



Microsoft Partner Update

Microsoft Australia, New Zealand,
Canada and Switzerland

Microsoft Confidential – For partners only





Pre-Disclosure Briefing

Commercial FX Pricing Strategy for Australian Dollar (AUD), New Zealand Dollar (NZD), Canadian Dollar (CAD) and Swiss Franc (CHF)

July 6th, 2023

Microsoft Confidential





Important Update from Microsoft Australia, New Zealand, Canada and Switzerland



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Commercial Pricing Update for Australia, New Zealand, Canada and Switzerland (1/2)

What is Microsoft announcing?

- › Today Microsoft is announcing several steps to ensure greater price alignment for our cloud products across the globe. This will ensure that all our Cloud customers worldwide have more closely aligned pricing compared to the USD rate.
- › That is why on September 1, 2023, we will adjust Microsoft Commercial Cloud Prices for AUD, NZD, CAD and CHF to adjust for local currency fluctuations and move towards more consistent global pricing. On-premises software pricing for AUD and CAD will also be adjusted.
- › We believe that our cloud continues to be priced competitively. We also believe that it enables customers to do more with less by enabling them to innovate, to consolidate and to eliminate operating costs, optimize business performance, and build a foundation for a strong security strategy.





Commercial Pricing Update for Australia, New Zealand, Canada and Switzerland (2/2)



How much will prices change?

- › Australian Dollar (AUD) – Cloud +9% and OnPrem +9%
- › New Zealand Dollar (NZD) – Cloud +7% (no OnPrem adjustments)
- › Canadian Dollar (CAD) – Cloud +6% and OnPrem +6%
- › Swiss Franc (CHF) – Cloud -9% (no OnPrem adjustments).



What prices are impacted?

- › New or renewing Microsoft Cloud license program and on-premises software (CAD, AUD) contracts will adjust to the new revised prices starting September 1, 2023.
- › For business customers, these changes will not affect existing orders under commercial licensing agreements for products that are subject to price protection.
- › Certain Azure customers, including those with ACD and/or Savings Plans, will be impacted starting September 1, 2023.



What prices are NOT impacted?

- › Azure in New Commerce through MCA-E, CSP and Microsoft online will not be affected due to US dollar pricing with monthly updated billing FX rates.
- › Consumer prices, hardware and OEM are not covered by this announcement.
- › For indirect sales, final prices and currency of sale will continue to be determined by resellers.



What licensing programs will be affected?

Licensing Programs In Scope

NEW & RENEWING customers

- › Unified price adjustment approach for all categories of customers (including Commercial, Government and Academic)

Commercial cloud and OnPrem services sold through

- › Enterprise Agreement
- › Microsoft Customer Agreement, excluding Azure (across online, CSP and MCA for enterprise purchasing options)
- › Cloud Solution Provider program, excluding Azure in New Commerce (note that Azure in New Commerce is priced in USD)
- › Microsoft Online Subscription Program (web-direct)
- › Microsoft Products and Services Agreement
- › Open Value/Open Value Subscription
- › EES/School/Education/Campus agreements

EXISTING customers and price protection benefit

- › Mid-term commercial licensing agreements have price protection on previously ordered products. No price change during their agreement term on those products*
- › From September 1, 2023 any new products ordered will be priced at the current pricelist prices

Azure (ACD) Price Impact Details

- › Azure Commitment Discount (ACD) is a fixed discount, customers will continue to receive the discount percentage specified in the contract. ACD has no impact on the baseline price. The fixed discount will be applied to the current month's EA list price, customers will see their pricing adjust but not above their baseline price protection or SKU price lock

* See appendix for details



Impact by Licensing Program





Impact by licensing program

Scenario	Pricing Update Impact		
Existing EA/EAS or SCE customers	<ul style="list-style-type: none"> › Price protection on previously ordered products. No price change during the term of the agreement. › New product additions will be priced using the current price list. 		
OV	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> › Company-wide <ul style="list-style-type: none"> › Existing OV and OVS company-wide contracts have price protection and will not experience a price change during the term of their agreement. › New products will be priced using the pricelist at the time of order. </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> › Non-companywide <ul style="list-style-type: none"> › For OV non-company-wide purchases there is no price protection. › New orders will be priced using the pricelist at the time of order. </td> </tr> </table>	<ul style="list-style-type: none"> › Company-wide <ul style="list-style-type: none"> › Existing OV and OVS company-wide contracts have price protection and will not experience a price change during the term of their agreement. › New products will be priced using the pricelist at the time of order. 	<ul style="list-style-type: none"> › Non-companywide <ul style="list-style-type: none"> › For OV non-company-wide purchases there is no price protection. › New orders will be priced using the pricelist at the time of order.
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SPLA	<ul style="list-style-type: none"> › SPLA has no price protection and is subject to current pricing for incremental purchases. 		
CSP	<ul style="list-style-type: none"> › Azure and Seat-based offers in legacy CSP and Seat-based offers in new commerce are impacted by the September 1, 2023 pricing adjustment. Azure in new commerce CSP is in USD and is not impacted 		
Direct/MOSP	<ul style="list-style-type: none"> › Existing MOSP customers with an annual commitment receive price protection during their term. › Adding seats to an existing subscription after September 1, 2023 will be at the previous billing price which remains in place for the remaining twelve-month term purchased before September 1, 2023. › Renewals will be subject to the then current prices. › No contract or pay-as-you-go: Mostly Azure and some O365. New prices apply starting September 1, 2023. 		



How will Azure be affected by the price change ? (1/2)

Effective September 1, 2023 customers purchasing Azure in AUD, NZD, CAD or CHF will see pricing at levels similar to customers purchasing Azure in US dollar levels through Azure.com and in volume licensing agreements.

Azure Impact by Program

Pay-As-You-Go Subscriptions on Azure.com	Customers purchasing Azure in AUD, NZD, CAD or CHF will see pricing at levels similar to customers purchasing Azure in other currencies such as the US dollar on Azure.com.
Azure in Cloud Solution Program (CSP)	Azure in Legacy CSP is impacted by the September 1, 2023 pricing adjustment. Azure in New Commerce CSP is in US dollars and is not impacted.
Azure in Mid-term Enterprise Agreement (EA), EA Subscription (EAS), and Server and Cloud Enrollment (SCE)	Customers or partners who purchased Azure within an EA, EAS, or SCE agreement have price protection on currently offered Azure services and will receive the <u>lower</u> of their baseline price or the new market price. Customer or partner's baseline price is the price at the beginning of their Azure agreement or the price a new Azure service was made generally available. If the new market price is higher than customer's baseline prices, customers will see an adjustment up to but <u>not above</u> their baseline prices. New Azure services will be priced at the then current pricelist price.
Microsoft Azure Consumption Commitment (MACC)	The price changes will have no impact on services that were consumed prior to the FX adjustment. Any MACC amount remaining during the commitment period will adjust to the new revised prices. Revised pricing will count against the MACC amount/attainment but will not change the committed MACC amount. After the price change the remaining MACC amount may depreciate at a different pace.



How will Azure be affected by the price change ? (2/2)

Effective [September 1, 2023](#) customers purchasing Azure in AUD, NZD, CAD or CHF will see pricing at levels similar to customers purchasing Azure in US dollar levels through Azure.com and in volume licensing agreements.

Azure Impact by Program

Azure Reserved Instances	The price changes will have no impact on individual Reserved Instances already purchased. Azure RI prices will be adjusted on September 1, 2023, for all new or additional purchases.
Azure Commitment Discount	Azure Commitment Discount are based on the current month's pricelist each month. Starting September 1, 2023 prices will adjust to the new revised prices.
Azure Savings Plans	Azure Savings Plan pricelists are based on the current month's pricelist each month. Starting September 1, 2023 prices will adjust to the new revised prices. The customer will be billed at the new Azure savings plan price. They are not locked into the Azure savings plan price at the time of their purchase. Changes in the PAYG price of a service will immediately be reflected in savings plan pricing and calculations. However, a customers' hourly commitment will not change.
Azure in New Commerce	Azure in New Commerce through MCA-E, CSP and Microsoft online will not be affected due to US dollar pricing with monthly updated billing FX rates.

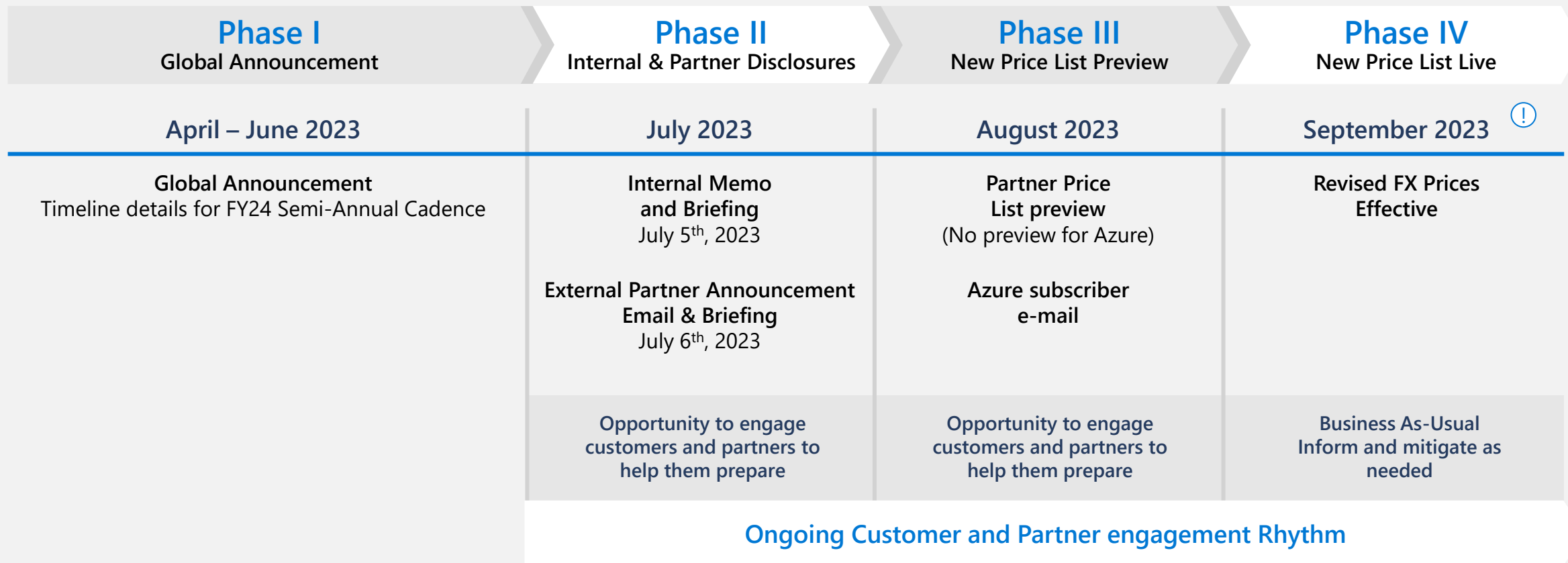


Timeline and Resources





AUD, CAD, CHF, NZD Commercial FX





Thank you