SOFTWARE LICENCE RENEWAL REVIEW / ILLUSTRATIVE CASE

How many software licences should we renew?

The management decision

Before accepting a renewal quote, compare the number of licences billed with the number the business genuinely needs. Investigate low activity with line managers and check the purchase minimum before counting a saving.

A renewal can arrive before anyone has checked whether people have moved roles, left the company or only use the product occasionally. Paying for every seat again can carry avoidable spend into another year. Removing seats solely because they show little activity could also disrupt seasonal users or a shared business process. This review gives procurement and IT one agreed set of figures before the notice window closes.

Worked example

Suppose a company pays for 240 seats at £18 per seat per month. Managers confirm that 30 seats could be released, but the contract requires at least 220. The renewal can therefore fall by 20 seats, worth £4,320 over 12 months at the stated rate. If eight temporary users still need access, the minimum order remains 220 because the revised requirement would be 218.

Example figure	What it represents
240	Seats purchased
220	Minimum order
£4,320	Illustrative annual reduction

What changes the answer

If 15 of the 30 proposed releases turn out to be needed, the order becomes 225 seats. The annual difference falls to 15 × £18 × 12, or £3,240. Any supplier fees or separate purchasing commitments would reduce that figure.

Software licence renewal review

What to commission

Review one product renewal across an agreed group of users, including the notice date and contractual minimum.

We compare purchased seats with assigned and recently used seats, then identify discrepancies for the appropriate manager to confirm. We distinguish occasional use, service accounts and confirmed leavers. Your contract owner checks the minimum quantity, notice requirements and which changes the supplier will accept at renewal.

How to judge the result

The buyer can reconcile paid seats to confirmed users and explain which seats can actually be removed at renewal.

Separate seats identified for review from seats the supplier will remove from the bill. Compare the first-year reduction against the time and charges needed to change the agreement.

Decision worksheet

Project detail	Starting point for your team
Decision owner	IT procurement manager and finance partner. Name the person who will approve the next step.
Records to gather	A renewal quote, current seat count, recent usage summaries and the notice date.
Agreed output	An editable renewal workbook, a seat recommendation and questions to take to the supplier.
Decision date	Record the deadline, any unresolved assumption and who will confirm it.

Discuss this case

Tell us the renewal month, the approximate number of seats and who can confirm occasional users. A summary of the quote is sufficient for the first conversation. We can agree how to share any user-level records afterwards.

Email info@oxetc.co.uk and mention IT-21. All figures in the worked example are illustrative.