Microsoft Releases First Full Offering of Hosted Office

By Christopher Barnett

On January 29, Microsoft announced the full release of its new, hosted, "Office 365 Home Premium," service, which makes its popular suite of Office productivity products available to users over the Internet in return for a recurring subscription fee. Other editions in the **Office 365** series also are available under "preview releases." The current editions available include:

- **Home Premium**
  - Includes Word, PowerPoint, Excel, Outlook, OneNote, Access, and Publisher
  - Allows installation of the Office software on up to 5 PCs
  - Includes 7GB of online storage
- **Small Business Premium** (preview)
  - Includes Word, PowerPoint, Excel, Outlook, OneNote, Access, Publisher, InfoPath, and Lync
  - Allows up to 10 users to install the Office software on up to 5 PCs each
  - Also includes hosted email, shared documents, and HD video conferencing for enrolled users
- **ProPlus** (preview)
  - Includes many of the same features as Small Business Premium, but allows up to 25 users to install the Office software on up to 5 PCs each
- **Enterprise** (preview)
  - Includes the same features as ProPlus, though likely for a higher maximum user count
  - Also includes centralized management of hosted Exchange, SharePoint and Lync resources, which can assist with collaboration efforts and which may be necessary for some companies to satisfy regulatory/compliance obligations

Office is one of Microsoft's most important products, and the move to a hosted, recurring-revenue model is a significant one for the software giant. While the "traditional," local-installation model likely will continue to be a significant source of revenue in the near term, the world is inexorably moving toward hosted solutions for many general-purpose software products. In addition, hosting gives the provider a steady revenue stream. Microsoft historically has been at the mercy of its customers' tendency to wait as long as possible to pay $300-500 for new Office suite licensing. By contrast, the hosted model may incentivize users to pay an annual fee (Home Premium reportedly will run $100 per year) in return for the promise of regular updates and new features.

As Microsoft expands the Office 365 offerings, business customers also may be able to realize cost savings in the form of reduced exposure from software audits. Unlicensed Office products can be very costly to discover in the event of a compliance audit initiated by Microsoft or by industry groups like the Business Software Alliance. If the local Office 365 installations are dependent on active subscriptions to function, then the exposure ordinarily associated with full local Office installations may be eliminated for many businesses.

However, those considering signing up for the new hosted Office service should be wary of contract terms pertaining to data availability. One of the biggest sources of trouble from cloud services can be the fate of users' data when subscriptions expire or are terminated. It can be a productivity boon for files created or edited using the hosted service to be saved online, but to maximize the security and integrity of that data, files also should be saved or backed up to local storage and/or to another provider's cloud service. Larger enterprises especially must remain vigilant regarding the confidentiality and availability of files that may be accessed or saved using Office 365 or any other cloud service.

About the author Christopher Barnett:

Christopher represents clients in a variety of business, intellectual property and IT-related contexts, with matters involving trademark registration and enforcement, software and licensing disputes and litigation, and mergers, divestments and service transactions. Christopher's practice includes substantial attention to concerns faced by media & technology companies and to disputes involving new media, especially the fast-evolving content on the Internet.

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