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From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Education, Youth, Culture and Sport Council of 19 and 20 November 2026: New Microsoft licensing model for the education sector: Coordination of a joint negotiating position of the European Union and examination of sovereign alternatives *- Information from Austria, supported by Belgium and Slovakia*

On 3 June 2026, the European Commission presented a comprehensive strategy to achieve technological sovereignty in the Union and to set in motion a mutually reinforcing process along the entire value chain – from chip manufacturing, through infrastructure, to software, cloud services and AI. A key component of these efforts is the European Open Source Strategy (COM(2026) 503 final).

Austria fully supports the European Commission in its approach and underlines the outstanding importance of the economic, technical and political objectives associated with the strategy for technological sovereignty.

Discontinuation of the current Microsoft 365 Education portfolio

On 5 November 2026, Microsoft published key elements of a new sales model for Office 365 in the field of school and higher education. According to this announcement, Microsoft will place its worldwide Microsoft 365 Education portfolio on a completely new footing with effect from 1 January 2028, with the following consequences for the education sector:

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- Discontinuation of Office 365 A1 (free basic school licences including email/Office Online).
- Discontinuation of the Student Use Benefit programme (free student licences, e.g. 1:25 with A3 Faculty).
- Transition to new, predominantly licence models (A0–A7) with modified storage and pricing structures.

Austria and other EU Member States use Microsoft as a central infrastructure for schools and higher education institutions on the basis of long-term framework agreements. Austria alone spends around EUR 4 million per year on student and teacher licences for Office 365 in the federal school sector (parts of lower secondary and upper secondary education). In addition, the nine Bundesländer finance licences under the same conditions for the compulsory school sector. The changes therefore affect the entire public education system, not individual institutions.

According to initial estimates, it must be assumed that previous licensing costs for the education sector could triple. However, robust pricing models for new student and teacher licences are still outstanding.

Foreseeable consequences for national education systems

Financial effects

- Previously free A1 licences and the Student Use Benefit will be discontinued.
- Teachers and students must be fully licensed on a paid basis.

Administration & stability

- The discontinuation of tenant-related 1:25 models leads to higher administrative effort (multiple accounts, school changes, decentralised licence procurement).
- Timely, factual information for all education stakeholders is currently hampered by unclear pricing and scheduling.

Digital sovereignty

- The decision of a single global provider directly affects the digital capacity of national education systems to act.

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- The EU's objectives on technological sovereignty, data sovereignty and trustworthy AI in the education sector are clearly impacted. Corresponding needs for action at Union level are additionally underlined.

Conclusions and strategic options

Taking into account the objectives of the EU strategy for digital sovereignty, emphasising the importance of these objectives for the economic and technological success of the Union, and referring to the follow-on effects of corresponding efforts also in the field of education and research, Austria, in view of Microsoft's market power and the announced new licensing models for Office 365 in the education sector, proposes the following steps at Union level:

1. Discussion and examination of possibilities to develop a common negotiating position of the European Union vis-à-vis Microsoft

   This should not only address the development of costs and the financial viability of the new models, but also their compatibility with European standards in data protection as well as legal and ethical standards for the use of AI in education.
   The impact on licensing and infrastructure models of large school systems should therefore be considered, as well as cost-benefit relations. In doing so, the Union should position itself as a confident and capable actor vis-à-vis Microsoft, irrespective of the subsidiarity that applies to national education systems.

2. Examination of increasing digital sovereignty in the education sector through a broad Union initiative

   In line with the objectives of the EU strategy for digital sovereignty, it is proposed to examine to what extent the EDIC (European Digital Infrastructure Consortium) instrument can be used to create a sovereign or complementary alternative to Microsoft licences in the education sector (e.g. European education cloud, interoperable infrastructure), while respecting European standards on data protection, interoperability, data sovereignty, etc. The aim is to use appropriate EU programmes for cross-country projects to create a European EdTech ecosystem.

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Austria is convinced that current developments on the global provider market and Microsoft's recent announcements will strengthen the Member States of the European Union and the European Commission in their resolve to consistently advance measures to increase digital sovereignty and to insist on the establishment of sovereign solutions and European standards, in particular also in the field of education.

Against this backdrop, Austria would explicitly welcome if the European Commission were to draw up a corresponding action plan and put concrete options for action up for discussion, on the basis of which the Union's and its Member States' negotiating power vis-à-vis global service providers would be significantly strengthened and the digital sovereignty of the European Union and its Member States, including in the field of education, would be increased according to a clear roadmap.

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