



MICROSOFT SPEND IN MIDMARKET

Microsoft contract spend in the midmarket
segment from 500 upto 3.000 users

ABSTRACT

Microsoft midmarket contract spend analysis covers licensing and cost benchmarks for organizations with 500 to 3,000 users using Microsoft SaaS, Azure, and on-premises solutions. The model divides spending into Lean, Balanced, and Advanced scenarios, detailing per-employee costs and assumptions based on current pricing and market.

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Microsoft Spend Analysis Midmarket

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Microsoft Spend model - Single Sourcing

Microsoft spend model used to benchmark/plan for a **single-source strategy** (Microsoft SaaS + on-prem + Azure) across **500–3,000 employees**. Split it into three scenarios (Lean / Balanced / Advanced), shown totals and per-employee costs, and documented every assumption with current list pricing and market benchmarks.

How the model is built (sources & assumptions)

Licensing price points (USD, list, per user/month)

- **Microsoft 365 Enterprise:** E3 (*no Teams*) **\$33.75**, E5 (*no Teams*) **\$54.75**. (Teams is now licensed separately in the EEA and globally for Enterprise SKUs; see notes below.)
- **Microsoft 365 Copilot add-on:** **\$30.00**.
- **Dynamics 365 (illustrative CRM/ERP seats):** Sales Professional **\$65**; Customer Service Professional **\$50**; Business Central Essentials **\$70**. (These are common modules I see in mid-market deployments)

Azure & On-prem placeholders (explainable)

Azure spend varies widely with workloads. I used **\$1k / \$2k / \$3k per employee per year** for Lean/Balanced/Advanced respectively, *as modeled placeholders*—to be replaced with your real workloads/consumption once you plug in your numbers (see “Tune this to your environment”).

Flexera’s 2025 cloud survey shows organizations’ public cloud spending continues to scale, with **managing cloud spend** still a top challenge and with Azure neck-and-neck with AWS—underscoring why we parameterize Azure rather than assume a single “average.”

On-prem (Windows/SQL, CALs & SA) uses **\$300 / \$400 / \$500 per employee per year** for Lean/Balanced/Advanced. These reflect hybrid footprints and recent **10–20%** Windows Server licensing price upticks and complexity around CALs/cores—again, placeholders until we size your actual estate.

Context benchmarks (sanity-check):

Global **SaaS spend per employee** averaged **\$4,830 in 2025** (Zylo; 40M licenses, \$40B spend). Industry and size matter, a Vertice 2025 analysis puts some cohorts materially higher, which is why your Microsoft share (M365 + Dynamics) will land well below *total* SaaS.

EEA/Global “no Teams” note: As of 2024/2025, Enterprise suites are offered **without Teams** (“(no Teams)” SKUs) and Teams is available as a separate SKU; Business suites in the EEA continue to have options with Teams. If you need Teams, include the add-on in your estimate for EEA deployments.

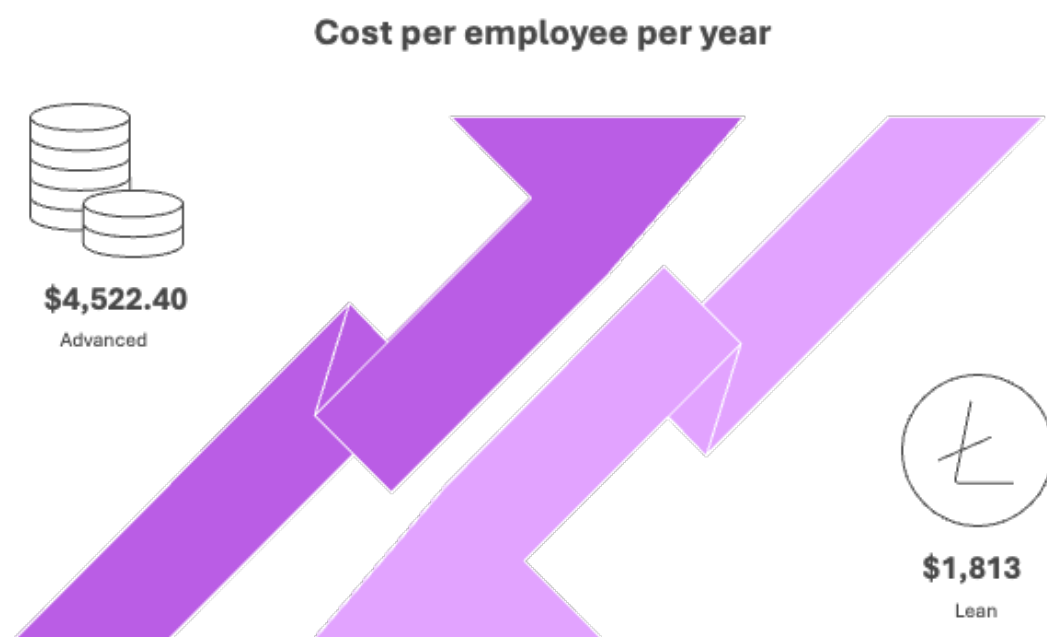
Scenario definitions (what each includes)

- **Lean:** 100% E3, no Copilot; Dynamics seats for **10% Sales Pro, 5% CS Pro; Azure \$1,000/emp/yr; On-prem \$300/emp/yr.** (*Conservative productivity stack + light CRM/CS + modest Azure; steady hybrid.*)
- **Balanced:** 70% E3 / 30% E5; **20% of users on Copilot; Dynamics seats 10% Sales Pro, 7% CS Pro, 5% Business Central; Azure \$2,000/emp/yr; On-prem \$400/emp/yr.** (*Heavier security/analytics + some Copilot + moderate CRM/ERP + larger Azure.*)
- **Advanced:** 30% E3 / 70% E5; **50% on Copilot; Dynamics seats 15% Sales Pro, 10% CS Pro, 10% Business Central; Azure \$3,000/emp/yr; On-prem \$500/emp/yr.** (*E5-first, broad Copilot, broader CRM/ERP + data/AI-heavy Azure + hybrid footprint.*)

License prices from Microsoft 365 & Dynamics price pages; Copilot add-on from the official Copilot pricing page.

Per-employee totals (all-in: SaaS + Azure + on-prem)

- **Lean:** \$1,813 per employee per year
- **Balanced:** \$3,114.60 per employee per year
- **Advanced:** \$4,522.40 per employee per year



Scenario	500 emp	1,000 emp	2,000 emp
Lean	0.91	1.81	3.63
Balanced	1.56	3.11	6.23
Advanced	2.26	4.52	9.04

Category breakdown (examples)

- Lean*: M365 core 0.405, Dynamics 0.108, Copilot 0.000, Azure 1.000, On-prem 0.300, Total 1.813
- Balanced*: M365 core 0.481, Dynamics 0.162, Copilot 0.072, Azure 2.000, On-prem 0.400, Total 3.115
- Advanced*: M365 core 0.581, Dynamics 0.261, Copilot 0.180, Azure 3.000, On-prem 0.500, Total 4.522

*(USD millions; 1,000 employees)

What the Microsoft SaaS portion alone looks like

At **1,000 employees**, Microsoft SaaS (M365 + Dynamics + Copilot) works out to roughly:

- **Lean: \$513 / employee / year**
- **Balanced: \$714.60 / employee / year**
- **Advanced: \$1,022.40 / employee / year**

Compare that to **overall SaaS** across *all vendors* averaging **\$4,830 per employee in 2025** (varies by industry/size), which implies Microsoft's share is typically a minority of total SaaS in most mid-market stacks—until you add significant Dynamics modules and Copilot at scale

Why Azure and on-prem are parameterized (and how to refine)

- **Azure:** Spend depends on the mix (VMs vs. PaaS vs. data/AI), regions, reservations/savings plans, and EA/CSP discounts. Flexera's 2025 report shows **managing cloud spend** remains the **#1 cloud challenge**, with Azure usage prevalent, so right-sizing is critical. Use the **Azure Pricing Calculator** for your workloads and **Cost Management/Advisor** (Reservations & Savings Plans) to lock in discounts.

- **On-prem:** Windows Server/SQL per-core + CALs + SA, hybrid rights, and recent price increases can swing your number; treat the per-employee placeholders as a starting point and replace with your actual core counts and SA/true-up terms.

EEA Teams licensing

For **Enterprise** suites, Microsoft now offers “(no Teams)” SKUs, with **Teams sold as a separate add-on**; globally this took effect **April 1, 2024** (EEA/CH changes started earlier). If you standardize on Teams, include the standalone Teams SKU for each user in scope.

(EEA Business suites with Teams continue to exist; check the latest local offers before finalizing a SKU mix.)

Tune this to your environment

If you use your internals, Y’ll swap the placeholders for real numbers and send you a board-ready slide plus a one-page summary:

- **License mix** (E3 vs E5, % Copilot, Dynamics modules & seat counts). *(I’ll use Microsoft list price tables; Copilot is \$30 user/month add-on.)*
- **Azure footprint** (approx. # of core workloads: line-of-business apps, data/AI, analytics, VDI; regions; any existing 1- or 3-year reservations/savings plans). *(We’ll also run it through the Azure Pricing Calculator and Cost Management.)*
- **On-prem estate** (Windows/SQL cores, CAL suites, SA status, HCI/VM density), so we reflect current pricing and licensing rules.

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Impressum

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