

OFFICE 365 TENANT CONSOLIDATION

Frequently asked questions

Quest[®]



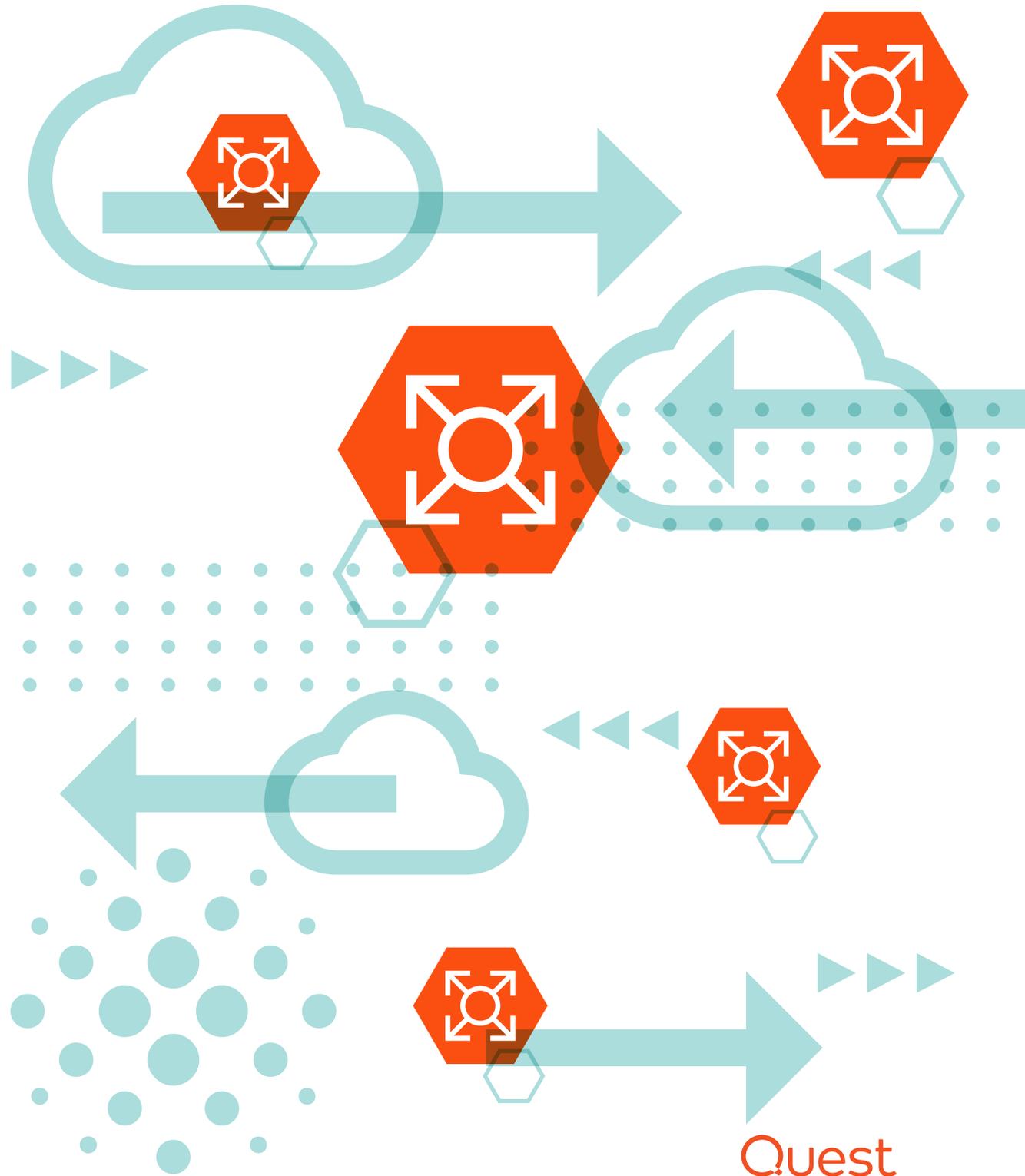
Introduction

More and more organizations are seizing the benefits of Office 365. By migrating to the cloud, they have enhanced user productivity, slashed infrastructure costs, enabled unprecedented business agility and more.

But if your organization has migrated some or all of its data and workloads to the cloud, you might be experiencing certain issues as well. In particular, many organizations find themselves not with a simple deployment with a single tenant, but with two or three or even more tenants. In short, they have a classic case of Office 365 tenant sprawl.

If you're in this situation, you undoubtedly have questions. Is tenant sprawl really a problem? Will tenant consolidation resolve the issues you're facing? If so, what factors are critical to a successful consolidation project?

This FAQ provides the answers you seek. You'll discover how tenant sprawl occurs, why it's a problem and how to fix it. As a bonus, you'll learn about a proven solution that will help you plan and execute a successful consolidation project — and manage and secure your Office 365 environment afterwards.



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Q1. How do organizations end up with multiple tenants?

Why are there so many organizations with Office 365 sprawl that a FAQ on the subject is even needed? Actually, there are a number of different ways that organizations end up with multiple tenants. Here are the most common ones.

M&A deals and shadow IT are two of most common causes of tenant sprawl.

MERGERS AND ACQUISITIONS (M&A)

M&A activity is probably the most common cause of tenant sprawl. M&A is increasing across many sectors worldwide, and given the strong adoption rate of Office 365, it's likely that the two (or more) organizations involved in a merger or acquisition will each have one (or more) tenants.

But how does this recipe so often result in tenant sprawl? As part of the M&A process, IT teams usually have to complete an initial IT integration under extremely tight deadlines. Moreover, they often learn about the deal only when it's made public, so they have no lead time to prepare, and the IT pros involved might never have performed a migration before. They simply don't have the luxury to architect and implement an optimal environment; instead, they are forced to take shortcuts and make guesses to simply get things working to meet legal requirements. That often means leaving all the source tenants in place and building workarounds to enable people to do their jobs and present the appearance of a unified company to the outside world.

Once the M&A deal is finalized, cleaning up all the shortcuts and workarounds often takes a back seat to other urgent matters, especially since IT teams are often short-staffed and overburdened to begin with. As a result, the new company continues to limp along with multiple tenants — at least until someone like you happens upon a FAQ like this, looking for a way to finally fix the underlying problem.

ROGUE INTERNAL ORGANIZATIONS

Many organizations, especially large enterprises, have various internal departments, subsidiaries and so on. These groups sometimes feel that upper management and the central IT team are not responsive enough to their needs, so they engage in shadow IT. In particular, they hear about the wealth of benefits that Office 365 offers, and then they discover just how easy it is to adopt the platform and services like Teams and SharePoint Online. The next thing you know, they have signed up for Office 365 and started moving data and workloads to a new tenant. In their eagerness, they never stop to consider the implications of this

If the original Office 365 migration isn't properly planned, the on-premises mess is simply copied up to the cloud.

decision on the larger organization, or they dismiss those concerns as trivial compared to the anticipated benefits.

SEPARATE IT TEAMS

But it's not always shadow IT at work; sometimes it's actual IT. In large enterprises and agencies, it's common for different departments to each have their own IT team, budget, infrastructure and services. Some of those departments will likely recognize the value of Office 365 and start creating their own tenants, usually without coordinating with or even notifying the other IT departments. As a result, the organization as a whole ends up with multiple Office 365 tenants under separate control.

CARELESS OR RUSHED CLOUD MIGRATIONS

In many cases, tenant sprawl is built in from the very beginning of the Office 365 deployment, usually because the original cloud migration wasn't properly planned and executed. Like IT integrations during M&A deals, Office 365 migrations are often subject to arbitrary deadlines and IT often lacks experience with the entire process. As a result, the mess that existed on premises is simply copied up to the cloud.

SECURITY OR COMPLIANCE REASONS

In a relatively small number of cases, organizations actively choose to establish multiple tenants for security or compliance reasons. For example, they might need to separate data subject to different regulations, especially if different geographical jurisdictions are a factor.

Q2. What are the most common challenges of tenant sprawl?

Since you're reading this FAQ, it's a good bet that you're already experiencing some of the problems that can result from having multiple Office 365 tenants. But it's worth laying them all out so you can get a complete picture of the challenges involved.

LICENSE MANAGEMENT

Even with just one Office 365 environment, it can be hard to track exactly what licenses you're paying for and which ones you're actually using. With multiple tenants, the problem becomes even more intractable, especially if the environments are owned and managed by separate departments or business units. If you manage N tenants separately, that's N times the effort. And if you want to try to get a comprehensive understanding of which Office 365 licenses the organization as a whole owns and which services all your various users are consuming, you'll need to ask the different administrators to run separate reports and then try to piece together a unified picture.

IT MANAGEMENT

Of course, license management is just one tiny piece of the larger IT management burden. Managing N tenants means N times the effort on a whole host of tasks, from user provisioning to setting up Data Loss Prevention (DLP) and Mobile Device Management (MDM) to managing OneDrive for Business synchronization. Simply put, there's a lot for IT



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pros to do day in and day out, and doing it separately in multiple environments takes a lot more time and effort than doing it once.

SECURITY

Security can be considered part of IT management, but it merits special attention. Security is vitally important, and the more tenants you have, the more chances there are that something will get set up improperly or missed during auditing. Moreover, you simply need a unified view across your entire IT ecosystem to understand your exposure to risk and spot active threats. That broad picture is difficult to get when you have multiple tenants.

COMPLIANCE

Compliance also deserves a closer look. Organizations today are subject to a broad range of regulations, including not just industry-specific mandates but far-reaching laws like the GDPR and the California Consumer Privacy Act (CCPA). To prove your compliance and avoid the increasingly stiff fines and other penalties associated with failed audits, you need to be able to prove that your entire IT environment is secure and all activity around any regulated data is properly authorized and audited. If you

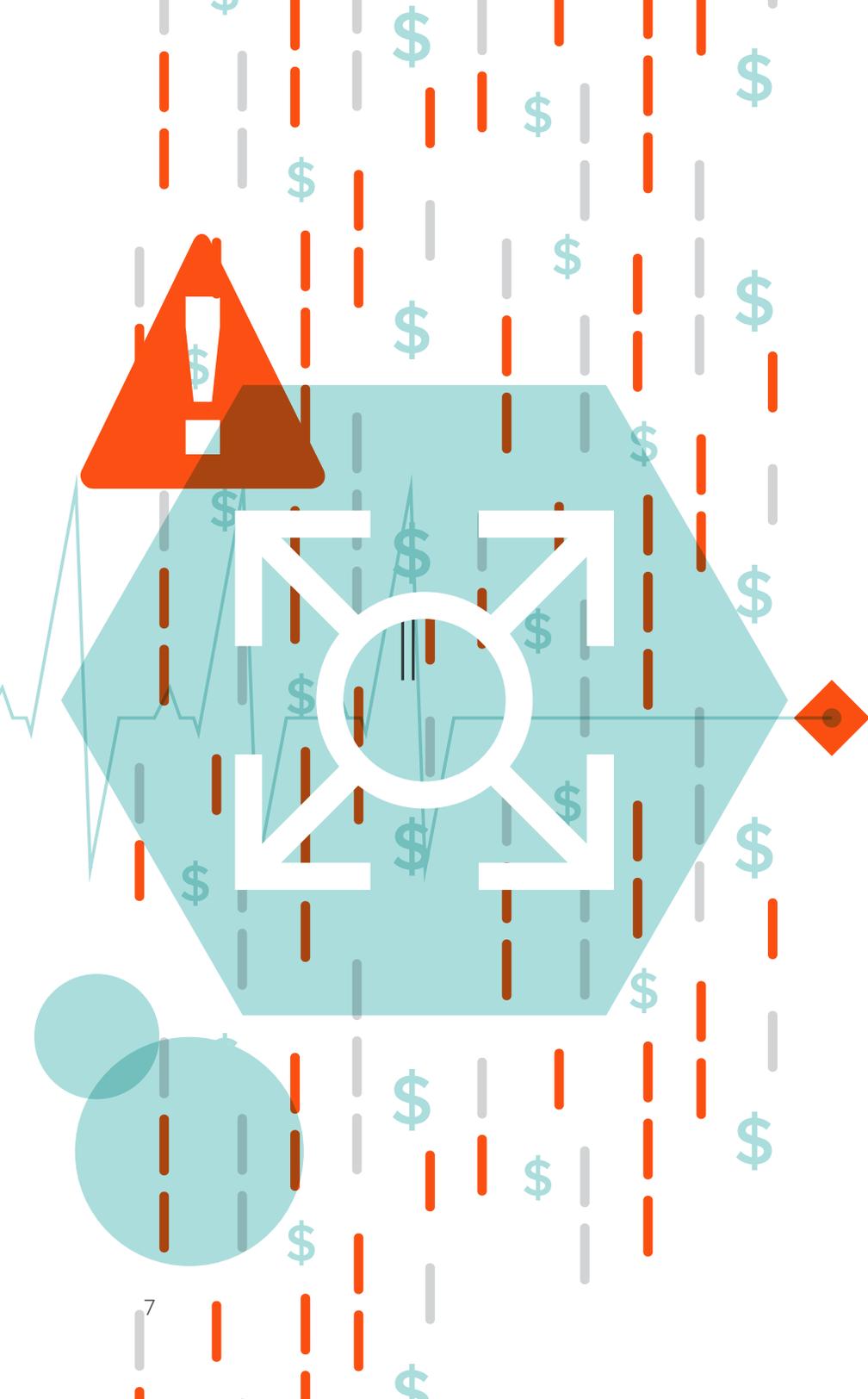
have multiple tenants, more time and effort will be required, and the risk of failure will be higher. Indeed, it can be tough to even know for sure where sensitive data is stored, where backups reside and whether data is crossing national borders, and therefore you might not even know exactly which regulations you need to comply with.

Moreover, compliance regulations are constantly changing and new ones are being enacted every year. It's hard enough to keep up across a single Office 365 tenant; having multiple tenant management teams trying to adapt multiples your costs and risks.

PLATFORM USABILITY AND ADOPTION

So far, we've focused mainly on the headaches that multiple tenants cause for IT teams, compliance officers and the C-suite in general. But users also suffer. If resources they need reside in different tenants, they have to deal with several IT teams to get the requisite identities and access rights. Then, to do their jobs each day and collaborate with all the people they need to interact with, they have to jump back and forth between tenants.

For example, it's confusing and frustrating for users when it's not clear whether a particular document they need is stored in this SharePoint environment or that other one, or which repository has the authoritative version. Similarly, Teams offers powerful new opportunities for users to work together more effectively, but when the users are in different tenants, taking advantage of those benefits can be difficult. As a result, users might resist Office 365 adoption and look for workarounds that serve them better.



Q3. What are the costs of tenant sprawl?

There are costs associated with each of the challenges we identified. Some of them are harder to quantify than others, but they are no less important. As you consider the total costs of your tenant sprawl, be sure to factor in all of the following.

LICENSING COSTS

We discussed the extra effort required to manage licenses for multiple tenants, which of course has a hard cost associated with it. You might be paying many times more than you should for those tasks. On top of that, you're most likely overpaying for the licenses themselves, since as we noted, it's nearly impossible to get a comprehensive understanding of all the licenses you have and how services are being used. Indeed, the same individual might be using one OneDrive for Business license in one tenant and a separate OneDrive for Business license in another tenant.

IT MANAGEMENT COSTS

Now consider how much time your scarce, highly paid IT pros are spending on duplicate management tasks beyond license management. Be sure to add in all the time they spend coming up to speed on Office 365 features and the native management interfaces, all the PowerShell training and scripting time, and the costs of any tools they might have purchased to help with various jobs. You're paying all those costs many times over if you have multiple Office 365 deployments. Moreover, you're wasting a great deal of IT talent that could be better spent on more strategic initiatives.

How much time are your highly paid IT pros spending on duplicate management tasks across your multiple tenants?

SECURITY RISKS

Each tenant has its own administrators, who have the ability to configure their tenants as they choose. How can you ensure consistent security, regular risk assessment, proper auditing and so on across all the tenants? You probably can't. And that's assuming all the administrators have honorable intentions and never make mistakes — add in the risk of malicious or accidental misconfigurations and other issues, and your total security risk soars. Ponemon's annual study now pegs the average cost of a data breach at a staggering \$3.92 million, and notes that organizations often feel the impact for years. While breaches caused by malicious attacks are the most costly, those caused by "system glitches" and human errors still result in an average loss of more than \$3.24 million.¹

COMPLIANCE RISKS

We've already reviewed how having multiple tenants makes it difficult to ensure compliance in today's complex and highly dynamic regulatory environment, and even to know exactly which regulations you are subject to. Now let's consider the impact of compliance failures. GDPR fines can reach 20 million euros or 4 percent of your total global turnover in the preceding fiscal year, whichever is higher. HIPAA penalties can range

from \$100 to \$50,000 per violation (or per record), with a maximum penalty of \$1.5 million per year for violations of an identical provision; violations can also carry criminal charges that can result in jail time. PCI DSS failures can result in penalties of \$5,000 to \$100,000 per month until you re-establish compliance, and you can even lose your right to accept credit card payments at all.

Those numbers aren't just theoretical. The Wall Street Journal reports that actual fines issued by U.S. regulators have hit a decade high, with \$1.3 billion in total penalties issued in the first seven months of 2019 — more than 17 times the total issued in all of 2018.² For example, Facebook must pay a record-breaking \$5 billion fine as part of a settlement with the Federal Trade Commission. The EU's Information Commissioner's Office (ICO) has already levied steep fines for GDPR violations; most notably, the ICO fined British Airways £183.4 million (US\$230M) and Marriott £99.2 million (US\$124M) on back-to-back days.

Though large enterprises like Facebook and Google seem to accept steep compliance fines as a cost of doing business, compliance failures represent an existential threat to organizations without such deep pockets.

LACK OF PLATFORM ADOPTION

When users have a poor experience with any new technology, they avoid using it when they can. If they have to constantly jump between tenants to get their jobs done, Office 365 adoption will suffer and you will never see the ROI you hoped to achieve by investing in the platform in the first place.

¹ 2019 Cost of a Data Breach Report, conducted by the Ponemon Institute and sponsored by IBM Security, <https://www.ibm.com/security/data-breach>.

² Wall Street Journal, "U.S. Sanctions Compliance Fines Hit Decade High," <https://www.wsj.com/articles/u-s-sanctions-compliance-fines-hit-decade-high-11564057920>.



Q4. Should I consider tenant consolidation?

The short answer is a resounding yes. Virtually every organization with tenant sprawl can benefit from tenant consolidation. Indeed, the only compelling reason to have multiple tenants is extremely tight security or compliance requirements that can be addressed only by maintaining separate tenants.

The benefits of tenant consolidation include mitigating the risks and costs we just discussed:

- **Licensing workload and license costs** — You will definitely slash your licensing management workload, and you'll likely be able to reduce the number of licenses you're paying for. Moreover, you'll gain bargaining power with vendors, since you'll be negotiating one larger deal rather than many smaller ones, which can deliver additional cost savings.
- **IT management effort and expenses** — More broadly, centralized management will dramatically reduce the effort spend

on all the other IT tenant management tasks. It will also enable you to consolidate on a single set of tools and reduce training costs.

- **Security and compliance risks** — You'll be able to ensure that security best practices are adhered to consistently, and be able to understand and fulfill your compliance obligations, reducing the risk of costly breaches and audit failures.
- **Platform adoption** — When you have a single tenant and manage it well, users will immediately see how Office 365 makes their lives easier and readily embrace it.

But the benefits of tenant consolidation don't stop there. You'll also be able to make better decisions that serve the organization as a whole. For example, you might choose to standardize on OneDrive for Business and eliminate the use of services like Box, Dropbox and Google Drive. Such policy decisions can drive more effective collaboration while further reducing costs and risk.

By consolidating tenants, you're not just reducing costs and risks; you're making your organization as a whole more agile and more competitive.

Indeed, users who can easily collaborate and find the data they need aren't just less frustrated; they're empowered to make better decisions to drive the business forward. By consolidating tenants, you're making your organization as a whole more agile and more competitive.



Q5. What are the most important things to consider when planning a tenant consolidation?

This is a little bit of a trick question because it assumes an absolutely critical point: Proper planning is the key to a successful tenant consolidation. In fact, experience shows that the assessment and analysis phase should account for 60–70 percent of any migration or consolidation project. If you don't plan thoroughly, your project is going to take longer than needed, introduce unnecessary risk, blow out your budget or even fail entirely.

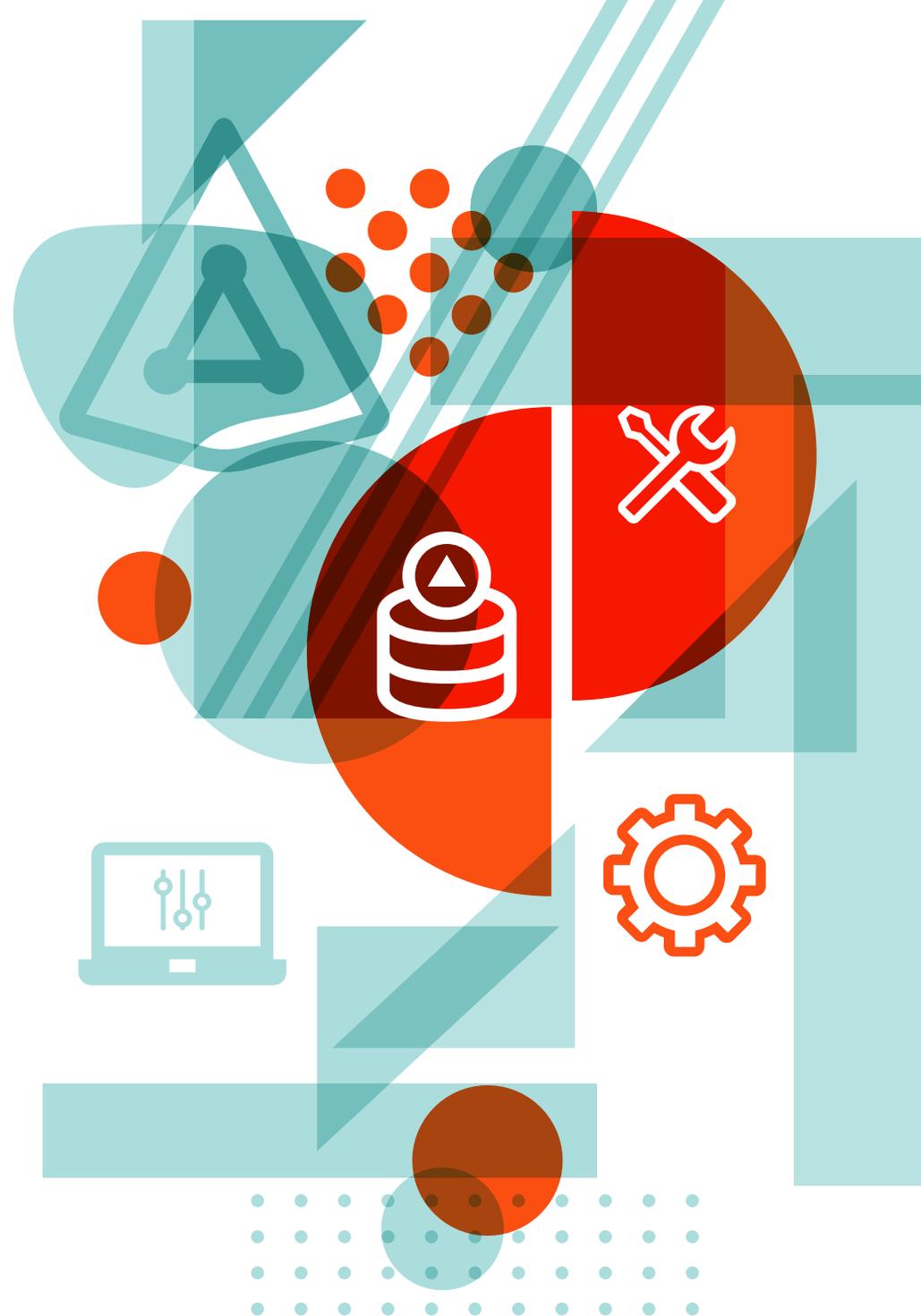
As you plan your tenant consolidation, you need to inventory what you have now and think carefully about what you need the end result to be. Be sure to consider all of the following.

STORAGE

What storage options are currently being used, both within your Microsoft cloud and in places like Box, Dropbox and Google Drive. Does that data need to actually reside in the cloud? Is there any duplicate or old data that should be deleted or archived? Understanding how much content you have will also help you accurately plan your migration timelines and set appropriate expectations.

SERVICES

Tenant consolidation is a perfect opportunity to think carefully about what services you actually need and which ones you might be able to eliminate. Just as you might standardize on OneDrive for storage, you might





choose to phase out the use of Slack in favor of Microsoft Teams. Being thoughtful and deliberate about which services you want to use will drive improve collaboration and productivity while reducing management overhead and licensing costs.

MIGRATION SCHEDULES

Consolidation projects, like most migrations, usually involve multiple passes. Consider which data to migrate first and what should wait until later. Take into account factors like how old the data is and how often it is changed, as well as the needs of the users who interact with it. Similarly, review which business services users are consuming the most and which ones can most easily be migrated.

MIGRATION TESTING

Be sure to plan for adequate testing of your migration scenarios so you can work out any issues before you tackle production data and services. Be sure you can monitor your progress and quickly roll back any failed migration jobs.

SECURITY AND COMPLIANCE

Review the policies and configurations that are in place in each of your current tenants, and make measured decisions about what they should look like in your target unified tenant. Consider how you are going to

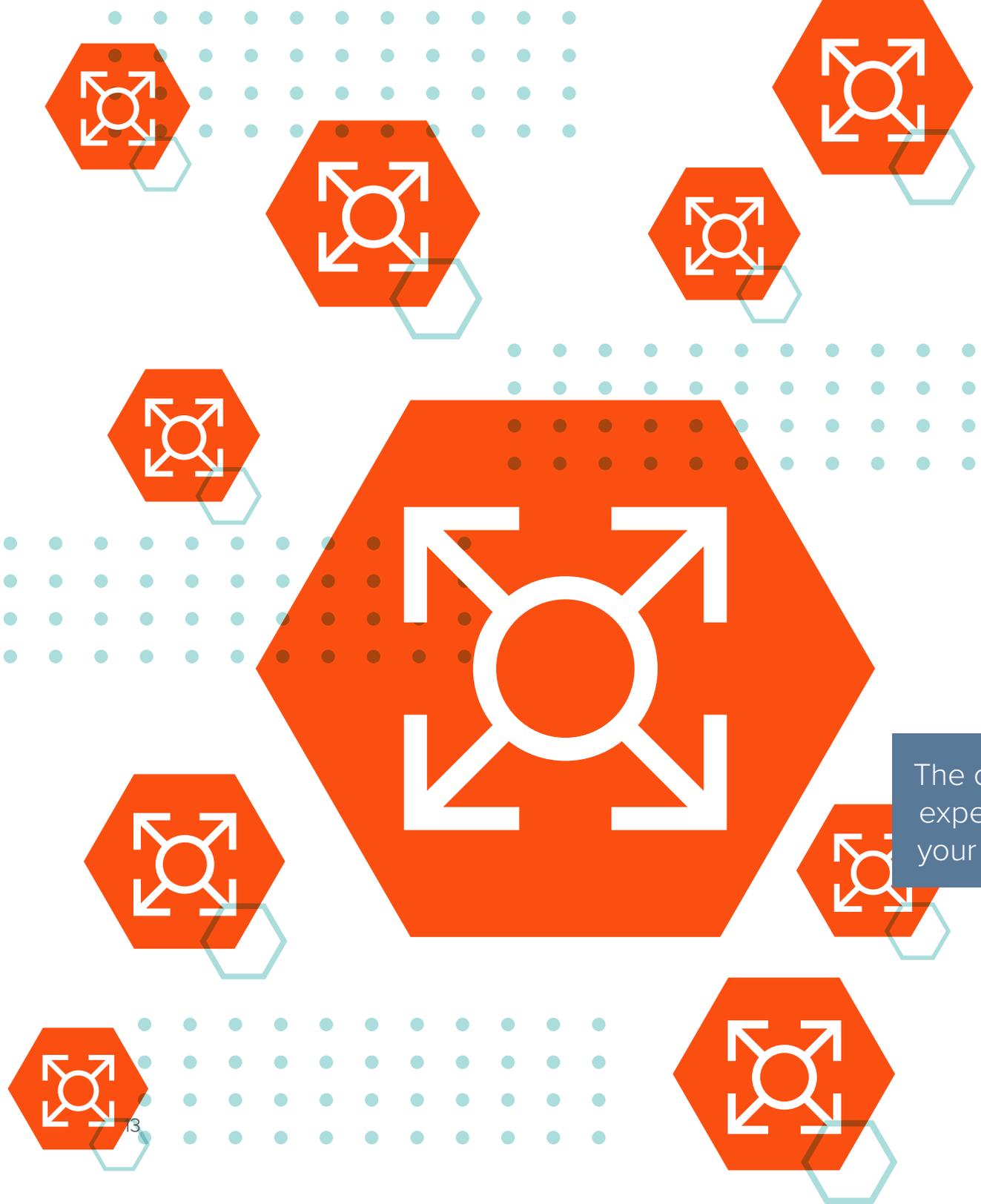
To justify investments in third-party migration tools or services, just tally up the costs of continuing to maintain multiple tenants.

audit user activity, back up and recover data, and ensure proper governance. Also think about security during the migration itself, since moving data around can put it at increased risk.

MIGRATION TOOLS AND SERVICES

Consider what experience your in-house staff has with tenant migration projects, which tools will help them complete the consolidation successfully and on schedule, and whether investing in outside expertise would be a smart choice. Migrations are complex projects and your IT pros might not have done them before. There are hundreds of decisions that need to be made, from determining what happens if groups from two tenants have the same name to merging different DLP policies. Help from experts, whether in person or via custom-built migration tools, can be invaluable.

To justify investments in migration third-party tools or services, simply tally up the costs of doing nothing, as laid out earlier in this FAQ.



Q6. Any chance the sprawl will resolve itself?

We've saved the easiest question for last. You probably already know the answer. No, your sprawl is never going to get better on its own. It's only going to get worse, with unpleasant ramifications for both for you and your users.

The only way to eliminate the pain and expense of sprawl is to consolidate your tenants.

Bonus Q: What's the best tool for tenant consolidation?

Quest Software is your go-to vendor for migrating, managing and securing your on-prem, cloud or hybrid Microsoft environment. In fact, not only did Gartner name Quest as a Representative Vendor in its 2019 Market Guide for Cloud Office Migration Tools, but Quest was the only vendor that delivered all 40 of the 40 basic features and functionalities expected in a cloud office migration tool.

Quest's On Demand Migration enables you to simply and securely consolidate and migrate all your Office 365 workloads, including Exchange Online, OneDrive, SharePoint Online and Teams. An intuitive dashboard gives you complete visibility into your migration project. Easily discover and assess source accounts, groups and data; track progress in real time; and ensure users can continue to communicate and collaborate seamlessly throughout your tenant migration project.



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