

Office 2007 Delay Will Cause More SA Customers to Lose Rights

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The delay of Office 2007 means customers that renewed Software Assurance in October (and probably November) 2003, and that don't plan to renew again, will join those that renewed in September 2003 in getting no new release.

Event

On 29 June 2006, Microsoft said that Office 2007 will not be available to volume license customers in October 2006 as previously announced. Microsoft now plans to make the product available as of 1 November 2006 or possibly 1 December 2006.

Analysis

Microsoft's delay of Office 2007 won't significantly delay many projects. However, this announcement reverses that of 23 March 2006, when Microsoft said Office 2007 would be available to volume license customers on the October price list. This meant that customers covered by Software Assurance (SA) as of 1 October would have rights to the new version. When we questioned Microsoft about its commitment to provide the new version to customers with SA as of 1 October, regardless of the final ship date, Microsoft responded this would not be an issue because it wouldn't miss that date.

This shows how a shipping delay of just a month or two can reduce the value of an SA agreement. At this point, customers that renewed their Enterprise Agreement (EA) or SA for Office in September, October and likely November of 2006 will not get a new version of Office for the approximately \$240 to \$300 they paid for each PC, although they may have made use of other SA benefits during the term.

Microsoft claims more users than expected downloaded the Office beta, so it has more feedback to consider. Gartner believes that this shows the schedule was too tight in the first place. Microsoft also says far fewer customers were affected by this announcement than by the last one; however, it has not said if it plans to offer affected customers a free SA extension.

Recommendations

- Don't base your deployment plans too closely on Microsoft's release schedule. Build plenty of extra time into your testing schedule.
- Companies that were planning on early Office 2007 deployment should work with Microsoft to get later beta versions to test, and should extend their testing schedules by two to three months.
- Companies with SA or EA renewals in September, October and November 2006 should demand that Microsoft provide the new Office version to them for their three-year investment in SA. Work with Microsoft to resolve this issue before discussing renewal at all; if Microsoft thinks you've already decided not to renew, you lose any leverage. Should Microsoft refuse and you don't want to renew for three years, see if your contract has a one-year renewal option.
- Even if you plan to renew, a delay in Office 2007 means that substantial work will not begin on the follow-on release until that much later, so ask for an extra three months of coverage in your next contract at no additional cost.
- Don't sign up for SA unless you can cost-justify the agreement even if you don't get a new version of the product, or the timing is such that there is little risk of not getting a new release.

Analytical Sources: Michael Silver and Alvin Park, Gartner

RECOMMENDED READING

- "Release Dates for Office 2007 Determine New Version Rights" — Microsoft has confirmed the release dates for Office 2007; SA customers should check their agreement end dates to see if they will receive rights to it. **By Alvin Park and Michael Silver**
- "Determining the Value of Microsoft Software Assurance" — Don't assume that a new version of SA-covered products will be forthcoming during the contract term, because new versions are not guaranteed. **By Alvin Park**

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