Maximize Leverage for Google’s G Suite by Negotiating for All Viable License Combinations

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By Analysts Christopher Dixon, Marie Sienkowski, James Smith

Initiatives: Negotiating IT Contracts

Sourcing, procurement and vendor management leaders tasked with saving their organizations money on productivity tools should consider Google’s G Suite offerings. Selecting multiple G Suite licensing combinations that meet business needs is a critical component of an effective negotiation strategy.

Overview

Key Challenges

- Many organizations have discovered that a one-size-fits-all productivity suite license doesn’t optimally address employees’ varied needs. Some employees may never use many of the features, while other power users may feel constrained by storage limitations. SPVM leaders are challenged to match license costs with business value delivered.

- Due to the diverse nature of the products and solutions Google offers its customers, many organizations have multiple contracts with Google and lack a coordinated strategy to effectively leverage all spend with the vendor and negotiate optimal deals.

Recommendations

SPVM leaders responsible for negotiating SaaS contracts with Google should:

- Maximize leverage in negotiations by reviewing all G Suite license offerings and determining all product mixes that meet business needs. This will enable SPVM leaders to determine which product mix results in the lowest cost to acquire.

- Strengthen negotiation strategies for G Suite by identifying all leverage factors, such as potential license options, viable competitive threats, additional spend on other Google offerings where possible, a terms and conditions checklist, and the optimal time to sign a contract.

Strategic Planning Assumption

By 2023, over 30% of organizations will have questioned their incumbent productivity suite choice, likely examining an alternative, such as Google’s G Suite offerings.

Introduction
During any economic downturn, many SPVM leaders are tasked to critically review incumbent suppliers and seriously consider alternatives in an effort to optimize costs while maintaining employee productivity. In the email and authoring market (formally the office suite market) dominated by Microsoft’s O365, that means SPVM leaders will be examining Google’s G Suite as a viable alternative. Google’s G Suite has been a significant player for over a decade with many long-term customers. In fact, according to Gartner’s own research, more than 81% of surveyed participants plan to adopt more Google services within the next three to five years, and anticipate those negotiations with Google to become more difficult 1 (see Figure 1).

Figure 1: SPVM Leaders’ Anticipated Future Dealings With Google

This means that SPVM leaders will need to know how to negotiate cost-effective new deals and renewals with Google for its G Suite offering. The following best practices will enable SPVM leaders to identify all G Suite license types that meet their varied end users’ needs and to create a negotiation strategy that utilizes all available leverage factors.

Analysis

Maximize Leverage by Preparing to Negotiate for Several Different G Suite Product Mixes

SPVM leaders must be prepared to negotiate for different product mixes to identify the best leverage with Google. Google G Suite’s bundles of cloud email, authoring and collaboration applications consist of components that continuously build from the entry level up. These bundled suites are:

- G Suite Basic
- G Suite Essentials and G Suite Enterprise Essentials (formally Drive Enterprise)
G Suite Business

G Suite Enterprise

Most end users are familiar with the G Suite Basic features thanks to its wide adoption on the Android platform for consumers, but each of the license tiers expands on the Basic license for the enterprise-grade customer. Gartner has included G Suite Essentials and Enterprise Essentials in this grouping because of its unique mix of components, enterprise-level features and lower cost (see Table 1 for more details). Note that all of Google’s offerings provide a free migration tool as opposed to other vendors that charge per user to migrate data into a new productivity suite.

G Suite Basic, Business and Enterprise licenses also have “Deskless” or pared down “Lite” versions for specific use cases at lower price points. Similar to its competition, Google allows the end-user organization to offer different license types based on its end-user profile of what it needs to accomplish.

**G Suite Basic**

The Basic license (see Table 1) is the entry level of the G Suite plans and is composed of G Suite’s core components:

- Gmail
- Calendar
- Docs (word processing)
- Forms (survey administration)
- Sheets (spreadsheets)
- Slides (presentations)
- Shared Drive
- Currents (internal enterprise communication)
- Chat
- Meet (video conferencing)

The license comes with 30 GB of cloud storage per user, and mobile device management. This level of cloud office is predominantly aimed at smaller organizations or startups that only require basic office components for entry-level type communication and collaboration.
Within the Basic tier, there is an offering called Basic Lite. This pared-down version of the Basic license does not include Shared Drive and has a 15 GB storage limit per user per month, whereas the Basic license storage limit is 30 GB of storage per user per month. The Lite version is often used by organizations as a method to give email and calendar capabilities to employees who will not be creating content.

**G Suite Essentials and Enterprise Essentials (Formerly “Drive Enterprise”)**

G Suite Essentials and Enterprise Essentials (see Table 1) were created in part as a way for customers who want to take advantage of Google’s shared storage, collaboration and communication tools. These licensing options are well-suited for customers who already have other email and calendar capabilities, but seek alternatives to using Microsoft OneDrive, Dropbox Business or Box Drive in order to add diversity (and less lock-in) to their supplier mix.

Individual teams within an organization can purchase G Suite Essentials with a business email address for a registered domain name. Both Essentials and Enterprise Essentials allow customers to only pay for the seats in use, which is more flexible when compared to complete enterprise licensing requirements with Microsoft. For example, enterprises that wouldn’t utilize Microsoft F1 or F3 for frontline workers might prefer G Suite Essentials because not every employee is required to have a license. However, SPVM leaders must negotiate how “in use” is defined so that the cost of additional users accessing functionality during the contract term can be anticipated. A reasonable definition of “in use” would be a user accessing a shared drive at least once in a given month.

The list price for G Suite Essentials is $10 per user per month, which includes 100 GB of storage per user and 2 TB of pooled cloud storage. If users’ storage needs will likely exceed 100 GB, enterprises should consider G Suite Enterprise Essentials, which includes 1 TB of storage per user and 25 TB of pooled cloud storage. G Suite Enterprise Essentials also comes with enterprise-grade security controls and data loss prevention capabilities not available in G Suite Business or Basic licenses. The list price for G Suite Enterprise Essentials is not publicly available. However, the functionality within the G Suite portfolio places it between Business and Enterprise licenses.

**G Suite Business**

The Business license (see Table 1) is intended for midsize enterprises with roughly 350 to 1,000 users. The Business license has all the functionality of the Basic license plus Vault and unlimited storage. Vault meets the requirements for data retention and e-discovery that many midsize and large enterprises might have. Midsize companies that have requirements similar to enterprise-level organizations but have fewer staff and financial resources would do well to consider the Business license.

**G Suite Enterprise**

The Enterprise license offers a level of cloud office geared toward large and extra-large enterprises that have more than 1,000 users and higher security and/or compliance needs. The Enterprise license has all the functionality of the Business license plus data loss prevention (DLP) and
enterprise-grade security controls. The enterprise license has additional enterprise-grade security controls not available in G Suite Enterprise Essentials, including DLP for Gmail, security sandbox, advanced phishing and malware protection, and hosted S/MIME (Secure Multipurpose Internet Mail Exchange) (see Table 1).

<table>
<thead>
<tr>
<th>License Type</th>
<th>Basic</th>
<th>Essentials</th>
<th>Business</th>
<th>Enterprise Essentials</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Features</td>
<td>$6 PUPM*</td>
<td>$10 PUPM</td>
<td>$12 PUPM</td>
<td>$** PUPM</td>
<td>$25 PUPM</td>
</tr>
<tr>
<td>Email and Calendaring — Gmail and Calendar</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Mobile Device Management</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Create and edit Docs, Sheets, Slides, Sites, Forms and Keep files — G Suite</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>File storage, sharing, informing discovery — Drive, Cloud Search</td>
<td>30 GB/User</td>
<td>100 GB/User, 2 TB pooled</td>
<td>Unlimited</td>
<td>1 TB/User, 25 TB pooled</td>
<td>Unlimited</td>
</tr>
<tr>
<td>IM — Currents and Chat</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Online meetings, meeting broadcast — Meet</td>
<td>Up to 100 participants</td>
<td>Up to 150 participants</td>
<td>Up to 150 participants</td>
<td>Up to 250 participants, record and save</td>
<td>Up to 250 participants, record and save</td>
</tr>
<tr>
<td>Security + Management — 24/7 Support, Encryption Services, Advanced Protection Program</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
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<td>---</td>
</tr>
<tr>
<td>Retain, Archive and Search Data — Vault</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Security and Administration Controls — Admin</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>DLP for Drive, security dashboards, security health, investigation tool, data regions, access transparency</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>DLP for Gmail, security sandbox, advanced phishing, malware protection, hosted S/MIME</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Remotely manage endpoints — Google Cloud Endpoints</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Adapted From Google

* Per user, per month

** List price is not made publicly available by Google.
SPVM leaders must realize that a one-size license need not be forced to fit all employees. For example, some enterprises might not need unlimited storage that the Business or Enterprise license offers for its seasonal employees who will only be consuming content rather than creating. SPVM leaders should not blindly drive for the deepest discount on a license that offers more functionality than required when a lower-tier license with a smaller discount and resulting lower price point could optimize costs. Take care to develop multiple mixes of license types that meet business needs prior to commencing negotiations. Use the mixes to determine what will result in the lowest cost of acquisition offered by Google.

Utilize Deskless Licenses to Optimize the Cost of Licenses for Employees in Noninformation Roles

Google offers a cheaper price for Enterprise or Business licenses (with customizable reductions to features and functionality) for employees who are classified as noninformation workers. These are called Deskless licenses; suggested retail price for these options is not published. SPVM leaders should determine what proportion of the full license noninformation workers will be using to determine what price per license they should target during negotiations.

Typical job roles that are candidates for the Deskless license are manufacturing assembly line, restaurant, retail, farming, fishing, forestry, construction and transportation workers who are not assigned an individual or personal workstation. Customer service, sales and managerial roles are not eligible for the Deskless license. The criteria for determining if job roles within your organization qualify for a Deskless license are as follows:

- Physical-activity-oriented jobs — All industries contain these types of jobs and are not limited to the job roles listed above.

- Light users — Deskless users may utilize productivity applications (Docs, Forms, Sheets, Slides, etc.). However, utilization is significantly less than typical information workers. Deskless workers need not be restricted to a single application within G Suite. Bear in mind that light usage alone is not enough to qualify users for Deskless licenses.

- Light creators — Deskless users infrequently create content. They predominantly consume content via Gmail, Slides, Sheets or Docs and listen to meetings conducted via Meet.

- Shared device users — A deskless user is more likely to access G Suite applications on a shared PC or workstation. A typical device is likely to be a mobile device or custom tablet.

Enterprises must receive approval from Google to take advantage of this cost-reduction opportunity. However, the mechanism for providing ongoing compliance data with the Deskless license criteria or how Google might determine possible noncompliance remains unclear. Therefore, SPVM leaders must negotiate whether compliance-determining activities will take place during the contract term or only at contract renewal, as well as the manner in which compliance will be determined. Gartner highly recommends that SPVM leaders negotiate the inclusion of the specific

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qualification criteria for Deskless licenses and which job roles in their organizations have secured approval into their ordering document.

**Strengthen G Suite Negotiation Strategy by Utilizing All Leverage Factors**

Google has evolved its negotiation processes over the years to be significantly more customer-focused by being open to negotiating price reductions and discussing terms and conditions. However, its flexibility during negotiations is still primarily governed by customers’ current and future spend forecasts and user counts. Therefore, SPVM leaders must create a thorough strategy that encompasses all sources of leverage. An effective negotiation strategy for Google’s G Suite contains several components. These components include (see Figure 2):

- Potential license mix options, such as deskless and knowledge license types, to meet the unique needs of your organization’s job roles (see section above for license types and their features and functionality)
- Additional spend on Google Cloud Platform’s broad set of products where possible (see “How to Optimize Your Google Cloud Platform Negotiations for Optimum Outcomes” for more information on how to negotiate for a GCP purchase)
- Credible competitive threat alternatives to G Suite, such as Microsoft’s O365 or Apache OpenOffice
- Rightsized support needs through Premium, Specific Role and Basic options
- A T&Cs checklist of critical terms, such as renewal price protection and data egress time limit expansion
- Final negotiation timing to coincide with Google’s fiscal year-end date of 31 December.

**Figure 2: Key Leverage Factors of a Strong G Suite Negotiation Strategy**
Identify and Develop Competitive Threats

One of the most common questions SPVM leaders have regarding contracting with the large email and authoring suite providers is, “What can I reasonably negotiate?” As with any negotiation, everything can be negotiated if the customer has enough leverage. Google offers more flexibility during negotiations for those customers willing to make significant commitments. Organizations should not expect concessions if they are unwilling to commit a meaningful dollar amount (exceeding $500,000) and a minimum of a one-year contract.

Customers who are interested in displacing a sizable commitment from their incumbent email and authoring suite provider, such as Microsoft’s O365, could see significant movement on terms and price. Company size, spend commitment, displacing an incumbent provider, new industry opportunity or a combination of those factors is enticing to Google and other vendors, and provides valuable leverage for achieving concessions. For organizations that are negotiating a G Suite renewal, serious consideration needs to be given to developing a credible plan to migrate to another productivity suite if the negotiation does not progress. This migration plan should be used as leverage because Google’s incentive to change is based on acquiring gains or preventing losses.

Combine Additional Product Needs With G Suite Negotiation

Google offers many products and services to its customers. The most common among Enterprise customers, in addition to G Suite, are Google Cloud Platform, Maps and Ads. Bringing additional...
product needs into a negotiation for G Suite is a sound idea because it increases the monetary
commitment for Google. However, Gartner has found that this increased leverage only applies
when adding Google Cloud Platform and Maps to a deal, due to Google’s status in the advertising
market and relative inability for customers to switch to competitors.

Select the Appropriate Level of Support to Meet Needs

In addition to licensing needs, SPVM leaders must also consider the level of support necessary for
their enterprises. Support can be purchased via Google for G Suite only, Google Cloud Platform
(GCP) only, or both platforms at the same time. Google offers three varieties of support:

- Basic: The service is free but will only cover basic billing issues and read-only access to the
tickets as it relates to break/fix cases.

- Specific Role Support: Priced per user, per month. Developers get support 24/5 for high-impact
issues. At two and a half times the cost of development support, production support includes all
the benefits of development, plus 24/7 coverage for critical-impact issues and a path for
escalations.

- Premium Support: Premium support guarantees a 15-minute response time as a service-level
objective (SLO) for Severity 1 cases, with 24/7 coverage. This option includes a technical
account manager (although this can be obtained separately), training and new product reviews.

For many large enterprises, Premium Support will be the preferred option. Google narrowed
Premium Support from multiple levels (see Note 1) to a single level of service to support both G
Suite and GCP in January 2020. The Google Cloud Pricing Calculator indicates the cost is
$150,000 plus 4% of the total contract value (G Suite and/or GCP). For example, if your
organization spends $2 million annually on G Suite, the cost of Premium Support would be
$80,000 (4% of $2 million), plus $150,000 for an annual total of $230,000.

Review All Governing Terms and Create a T&Cs Checklist

G Suite and other GCP services may be acquired directly from Google or indirectly through a
Google Cloud authorized reseller. Depending on the acquisition route chosen, enterprises will be
governed by the following agreements and terms:

1. Acquire G Suite directly from Google via a negotiated and signed Cloud Master Agreement
   (CMA). The CMA will contain a set of General Terms, a G-Suite-specific service schedule and
   Additional Product Terms.

2. Acquire G Suite through Google’s web portal. Enterprises that take this route will be agreeing to
   the online Google Cloud Platform License Agreement (GCPLA), a G-Suite-specific service
   schedule, G Suite (Online) Agreement and Additional Product Terms.
3. Acquire through an indirect channel via an agreement with a Google Cloud authorized reseller. The reseller agreement will reference or incorporate Google's GCPLA, a G-Suite-specific service schedule, G Suite (Online) Agreement and Additional Product Terms.

The CMA or service schedule should reference all of the agreements and their order of precedence. It is important to note that Google reserves the right to unilaterally change its URL terms after providing notice to customers. Therefore, SPVM leaders should check on a quarterly basis whether the terms have changed.

In general, customers will find it difficult to change anything in Google's terms that would alter the way that the services are constructed or provided, or that would otherwise require significant engineering changes. In addition, Google accepts few changes to its legal terms. Notable Google Cloud standard terms that differ from other mega vendor contracts include the following:

- **Data Processing and Security Terms** — These terms are located online and typically incorporated via reference into the Cloud Master Agreement, making them somewhat challenging to change. Other providers will have these as an amendment to their master agreement, which may be an option that you are able to negotiate with Google.

- **Data Egress Upon Termination** (Google Cloud Platform Terms of Service [GCPToS], Section 5.3) — Google limits the grace period to 30 days following termination to remove data, which is 60 days shorter than the industry standard of 90 days. Google may make exceptions to these terms based on an enterprise's unique needs and corresponding commitment size.

- **Feedback Section** (GCPToS, Section 5.3) — Google asserts full intellectual property rights over suggestions that clients make. The standard is only to assert the right to make use of your suggestions.

- **Limitations of Liability** (GCPToS, Section 13.2) — Google's standard cap language is limited to the “total amount spent over the previous 12 months.” Other vendors offer a limit of $20 million.

**Google is more receptive to changes to business terms.** Google allows customers to mix and match G Suite license types to better fit business needs. These decisions are made by the sales organization, as opposed to Google's general counsel office helping to speed along the negotiation. Recommended items to include in a T&Cs checklist are caps or price guarantees on future years, commitments on future products, termination options and credits for implementation or services. Organizations should prioritize the list of necessary terms and conditions and focus on securing the most important in the contract as negotiations progress.

**The most effective time to negotiate is before commencing any substantive move to G Suite.** After being in a month-to-month or pay-as-you-go plan, under the click-through terms on Google's website, it can be even more difficult to discuss changes to terms and conditions. Increases in spend, longer commitments and new product purchases will ease this discussion as with any
provider; this tactic is not unique to Google. SPVM leaders must make a rational argument for changes and provide the benefits to Google.

Time Final Negotiations for Google’s Fiscal Quarter or Year End

Software, SaaS and cloud vendors are driven quarter to quarter to book revenue. The best deals are often agreed to with customers just before a quarter or year-end date. With this in mind, SPVM leaders should strategize their final negotiations to take place in the weeks before Google’s fiscal quarter or year-end date. Google’s fiscal year-end date is 31 December. Use those last few weeks to secure any remaining pricing or terms concessions, especially when you are in the situation where you don’t need G Suite immediately. This approach allows SPVM leaders to allow a negotiation to continue past the date that Google might have been expecting to book the deal.

Evidence

1 The Gartner Sourcing, Procurement and Vendor Management Leaders’ Experiences Working With Software Vendors Survey (Gartner Survey No. 19512) was conducted online from 20 June 2019 through 19 July 2019, with 27 Gartner Research Circle Members and 62 external panel participants. Respondents were required to have personally been very/highly involved in negotiating software and/or SaaS contract(s) on behalf of their organization in the past five years. They were also required to have personally negotiated contracts for functionalities to run the organization (e.g., enterprise resource planning, human capital management or customer relationship management capabilities). The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested and administered by Gartner’s Research Data and Analytics team.

2 Google Support Website


Note 1: Prior Support Options

As of January 2020, Google announced plans to move to Role Based and Enterprise Support options described above. Legacy customers were more familiar with the three-tier system of Silver, Gold and Platinum. Google has not provided a guideline for when these options may be discontinued, but it is currently recommending that customers purchase under the new Role Based and Enterprise Support options. Information regarding these options has been removed from the Google Support page, however, the costs are still referenced on the pricing page.

Recommended by the Authors

How to Optimize Your Google Cloud Platform Negotiations for Optimum Outcomes

Vendor Rating: Google

Market Share Analysis: Enterprise Email and Authoring, Worldwide, 2018

Minimize Microsoft Office 365 Renewal Cost and Risk by Maximizing Your Negotiation Leverage
Cost-Effectively Scale Your Digital Business by Negotiating API Pricing in Software and SaaS Contracts

Recommended For You

Best Practices for Privileged Access Management Through the Four Pillars of PAM
Evaluating These Factors in a Global Manufacturing Site Selection Activity
Supply Chain Brief: Expand Capacity Planning Beyond Manufacturing for Feasible and Optimized Supply Plans
Toolkit: Assess National and Organizational Attributes in Addition to Costs for Global Manufacturing Site Selection
Composable Commerce Must Be Adopted for the Future of Applications