

Modern pricing changes

Frequently asked questions for Partners

Updated 26 September

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Overview

In 2017, we introduced Microsoft's [modern commerce transformation](#), our vision for modernizing the customer and partner purchasing experience. In October 2018, we continue to execute on our modern commerce strategy by introducing programmatic changes across our volume licensing programs that relate specifically to offer pricing and discounting. These changes will begin to create consistency and transparency across our purchasing channels, making it easier for customers to compare prices and make sound purchasing decisions based on the solution, and realize the long-term cost savings by shifting to the cloud, while driving sales behaviors that better reflect the actual costs and value propositions of our products and services.

Why deliver modern commerce now?

Every organization today is grappling with how to digitally transform its business. Microsoft is a critical part of this transformation and must respond with a modernized and highly versatile commerce strategy. The vision of modern commerce is simple: provide customers with a consistent set of offers, available through three distinct channels, supported by a modern commerce engine. To this end, we're making changes to provide unique offers that support customer digital transformation, improve the buying and selling experience, and in turn make it easier to do business with Microsoft.

Our goal with modern commerce is to:

- Accelerate digital transformation with offers available in all the ways a customer buys
- Build better contracting and pricing experiences

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- Connect the buying and selling [processes](#)

What are the changes effective with the October 2018 pricelist?

As we continue to execute on our modern commerce strategy, we're making adjustments to our pricing and discounting policies in order to deliver more consistent and predictable pricing across the procurement channels. These changes include:

- Removing the programmatic volume discounts (Level A and Open Level C) in Enterprise Agreement/Enterprise Subscription Agreement, SCE, Microsoft Products and Services Agreement (MPSA), Select/ Select Plus and Open programs (Open, Open Value, Open Value Subscription) to improve the consistency in how offers are priced across our procurement channels.
- Delivering consistency in pricing by aligning government pricing for on-premises and online services to the lowest commercial price in Enterprise Agreement/Enterprise Subscription Agreement, SCE, MPSA, Select/Select Plus, and Open Programs.
- Providing greater transparency by redesigning the Customer Price Sheet (CPS) and Channel Price Sheet to better outline how a customer's price was derived (primarily for direct Enterprise Agreement/Enterprise Subscription Agreement) to eliminate confusion and drive greater customer satisfaction.

In conjunction with the above changes, several changes to our product pricing will be introduced to align the price of the products with the value of their offerings, including:

- Office 2019 commercial prices will increase 10% over current on-premises pricing
- Server products will receive new pricing with a 10% increase, including but not limited to: Enterprise CAL, Core CAL, Productivity Servers, Windows Server 2019 Standard edition, and RDS Per Device CAL (increasing 30% to match the Per User price)
- The price of Windows 10 Enterprise will be raised to match the price of Windows 10 Enterprise E3
- Additionally, the following name changes will be made to the Windows 10 Enterprise offerings:
 - Windows 10 Enterprise E3 per User will become Windows 10 Enterprise E3
 - Windows 10 Enterprise E3 per Device becomes Windows 10 Enterprise
 - Windows 10 Enterprise E5 per Device will be discontinued

Why is this change happening?

Microsoft's modern commerce vision gives customers a consistent set of offers, available through the identified channels (through-partner, Microsoft assisted, and self-serve), supported by a modern commerce platform. The modern commerce initiative will provide a modern way for Microsoft to support our customers. The price changes should create greater consistency and transparency across our purchasing channels.

Our traditional licensing business is based on a low variable cost environment, where a price waterfall, discounts, and promotions are used to sell on-premises software. However, the growing cloud business has pricing based on number of users or service meter, availability, and/or consumption of the product or

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service. Pricing for cloud and on-premises don't align well, nor do programmatic volume discounts align with cloud pricing models, and we intend to correct that.

How do the changes make pricing more consistent?

We've heard from customers that they often don't understand how their price was derived, and we've heard it's not clear why different programs have different starting points for price. The modern pricing changes begin to address those questions through establishing a new price point called the Base Price used in our internal pricing engine. This price point is then leveraged in the new discount presentment section on the CPS quote in the direct Enterprise Agreement program.

Additionally, we also want to continue to drive toward the long-term modern commerce vision. The steps we're taking—such as removing the entry level discount to align with the Cloud Solution Provider (CSP) approach on online services and the government price changes to match the lowest commercial price—will bring us closer to making discounting consistent, licensing less program-centric, and help us get to the end goal of a single agreement with a single pricelist.

How is this part of modern licensing?

These changes will begin to move from our current program-centric pricing models into the modern customer-earned pricing model, where product pricing is earned independent of purchase engagement. We began this pricing shift with Azure in 2016, when we removed volume discounts and aligned prices across all the ways customers can buy. Modern pricing will focus on our small and midsize (Level A and Open) customers.

As new modern offers are made available, we'll continue to adapt current business models to bring customers and partners along as we transition to our cloud-first strategy and go-to-market activities.

Which partners will be most impacted by pricing changes?

Partners who have existing Open Level C customers and government customers will likely see the most impact for their customers. Also partners with customers purchasing at Level A for Enterprise Agreement/Enterprise Subscription Agreement/SCE, MPSA, Select/Select Plus, and government customers will be affected.

Do pricing changes impact sales guidance on determining Enterprise Agreement vs. CSP?

No, the sales guidance for choosing Enterprise Agreement vs. CSP for customers is the same. An outcome of the changes may be that the better option for some Enterprise Agreement customers is to move to CSP.

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Incentives

Does this change the partner incentives available in volume licensing?

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No, there will be no changes to partner incentives as part of these changes. Visit the Partner Incentives MPN Portal at <http://aka.ms/partnerincentives> for the latest information, incentives and implementation guides, training material, and other resources.

How will this change the competitive opportunity for partners selling on-premises, cloud or both?

The intent of modern pricing is to clean up how we manage pricing and discounting to align to how Microsoft and partners sell cloud services. The pricing today is inconsistent, causing friction, and acting as a barrier for customers. These changes should help focus sales conversations on solutions rather than price, and open sales channels to more opportunity for partners that offer strong value-added services.

Price changes

What's changing with pricing in volume licensing?

We're:

- Removing programmatic entry volume discounting (Level A discount) in commercial programs with level discounts (Enterprise Agreement/Enterprise Subscription Agreement/MPSA/Select/Select Plus).
- Removing programmatic entry volume discounting (Level C discounting) in Open programs (Open License and Open Value/Open Value Subscription).

Which customers are affected?

The biggest impact will be on small and midsize commercial customers purchasing through Open Programs (including Open License, Open Value and Open Value Subscription), MPSA, Select Plus, Select, Enterprise Agreement and Enterprise Subscription Agreement, and on government customers.

Will this affect public sector customers?

The programmatic and product price changes for government programs will come with the commercial changes. See the [government changes](#) section below for details.

The *program* changes won't affect academic or nonprofit agreements at this time.

The *product* price changes described in the [product price changes](#) section below will affect Open, Open Value Subscription for Education Solutions, Select/Select Plus, and MPSA academic agreements but not EES or School. The product changes will also affect Open Charity and Enterprise Agreement for Nonprofit agreements.

Is Cloud Solution Provider (CSP) pricing included in the changes?

No, CSP isn't part of the program changes as CSP doesn't have price levels, and the product pricing changes are for on-premises products not currently sold in CSP. There may be one or two very small adjustments where pricing is off by pennies.

In MPSA several online services have the same price regardless of price level (A-D); with the removal of the Level A discount, will all prices increase?

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In MPSA, several online services have a flat waterfall such that the price is the same across Levels A-D and are priced at “Open No Level” ERP, and this will continue after October. That means the MPSA prices for online services are generally already aligned to Open No Level ERP, Open Value No Level ERP, and modern and won’t change. Note that there could be slight differences in prices across the programs due to different rounding rules in Microsoft’s internal pricing system.

How much will prices change?

Some renewing commercial customers will see a programmatic price increase in the range of 2-10% depending on their volume licensing program because of the price level discount removal. Enterprise Agreement/Enterprise Subscription Agreement/SCE, MPSA, and Select/Select Plus Level A renewing customers will see prices go up less than 4% over current pricing. Open Level C pricing renewing customers will see prices go up around 2%, mostly for larger customers in this space. Open Value/Open Value Subscription pricing will generally go up between 3-10% depending on the product type. Pricing in Open programs will be the Open No Level pricing.

Government customers will see around 6% programmatic increase in Enterprise Agreement and between 3-18% for online services in MPSA and Open programs, and up to 20% for on-premises products. See the [government changes](#) section for information on government price changes.

Will product and program price increases affect both direct and indirect markets?

Price increases impact both direct and indirect models, and the Level A discount percentage applied is the same whether it’s a direct or indirect model. Product prices are also increasing by the same percentage whether it’s a direct or indirect model.

Why are we removing the Enterprise Agreement/Enterprise Subscription Agreement/SCE/MPSA/Select/Select Plus Level A and Open Level C discounts?

Our objective with this price waterfall change is to make discounting more consistent and transparent across programs so it’s easier for customers to compare prices and make sound purchasing decisions. Our future vision is that customers will be able to get a consistent, predictable price regardless of purchasing method (through Microsoft sales, partner or self-service).

Providing comparable pricing through the removal of level discounting for small and midsize commercial customers purchasing through Open Programs (Open License, Open Value, and Open Value Subscription), MPSA, Select Plus, Select, Enterprise Agreement, and Enterprise Subscription Agreement should help customers evaluate solutions based on their organization’s need, not just price, accelerating their journey to modern commerce through a modern discounting approach.

What happens to Level C SKUs when Open Value/Open Value Subscription and Open License Level C and associated SKUs are removed from the pricelist?

The SKUs will be put into lead status, so they’ll be orderable to existing customers, but won’t be available to new Open Value/Open Value Subscription agreements.

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For the Open License program, once the SKUs are removed from the pricelist they're no longer orderable and there's no lead status process for Open License.

Some customers still have active Open License Level C Authorization Numbers. Can those active Level C authorization numbers still be used, or do customers need to open new Open No Level Authorization numbers?

Open Authorization Numbers are valid for two years, although there's no price protection for Open License purchases, even under an existing authorization number. As the Level C SKUs are no longer available for Open License, customers cannot obtain the Level C discounted pricing. Partners should place new orders (without referencing the Level C authorization number) to create a new No Level authorization number.

Will customers with agreements without price protection be impacted by price changes for purchasing starting in October 2018?

Yes, this will affect customers without price protection for new purchases. Customers affected include those with Select Plus, Select, MPSA on-premises, and Open License agreements.

Price protection is included for the following customers, who won't see a price change until renewal:

- Price protection is offered in Open Value for the original quantity ordered
- Open Value Subscription purchases are price protected regardless of quantity
- MPSA online services purchases are price protected through subscription's term
- Enterprise Agreement/Enterprise Subscription Agreement purchases are price protected

How will programmatic discounts be determined?

The way discounts are determined won't change; we'll continue to set discounts the same way it's done today, just removing the entry level/volume discount for commercial customers. For government customers, we're aligning the government price to the lowest commercial price in each program.

Will the changes only affect license prices or also the price for Software Assurance?

Software Assurance (SA) is a percentage of the license price, so the SA price will be affected if the license price increases. There isn't a specific percent change in terms of how we discount SA; if a product increases in price due to level removal, the SA products will also see an increase as a percent of price.

What will Level A be called?

It'll still be called Level A for Enterprise Agreement/Enterprise Subscription Agreement/MPSA/SL/SLP; the level discount is being removed but not the level itself. In Open programs there will only be No Level and there will no longer be a Level C.

Will the discount for price level B and above remain the same?

There are no changes to the discount requirements or amounts beyond Level A.

Why not change levels B-D discounts?

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Our larger customers have more complex requirements that we aren't yet able to fully support through our modern offers.

Will Net or ERP price be impacted for levels B-D?

Possibly. It's not a direct objective of Level A removal to impact levels B-D, but there could be an impact as a result of rounding prices. Any change would be minor.

Will this also change the SKUs or only pricing under existing SKUs?

There won't be any SKUs created for products changing only the price. For new products you may see new SKUs, as with any product launch.

Can a customer due to True Up in October do an early commit and get September prices?

In a scenario where a customer does a True Up in October for an additional quantity, the Partner CEs should work with the Microsoft CEs to offer early commit with September 2018 prices for the additional trued up quantity using Microsoft CE Empowerment.

Direct Customer Price Sheet and Indirect Channel Price Sheet

What changes will we see to the direct Customer Price Sheet and indirect Channel Price Sheet (both CPS) for Enterprise Agreement and Enterprise Subscription Agreement?

The summary section will be updated for pricing transparency [includes (1) Customer Earned Discount that represents applicable Program, Level/Volume, Platform, Coverage/Org-wide Commit, and rounding, and (2) Negotiated discounts]. The customer earned discount and customer earned price will be presented at the summary level.

The customer-earned pricing display changes are only applicable to customers with a direct Enterprise Agreement, including Enterprise Subscription Agreement.

What are the meanings of the various discount terms?

Base Price = Starting price before *any* discounts are applied. The Base Price is generally the same as the web direct price.

Customer Earned Discount = Program, Level/Volume, Platform, Coverage/Org-wide Commit, and/or rounding.

Negotiated Discounts = Non-programmatic discounts that the customer uniquely negotiated with Microsoft.

Customer Earned Price = Total price the customer pays after all the discounts have been applied for everything they have ordered.

Will we have to present customer earned discount to all customers?

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Customer earned discount will display on CPS quotes for direct Enterprise Agreement/Enterprise Subscription Agreement customers. It'll display on the Channel Price Sheet a Partner receives in the indirect Enterprise Agreement/Enterprise Subscription Agreement program.

Where can I see the Base Price?

The Base Price isn't publicly published and can only be referenced for those products that are available for sale via web direct. For products not available via that method, the base price cannot be referenced. For example, if an Enterprise Agreement customer wants to find the base price for on-premises Office Professional Plus to compare to their final price, there's no web direct equivalent so base price cannot be referenced. However, an Enterprise Agreement customer could look up Office 365 E3 in web direct to compare to their EA final price because it's a product sold via web direct.

The Base Price is used to derive the "Base Price (Three Years)" line item on the CPS summary which is shown only at the aggregate level.

The Base Price will be the same for online services in both web direct and other programs, and the final price customers receive will depend on other factors such as channel, partner or program from which the customer procures.

Software doesn't have a web direct price so how does it start from web direct?

As part of this project we're creating a web direct price for every product to use as a starting point. This price is for Microsoft internal systems; the software "web direct" price will only be visible to customers for those products that are available for sale via web direct.

If I (partner) create a simple quote in Partner Quote is the new Customer Earned Discount information included? Can it be turned off?

Yes. Only someone from Microsoft can turn off discount presentation via MS Quote for the Partner for that specific quote. The quote can be started in Partner Quote but then a Microsoft CE must make updates to it in MS Quote.

However, discounts won't be shown on the "customer ready" version of the indirect CPS but will be on the indirect Channel Price Sheet as well as the direct CPS quote.

Will the discount fields show up on the CPS even if there is no discount?

Neither the "negotiated discount" nor the "customer earned discount" (e.g., aggregation of the programmatic discounts) will show up in the summary section of the CPS quote if the discount amount is 0% (i.e., there isn't a discount). The Discount (%) from List will display even when the discount amount is 0%.

Is discount disclosure in CPS only for direct channel model countries? For indirect countries, CPS stands for "Channel Price Sheet."

Discount disclosure in CPS is only for direct countries as part of the new CPS presentation. However, the Microsoft internal quoting tool will generate a CPS with the details for both direct countries and indirect

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(CPS is Customer Price sheet in direct countries and Channel Price Sheet for indirect countries). For indirect countries, the quote generated for Partners will display the discount disclosure summary section unless it's turned off internally in the Microsoft internal tool.

With that established, we're not mandating that partners share prices in the same format to the end customer and Microsoft doesn't share partner-determined pricing directly with the end customer. Discounts won't be shown on the "customer ready" version of the indirect CPS, but will be on the indirect Channel Price Sheet as well as the direct CPS quote.

What will the pricelist show?

The pricelist on explore.ms isn't changing and will still show the Net price. The Net price is the price the partner pays Microsoft. If the Net price is in relation to a direct program such as the Enterprise Agreement/Enterprise Subscription Agreement, then Net price is the price the customer pays Microsoft. The Net price reflects different discounts based on what the customer has purchased and from where the customer has purchased.

Is there a change to how we look up the aligned pricing in Explore.MS?

The pricing is still available via Explore the same way it is today, although Base Price isn't published.

Customer benefits

How does this offer greater value to customers?

By providing the customer greater insight into the depth of discount they're receiving, we hope to improve customer satisfaction as they see the full measure of savings when investing in Microsoft. These changes will also make it easier for customers to compare prices and make sound purchasing decisions, as there's a consistent starting price regardless of purchasing method.

How do I talk to customers about the price change?

Focus the conversation on solutions rather than price, and how this change aims to remove pricing inconsistencies. Currently, price inconsistency between licensing programs can be confusing, and customers often make purchasing decisions on price considerations rather than solutions. The change opens the market to solution-based offers where price parity reduces price as part of the discussion.

Will Enterprise Agreement customers still get a competitive discount?

With the three-year commitment of an Enterprise Agreement and the platform investment, Enterprise Agreement customers will continue to get a competitive price. There are still discounts in an Enterprise Agreement. The only thing that's being removed is the automatic entry discount with Level A, so there are still coverage and platform discounts on the products that they're eligible for today, as well as negotiated discount. We want customers to customize their solutions to get what works best for them rather than one-size-fits-all by volume.

What if my Enterprise Agreement Level A customers don't want to work with me as a CSP but will have a price change for on-premises?

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No customers will be made to move to the CSP model, but we're adjusting the way we approach discounting in general and this will affect on-premises pricing for licensing programs. As mentioned above, there are still several competitive discounts in an Enterprise Agreement for on-premises software and online services.

Product price changes

What are the changes to product on-premises pricing?

Pricing for Office 2019 (on-premises) client licensing for commercial customers and for academic agreements for small and midsize customers (doesn't include the Enrollment for Education Solutions) is increasing by 10% for the first time since 2010 to represent the significant value added to the product over time and to better reflect costs and customer demand and align with cloud pricing.

Server products will also receive new pricing, including but not limited to: Enterprise CAL, Core CAL, Productivity Servers, Windows Server 2019 Standard edition, and RDS per Device CAL. While productivity server products will increase by 10%, the RDS per Device CAL price will increase 30% to match the per user price.

For Windows, we're taking steps to recalibrate the price and rename the per devices/per use offers, optimizing on our strategy of Microsoft 365. Windows 10 Enterprise E3 offers will be renamed:

- E3 will now refer to the per user offer only. Windows 10 Enterprise E3 per User becomes Windows 10 Enterprise E3
- Windows 10 Enterprise E3 per Device becomes Windows 10 Enterprise
- Windows 10 Enterprise E5 per Device will be discontinued

The price of what's now called Windows 10 Enterprise (formerly Windows 10 Enterprise E3 per Device) will be raised to match the price of Windows 10 Enterprise E3.

What device and per user CALs are affected by the price change?

SharePoint, Exchange, Skype for Business, and Project Server.

Is Azure impacted by the program Level A changes?

Azure in Enterprise Agreement already has a "flat waterfall", so there are no volume licensing discounts at any level. Some "Azure" branded products (e.g., Azure Active Directory) will be impacted.

Is Dynamics impacted by the program Level A changes?

Dynamics AX products aren't affected by Harmony changes in the Dynamics AX pricelist. Dynamics products within the standard commercial pricelist are affected by Level A discount removal.

Will there be a price increase on October 1 for Microsoft 365 given the individual product price increases?

There will be a programmatic pricing alignment, but there will be no product price increase for M365. Microsoft 365 government Level D pricing will be aligned to commercial Level D, so there will be an

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approximately 5% increase under Enterprise Agreement, and a 14% increase under the MPSA. For commercial, the Microsoft 365 price won't be changing even though Core CAL, Office, and Windows on-premises prices are changing.

Section 2

Government changes

What's changing with pricing for government customers?

There are changes to government pricing for on-premises and online services purchases to have alignment between government and commercial programs, following on the changes in 2017 to web direct and CSP government pricing. The changes will make the government price in Enterprise Agreement, Enterprise Subscription Agreement, MPSA, Select/Select Plus, and Open programs equal to the lowest commercial price in the respective program.

For Open/OV/OVS government agreements, the price for government customers (No Level in Open and Level D in OV/OVS) will be closer aligned to commercial No Level prices (there may be country variances). Because there's a significant gap between government pricing and commercial No Level in Open Programs, we'll be taking a phased approach in increasing the price, limiting the increase to 20% or the product price increase, whichever is greater, in the first year.

Enterprise Agreement/MPSA/Select/Select Plus government Level D pricing will align to lowest commercial Level D price in each respective program where there's a gap today.

Does the government price alignment apply to all programs and all pricing levels?

Yes, the government pricing alignment applies to all programs and all pricing levels. The majority of our government customers get Level D pricing in Enterprise Agreement, SL/SLP, MPSA, but levels A-C, if displayed on the price list, will also be aligned to commercial as well as part of the pricing reset.

Will Enterprise Agreement for Government Partner and Select Plus for Government Partner be impacted?

Government Partner agreements under Enterprise Agreement and Select Plus use the government pricelist, so any changes happening to the government pricelist will be applicable to Government Partner agreements, e.g. programmatic alignment for Enterprise Agreement for Government Partner, and product price increase for all programs.

Will the government starting price be the same as commercial?

The government starting price will be equivalent to the lowest commercial price in the same program (for example, Enterprise Agreement government price equals Enterprise Agreement commercial Level D price). However, since we have a large price gap between the government price and the lowest available commercial price for software sold through Open programs, we'll be capping the price increase at 20% for most of the products in Open the first year. The exception to this will be if a standalone product price

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increase exceeds 20%, then it'll supersede the cap and the percent of impact will be whatever the product percentage is.

For example:

If a customer purchases Office Pro Plus and the product price increase is 10%, the customer will see the 20% increase. But if a customer purchases Windows per Device and the product price increase is 30%, the customer will see 30% price increase on October 1, 2018.

Are we changing price levels for government agreements?

Even if the pricing changes, there's no change to price levels for government agreements; Level D in Enterprise Agreement, Select/Select Plus, and MPSA; Government No Level in Open License; and Government Level D in OV/OVS programs.

Does this affect customers that are in the middle of a subscription term?

Price protected SKUs won't change until the agreement/enrollment/subscription expires (e.g. Enterprise Agreement/Enterprise Subscription Agreement/SCE/OV/OVS Enterprise SKUs, MPSA online services subscriptions, annual payments for perpetual L/LSA, etc.). The new pricing will apply at renewal.

Pricing for transactional programs such as Open, Open Value non-organization-wide, MPSA prepay on-premises, and Additional Products in all the programs will be updated at the purchase following October 2018 launch.

We have Frameworks or custom discounting in our country. Will the prices for these special deals be impacted?

Frameworks and custom discounting are supported by Microsoft Licensing Executives, and they'll continue to support.

What if a government customer has Open/OV/MPSA named in their Framework with negotiated pricing?

Partners should work with their local Microsoft office to determine the best course for their customers. If there are negotiated discounting Frameworks using transactional programs, then the local Microsoft Licensing Executive may have to renegotiate the Framework pricing or discounting structure.

If my country uses the corporate price list for government customers, will the prices change?

If you're using exactly the same SKUs and pricing on the corporate price lists, there will be no change in programmatic pricing.

The product pricing changes apply to both commercial and government pricelists.

If my country uses Level A-C for Government Open License, what will the price change be?

Level A will align to Corporate No Level. As a result, Levels B and C will see a price increase.

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Open pricing used to be the same as Select D, but Open pricing will be more expensive than Select D. Why is it changing?

We want to align government pricing to the lowest corporate price within the respective program. As with corporate customers, government customers who buy through Open will have higher pricing than Enterprise Agreement, Select/Select Plus, and MPSA.

If we're doing a phased price increase for Open software, are we going to see another price increase in October 2019?

We'll monitor the market reaction to the October 2018 change, and decide how we do subsequent adjustments in the future.

Regional changes for government

Are there areas where price increases are not happening on October 1?

Countries using the corporate pricing on corporate pricelist for government purchases today won't be impacted by the programmatic change. Government price SKUs on the corporate price list will be impacted.

Are we removing local uplifts and downlifts for government?

Today, we may have local uplifts and downlifts that will be adjusted as part of the modern pricing strategy. Government pricing may see some of the effect, but the effect should be within the expected increase percentage.

Will the sovereign cloud SKUs be impacted?

Yes, if the government pricing is lower than the corporate pricing. This applies to U.S. GCC SKUs, and German Cloud SKUs, but not to U.S. GCC High and U.S. DOD SKUs. Also, Level A will be removed for GOVCON and GCC High SKUs on the commercial price list.

[U.S. specific] Will the GSA price list see more than a 10% price increase for any product?

Most of the online services will increase by less than 10%. Where the increase is more than 10% and there were orders associated with the SKU in FY18, the increase will be limited to 10% globally. On-premises software on the Enterprise Agreement, Select, and Select Plus government pricelists will see increase capped at 10%. SKUs with a capped increase in 2018 will see an additional price increase in October 2019 and in subsequent years until the price matches global pricing.

[U.S. specific] Will the pricing change vary depending on public cloud E SKUs or Government Community Cloud (GCC) SKUs? Or will E SKUs and GCC SKUs be impacted by the same dollar amount?

Since GCC and E SKUs are priced the same under the government price list today, the increase will be the same for both SKUs.

[China specific] Will 21Vianet pricing be included in the changes?

Since Corporate pricing is used for 21V government agreements, there will be no change in terms of government price alignment to lowest commercial pricing.

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[Latin America specific] Government pricing for software under Enterprise Agreement, SL/SLP, and MPSA is already aligned to the global base price, but corporate pricing is uplifted from the global base price. Are we going to align government pricing to uplifted corporate pricing under Enterprise Agreement/SL/SLP, MPSA?

No. For products that are uplifted for corporate customers, there will still be two different price points, one uplifted price for corporate, and one for government customers, which is less expensive and aligned to global pricing even after October 1, 2018.

[India specific] India is using commercial pricelists (e.g. Corp Level D and Corp Level C pricing); what will be the impact?

In India, government agreements will be impacted by the Open Level C removal. A government pricelist for Open/Open Value/Open Value Subscription will be created in January 2019. The pricing on that pricelist will be aligned to today's Corporate No Level pricing.

[Korea specific] Because PSS pricing needs advanced notification and has a strict approval process, will the pricing be changing in October or delayed?

Since the PSS procurement framework requires nine months' notice, pricing for products under the framework will change in early- to mid-2019.

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