The Total Economic Impact™ Of Microsoft 365 For Business

Cost Savings And Business Benefits Enabled By Microsoft 365 For Business
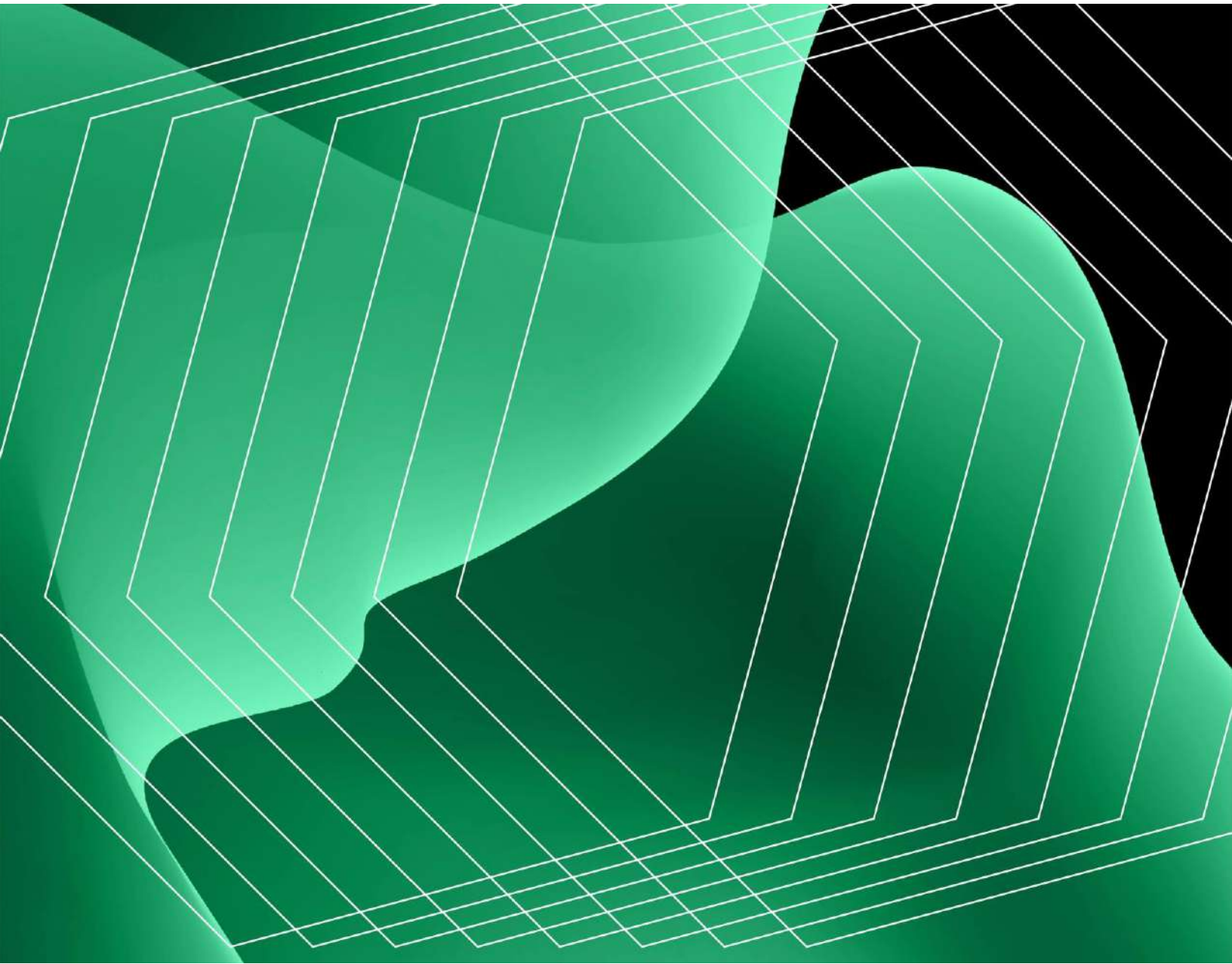
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ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

Executive Summary

Small and medium-size businesses (SMBs) frequently seek IT solutions to enhance their operations and maintain a competitive edge. Microsoft 365 for Business offers a comprehensive suite of productivity tools that are designed to improve collaboration, security, and overall productivity.

Microsoft 365 is a cloud-based suite of productivity tools and services offered by Microsoft. It integrates Office applications (e.g., Word, Excel, PowerPoint), cloud storage (OneDrive, SharePoint), email services (Outlook), collaboration tools (Teams, Loop), and security features into a single solution. Microsoft 365 for Business is specifically tailored to meet the needs of businesses, offering a combination of productivity tools and enterprise-grade security. It is designed to provide reliable, scalable, and secure cloud-based solutions for communication and productivity. For SMBs, Microsoft 365 for Business can deliver value through its comprehensive suite of productivity tools, seamless integration, and scalability.

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

Return on investment (ROI)
223%

Net present value (NPV)
$631,000

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed nine decision-makers with experience using Microsoft 365 for Business. Forrester also surveyed 145 decision-makers at SMBs that have deployed Microsoft 365. For the purposes of this study, Forrester aggregated the interviewees' and survey respondents' experiences and combined the results into a single composite organization that is a US-based SMB with 150 employees and revenue of $30 million to $50 million per year.

Interviewees said that prior to adopting Microsoft 365 for Business, their organizations relied on on-premises productivity and collaboration tools that lacked integration. End users frequently encountered technical issues, which hindered their productivity. IT leads spent considerable time troubleshooting and maintaining their systems. Additionally, the existing technology stack and infrastructure were costly to maintain, representing a significant inefficiency for SMBs.

After the investment in Microsoft 365 for Business, the interviewees' organizations gained access to a fully integrated, cloud-based suite of productivity tools. Both internal and external communications improved significantly. End users could select different productivity tools based on their needs and work styles. Cloud storage facilitated effective collaboration among users and provided a centralized repository for knowledge. IT leads saved time on system and infrastructure maintenance, while their organizations benefited from enterprise-grade cybersecurity tools.

KEY FINDINGS

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

- **Savings on retired hardware and software costs as well as IT maintenance costs for those systems.** By transitioning to Microsoft 365 for Business, the composite organization can retire its legacy conference call solution and antivirus solution; it also replaces its on-premises email Exchange server and file transfer protocol (FTP) server. Additionally, the organization reduces its expenditure on managed service providers (MSPs) by consolidating its systems. Over three years, these cost savings amount to $297,000.

- **Collaboration time savings of 1.5 hours per week per user.** Microsoft 365 for Business facilitates advanced collaboration and communication among users. By using collaboration tools, each user can save 1 hour per week; they can save an additional 0.5 hours by using cloud file storage capabilities. Over three years, the composite organization realizes savings exceeding $519,000 through business user automation and process improvements.

- **Improving IT specialist productivity by saving 686 hours per year.** The integrated cloud solution suite allows internal IT specialists to save time on device management with Intune, resulting in fewer help desk tickets and fewer hours spent on system updates and patching. Over three years, these savings total $97,000 for the composite organization.

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

- **Further productivity savings due to automated workflows built with Power Automate.** The composite organization can create automated workflows by deploying Power Automate for Microsoft 365, which helps reduce the time spent on administrative tasks and associated costs. The low-code environment enables the composite to streamline processes without requiring high-level professional support.

- **Better decision-making processes, thanks to Power BI's provision of easy access to data and reports.** Microsoft Power BI offers interactive visualizations and business intelligence capabilities with an intuitive interface, allowing end users to create their own reports and dashboards. The composite is able to then focus its limited resources on data analysis and report creation. Enhanced data and reporting capabilities support the composite organization in making informed decisions.

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

- **Microsoft 365 for Business subscription costs of $81,000.** Microsoft 365 for Business operates on a subscription cost model. Depending on the plan type, end users have varying levels of access to Microsoft solutions and services.

- **Implementation and initial training costs of $58,000.** The composite organization collaborates with an MSP to plan the implementation and server migration. Internal IT specialists handle the migration and setup. On average, end users spend 2 hours setting up, familiarizing themselves with the new environment, and completing the necessary training.

- **Ongoing management of Microsoft 365 for Business, which costs $143,000.** Internal IT specialists dedicate 20% of their efforts to managing Microsoft 365.

The decision-maker interviews and financial analysis found that the composite organization experiences benefits of $913,000 over three years versus costs of $282,000, adding up to a net present value (NPV) of $631,000 and an ROI of 223%.

> "People are familiar with the design already, and I think Microsoft is trying to simplify more and more while adding features. Microsoft also tries to make management simple, so we are happy with Microsoft 365 on that."
>
> **IT MANAGER, TRANSPORTATION AND LOGISTICS**

Return on investment (ROI)

223%

Benefits PV

$913,000

Net present value (NPV)

$631,000

Payback period

<6 months

Benefits (Three-Year)

Savings on retired legacy solutions and systems — **$297.0K**

Business users automation and process improvement — **$519.4K**

IT specialist productivity lift — **$96.7K**

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 for Business.

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 Microsoft 365 for Business 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 for Business.

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 for Business.

Interviews And Survey
Interviewed nine people at organizations using Microsoft 365 for Business to obtain data about costs, benefits, and risks; surveyed 145 respondents at SMBs with 25 to 300 employees using Microsoft 365 for Business.

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 For Business Customer Journey

Drivers leading to the Microsoft 365 for Business investment

Interviews			
Role	**Industry**	**Region**	**Number of employees/Microsoft 365 seats**
IT manager	Manufacturing and materials	US	80
Managing partner	Technology	Singapore	50
IT manager	Legal services	US	300
Head of IT and cybersecurity	Legal services	UK	110
IT manager	Nonprofit	US	110
IT manager	Transportation and logistics	US	50
IT specialist	Education	US	35
IT operations manager	Staffing and recruiting	UK	130
IT director	Manufacturing and materials	US	300

KEY CHALLENGES

Before transitioning to Microsoft 365 for Business, the interviewees' organizations often relied on fragmented hardware and software to meet their productivity needs. Most organizations used locally installed versions of Microsoft Word, Excel, and PowerPoint for daily tasks, while on-premises servers handled email services and file storage. They also implemented various antivirus and conference call solutions but seldom deployed advanced productivity tools.
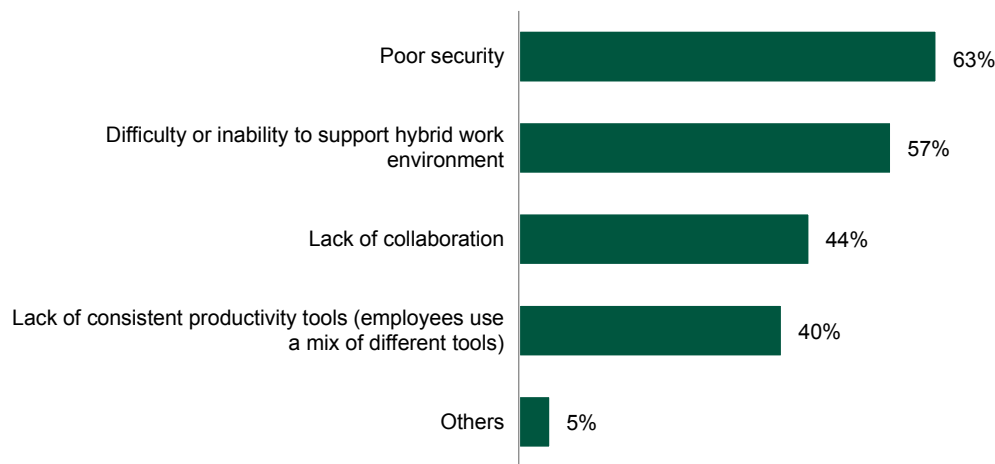
The interviewees noted how their organizations struggled with common challenges, including:

- **Email servers that were labor-intensive to manage for internal IT specialists.** The interviewees' organizations often had overloaded IT staff due to suboptimal IT architecture. Increased usage led to more maintenance and troubleshooting, tying up IT resources. The IT manager at a legal services organization shared: "There's the unseen cost of trying to manage mailboxes when you're in a smaller environment and using somebody else's environment to host. They're going to throw a disk at it and then just charge me in the back end. It got to the point where we predicted it to be almost half a million dollars a year by moving away." The IT manager at a transportation and logistics organization also commented: "Our company is a smaller organization; we only had one IT person, so managing the Microsoft Exchange Server is not an easy task. It requires a lot of time to update things. One of the reasons for this change was to offload some responsibilities from the IT manager and to simplify management."

- **Availability issues, outages, and malfunctions of the previous legacy systems that caused inefficiency.** The interviewees told us that legacy systems frequently experienced availability issues, outages, and malfunctions, causing inefficiencies. Their organizations often lacked the expertise and resources to set up robust IT infrastructure, leading to more disruptions as their businesses grew. The IT manager at a nonprofit organization shared: "The on-premises system was installed in a monolithic fashion, meaning we have one server that does all of the roles for email exchange. It's not a great platform. We have tons of outages. We had a lot of availability issues where people could not receive email. They were really caused by insufficient resources in the hardware. It was older infrastructure, and it just needed to be updated." In addition, the antivirus solution deployed couldn't fully capture the threat. The same interviewee said: "Somebody clicked on a phishing email and they got ransomed [ransomware]. It took the organization down for at least a week, and it took them about a month to recover."

- **The inability of business users to work and collaborate efficiently with legacy tools.** Legacy tools hindered effective collaboration, a critical foundation for the interviewees' productivity. Business users spent considerable time resolving collaboration issues, such as sharing files, converting file versions, and recovering improperly saved files. The IT manager at a transportation and logistics organization shared their previous experience: "If you try to do something with emails, you have to attach a specific document, email it to a group of people, and ask them to update it. It's

not easy to track who updated it and when, so somebody would update it, send that document back with … version two as another version. If you work with different versions, people mess things up."

Among the 145 survey respondents, 63% experienced poor security as a pain point before switching to Microsoft 365 for Business, while 57% faced challenges in supporting a hybrid work environment.

"What pain points were you hoping to address with your investment in Microsoft 365?"

Poor security	63%
Difficulty or inability to support hybrid work environment	57%
Lack of collaboration	44%
Lack of consistent productivity tools (employees use a mix of different tools)	40%
Others	5%

Base: 145 decision-makers with responsibility or influence over their organization's IT solution
Note: Multiple responses accepted.
Source: "The Total Economic Impact™ Of Microsoft 365 For Business," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2025

SOLUTION REQUIREMENTS AND INVESTMENT OBJECTIVES

The interviewees' organizations searched for a solution that could:

- **Be set up and deployed easily and inexpensively.** Interviewees told us that cost and ease of implementation were crucial factors when selecting a solution. When we asked why they chose to deploy Microsoft 365, the managing partner of a technology company shared: "It's quite easy to set up and, depending on the configuration, it is not that expensive. And for a startup, you really need those [critical] tools to build presentations

and email to be able to communicate with your partners and your prospects or customers. It is definitely an important package to have."

- **Offer full integration and compatibility with other solutions.** Full integration reduces fragmentation among solutions, while compatibility with other specific tools enhances productivity. The IT director at a manufacturing and materials organization commented: "Microsoft 365 is an integrated platform that does everything from the cloud all the way to the endpoint. So it being entirely a standardized solution helped tremendously, [compared with] a very diverse and non-standardized work environment." The IT specialist at an education organization shared their experience: "Our accounting team uses a lot of other products, like TurboTax [and] QuickBooks, which are integrated with Excel. You can save data in an Excel sheet first, then put [it in] QuickBooks. If you put it into other types of files, you are messing it up."

- **Be user-friendly and familiar to business users.** Ease of use is essential for productivity tools to minimize the time spent learning how to use them. Interviewees needed tools that their end users can adopt quickly and start using productively. The IT specialist at an education organization said: "I think Microsoft 365 is convenient and more well-known. People are comfortable with it. It is easier for people to communicate what to do or how to fix a problem with Microsoft 365."

"I think the biggest value is collaboration capabilities. The ease of teams working and collaborating together has improved 100%. From a security standpoint, we have everything in the cloud, so it's being backed up nightly. If we were unfortunately to get ransomware, we would have the capabilities to restore our information to the previous date. From a business continuity standpoint, it's been good for us, and it will be good for us in the future."

IT DIRECTOR, MANUFACTURING AND MATERIALS

COMPOSITE ORGANIZATION

Based on the interviews and survey results, 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 interviewees' 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 US-based business has 150 employees and generates $30 million to $50 million in annual revenue. Internally, two IT specialists are responsible for managing the entire company's IT infrastructure.

Deployment characteristics. All 150 employees use Microsoft 365 for Business, with different versions based on their roles and responsibilities. Specifically, 100 employees use Microsoft 365 Standard, while 50 employees use Microsoft 365 Premium. Additionally, the composite organization purchases 20 Microsoft E5 security licenses to enhance security services, replacing the previous security solution.

The composite organization collaborates with a Microsoft managed service provider for the initial planning and implementation of Microsoft 365 for Business.

Key Assumptions

$30 million to $50 million in revenue

150 employees

100 employees using Microsoft 365 Standard

50 employees using Microsoft 365 Premium

20 employees using Microsoft E5 security licenses Add-on

Analysis Of Benefits

Quantified benefit data as applied to the composite

	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Savings on retired legacy solutions and systems	$119,415	$119,415	$119,415	$358,244	$296,967
Btr	Automation and process improvements for business users	$208,845	$208,845	$208,845	$626,535	$519,367
Ctr	IT specialist productivity lift	$38,896	$38,896	$38,896	$116,689	$96,729
	Total benefits (risk-adjusted)	$367,156	$367,156	$367,156	$1,101,468	$913,063

SAVINGS ON RETIRED LEGACY SOLUTIONS AND SYSTEMS

Evidence and data. The interviewees at SMBs often deployed different vendor solutions as needed, resulting in isolated systems. According to our survey results, 65% of respondents were transitioning from on-premises versions of Microsoft, with most using multiple sets of tools.

"What did you use before Microsoft 365 to improve/manage productivity?"
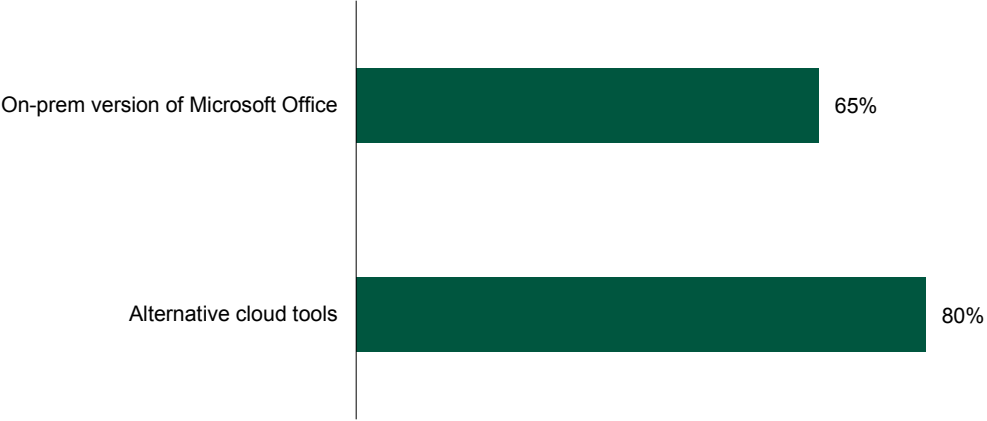
On-prem version of Microsoft Office — 65%

Alternative cloud tools — 80%

- The interviewees' organizations often used on-premises servers for email and storage due to the limited scope of their existing IT infrastructure. As the businesses grew, these servers became more troublesome for both end users and IT specialists. The IT manager at a legal services organization shared their experience: "We had mailbox size issues when we were archiving. It was so costly. We often ran into situations like 'We need to do these upgrades and to migrate from that hardware.' Overall, we could never figure out how to adjust for that year over year because it was such a rapid rise in data aggregation in email that it became crazy. It would be an extra $100,000 just to move it and do the maintenance." The head of IT and cybersecurity at another legal services organization mentioned spending £15,000 on a new Exchange Server on a Hyper-V host every five years; on-premises licenses cost an additional £10,000 to £11,000 annually. Switching to Microsoft 365 for Business eliminated these costs and maintenance efforts.

- To support hybrid work and virtual meetings, interviewees' organizations deployed various conference meeting solutions. These standalone solutions were costly and lacked integration capabilities. The IT manager at a transportation and logistics

organization commented: "In the past, we used alternative conferencing solutions. But I think Teams is much more capable, [and it's] easier to chat. I think it's much more common. People are more familiar with it, and I think it's easier to use and cheaper. The alternatives are either expensive or not as professional as Teams. They don't have the capabilities of Teams, which has more security and corporate usage designs."

- Microsoft 365 for Business provided interviewees with enterprise-grade security. The IT manager from the transportation and logistics company shared their experience: "Defender is really amazing. I check the portal every two days; I check what our exposure score is. You can easily see which computers have high-priority updates or there's some high-priority vulnerabilities that are very easy to single out to get reports. We were using another antivirus [solution] two years ago, which cost $100 per user per year. [Before Microsoft 365], there was an incident, and I believe there was some financial loss. But after we deployed Defender, nothing like that has happened."

- By switching to Microsoft 365, interviewees' organizations could retire their MSPs, saving internal IT specialists' efforts on managing licenses and solutions. The IT manager at a nonprofit organization said: "We were working with a managed service provider, and it was their responsibility to make sure that servers did not go down. … We started to have some problems with them because I ended up doing all the work, which we're paying somebody else to do, but mainly it was just the state of the server, the state of the software, the hardware. It was old stuff and it was just failing. The MSP was being paid $80,000 per year, which was too much." The IT director at a manufacturing and materials company shared, "It would probably cost me at least 15 to 20 hours more every month to manage licenses and figure out which workstation to upgrade."

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization retires its standalone conference call and antivirus solutions, saving $39,600 and $22,500 annually, respectively.

- The composite organization previously spent $20,000 on email servers and $20,000 on file storage servers every five years. The saved amortized cost is $4,000 per server. Including the FTP server add-on, the organization saves an additional $3,000 each year.

- The MSP costs the composite organization $50,000 annually. By switching to Microsoft 365 for Business, the organization's IT specialists save 23 hours per month on managing licenses and servers.

Risks. The expected financial impact is subject to risks and variation based on several factors that may reduce or slow recognition of this benefit, including:

- The tools and the solutions used by the organization in the prior environment.

- The decommissioning phase of those legacy solutions.

- Whether or not the organization uses an MSP, as well as the internal expertise of the IT specialists.

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 $297,000.

> "We were able to eliminate the MSP, which was costing us roughly $200,000 a year — that would be the Exchange portion, the servers, administration, anything like that — we brought all of that in-house, so year over year, I'm saving $200,000 while growing somebody's skill and gaining retention."
>
> **IT MANAGER, LEGAL SERVICES**

	Savings On Retired Legacy Solutions And Systems				
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Cost of retired conference call solution	Composite	$39,600	$39,600	$39,600
A2	Cost of retired antivirus solution	Interviews	$22,500	$22,500	$22,500
A3	Amortized cost of retired Exchange and FTP servers	Interviews	$7,000	$7,000	$7,000
A4	Amortized cost of file storage server	Interviews	$4,000	$4,000	$4,000
A5	**Subtotal: Cost of retired software and hardware**	**A1+A2+A3+A4**	**$73,100**	**$73,100**	**$73,100**
A6	Cost of using an MSP	Interviews	$50,000	$50,000	$50,000
A7	Time saved on managing multiple licenses per month for an IT specialist (hours)	Interviews	15	15	15
A8	Time saved on managing on-premises servers per month for an IT specialist (hours)	Interviews	8	8	8
A9	Average fully burdened hourly rate for an IT specialist	Composite	$63	$63	$63
A10	**Subtotal: Total savings of IT specialists on legacy system maintenance**	**(A7+A8)*12*A9**	**$17,388**	**$17,388**	**$17,388**
At	Savings on retired legacy solutions and systems	A5+A6+A10	$140,488	$140,488	$140,488
	Risk adjustment	↓15%			
Atr	Savings on retired legacy solutions and systems (risk-adjusted)		$119,415	$119,415	$119,415
	Three-year total: $358,244		**Three-year present value: $296,967**		

AUTOMATION AND PROCESS IMPROVEMENTS FOR BUSINESS USERS

Evidence and data. Interviewees reported that switching to Microsoft 365 for Business significantly increased productivity for business users compared with previous solutions.

- Interviewees told us that Microsoft 365 for Business enhanced file storage in multiple ways. Instead of saving files locally, users could use SharePoint and OneDrive to save files in the cloud, avoiding siloed storage and enabling better access across the organization. Additionally, the AutoSave function eliminated the frequent issue of unsaved work. The IT specialist at an education organization shared: "When I first came here, it was once a week that people were working on something all day and didn't save

it. Then they tried to make me find it. The AutoSave to cloud saves a lot of my time with that."

- They also said that the cloud environment enabled simultaneous collaboration, reducing email communications and the risk of duplicated efforts. The IT director at a manufacturing and materials organization described the previous environment: "You can imagine sharing files and email, working on a file for 5 hours, and finding out there's an … updated version. Being able to share a file and share the updates so everybody has the latest and greatest file is fundamental for team collaboration. Microsoft 365 brought the efficiency of having the most updated information in a centralized location. It was very beneficial to them. The productivity lift is 10% to 15%, conservatively; [it might] even be 20%." The IT manager at a transportation and logistics company commented: "If you work with different versions, people mess up things. It's very common — I would say maybe at least half the time."

- Interviewees' organizations widely adopted Teams in various areas. Beyond conference meetings, Teams became a central app for communication and collaboration. The IT manager at a nonprofit organization shared: "Our team members in the membership department are using Teams to collaborate on all different situations. Instead of sending emails, they're doing chat. Whereas in the past, it would be [sending] an email back and forth that would get … 2 miles long; it would have all the older stuff. The ability to store files within the Teams channel and reference files is beneficial for project management. They don't have a whiteboard in their office anymore. They're actually doing it within Teams." The IT manager at a transportation and logistics company said, "I think Teams provides more security, more collaboration tools, [and it's also] more integrated to Microsoft applications." And the IT director at a manufacturing and materials company commented, "I think the value of Teams is probably worth the entire Microsoft 365 license for the year."

Surveyed decision-makers at SMBs across different regions also reported a significant time reduction for collaboration and productivity tasks with Microsoft 365 for Business.

- They noted a 45% reduction in time spent on file storage and a 25% reduction in file sharing.

- Daily, each business user saved 14 minutes using OneDrive and SharePoint for file storage and sharing; they saved 23 minutes by using Teams for chat, collaboration, and virtual meetings.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Each business user saves 1 hour per week with collaboration tools within the Microsoft 365 for Business suite, as well as 0.5 hours with cloud file storage.

- All 150 Microsoft 365 business users experience these savings. The average fully burdened hourly rate for a business user is $42. We apply a 50% productivity recapture rate, as not all time saved is redirected to higher-value work.

Risks. The expected financial impact is subject to risks and variation based on several factors that may reduce or slow recognition of this benefit, including:

- The deployment of different types of Microsoft 365 for Business licenses, as different licenses provide access to different apps.

- Business users' existing workflows and their adoption rate of the 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 $519,000.

> "We're able to share calendars, share mailboxes … out-of-office statuses are way easier. … On a weekly basis, it probably saves the average person an hour. Some of our power users though, they really dug in with the new one — like how to do things with macros — and they're starting to really use the tools more, which is a nice hidden surprise."
>
> **IT MANAGER, LEGAL SERVICES**

Automation And Process Improvements For Business Users

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Microsoft 365 business users	Composite	150	150	150
B2	Time saved per user/per week with collaboration tools (hours)	Interviews	1	1	1
B3	Time saved per user/per week with cloud file storage (hours)	Interviews	0.5	0.5	0.5
B4	Fully burdened hourly rate for a business user	Composite	$42	$42	$42
B5	Productivity recapture rate	TEI methodology	50%	50%	50%
Bt	Automation and process improvements for business users	B1*(B2+B3)*52*B4*B5	$245,700	$245,700	$245,700
	Risk adjustment	↓15%			
Btr	Automation and process improvements for business users (risk-adjusted)		$208,845	$208,845	$208,845
	Three-year total: $626,535		**Three-year present value: $519,367**		

IT SPECIALIST PRODUCTIVITY LIFT

Evidence and data. Interviewees shared that their internal IT specialists were frequently occupied with system maintenance and troubleshooting, leaving little time to strategically consider the entire environment or support business expansion. By switching to Microsoft 365 for Business, internal IT specialists saved effort on device management, troubleshooting, and system updates.

- Device management is a significant part of IT specialists' responsibilities. Interviewees praised the Intune app in Microsoft 365 for Business Premium for saving time and effort in managing various devices, including desktops, laptops, and mobile phones. The IT manager at a legal services organization shared: "The time goes from about 3 hours to build a device to 1 hour, and we can build that device anywhere as opposed to [building it] in our office. The offboarding is great. Say a person gets offboarded in Alabama: [Their laptop] will no longer come to New Jersey; it will go back to the Alabama office, or they have the ability to leave it at the Alabama office and then it will stay there, and the next person to be hired from that office will be issued that laptop."

- In the event of a lost device, interviewees' said their organizations can remotely wipe data using Intune to prevent data leakage. The head of IT and cybersecurity at a legal organization said: "When there is a lost device, we could locate where it is, then we

would remote wipe it as well. We would ensure that all the phones are PIN-protected. This is quite important for us."

- Previously, interviewees' IT specialists manually handled system updates. An IT manager at a nonprofit organization said: "I used to spend about a week and a half each month manually updating every computer. It's not exciting work. Now, Intune handles updates, and we can schedule them during nonworking hours to minimize business impact." The same interviewee noted that major updates previously caused 20-minute outages, but they now push updates at midnight, reducing business disruptions.

- Troubleshooting was another time-consuming task in the prior environment. With Microsoft 365 for Business, interviewees said the number of help desk tickets decreased due to system consolidation and integration, and the time to resolve tickets was also reduced. The IT manager at a legal services organization shared: "The ticket-handling process was a nightmare on the old Exchange. Everything got escalated to a senior engineer on our team, myself, or then the MSP. Things that used to traditionally take a long time were now getting done at a much quicker pace. … If I was saying 100% of my tickets were [related to] Exchange, it's down to 10% at this point. Because we've been able to strategize, we're discovering problems quicker. We get a better holistic overall view of what is happening."

The SMB decision-makers we surveyed reported a 31% reduction in time spent on maintaining systems after switching to Microsoft 365, and a 36% reduction in IT specialists' time spent on managing system updates.

IT Specialist Time Spent On Activities Per Month
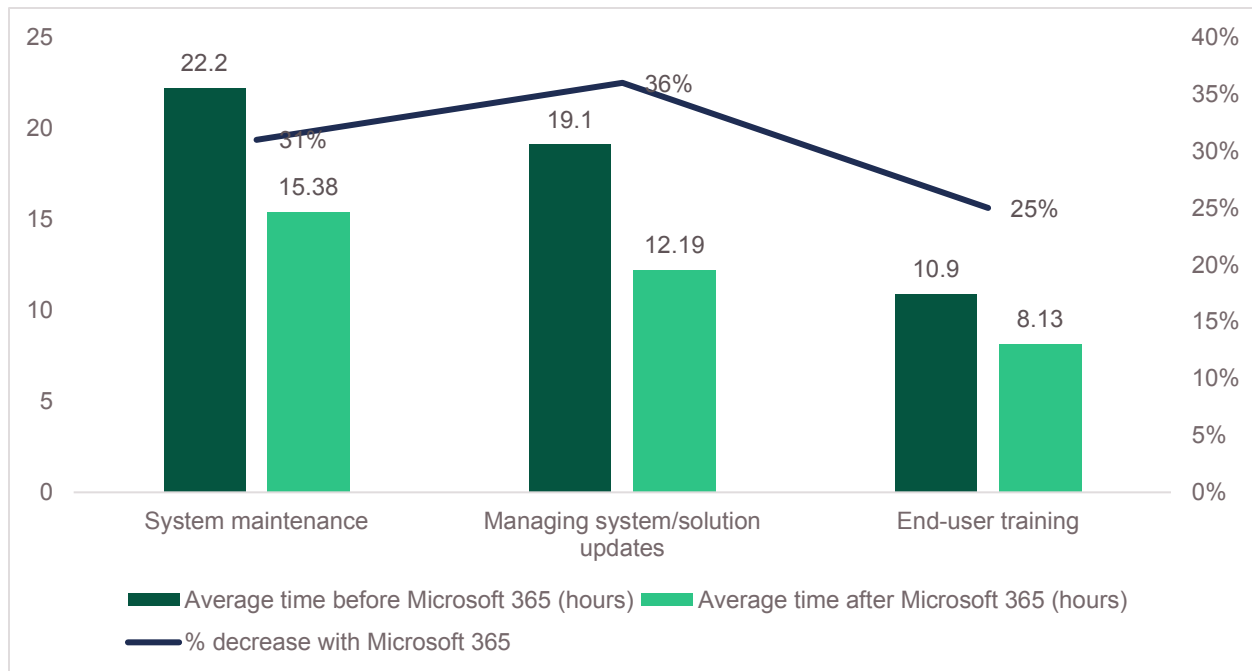
Base: 37 decision-makers with responsibility or influence over their organization's IT solution
Source: "The Total Economic Impact™ Of Microsoft 365 For Business," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2025

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization has an average turnover rate of 20%, equating to 30 devices being onboarded and offboarded annually. Additionally, with an average device lifespan of four years, 25% of devices need to be replaced each year. By deploying Intune, IT specialists save 2 hours on device onboarding and 1 hour on device offboarding, totaling 130 hours saved per year.

- The IT specialists save 20 hours per month on ongoing device management.

- With Microsoft 365 for Business, the IT specialists experience a 90% reduction in the time they spend dealing with help desk tickets. Previously, IT spent 6 hours per week on help desk issues. This equates to time savings of 280 hours per year.

- With Microsoft 365 for Business, the IT specialists save 3 hours per month on system updates and patching.

- The average fully burdened hourly rate of an IT specialist is $63.

Risks. The expected financial impact is subject to risks and variation based on several factors that may reduce or slow recognition of this benefit, including:

- The previous IT environment and the expertise of the IT specialists.

- The Microsoft 365 for Business license types deployed in the organization.

- The adoption rate of Microsoft 365 for Business in the organization.

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 $97,000.

IT Specialist Productivity Lift					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Time saved per year with Intune for device onboarding and offboarding (hours)	Interviews	130	130	130
C2	Time saved per year with Intune on ongoing device management (hours)	Interviews	240	240	240
C3	Time saved per year due to fewer help desk tickets (hours)	Interviews	280	280	280
C4	Time saved per year on system updates and patching (hours)	Interviews	36	36	36
C5	Average fully burdened hourly rate for an IT specialist	A9	$63	$63	$63
Ct	IT specialist productivity lift	(C1+C2+C3+C4)*C5	$43,218	$43,218	$43,218
	Risk adjustment	↓10%			
Ctr	IT specialist productivity lift (risk-adjusted)		$38,896	$38,896	$38,896
	Three-year total: $116,689		**Three-year present value: $96,729**		

686 hours

IT specialist time savings per year

UNQUANTIFIED BENEFITS

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

- **Productivity savings from automated workflows built with Power Automate.** Power Automate for Microsoft 365 can provide significant value to SMB customers, as its low-code interface enables them to create automated workflows that streamline manual tasks across applications and services. Interviewees reported substantial productivity gains through the integration of SharePoint, Intune, and other Apps. The head of IT and cybersecurity at a legal services organization shared: "We're probably saving like £20,000 a year. That's a SharePoint list with a Power Automate workflow tacked onto it. Once you get SharePoint on your lists, putting a Power Automate approval on it, it's amazing. And the invoice workflow we built with Power Automate would save about 30 minutes per invoice." In the Forrester survey, respondents reported saving 22 minutes per day with the use of Microsoft Automate, the second-largest savings after Microsoft Teams (24 minutes per day per user).

- **Better decision-making processes enabled by easy access to data and reports generated with Power BI.** Interviewees shared that their organizations use Power BI to develop interactive dashboards and reports that support their decision-making processes. The head of IT and cyber security at a legal services organization said: "Power BI is absolutely fantastic for our financial team. We've got dashboards that tell them exactly where they are with their financial targets and their time targets as well. It also gives great reporting into our management without the need to have SQL reporting services running on-premises. The reports update four times a day automatically, all up to date. It saves them about 10 hours. They can better leverage those reports like analytics … and make better decisions."

Related TEI study

Forrester Total Economic Impact Study Shows A 248% ROI By Deploying Microsoft Power Automate

Forrester conducted a TEI study on Microsoft Power Automate and published it in June 2024.[2] In that study, Forrester constructed a composite organization with 30,000 employees and $10 billion in annual revenue based on the interviewees' organization profiles. Forrester concluded that the composite organization in that study could see a 248% ROI by deploying Microsoft Power Automate. The following benefits are quantified in the study:

Two hundred hours of efficiency gains per user from robotic process automation (RPA) per year by employees involved in high-impact RPA use cases, equivalent to approximately 10% lift.

Two hundred and fifty hours per end-user time savings from extended automation with Power Apps and Power Automate.

A 20% reduction in the time required to develop workflows.

For a detailed analysis of the benefits, costs, and ROI, see The Total Economic Impact™ Of Microsoft Power Automate.

> "We built an automated workflow for joiners, movers, and leavers. Almost the entire process is automated ... The administrative work is reduced by about 75% to 80%."
>
> **IT OPERATIONS MANAGER, STAFFING AND RECRUITING**

FLEXIBILITY

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

- **Embracing artificial intelligence with Microsoft Copilot.** The option to use Microsoft 365 Copilot opens the door to leveraging AI to enhance productivity. Some interviewees said they have already experienced productivity gains with the AI assistant and are exploring opportunities to expand its usage internally. The head of IT and cybersecurity at a legal services company shared: "Microsoft 365 is giving us a toe in the water for AI that's coming out now. Some of our end users have Copilot, and we're allowing them to use that for non-client-related tasks. They're all doing their presentations through Copilot and getting that all scripted for themselves as well."

- **A diverse toolset with continuous updates.** Microsoft 365 for Business offers a wide range of apps to meet the needs of various roles within SMBs. For instance, Planner and To-Do assist with project and task management; Viva Engage and Viva Learning provide tools for workplace social interaction and corporate learning; and Microsoft Clipchamp offers video editing capabilities. The variety of apps addresses the general needs of SMBs for daily tasks. Interviewees noted that stakeholders in different departments utilize different sets of tools to meet their specific needs. The continuous updates and new functionalities added to the suite also bring ongoing benefits. The head of IT and cybersecurity at a legal services company shared: "The big benefit for us is that they

release new functionality as part of your Microsoft 365 subscription. We can just use it, and … we're always getting the new functionality coming out."

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

Related TEI study

Forrester Total Economic Impact Study Shows A 132% To 353% ROI By Deploying Microsoft Copilot For SMBs

Forrester conducted a New Technology TEI study on Microsoft Copilot and published the study in October 2024.[3] In the study, Forrester constructed a composite organization that is an SMB with 200 employees and annual revenue of $35 million based on the interviewees' organization profiles. Forrester concluded that SMBs could see an ROI of 132% to 353% by deploying Microsoft Copilot. The following benefits are quantified in the study:

A 6% increase in topline revenue due to go-to-market transformation.

A 0.85% decrease in total expenditures due to operational transformation.

A reduction in employee attrition of 20% and an acceleration in the time to onboard new hires of 25%.

For a detailed analysis of the benefits, costs, and ROI, see New Technology: The Projected Total Economic Impact Of Microsoft 365 Copilot For SMB.

"I think part of the benefit is the fact that the platform continues to grow. It's very competitive, so the benefits definitely seem to be increasing over time."

IT MANAGER, NONPROFIT

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
Dtr	Licensing	$0	$32,634	$32,634	$32,634	$97,902	$81,156
Etr	Implementation and training	$57,948	$0	$0	$0	$57,948	$57,948
Ftr	Ongoing management	$0	$57,658	$57,658	$57,658	$172,973	$143,386
	Total costs (risk-adjusted)	$57,948	$90,292	$90,292	$90,292	$328,823	$282,490

LICENSING

Evidence and data. Microsoft 365 for Business operates on a subscription model with monthly pricing per user, based on the selected plan. The available plans include Business Basic, Standard, and Premium, each offering different levels of access to Microsoft solutions and services. The interviewees represented a diverse group of Microsoft 365 for Business customers. Contractors or seasonal workers typically had Basic plans, while full-time employees often used Standard and Premium plans. Additionally, individual add-on licenses for specific solutions were frequently purchased due to the specific needs of certain employee groups.

- Pricing may vary. Contact Microsoft for additional details.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization has 100 Microsoft 365 for Business Standard users at a monthly cost of $12.50 per license per month.

- The composite organization has 50 Microsoft 365 for Business Premium users at a cost of $22.00 per license per month.

- To have comprehensive protection, the composite purchases 20 Microsoft E5 security add-ons at a cost of $12.00 per license per month.

Risks. The expected financial impact is subject to risks and variations based on several factors that may raise these costs, including:

- The types of licenses chosen by the company.

- The selected add-on licenses that are purchased.

- The price strategy of Microsoft 365 for Business.

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 $81,000.

> "I believe simple is beautiful. Microsoft 365 doesn't confuse end users; it doesn't create extra management overload over time to IT personnel. I think if it's easy to manage, it's much more efficient. They're not too expensive."
>
> **IT MANAGER, TRANSPORTATION AND LOGISTICS**

Licensing						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
D1	Microsoft 365 Business Basic licenses	Composite	0	0	0	0
D2	Price per Basic license	Composite	$0	$6	$6	$6
D3	Microsoft 365 Business Standard licenses	Composite	0	100	100	100
D4	Price per Standard license per month	Composite	$0	$12.50	$12.50	$12.50
D5	Microsoft 365 Business Premium licenses	Composite	0	50	50	50
D6	Price per Premium license per month	Composite	$0	$22.00	$22.00	$22.00
D7	Microsoft E5 security licenses	Composite	0	20	20	20
D8	Price per E5 security license	Composite	$0	$12.00	$12.00	$12.00
Dt	Licensing	((D1*D2)+(D3*D4)+(D5*D6)+ (D7*D8))*12	$0	$31,080	$31,080	$31,080
	Risk adjustment	↑5%				
Dtr	Licensing (risk-adjusted)		$0	$32,634	$32,634	$32,634
	Three-year total: $97,902			**Three-year present value: $81,156**		

IMPLEMENTATION AND TRAINING

Evidence and data. According to the interviewees, implementing Microsoft 365 for Business wasn't a heavy lift for their IT specialists.

- To migrate the on-premises email and storage servers, the interviewees' organizations often used an MSP to plan the migration and perform the migration internally. The IT manager at a legal services organization shared: "We used the professional service to make the transition. We essentially had a project manager from their end and one Exchange administrator. We did about two weeks of planning and training, and then we transitioned that to my team. So I actually migrated everybody's mailboxes at night myself. It was way easier."

- For business users, there was no significant challenge in adopting the solution due to their familiarity with the previous on-premises version. However, they did spend some time setting up and getting accustomed to the new apps and tools included with Microsoft 365 for Business.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization spends $30,000 on professional consultancy services from an MSP for server migration planning.

- The internal IT specialists spend 40 hours on server migration and another 120 hours on setting up individual devices.

- Each end user spends 2 hours on device setup, training, and familiarization.

Risks. The expected financial impact is subject to risks and variation based on several factors that may raise these costs, including:

- The prior IT environment of the company.

- The expertise of internal IT specialists.

- The end users' experience with Microsoft solutions.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $58,000.

	Implementation And Training					
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Professional consultant/MSP fee	Interviews	$30,000	$0	$0	$0
E2	Internal IT specialist time spent on email and SharePoint server migration (hours)	Interviews	40	0	0	0
E3	Internal IT specialist time spent on device setup (hours)	Interviews	120	0	0	0
E4	Average time for business user training, setup, and familiarization (hours)	Interviews	2	0	0	0
E5	Average fully burdened hourly rate for an IT specialist	A9	$63	$63	$63	$63
E6	Microsoft 365 business users	B1	150	0	0	0
E7	Average fully burdened hourly rate for a business user	B4	$42	$42	$42	$42
Et	Implementation and training	E1+(E2+E3)*E5+E4*E6*E7	$52,680	$0	$0	$0
	Risk adjustment	↑10%				
Etr	Implementation and training (risk-adjusted)		$57,948	$0	$0	$0
	Three-year total: $57,948			**Three-year present value: $57,948**		

ONGOING MANAGEMENT

Evidence and data. Interviewees told us that by switching to Microsoft 365, their IT specialists have a consolidated view of all the tools and devices they manage through Microsoft 365 for Business. They no longer needed an external MSP for ongoing management.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Its IT specialists spend 20% of their total effort on the ongoing management of tasks related to Microsoft 365 for Business. This includes, but isn't limited to, solution maintenance, device management, and ad hoc help desk service.

- The average fully burdened annual salary of an IT specialist in the composite organization is $131,040.

Risks. The expected financial impact is subject to risks and variations based on several factors that may raise this cost, including:

- IT specialists' expertise and fully burdened annual salary.

- The adoption and usage of Microsoft 365 for Business.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $143,000.

Ongoing Management						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	IT specialists	Composite		2	2	2
F2	Percentage of IT specialist time spent on managing Microsoft 365 for Business	Interviews		20%	20%	20%
F3	Fully burdened annual salary for an IT specialist	Composite		$131,040	$131,040	$131,040
Ft	Ongoing management	F1*F2*F3		$52,416	$52,416	$52,416
	Risk adjustment	↑10%				
Ftr	Ongoing management (risk-adjusted)		$0	$57,658	$57,658	$57,658
	Three-year total: $172,973			Three-year present value: $143,386		

Financial Summary

Consolidated Three-Year Risk-Adjusted Metrics

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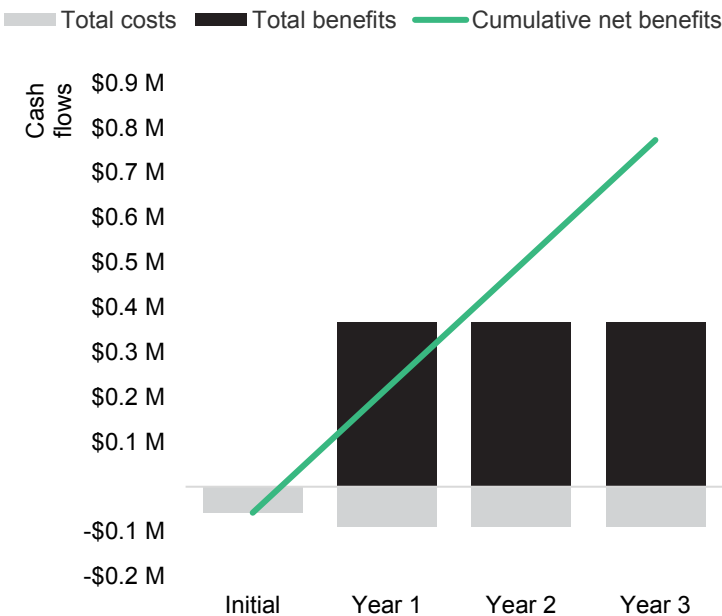
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

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	($57,948)	($90,292)	($90,292)	($90,292)	($328,823)	($282,490)
Total benefits	$0	$367,156	$367,156	$367,156	$1,101,468	$913,063
Net benefits	($57,948)	$276,864	$276,864	$276,864	$772,645	$630,573
ROI						223%
Payback period (months)						<6

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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

Total Economic Impact Approach

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and 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. 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 calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

APPENDIX B: SURVEY DEMOGRAPHICS

"In which country are you located?"

COUNTRY	PERCENTAGE OF RESPONDENTS
Canada	12%
France	13%
Germany	10%
Singapore	32%
United Arab Emirates	10%
United States	21%

Base: 145 decision-makers with responsibility or influence over their organization's IT solution

Note: Percentages do not total 100 because of rounding.

Source: "The Total Economic Impact™ Of Microsoft 365 For Business," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2025

"Using your best estimate, what is your organization's annual revenue (US$)?"

REVENUE RANGE	PERCENTAGE OF RESPONDENTS
$1M to $5M	5%
$6M to $10M	10%
$11M to $25M	14%
$26M to $50M	15%
$51M to $100M	21%
$101M to $250M	23%
>$250M	13%

Base: 145 decision-makers with responsibility or influence over their organization's IT solution

Note: Percentages do not total 100 because of rounding.

Source: "The Total Economic Impact™ Of Microsoft 365 For Business," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2025

"Which of the following best describes the industry to which your company belongs?"

INDUSTRY	PERCENTAGE OF RESPONDENTS
Consumer product goods Education	2% each
Advertising and/or marketing Agriculture, food, and/or beverage Nonprofits Electronics Legal services	3% each
Chemicals and/or metals Energy, utilities, and/or waste management Technology and/or technology services Media and/or leisure Transportation and logistics	4% each
Business or professional services Construction Government Telecommunications services	5% each
Consumer services Healthcare Travel and hospitality	6% each
Financial services and/or insurance	7%
Manufacturing and materials Retail	8% each

Base: 145 decision-makers with responsibility or influence over their organization's IT solution

Note: Percentages do not total 100 because of rounding.

Source: "The Total Economic Impact™ Of Microsoft 365 For Business," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 2025

"Which of the following best describes your current position/department?"

POSITION/DEPARTMENT	PERCENTAGE OF RESPONDENTS
Finance/accounting	12%
Human resources/trainings	7%
IT	34%
Marketing/advertising	19%
Operations	18%
Sales	10%

Base: 145 decision-makers with responsibility or influence over their organization's IT solution

Note: Percentages do not total 100 because of rounding.

Source: "The Total Economic Impact™ Of Microsoft 365 For Business," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, February 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 solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

[2] Source: The Total Economic Impact™ Of Microsoft Power Automate, a commissioned study conducted by Forrester Consulting on behalf of Microsoft, July 2024.

[3] Source: New Technology: The Projected Total Economic Impact™ Of Microsoft 365 Copilot For SMB, a commissioned study conducted by Forrester Consulting on behalf of Microsoft, October 2024.

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