PATRIOT CONSULTING
Microsoft Security Partner | Top 3 Worldwide

Advisory Brief
Exchange Online License Optimization
Reclaim Unused EXO P1 Licenses

Overview

Many organizations accumulate Exchange Online Plan 1 (EXO P1) licenses assigned to mailboxes that are no longer actively used — often service accounts, former employees, or departmental aliases. Using **Exchange Online PowerShell** and **Microsoft Graph**, you can quickly surface these accounts based on two objective criteria: **no sign-in activity in the past 90–120 days** and **mailbox size under 50 GB**. Mailboxes meeting both thresholds can be safely converted to Shared Mailboxes, eliminating the per-user license cost with zero loss of functionality.

Step 1 — Export Mailbox Sizes (EXO PowerShell)

Connect to Exchange Online and retrieve mailbox statistics for all target accounts:

```
Connect-ExchangeOnline

Import-Csv 'users.csv' | ForEach-Object {
Get-MailboxStatistics -Identity $_.UPN
} | Select-Object DisplayName,
TotalItemSize, ItemCount |
Export-Csv 'sizes.csv' -NoTypeInformation
```

Flag any mailbox with **TotalItemSize < 50 GB**. This is the maximum size of a Shared Mailbox without an additional license.

Step 2 — Pull Sign-In Activity (Microsoft Graph)

Connect to Graph and retrieve the last interactive sign-in for each account:

```
Connect-MgGraph -Scopes 'User.Read.All'

Import-Csv 'users.csv' | ForEach-Object {
Get-MgUser -Filter "UserPrincipalName eq
'$($_.UPN)'" -Property DisplayName,
UserPrincipalName, AccountEnabled,
SignInActivity
} | Select-Object DisplayName, UPN,
AccountEnabled,
@{N='LastSignIn';E={
$_.SignInActivity.LastSignInDateTime}}
| Export-Csv 'signins.csv' -NoType
```

Step 3 — Identify Candidates & Convert to Shared

Cross-reference both exports. Accounts where **LastSignIn > 90 days ago (or null) AND TotalItemSize < 50 GB** are safe conversion candidates. Convert the mailbox type, then remove the license:

```
# Convert mailbox to Shared
Set-Mailbox -Identity user@domain.com -Type Shared

# Remove the EXO P1 license via Graph (replace with your tenant's license GUID)
Set-MgUserLicense -UserId user@domain.com -RemoveLicenses @('') -AddLicenses @()
```

Conversion Eligibility Criteria

Criterion	Threshold	Rationale
Last sign-in date	No activity in > 90 days	Indicates the account is not being used interactively
Mailbox size	Under 50 GB	Shared mailboxes are limited to 50 GB without an additional license
Account type	RecipientTypeDetails = UserMailbox	Shared mailboxes already converted require no action
Sign-in blocked	AccountEnabled = False (optional)	Accounts with blocked sign-in are strong candidates regardless of last sign-in date

Case Study — Regional Insurance Firm

Patriot Consulting performed a Microsoft 365 licensing audit for a regional insurance company that had **32 mailboxes assigned Exchange Online Plan 1 licenses**. Using the PowerShell and Graph methodology described in this brief, we identified that **22 of the 32 accounts had zero sign-in activity for over four months** and all were well under the 50 GB threshold. Those 22 mailboxes were converted to Shared and de-licensed immediately.

The remaining 10 active accounts were evaluated for license right-sizing. Rather than maintaining full **Microsoft 365 E5 licenses** ($57/user/month), we determined that **Microsoft Entra ID P1** ($6/user/month) satisfied their actual identity and conditional access requirements — delivering the same security posture at a fraction of the cost.

$1,056	$21,888	– $720	$22,224
Annual savings 22 EXO P1 licenses removed	Cost avoidance 32 E5 licenses not purchased	Net new cost 10 Entra P1 licenses added	Net annual savings & avoidance

Ready to audit your Microsoft 365 licensing?
Patriot Consulting offers Microsoft 365 licensing assessments that identify overspend, right-size your license tier, and surface security gaps — typically delivering measurable savings within 30 days.

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