30,000	30,000	30,000
A2	Per user monthly security tools license cost	Interviews and survey	\$9.68	\$9.68	\$9.68
A3	Per user monthly file sync license cost	Interviews and survey	\$15.13	\$15.13	\$15.13
A4	Per user monthly communications tools license cost	Interviews and survey	\$14.52	\$14.52	\$14.52
A5	Third-party vendor license consolidation	$A1*(A2+A3+A4)*12$	\$14,158,800	\$14,158,800	\$14,158,800
A6	Per user monthly on-premises and cloud hosting costs (hardware and software)	Interviews and survey	\$21	\$21	\$21
A7	Redundant license savings	Interviews and survey	\$340,000	\$340,000	\$340,000
At	Vendor consolidation savings	$A5+(A6*A1*12)+A7$	\$22,058,800	\$22,058,800	\$22,058,800
	Risk adjustment	↓5%			
Atr	Vendor consolidation savings (risk-adjusted)		\$20,955,860	\$20,955,860	\$20,955,860
Three-year total: \$62,867,580			Three-year present value: \$52,114,122		

END-USER DEVICE SAVINGS

Evidence and data. Microsoft 365 E3 provided the interviewees' organizations with the security and management tools needed to feel confident in a BYOD environment. Interviewees noted that giving employees the choice to use their own devices increased mobile productivity and reduced corporate expenditure on hardware, device plans, and related labor supporting these devices.

- Prior to Microsoft 365 E3, the interviewees' organizations could only install Office 365 applications on a limited number of devices. A Microsoft 365 E3 license includes installs on up to five PCs, tablets, and smartphones, providing a seamless and secure BYOD experience for end users without the additional cost of acquiring and integrating disparate licenses and tools.
- The interviewee at the automotive organization noted that Microsoft 365 E3 had enabled hybrid work and BYOD within their organization and that 5,000 corporate device users had transitioned to BYOD.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- Ten percent of the workforce, primarily including salespeople, managers, and other mobile workers, have preexisting corporate devices and mobile plans.
- Prior to enabling BYOD, the organization spent \$65 per user per month on corporate mobile devices, including hardware, company-paid wireless phones and data plans, and back-office administration.
- As part of its BYOD plan, the organization reimburses users \$50 per month.

Risks. This benefit will vary among organizations based on:

- The percentage of workforce-issued corporate devices.
- The corporate BYOD reimbursement plan.
- The organization's security posture and willingness to adopt BYOD.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.2 million.

\$15 per user

Monthly corporate device savings

"We [were able to] introduce BYOD to our shop floor employees."

VICE PRESIDENT OF EMPLOYEE IT, AUTOMOTIVE

End-User Device Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Users with corporate devices	A1*10%	3,000	3,000	3,000
B2	Per employee monthly plan and device cost	Composite	\$65	\$65	\$65
B3	Per employee monthly BYOD reimbursement	Composite	\$50	\$50	\$50
B4	Per employee monthly savings	B2-B3	\$15	\$15	\$15
Bt	End-user device savings	B1*B4*12	\$540,000	\$540,000	\$540,000
	Risk adjustment	↓10%			
Btr	End-user device savings (risk-adjusted)		\$486,000	\$486,000	\$486,000
Three-year total: \$1,458,000			Three-year present value: \$1,208,610		

ENDPOINT DEPLOYMENT AND MANAGEMENT TIME SAVINGS

Evidence and data. Microsoft 365 E3 includes Microsoft Intune P1, a unified endpoint management tool for organizations to deploy, manage, and secure all corporate-owned and BYOD devices. With Microsoft Intune P1 (which includes Configuration Manager), interviewees said their organization easily deploys and manages new software, security updates, and operating systems to managed devices. With Windows Autopilot, their organizations can procure, preconfigure, and ship enterprise-ready, fully secure Windows devices from their OEM or reseller partner directly to the end user.

- Connecting applications with Microsoft Entra ID P1 and migrating files to SharePoint enabled end users to get up and running on new devices faster and reduced the frequency of additional support tickets. Meanwhile, Conditional Access policies and the configuration capabilities within Microsoft Entra ID P1 reduced extra configuration from work IT administrators to address department- or user-specific needs.
- The interviewee at the automotive organization noted that Microsoft 365 E3 required fewer IT administrators for device software provisioning, updating, and support tasks at their organization and estimated a 50% reduction in labor required for these tasks. The interviewee added that staff were now spending more time on strategic initiatives supporting the business.

- By reducing the burden on IT staff to manage employee endpoints with Microsoft Intune P1, Windows Autopatch, and Windows Autopilot, the interviewee at the energy organization told Forrester that they could dedicate more IT resources to developing internal, industry-specific applications that directly impact their business.
- The interviewee at the pharmaceutical company explained that Microsoft 365 E3 allowed their IT staff to deploy and maintain more functionality for end users than would be possible with legacy, on-premises solutions. They summarized, “If we needed to really properly deploy and support each of the tools [we get with Microsoft 365 E3], we would need an army of people working for us.”

“About how much has the time your IT specialists spend on the following activities changed since moving to Microsoft 365 E3?”

	Average
New software deployments	-26.7%
User support related to new software deployments	-21.3%
User support related to disconnected solutions (from multiple vendors)	-16.0%
Troubleshooting during software updates	-13.9%
Troubleshooting related to disconnected solutions	-7.3%
General IT administration activities	-15.1%

Base: 208 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- IT personnel at the composite organization spend 1.46 hours per user per year on new software deployment and management tasks for legacy solutions.
- Administrators use Microsoft Intune P1 to manage the configuration and deployment of software and updates to end users. These tools save administrators 27% of their time on new software management and deployment tasks.

- IT personnel spend an average of 1.72 hours per user per year on new software support tasks, such as updates and troubleshooting.
- Microsoft 365 E3 reduces required user support for new software by 19%.
- IT personnel spend an average of 1.08 hours per user per year deploying and troubleshooting updates for software solutions, which deploying Microsoft 365 E3 reduces by an average of 10.5%.
- The fully burdened hourly rate for an IT administrator is \$60, which increases 2% per year with inflation.

Risks. This benefit will vary among organizations based on:

- The benchmark effort required for management and deployment.
- The end-user specifics for baseline deployment and updates required from IT personnel.
- IT salaries.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$3.6 million.

Endpoint Deployment And Management Time Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Hours dedicated to new software deployment and management	A1*1.46	43,800	43,800	43,800
C2	Reduction due to efficiency gains provided by M365 E3	Interviews and survey	27%	27%	27%
C3	Hours reallocated from software deployment and management	C1*C2	11,826	11,826	11,826
C4	Hours dedicated to IT support for new deployments	A1*1.72	51,600	51,600	51,600
C5	Reduction of support burden on M365 E3	Interviews and survey	19%	19%	19%
C6	Hours reallocated from software support	C4*C5	9,804	9,804	9,804
C7	Hours dedicated to IT troubleshooting updates across disconnected solutions	A1*1.08	32,400	32,400	32,400
C8	Reduction of troubleshooting updates on M365 E3	Interviews and survey	10.5%	10.5%	10.5%
C9	Hours reallocated from software support	C7*C8	3,402	3,402	3,402
C10	Average hourly rate for IT personnel (rounded)	TEI case study	\$60.00	\$61.20	\$62.42
C11	Total IT time savings	C3+C6+C9	25,032	25,032	25,032
Ct	Endpoint deployment and management time savings	C10*C11	\$1,501,920	\$1,531,958	\$1,562,497
	Risk adjustment	↓5%			
Ctr	Endpoint deployment and management time savings (risk-adjusted)		\$1,426,824	\$1,455,360	\$1,484,372
Three-year total: \$4,366,556			Three-year present value: \$3,615,120		

27%

Reduction in software deployment hours

“[With Microsoft 365 E3] we need fewer IT administrators, fewer developers — fewer people doing regular IT operations and patching because all of that is taken care of by Microsoft. These people now [focus on] ensuring we’re working according to the requirements of the business. The nature of our work has changed.”

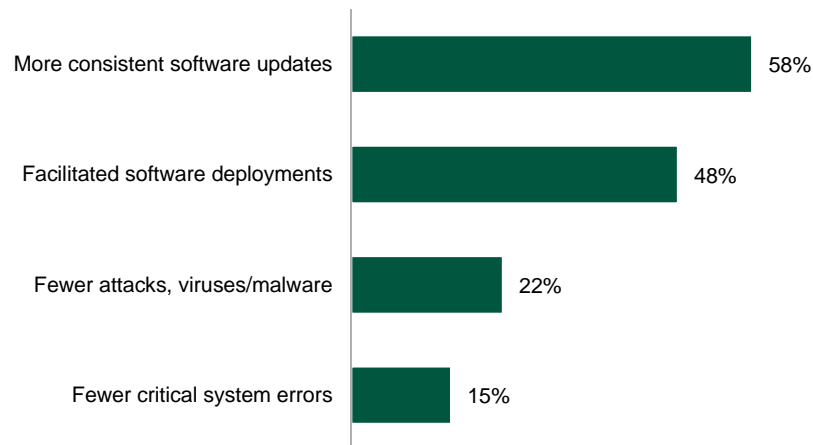
VICE PRESIDENT OF EMPLOYEE IT, AUTOMOTIVE

IT ADMINISTRATION AND HELP DESK SAVINGS

Evidence and data. Interviewees and survey respondents highlighted the potential to reduce support desk tickets and shorten ticket resolution times after implementing Microsoft 365 E3. Factors influencing ticket volume reduction included being able to build corporate intranets with SharePoint, providing solutions to common problems for users to help themselves, supplying self-service password resets, and using Microsoft Teams bots to quickly provide resource links when prompted. Furthermore, interviewees said their organizations’ IT personnel found it easier to resolve issues for a diverse ecosystem of devices (e.g., mobile, PC, Mac) with Microsoft Intune P1. More consistently updated applications and efficient software deployment also contributed to fewer application or system errors, further reducing the likelihood of support tickets. Baseline security from Microsoft Defender for Endpoints P1, Microsoft Defender Antimalware, and Firewall also reduced the likelihood of support tickets related to malware.

- Migrating to Microsoft 365 E3 in the cloud yielded more application stability and fewer support tickets across these solutions at the energy organization. The interviewee from this organization added: “When we were on-prem, we’d need to do server reboots and manage any issues that arose. On Microsoft 365 [E3], we don’t worry about that anymore,”
- Across the surveyed respondents’ organizations, total IT support tickets decreased an average of 45% after deploying Microsoft 365 E3. Tickets that were created were resolved an average of 21% faster than before.

“What do you attribute the reduction in your organization’s support tickets with Microsoft 365 E3 to?”



Base: 212 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- Each user creates an average of six help desk tickets annually, with 45% of those tickets eliminated through automation and issue prevention using Microsoft 365 E3.
- The remaining ticket resolution is less time-consuming on SaaS deployments such as Microsoft 365 E3. The composite resolves the remaining tickets 21% faster.
- The average help desk ticket costs \$20 for labor and end-user productivity.

Risks. This benefit will vary among organizations based on:

- Preexisting self-service tools.
- The baseline skill and capacity of an organization’s end users relating to their self-service ability.
- Baseline IT productivity.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$3.8 million.

IT Administration And Help Desk Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Annual support desk tickets	A1*5	150,000	150,000	150,000
D2	Percentage of support desk tickets eliminated	Interviews and survey	45%	45%	45%
D3	Reduction in ticket resolution time for remaining tickets	Interviews and survey	21%	21%	21%
D4	Average cost per ticket	Interviews and survey	\$20	\$20	\$20
Dt	IT administration and help desk savings	$(D1 * D2 * D4) + ((D1 * (1 - D2) * D3 * D4)$	\$1,696,500	\$1,696,500	\$1,696,500
	Risk adjustment	↓ 10%			
Dtr	IT administration and help desk savings (risk-adjusted)		\$1,526,850	\$1,526,850	\$1,526,850
Three-year total: \$4,580,550			Three-year present value: \$3,797,050		

45%

Support desk tickets eliminated due to automation and prevention

END-USER PRODUCTIVITY IMPROVEMENTS

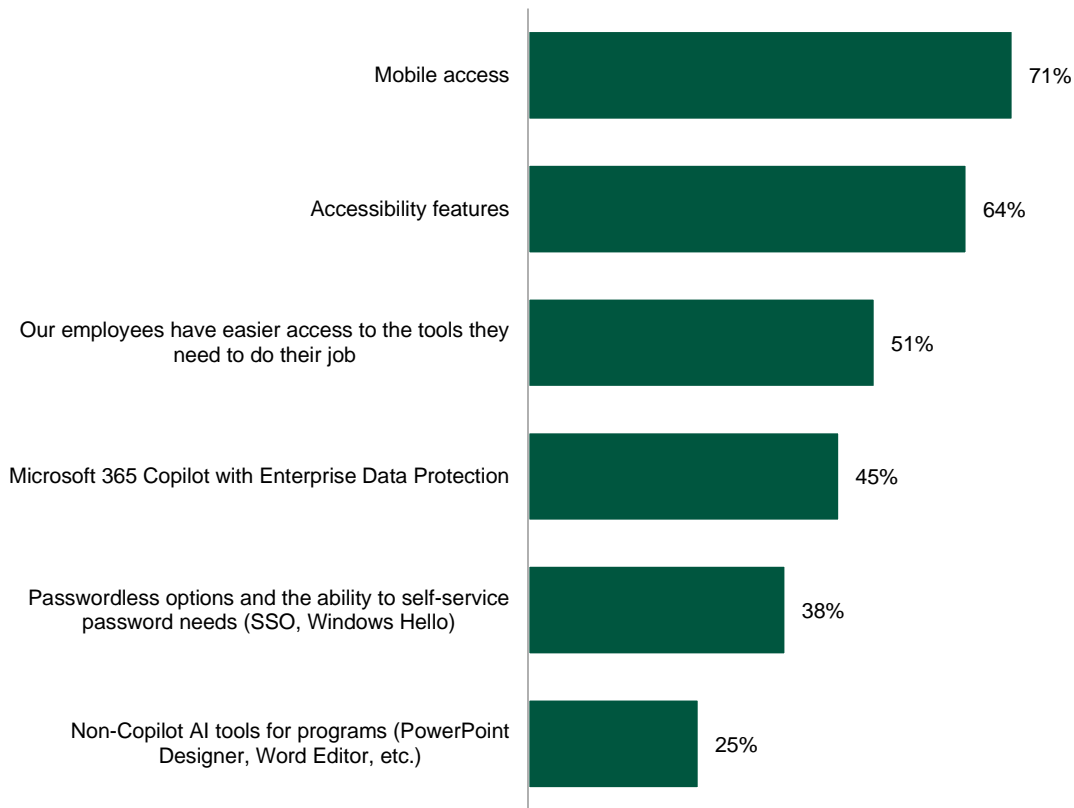
Evidence and data. Microsoft 365 E3 includes a wide range of integrated collaboration and communication solutions to improve end-user efficiency across common hybrid work environment tasks. Interviewees and survey respondents highlighted the importance of their organization's users being able to securely communicate and collaborate anytime and anywhere.

- Interviewees said faster boot times, fewer crashes, and faster performance of devices managed by Microsoft Intune P1 on Microsoft 365 E3 enabled users to be more productive.
- Collaborative document sharing was also a major productivity booster for interviewees' organizations. Using Microsoft 365 Apps with OneDrive and SharePoint, interviewees reported that multiple users could work simultaneously on important documents while

ensuring strict version control. They also noted that workgroups created channels in Microsoft Teams for enhanced document and knowledge sharing.

- The interviewee at the pharmaceutical organization explained how Microsoft Teams plus Microsoft 365 E3 brought user-to-user collaboration to the next level, explaining, “[Teams] makes it very convenient to chat with someone, do a quick call, or even collaborate on the same document through the application.”
- Interviewees spoke of the importance of Microsoft Teams for their organizations’ enterprise collaboration effectiveness. Workflows across in-office and remote employees could be completed regardless of users’ location on any given day. Prior to Teams, users and business units within the interviewees’ organizations often leveraged different chat applications, which fostered communications silos and hindered cross-team collaboration. Having the entire organization on a single communication platform ensured consistency in communication and collaboration approaches. The interviewee at the energy organization cited the ease of setting up SharePoint sites and accessing these sites through Teams as significant positive impact on collaboration.
- Access to Microsoft 365 applications and Teams from mobile devices was cited as a significant productivity benefit for users. The interviewee at the energy organization noted that employees in the field often needed to go back and forth to their laptops to access information and collaborate with others. The interviewee added, “On [the previous collaboration platform], we had no ability to communicate and collaborate instantly.”
- Interviewees and survey respondents experienced productivity benefits beyond collaborative tools with Microsoft 365 E3. With Microsoft Entra ID P1, users at interviewees’ organizations experienced seamless SSO from any device or location. Entra ID P1 has more than 3,000 preintegrated Microsoft and third-party SaaS applications, and it allows organizations to configure them for SSO with just a few clicks. The interviewee at the pharmaceutical organization added, “Our users can connect to 95% of their daily applications with one sign-in.”
- Survey respondents reported the following end-user productivity improvements for their organization’s Microsoft 365 E3 implementation:

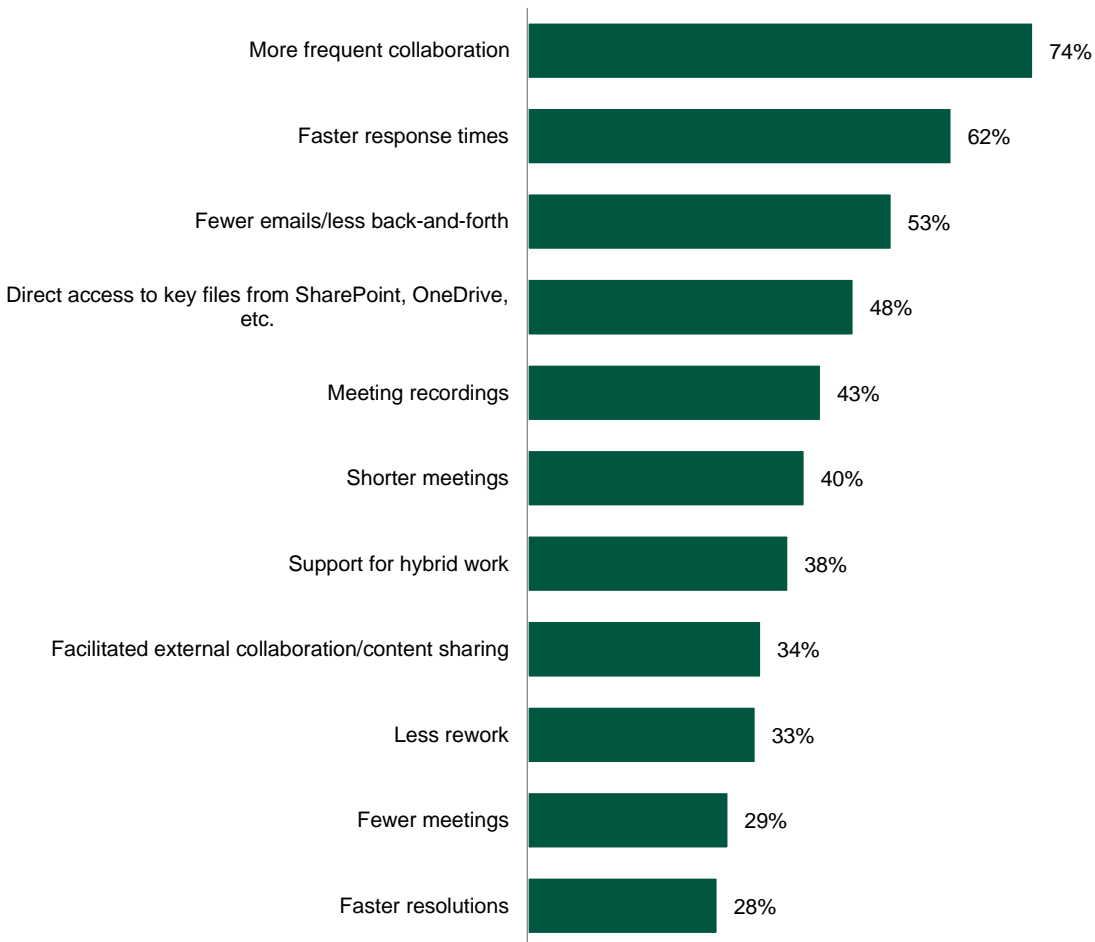
“In what ways does Microsoft 365 E3 contribute to improved end-user productivity?”



Base: 269 IT decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

- According to survey respondents, Microsoft Teams saved end users 1.9 hours per week in collaboration and productivity tasks. Survey respondents reported the following end-user productivity improvements related to their organization’s Microsoft Teams implementation:

“In what ways does Microsoft Teams support improved end-user productivity and collaboration”



Base: 126 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- The composite organization averages an end-user productivity improvement of nearly 3% with fully integrated, cloud-based chat and file-sharing solutions. This equals savings of nearly 71 minutes per user per week.
- Seamless SSO saves the composite’s end users 10 minutes per week.

ANALYSIS OF BENEFITS

- The average knowledge worker using cloud-based chat and file-sharing solutions has a fully burdened annual salary of \$73,000, which increases 2% each year.
- A 50% productivity capture rate is included since not all the time saved translates into additional value-added work.

Risks. This benefit will vary among organizations based on:

- The number of users and average labor rates.
- The skill and capacity of an organization's end users to learn and take advantage of Microsoft 365 E3 and Microsoft Teams solutions in their daily workflows.
- Cultural and organizational barriers to effective change management.
- Preexisting solutions and benchmark productivity.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$74.9 million.

End-User Productivity Improvements					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Total end users	A1	30,000	30,000	30,000
E2	Improved efficiency with collaborative document sharing and chat (in weekly minutes)	Interviews and survey	31	31	31
E3	Additional efficiency through collaboration in Microsoft Teams (in weekly minutes)	Interviews and survey	40	40	40
E4	Weekly time savings from SSO (weekly minutes)	Interviews and survey	10	10	10
E5	Annual efficiency gain per user (in hours)	$((E2+E3)/60)*52$	70.20	70.20	70.20
E6	Average fully burdened hourly rate for knowledge workers	$(\$73,000 \text{ with } 2\% \text{ inflation})/2,080$	\$35.09	\$35.79	\$36.51
E7	Productivity recapture	TEI methodology	50%	50%	50%
Et	End-user productivity improvements	$E1 * E5 * E6 * E7$	\$36,949,770	\$37,686,870	\$38,445,030
	Risk adjustment	↓20%			
Etr	End-user productivity improvements (risk-adjusted)		\$29,559,816	\$30,149,496	\$30,756,024
Three-year total: \$90,465,336			Three-year present value: \$74,896,955		

3.4% annually

Improved user efficiency with collaborative document sharing, chat, and single sign-on

“The collaboration benefits we get on Microsoft 365 [E3] and Microsoft Teams are second to none.”

VICE PRESIDENT OF IT, ENERGY

ADDITIONAL USER PRODUCTIVITY IMPROVEMENTS FROM MICROSOFT 365 COPILOT

Evidence and data. Interviewees told Forrester that strategically selected teams or users gained additional productivity benefits using Microsoft 365 Copilot with Microsoft 365 E3 applications and Microsoft Teams. Meeting transcription and summarizations, writing assistance, and process transformation were cited as key features. Several interviewees noted that Microsoft 365 Copilot users were selected based on the potential for AI-driven productivity in their daily work. While most of the interviewees’ organizations initially selected a smaller percentage of their total Microsoft 365 E3 users for Copilot, they explained that adoption was expected to grow as users benefited from additional productivity. Among a base of 367 respondents from Forrester’s 2024 survey on Microsoft 365 Copilot, 38.5% of the users within the survey respondents’ organizations were currently licensed to Microsoft 365 Copilot.

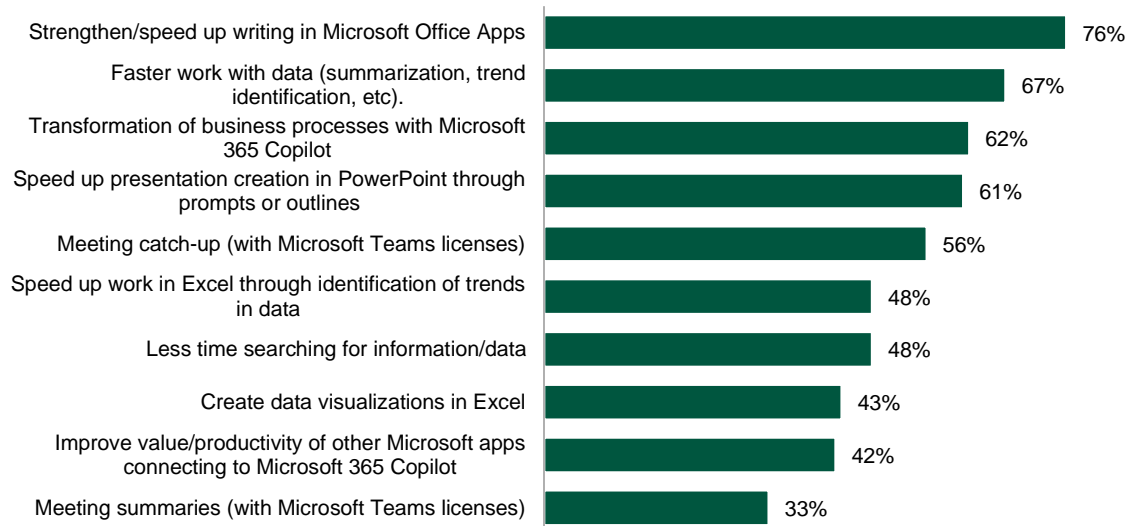
- The interviewee at the automotive organization noted that their organization originally deployed Microsoft 365 Copilot to 300 knowledge workers as a pilot program to gauge its productivity benefit. It now deploys Microsoft 365 Copilot to another 500 employees based on the pilot program’s success. The interviewee noted that Copilot helped employees with role-agnostic tasks (e.g., meeting summaries, transcriptions with Microsoft Teams licenses, and writing assistance), as well as with role-specific tasks (e.g., job posting creation for HR professionals).

- By standardizing with Microsoft 365 Copilot, the interviewee at the energy organization noted that not only would their users gain more productivity from their Microsoft 365 applications, but the organization would also avoid AI-related pitfalls by staying on a Microsoft AI solution. The interviewee explained: “Being a Microsoft solution, the change management process was more palatable for us to standardize around Copilot versus other point AI solutions. Plus, for us, the idea of Copilot being governed by our [master services agreement] was a lot more attractive than another solution where we couldn’t control the data.” The same interviewee noted that Copilot had assisted their licensed users in saving hundreds of hours of work since deployment, resulting in thousands of dollars being saved against their billing rates.
- The interviewee from the financial services organization explained that Microsoft 365 Copilot enabled faster insights for users from Microsoft Teams meeting summaries that reduced users’ preparation and follow-ups for complex meetings, saving more than 75% of the time previously required. The same interviewee estimated an 80% user efficiency improvement attributable to email prioritization, email summaries, and email writing assistance in Microsoft Outlook.
- Interviewees and survey respondents cited additional time savings for employees on meeting recaps and follow-ups (with Microsoft Teams licenses), email and content writing assistance, and information discovery with Microsoft 365 Copilot.

“How much end-user time has been saved in the following areas with Copilot for Microsoft 365?”		
	Average Percentage	Median
Meeting notes/summarization (with Microsoft Teams licenses)	18.6	16.0
Information search	29.8	26.0
Content creation	34.3	33.0
Email writing	20.0	18.0
Email summarization	16.0	15.0
Task planning and delegation	10.9	9.0
Data analytics	20.6	20.0

Base: 367 IT decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, 2024

“In what ways does Microsoft 365 Copilot contribute to end-user productivity?”



Base: 113 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- Ten percent of the organization’s Microsoft 365 E3 users are assigned a Microsoft 365 Copilot license to support their daily work.
- With Microsoft 365 Copilot, each user gains an additional 9 hours of productivity per month in addition to the productivity benefits quantified as part of Benefit E.
- The average knowledge worker using cloud-based chat and file-sharing solutions has a fully burdened annual salary of \$73,000, which increases 2% each year.
- A 50% productivity capture rate is included since not all the time saved translates into additional value-add work.

Risks. This benefit will vary based on:

- The number of users assigned a Microsoft 365 Copilot license in an organization.
- The roles of users assigned Microsoft 365 Copilot licenses related to the potential for additional AI-driven productivity improvements.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$11.5 million.

Additional User Productivity Improvements From Microsoft 365 Copilot					
Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Total end users	A1	30,000	30,000	30,000
F2	Percentage of users with Microsoft 365 Copilot licenses	Composite	10%	10%	10%
F3	Additional hours reclaimed per month with Microsoft 365 Copilot	Interviews and survey	9	9	9
F4	Average hourly knowledge worker rate	E6	\$35.09	\$35.79	\$36.51
F5	Productivity recapture	TEI best practices	50%	50%	50%
Ft	Additional user productivity improvements from Microsoft 365 Copilot	$F1 \times F2 \times F3 \times F4 \times F5$	\$5,684,580	\$5,797,980	\$5,914,620
	Risk adjustment	↓20%			
Ftr	Additional user productivity improvements from Microsoft 365 Copilot (risk-adjusted)		\$4,547,664	\$4,638,384	\$4,731,696
Three-year total: \$13,917,744			Three-year present value: \$11,522,608		

9 hours per month

Productivity gains per user attributable to Microsoft 365 Copilot

“We have some employees who say, ‘I can’t live without Copilot anymore. It makes my life so much easier.’”

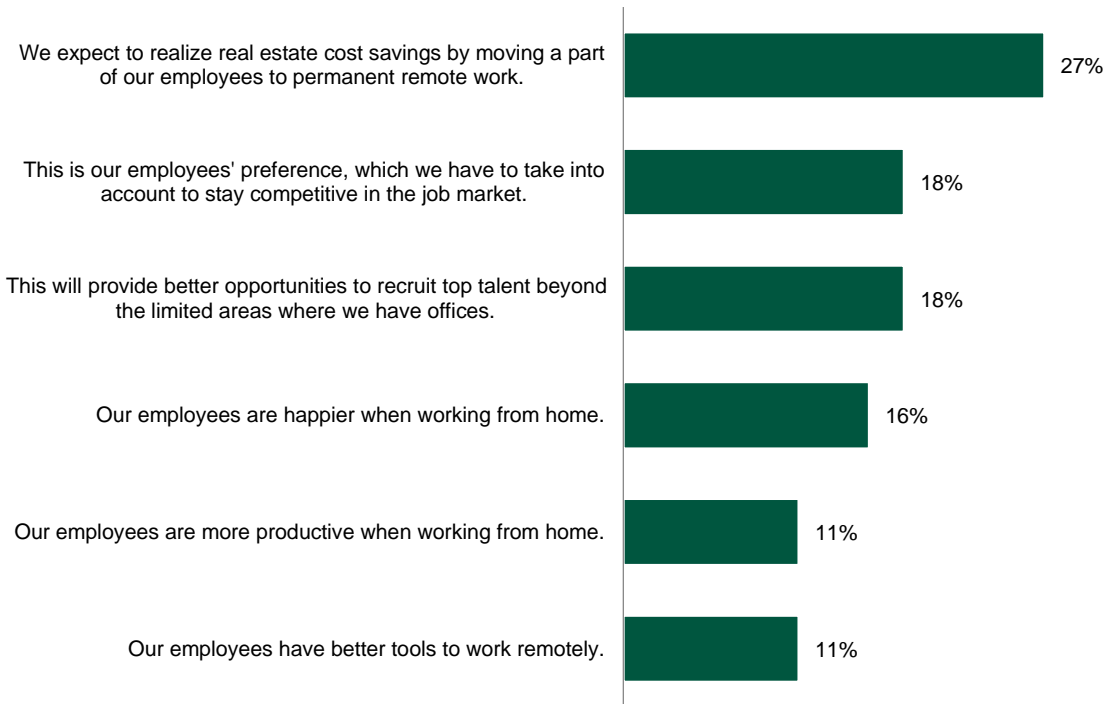
VICE PRESIDENT OF EMPLOYEE IT, AUTOMOTIVE

REDUCED TRAVEL AND EXPENSE

Evidence and data. As hybrid work becomes the new normal for many organizations, the collaboration benefits of Microsoft 365 E3 and Microsoft Teams (as an add-on license) continued to support reduced business-related travel, especially as decision-makers saw how their organization could conduct remote meetings without productivity loss.

- Across those surveyed, remote work had increased 12% since deploying Microsoft 365 E3 and Microsoft Teams.
- Nearly 80% of survey respondents indicated that Microsoft Teams was a primary enabler of hybrid work in their organization.
- Twenty-seven percent of respondents indicated that their organizations would continue to save money on office-related expenses, including real estate, leases, and supplies, as hybrid work continued to become a norm.

“What is the main reason your organization will continue to have more hybrid or remote workers in the future?”



Base: 45 IT decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- The composite's annual travel expense budget is \$25 million.
- The composite sees a 20% reduction in travel expenses through fewer internal and regional meetings, in-person sales appointments, and in-person conferences.
- Not all travel savings are attributable to Microsoft 365 E3 and Microsoft Teams. To reflect this, Forrester applied a 40% attribution factor in Year 1, increasing to 60% in Year 3.

Risks. This benefit will vary among organizations based on:

- Location and enterprise size.
- The organization's industry and its ability to conduct work remotely.
- The organization's workforce makeup and benchmark travel expenses.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$5.2 million.

Reduced Travel And Expense					
Ref.	Metric	Source	Year 1	Year 2	Year 3
G1	Total travel and expense budget	Composite	\$25,000,000	\$25,000,000	\$25,000,000
G2	Percentage reduction due to increased hybrid work	Interviews and survey	20%	20%	20%
G3	Attribution percentage	Interviews and survey	40%	50%	60%
Gt	Reduced travel and expense	$G1 \cdot G2 \cdot G3$	\$2,000,000	\$2,500,000	\$3,000,000
	Risk adjustment	↓ 15%			
Gtr	Reduced travel and expense (risk-adjusted)		\$1,700,000	\$2,125,000	\$2,550,000
Three-year total: \$6,375,000			Three-year present value: \$5,217,506		

“[Microsoft Teams] has been a facilitator of hybrid and remote work.”

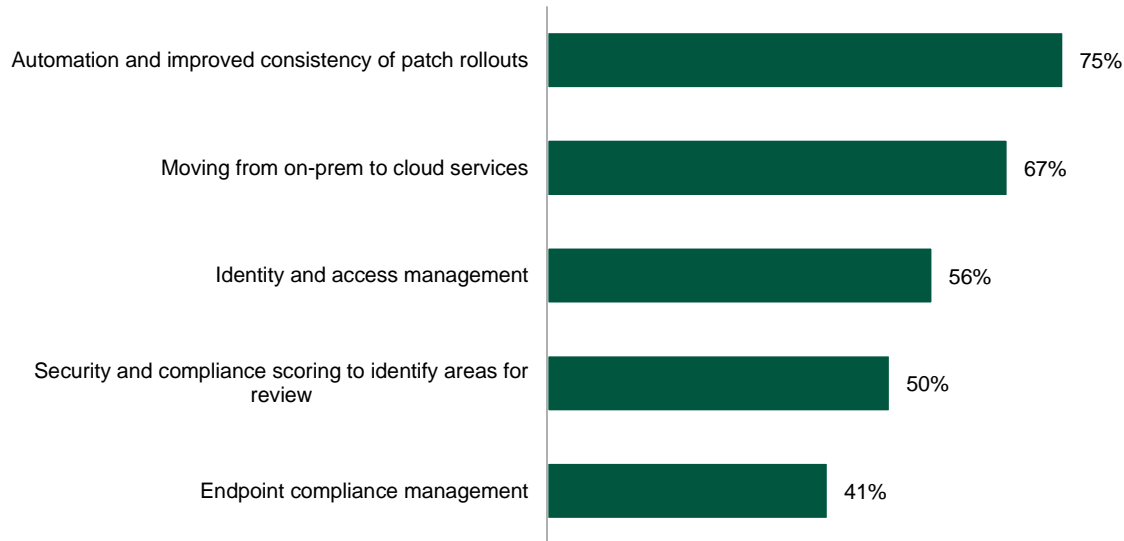
CLOUD OPERATIONS DIRECTOR, PHARMACEUTICALS

REDUCED IMPACT OF SECURITY BREACHES

Evidence and data. Each of the interviewees highlighted Microsoft’s reputation for providing secure solutions as a key part of their organization’s investment. They said Microsoft 365 E3’s Entra ID P1 provided their organization with robust access management tools, securing remote work and mitigating shadow IT. Microsoft Purview Information Protection P1 offered a first line of defense for information protection, while Microsoft Defender for Endpoints P1 offered attack surface protection at the endpoint level.

- By securing access to all applications with Microsoft Entra ID P1, the interviewees’ organizations were able to: improve visibility; implement password strength rules; implement granular access policies to ensure that employees only had access to the applications they needed; and prevent specific types of attacks from penetrating the network with multifactor authentication (MFA), even if a user’s account was compromised. The interviewee at the pharmaceutical company noted that the nature of their work demanded the secure access functionality that Entra ID P1 solved at their organization.
- Several of the IT interviewees noted that Microsoft Intune P1 maintained a baseline security level for their organization’s devices, reducing the likelihood of security breaches from out-of-date devices.

“In what ways has Microsoft 365 E3 contributed to improved security posture at your organization?”



Base: 210 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- An organization has a 68% chance of experiencing one or more security breaches annually, with a mean annual cumulative cost of \$5.45 million. Of these breaches, 71.3% originate from internal and external threats.²
- Thirty percent of potential security breaches for the composite are addressable through security functionality in Microsoft 365 E3.
- By deploying and building security capabilities around Microsoft Defender for Endpoints P1, Microsoft Entra ID P1, and Purview capabilities in Microsoft 365 E3, the composite organization reduces the likelihood of breaches on addressable threats by 50%.

Risks. This benefit will vary among organizations based on:

- The average cost of a data breach for the organization given its industry, customers, and other factors.

ANALYSIS OF BENEFITS

- The baseline risk of a data breach based on the organization's security posture prior to its Microsoft 365 E3 implementation.
- The skill and capacity of the organization's security personnel to improve security posture and capabilities through Microsoft 365 E3's security tools.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$530,000.

Reduced Impact Of Security Breaches					
Ref.	Metric	Source	Year 1	Year 2	Year 3
H1	Likelihood of experiencing one or more breaches per year	Forrester research	68%	68%	68%
H2	Mean cumulative cost of breaches	Forrester research	\$5,453,000	\$5,453,000	\$5,453,000
H3	Percentage of breaches originating from external and internal threats	Forrester research	71.3%	71.3%	71.3%
H4	Percentage of breaches addressable with Microsoft Defender for Endpoints P1, Entra ID P1, and Purview functionality within M365 E3	Interviews	30%	30%	30%
H5	Annual risk exposure addressable with security functionality in Microsoft 365 E3	H1*H2*H3*H4	\$793,150	\$793,150	\$793,150
H6	Reduced risk of breaches with P1 security tools on Microsoft 365 E3	Interviews	50%	50%	50%
Ht	Reduced impact of security breaches	H5*H6	\$396,575	\$396,575	\$396,575
	Risk adjustment	↓15%			
Htr	Reduced impact of security breaches (risk-adjusted)		\$337,089	\$337,089	\$337,089
Three-year total: \$1,011,266			Three-year present value: \$838,290		

“As a pharmaceutical company, security is a very important pillar of our IT strategy... [functionality] like multifactor authentication and self-service password reset [through Microsoft 365 E3] are very valuable features.”

CLOUD OPERATIONS DIRECTOR, PHARMACEUTICALS

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organization experienced but were not able to quantify:

- **Facilitated better business outcomes from AI-aided work.** While Forrester quantified the productivity benefits of Microsoft 365 Copilot for this study, interviewees ultimately noted that using it improved the speed and quality of AI-aided decision-making, resulting in better business outcomes.
- **Improved security posture.** Microsoft 365 E3 and Windows 11 Enterprise have several advanced security features to help organizations combat malware. Organizations that used Windows 11 security features instead of third-party point solutions or legacy versions of Windows experienced improved system resource usage and device performance. Interviewees also expressed confidence in Microsoft security's ability to protect their data while using AI tools. The interviewee from the pharmaceutical organization noted: "Microsoft offers confidentiality and security around our data [in Copilot]. So we were very confident adopting the product."
- **Eased transition from capex to opex.** Microsoft 365 E3 is a pure SaaS offering, affording the flexibility to scale deployments without major investments in support hardware or upfront licensing; instead, organizations pay a monthly per user fee. Organizations can also easily add more licenses without investing in support infrastructure.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot and later realize additional uses and business opportunities, including:

- **Supporting a hybrid workforce.** As organizations experiment with hybrid work initiatives, interviewees expressed optimism that Microsoft 365 E3 and Microsoft Teams would help support effective collaboration in any of these models as they continued to evolve.
 - **Increasing the AI benefit.** As early adopters of Microsoft 365 Copilot achieve productivity benefits associated with AI tools, their increased adoption could yield
-

additional, similar benefits. The interviewee from the energy organization also described a future state with Copilot as an overlay, where natural language processing would allow users to query organizational data to aid reporting and decision-making.

- **Adopting the cloud at speed.** Many interviewees' and respondents' organizations were at various stages of their cloud journeys due to existing dependencies of other stakeholders (e.g., tools, existing contracts, and policies). Microsoft 365 E3 provides flexibility to migrate to the cloud while remaining on-premises in some areas.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

“In the old days, if we wanted to do an upgrade or expand, it would require oodles of capital.”

VICE PRESIDENT OF IT, ENERGY

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Itr	Initial planning and implementation	\$3,346,875	\$0	\$0	\$0	\$3,346,875	\$3,346,875
Jtr	Microsoft licensing costs	\$0	\$15,120,000	\$15,120,000	\$15,120,000	\$45,360,000	\$37,601,202
Ktr	Ongoing management costs	\$0	\$3,248,438	\$3,297,656	\$3,347,860	\$9,893,954	\$8,193,757
Ltr	End-user training	\$1,105,335	\$55,267	\$56,369	\$57,503	\$1,274,474	\$1,245,367
Mtr	Device refresh	\$1,260,000	\$0	\$0	\$0	\$1,260,000	\$1,260,000
	Total costs (risk-adjusted)	\$5,712,210	\$18,423,704	\$18,474,026	\$18,525,363	\$61,135,303	\$51,647,201

INITIAL PLANNING AND IMPLEMENTATION

Interviewees said their organization incurred several months of planning and implementation labor costs before deploying Microsoft 365 E3, and some worked with professional services partners to plan and execute their deployments. Organizations that used legacy on-premises deployments required time and effort to migrate files and decommission hardware.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- The composite organization engages with a professional services firm for three months of planning and design.
- The composite organization dedicates 15 FTEs to implement Microsoft 365 E3, migrate files from legacy solutions, and decommission legacy software and hardware. The team allocates 50% of its time over six months to this process.
- The average fully burdened annual salary for end-user employees is \$125,000.

Risks. This cost will vary among organizations based on:

ANALYSIS OF COSTS

- The size and scope of the Microsoft 365 E3 deployment and components deployed.
- The skill and capacity of an organization's IT personnel relating to deployment speed and/or the need for a partner.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$3.3 million.

Initial Planning And Implementation						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
I1	FTEs involved in implementation	Composite	15			
I2	Fully burdened annual salary for implementing personnel	Composite	\$125,000			
I3	Percentage of time dedicated to implementation	Interviews	50%			
I4	Professional services	Composite	\$2,250,000			
It	Initial planning and implementation	$(I1 \cdot I2 \cdot I3) + I4$	\$3,187,500	\$0	\$0	\$0
	Risk adjustment	↑5%				
ltr	Initial planning and implementation (risk-adjusted)		\$3,346,875	\$0	\$0	\$0
Three-year total: \$3,346,875			Three-year present value: \$3,346,875			

MICROSOFT LICENSING COSTS

Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot are priced as a monthly SaaS license per user.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- Each of the composite organization's 30,000 employees has a Microsoft 365 E3 license. The monthly list price is \$33.75 per user.
- All of the composite organization's employees are issued a Microsoft Teams for Enterprise license with a monthly list price of \$5.25 per user.

ANALYSIS OF COSTS

- The composite gives 3,000 users (10% of the organization) a license for Microsoft 365 Copilot at a monthly cost of \$30 per user.

Risks. Forrester did not risk-adjust this benefit as Microsoft's standard list prices were used for the analysis.

Results. The three-year total PV (discounted at 10%) for Microsoft licensing costs is \$37.6 million.

Microsoft Licensing Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
J1	Total end users	A1		30,000	30,000	30,000
J2	Monthly Microsoft 365 E3 license cost per user	Microsoft		\$33.75	\$33.75	\$33.75
J3	Monthly Teams for Enterprise license cost per user	Microsoft		\$5.25	\$5.25	\$5.25
J4	Total monthly licensing cost per user	J2+J3		\$39.00	\$39.00	\$39.00
J5	Total licensing cost for Microsoft 365 Copilot users	Composite		\$1,080,000.00	\$1,080,000.00	\$1,080,000.00
Jt	Microsoft licensing costs	(J1*J4*12)+J5	\$0	\$15,120,000	\$15,120,000	\$15,120,000
	Risk adjustment	0%				
Jtr	Microsoft licensing costs (risk-adjusted)		\$0	\$15,120,000	\$15,120,000	\$15,120,000
Three-year total: \$45,360,000			Three-year present value: \$37,601,202			

ONGOING MANAGEMENT COSTS

Evidence and data. Interviewees stated that ongoing Microsoft 365 E3 management is significantly less labor-intensive than prior legacy solutions, but still requires some administrative support. As a result, their organization frequently redeployed FTEs to other valuable projects, such as security enhancement and modernization efforts.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- The composite organization engages 25 FTEs (one per 1,200 users) who spend 75% of their time supporting the Microsoft 365 E3 product suite.

ANALYSIS OF COSTS

- The composite organization engages with professional services firms for two months per year working on new development and roadmapping.
- The average fully burdened annual salary for support IT personnel is \$125,000.

Risks. This cost will vary among organizations based on:

- The number of users within an organization's Microsoft 365 E3 deployment.
- The components of Microsoft 365 E3 deployed within the organization.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$8.2 million.

Ongoing Management Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
K1	Internal management staff	A1/1,200		25	25	25
K2	Percentage of time spent managing Microsoft deployment (Microsoft 365 E3, Microsoft Teams, and Microsoft 365 Copilot)	Interviews		75%	75%	75%
K3	Average fully burdened annual salary for support IT personnel	Composite		\$125,000	\$127,500	\$130,050
K4	Internal costs	K1*K2*K3		\$2,343,750	\$2,390,625	\$2,438,438
K5	Ongoing professional services	Composite		\$750,000	\$750,000	\$750,000
Kt	Ongoing management costs	K4+K5		\$3,093,750	\$3,140,625	\$3,188,438
	Risk adjustment	↑5%				
Ktr	Ongoing management costs (risk-adjusted)		\$0	\$3,248,438	\$3,297,656	\$3,347,860
Three-year total: \$9,893,954			Three-year present value: \$8,193,757			

END-USER TRAINING

Evidence and data. While interviewees said their organization found Microsoft 365 E3 intuitive and easy to use, decision-makers dedicated some time to new feature and tool trainings. Some organizations created materials for self-guided learning like webinars instead of offering formal training.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- All users attend a 1-hour training session during the initial Microsoft 365 E3 rollout to understand the new tools and capabilities.
- The organization has 5% turnover, and new hires attend the 1-hour training session.

Risks. This cost will vary among organizations based on:

- The number of users in an organization.
- Preexisting knowledge of Microsoft solutions among an organization's user base.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.3 million.

End-User Training						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
L1	Total users trained	Year 1: A1 Years 2 and 3: A1*5%	30,000	1,500	1,500	1,500
L2	Time allocated for self-directed training (hours)	Interviews	1	1	1	1
L3	Average fully burdened hourly rate for knowledge workers	E6	\$35.09	\$35.09	\$35.79	\$36.51
Lt	End-user training	L1*L2*L3	\$1,052,700	\$52,635	\$53,685	\$54,765
	Risk adjustment	↑5%				
Ltr	End-user training (risk-adjusted)		\$1,105,335	\$55,267	\$56,369	\$57,503
Three-year total: \$1,274,474			Three-year present value: \$1,245,367			

DEVICE REFRESH

Interviewees and survey respondents said their organization assessed which devices did not meet the minimum specifications for their move to Windows 11. While this upgrade coincided with the device refresh cycle at most organizations, some had to refresh a small portion of devices outside the normal refresh cycle.

Modeling and assumptions. For the composite organization, Forrester makes the following assumptions:

- Five percent of users have a device that is not on the current refresh cycle and does not meet minimum specifications.
- The average device is valued at \$800.

Risks. This cost will vary among organizations based on:

- The number of out-of-specification devices in an organization requiring a refresh.

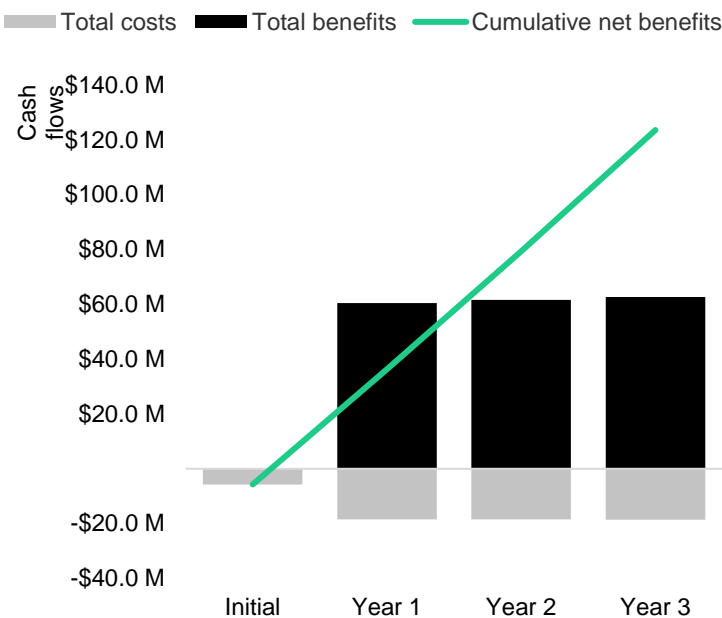
Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$1.3 million.

Device Refresh						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
M1	Total end users	A1	30,000			
M2	Percentage of user devices requiring upgrade	Composite	5%			
M3	New device cost	Composite	\$800			
Mt	Device refresh	M1*M2*M3	\$1,200,000	\$0	\$0	\$0
	Risk adjustment	↑5%				
Mtr	Device refresh (risk-adjusted)		\$1,260,000	\$0	\$0	\$0
Three-year total: \$1,260,000			Three-year present value: \$1,260,000			

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$5,712,210)	(\$18,423,704)	(\$18,474,026)	(\$18,525,363)	(\$61,135,303)	(\$51,647,201)
Total benefits	\$0	\$60,540,103	\$61,674,039	\$62,827,891	\$185,042,033	\$153,210,261
Net benefits	(\$5,712,210)	\$42,116,399	\$43,200,013	\$44,302,528	\$123,906,730	\$101,563,060
ROI						197%
Payback						<6 months

APPENDIX A: TOTAL ECONOMIC IMPACT

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

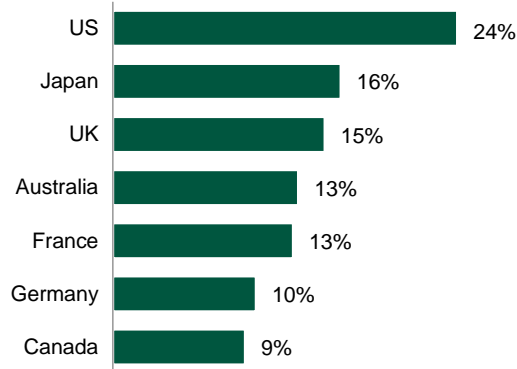
The initial investment column contains costs incurred at “time 0” or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV Sources are calculated for each total cost and benefit estimate. NPV Sources in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value Sources of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

APPENDIX B: INTERVIEW AND SURVEY DEMOGRAPHICS

Interviews			
Role	Industry	Region	Revenue (USD)
Vice president of employee IT	Automotive	Europe	~\$18 billion
Vice president of IT	Energy	North America	~\$6.5 billion
Technology and product management leader	Financial services	South America	~\$100 million
Cloud operations director	Pharmaceutical	Europe	~\$3.3 billion
Digital workspace domain manager	Specialty manufacturing	Europe	~\$12 billion

Survey Demographics

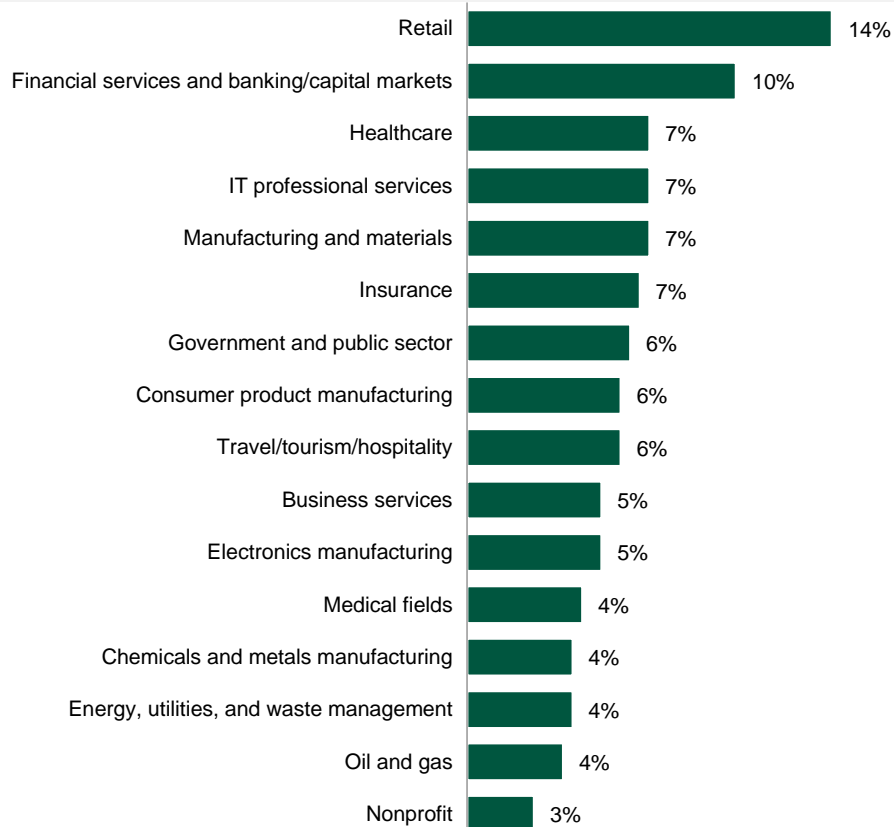
“What geographic region are you located in?”



Base: 269 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

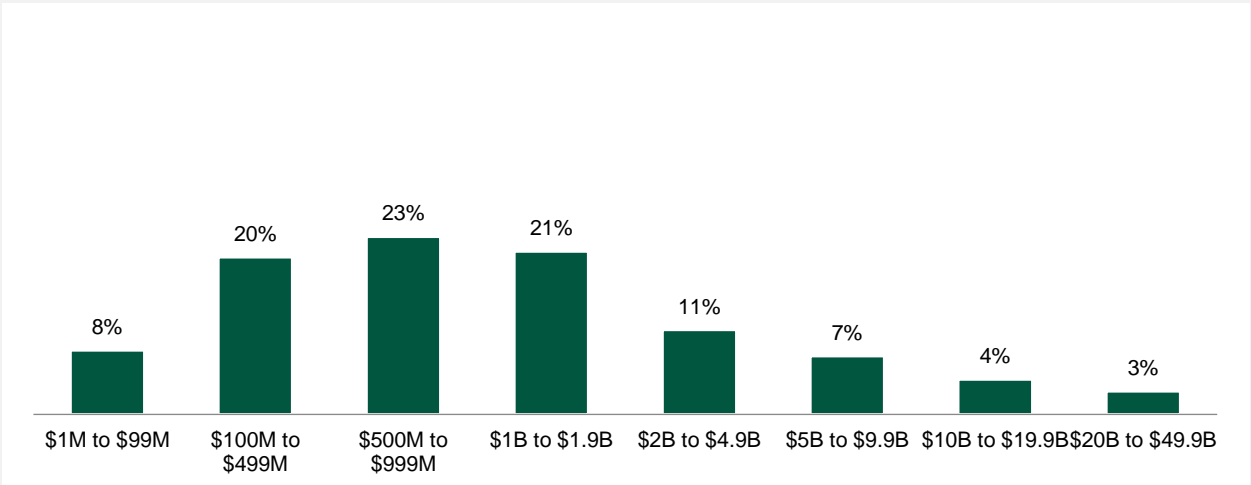
“What industry is your organization in?”



Base: 269 IT decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

“Using your best estimate, what is your organization’s annual revenue (USD)?”



Base: 269 IT decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2025

APPENDIX C: ENDNOTES

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

² Base: 432 security decision-makers from organizations with revenue of at least \$1 billion with network, data center, app security, or security ops responsibility and that have experienced a breach in the past 12 months; Source: Forrester's Security Survey, 2023.



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