

Local pricing update for cloud services and software

Updates for the Australian Dollar (AUD), New Zealand Dollar (NZD), Canadian Dollar (CAD) and Swiss Franc (CHF)

July 2023

Consolidated Briefing document and FAQ for Microsoft internal, partners & customer

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FAQ

This FAQ is confidential to Microsoft and must not be shared on any public facing forums, including but not limited to websites and social media sites. If needed, refer to this link: www.aka.ms/lisensoppdatering

General Messaging:

July 2023 – As communicated in October 2022, Microsoft is committing to a more a defined and transparent cadence to its existing process of aligning Microsoft Cloud pricing globally to US dollar levels. This allows organizations of all sizes with pricing in local currencies the ability to plan for pricing alignment to USD and global parity at semi-annual intervals. This assures that customers across different geographies and currencies will encounter consistent pricing.

To adjust for local currency fluctuations and adjust prices for Microsoft cloud services to global levels and software pricing within the region, Microsoft is announcing pricelist changes for the following currencies: Australian dollar (AUD), New Zealand dollar (NZD), Canadian dollar (CAD), and Swiss franc (CHF).

Starting September 1st, 2023, pricing for Microsoft cloud and on-premises software services will adjust for the currencies shown on the chart below:

Currency	Cloud Change %*	OnPrem Change %*
Australian Dollar	+9%	+9%
New Zealand Dollar	+7%	None
Canadian Dollar	+6%	+6%
Swiss Franc	-9%	None

* Percentage changes on individual SKUs may vary slightly from these percentages due to pricing calculations and rounding rules.

On September 1, there will be no local currency pricing updates in the following currencies: Brazilian Real, China Renminbi, Danish Krone, Euro, Indian Rupee, Japanese Yen, Korean Won, New Taiwan Dollar, Norwegian Krone, Russian Rubble, Swedish Krona, and UK Pound.

Customers who purchase Azure through the MCA will not see their prices impacted by these local currency adjustments. For Azure customers who buy through the new commerce experience with the Microsoft Customer Agreement (MCA), Azure is priced in United States dollars (USD) worldwide and billed in local currency. Local currency billing rates for Azure through the MCA are calculated monthly and published on Azure.com.

For business customers, these pricing changes will not affect existing orders under commercial licensing agreements for products that are subject to price protection. However, prices for new product additions under these licensing agreements and purchases under new contracts will be subject to the pricelist changes at the time of order. Certain Azure customers, including those with Azure Commitment Discounts (ACD) or Azure Savings Plans, will be impacted September 1. Customers buying cloud services in Canadian dollar, Australian dollar, New Zealand dollar and Swiss franc will continue to find equivalent Microsoft cloud offers highly competitive.

These pricing changes do not apply to hardware, OEM, consumer software, consumer cloud services or to Azure purchased through the Microsoft Customer Agreement. For indirect sales, where Microsoft products are sold through resellers, final prices and the currency of sale will continue to be determined by resellers.

Guidance on Communications:

Customer Communication:

Customers seeking additional information or clarifications should contact their Microsoft account manager or Microsoft reseller.

Frequently Asked Questions (FAQ)

General

1. How are pricelist assessments made?

Microsoft regularly assesses the impact of its local pricing for software products and online services to ensure there is alignment across regions. These pricing changes are primarily due to currency fluctuations. We also take into consideration a range of factors including inflation, macro-economic events and business conditions. Moving to a semi-annual cadence for these assessments enables greater transparency for our customers on the timing for pricing adjustments and ensures a clear and consistent approach to pricing. Cloud services can be purchased globally, and many of our competitors are already priced in USD globally.

2. We received notice of the change to a semi-annual local currency adjustment cadence. Will our prices change again within the next year?

Not necessarily. Local currency-based prices are evaluated for reasonable alignment to global USD levels. Prices materially different from USD due to local currency fluctuations may be adjusted up or down at semi-annual intervals to maintain relative pricing parity. This is the same process, but rather than occurring at any time of year, there will be a set semi-annual cadence. As always, Microsoft will provide additional notice in advance of any future local currency price changes. Partners and customers with pricing in local currencies will be able to plan for pricing alignment and global parity at semi-annual intervals, subject to market conditions.

3. Will Microsoft provide advanced notice for semi-annual pricing adjustments?

We strive to provide at least 30 days advanced notice including partner price preview. There are many business factors that determine when we can announce upcoming price changes, but we understand that on average more advanced notice is preferred for customers and partners.

4. September and February are not good months for my customers, partners, governments, budgets etc. Why these months? Will these months be changed?

We understand that different regions, industries, segments and customers have different preferences for price change timing. We are striving for consistent and transparent implementation dates across all regions and customers. After reviewing historical price changes and product launches, we concluded that September 1 and February 1 are the best dates for the largest proportion of stakeholders. These will be the same implementation dates for each fiscal year.

5. What does “sustained, material deviations” mean?

Microsoft will evaluate Cloud pricing when local currency fluctuations are sustained (e.g., during a semi-annual time window) and material (e.g., local currency pricing misalignment greater than 5%). Macro-economic events and business conditions will also factor into the pricing evaluation.

6. We need more lead time to prepare for these major price changes that impact all SKUs. Will you provide more than 60 day notice?

Microsoft will not disclose price changes until the new local currency pricing conversion rates are locked and the % adjustments are finalized. The purpose of the semi-annual cadence is to enable better pricing consistency globally and more agile adjustments.

7. When were the previous local currency price adjustments that changed commercial pricing in the Canadian dollar (CAD), Australian dollar (AUD), New Zealand dollar (NZD) and Swiss franc (CHF)?

Microsoft previously adjusted its commercial pricing for pricing in these local currencies as shown below:

Pricing Currency	Previous Cloud Pricing Adjustment	Previous OnPrem Pricing Adjustment
AUD	January 1st, 2019	Prior to 2008
CHF	August 1st, 2018	August 1st, 2018
CAD	December 1st, 2018	Prior to 2008
NZD	December 1st, 2018	Prior to 2008

8. Can prices decrease in response to foreign currency (FX) assessments?

Yes, we decrease prices when our ongoing assessment of pricing across local market, currency, and inflation scenarios warrants a reduction. For our September adjustment, the Swiss franc will decrease. Additionally, there were commercial cloud price reductions for New Zealand and Taiwan in 2017. For non-Azure products, when price decreases do occur, customers with price protection will continue to receive their locked enrollment price until renewal, at which time the revised pricelist will apply. Certain Azure customers, including those with ACD and/or Azure Savings Plans, will receive price decreases immediately (refer to table 1 below).

9. Which commercial licensing programs will be impacted?

Local currency pricing adjustments for the Australian dollar, New Zealand dollar, Canadian dollar, and Swiss franc will apply to new and renewing contracts for commercial cloud services available through these commercial licensing programs.

- Enterprise Agreement (Commercial, Government, and Enrollment for Education Solutions)
- Microsoft Customer Agreement for enterprise (MCA-E) – Applies to seat-based offers only
- CSP with MCA: applies to seat-based offers only (Commercial, Government, and Education Solutions)
- Legacy CSP
- Open Value (Commercial, Government, and Education Solutions)
- Open Value Subscription (Commercial, Government, and Education Solutions)
- Microsoft Products and Services Agreement (MPSA; Commercial, Government and Academic)
- Microsoft Online Services Portal (MOSP)
- MCA Online
- Select Plus

Note: For all indirect licensing agreements, resellers continue to determine the final price and currency of sale.

10. How will seat-based offerings in CSP be affected by this pricing update?

- Pricing for existing subscriptions for seat-based cloud services offers in legacy CSP and new commerce CSP are protected during the term of the subscription at the original billing price.

- ▶ Additional CSP seats added to an existing subscription (subscription active before September 1st, 2023) will be at the original billing price.
- ▶ Expiring or new subscriptions purchased by a partner on or after September 1st 2023, will be subject to the revised price list, including the price adjustment. End customer pricing will be determined by the channel partner.
- ▶ Expiring or new subscriptions (purchased on or after September 1st) will be subject to the revised price list as determined by the channel partner.

11. For seat-based offerings in CSP, which price will be used if customer upgrades to a more premium product during the term, the original billing price or revised price?

- ▶ For CSP, the only price protection is for the term of the existing subscription. If the customer does not have an existing subscription for the more premium product, then it is a new addition and therefore at the revised price.

12. How will Azure in CSP be affected by this pricing update?

- ▶ Azure pricing to CSP partners is under the 'pay-as-you-go' model, with the benefit of no minimum purchase requirements or future commitments with Microsoft and flexible pricing with no price lock.
- ▶ For new customers, Azure purchased through the Microsoft Customer Agreement will be priced in USD globally and so is not impacted by this pricing adjustment.
- ▶ In CSP, end-customer pricing and impact is as determined by the channel partner. Please note that there is no price preview for Azure in CSP.

13. Does this change Microsoft's standard monthly pricing publication process?

There is no change to the monthly pricelist publication process. Microsoft will still be publishing other pricing updates on a monthly basis.

14. How will FPP/retail, OEM and other indirect sales arrangements be impacted?

Prices of FPP software, and Microsoft software pre-installed on PCs (OEM) are not in scope of this local currency pricing update.

15. Will prices change for government/public sector, education/academic or non-profit customers?

We have taken a unified approach to the price adjustment which will be equal for all categories of commercial and public sector customers, including government, education/academic and non-profit organizations.

16. How are promotional offers being designed to offset these price adjustments?

Promotions are aligned to the business and market needs. Promotions are not used to offset price adjustments.

17. How will partners and customers be informed?

Account managers and partners may contact their customers using the 'To Customer' email template and Consolidated FAQ provided. Partners will be informed via Partner Center.

18. Will Windows legalization programs (GGWA) be impacted?

GGWA is OnPrem. When OnPrem pricing is updated, GGWA pricing changes. Pricing in Australian dollar and Canadian dollar will change with the OnPrem pricing updates.

Pricing and Licensing

19. When will the revised Australian dollar, New Zealand dollar, Canadian dollar, and Swiss franc prices be available?

For pricing included in pricelist previews, actual local currency-based price changes by SKU will be available on August 1st, 2023 as part of the September 2023 pricelist preview.

20. How does this change impact existing commercial licensing contracts?

Scenario	Pricing Update for Canadian Dollar, Australian Dollar, New Zealand Dollar and Swiss Franc – Customer Scenarios
EA(S) or SCE customers	<ul style="list-style-type: none"> ➤ Existing EA customers have price protection on previously ordered products and will be covered throughout the term of their agreement. Any new product additions will be priced using the current pricelist at the time of order. ➤ Renewals and new agreements pricing will be determined by the pricelist at the time of order. ➤ Azure: See Azure specific FAQs
OV/OVS	<ul style="list-style-type: none"> ➤ Company-wide: Existing OV and OVS company-wide contracts have price protection on previously ordered products and will not experience a price change during the term of their agreement. Any new products will be priced using the current pricelist at the time of order. ➤ Non-companywide: For OV non-company-wide purchases there is no price protection and new orders will be priced using the current pricelist at the time of order. ➤ Renewals and new agreements will be priced using the current pricelist at the time of order. ➤ Customers enjoying previously ordered promotion pricing are protected on previously ordered services and will not experience a price change during the term of the agreement. Orders for new services will be priced at the promotion pricelist at the time of order.

Scenario	Pricing Update for Canadian Dollar, Australian Dollar, New Zealand Dollar and Swiss Franc – Customer Scenarios
Seat-based CSP	<ul style="list-style-type: none"> <li data-bbox="477 289 1430 674">➤ Existing subscriptions for legacy and new commerce seat-based offers in CSP receive price protection during their term which is typically twelve months from the start of a subscription. Additional seats added to a subscription (September 1st, 2023) will be at the previous billing price, and this price will remain in place for the duration of the subscription. Renewals will be subject to the current prices at the time of order, as determined by the CSP partner. <li data-bbox="477 711 1430 804">➤ CSP Perpetual has no price protection and is subject to current pricing for incremental purchases.
Direct/MOSP/ MCA Online	<ul style="list-style-type: none"> <li data-bbox="477 858 1455 1125">➤ Existing Microsoft online customers with annual subscriptions receive price protection during their term. Adding seats to a subscription purchased before September 1st, 2023 will be at the previous billing price throughout the subscription term. Renewals will be subject to the pricelist at the time of order. <li data-bbox="477 1163 1455 1430">➤ No contract or pay-as-you-go: Mostly Azure and monthly O365. New prices apply starting September 1st, 2023. There is no pricing impact on Azure Plan purchased on the MCA through Azure.com because Azure Plan is priced in USD globally and billed in local currencies that leverage monthly FX rate adjustments. <li data-bbox="477 1467 1455 1507">➤ Customers under trial receive the price at the time of sign-up.
EES/OVS-ES/ School Agreement	<ul style="list-style-type: none"> <li data-bbox="477 1562 1446 1713">➤ EES, School Agreement, and OVS-ES are price protected during the standard three-year term. Extensions of the contract or renewals will be subject to the revised prices.

Scenario Pricing Update for Canadian Dollar, Australian Dollar, New Zealand Dollar and Swiss Franc – Customer Scenarios

Azure CSP	<ul style="list-style-type: none"> ➤ Azure in legacy CSP and seat-based offers in new commerce CSP are impacted by the September 1st, 2023 pricing adjustment. Azure in new commerce CSP is priced in USD and is not impacted by this adjustment. ➤ Perpetual on-premises software in CSP has no price protection and is subject to current pricing for incremental purchases.
SPLA	<ul style="list-style-type: none"> ➤ SPLA has no price protection and is subject to current pricing for incremental purchases.
MPSA/Select Plus	<ul style="list-style-type: none"> ➤ MPSA Cloud services benefit from price protection until subscription renewal. At renewal, pricing resets to the pricelist at the time of order. ➤ MPSA/Select/Select Plus on-premises software have no price protection and are subject to current pricing for incremental purchases.

Azure customers: See Azure specific FAQs below.

Azure FAQ

21. How will the price changes impact existing Azure customers?

Effective September 1st, 2023, customers purchasing Azure in Canadian dollar, Australian dollar, New Zealand dollar and Swiss franc under legacy licensing programs will see prices adjust to levels more consistent with current USD prices. How it will impact various customers depends on the legacy licensing program through which they are consuming Azure.

- ▶ **Pay-As-You-Go subscriptions on Azure.com:** MOSP Web Direct customers under 'pay-as-you-go' purchasing in Australia, New Zealand, Canada and Switzerland will have their prices adjusted to the new prevailing prices as of September 1st, 2023. These prices will more closely align to pay-as-you-go pricing in the MCA in USD, which will not change as a result of this announcement.
 - ▶ **Azure in Cloud Solution Provider Program (CSP):** In CSP, end-customer pricing for Azure services is determined by the channel partner. To-partner Azure pricing will adjust on September 1st, 2023 in legacy CSP. There is no impact on to-partner Azure pricing in new commerce as we price in USD and apply updated FX rates monthly.
- ▶ **Azure purchased via Open Value and OVS:** Consumption rates will adjust effective September 1st, 2023, to the new pricing in Canada, Australia, New Zealand and Switzerland as applicable on Azure.com.
- ▶ **Azure in a mid-term Enterprise Agreement (EA), Enterprise Subscription Agreement (ESA), and Server and Cloud Enrollment (SCE):**
 - ▶ **For Direct Markets:** Customers who purchased Azure within an EA, ESA, or SCE agreement have price protection. A customer or channel partner is guaranteed to receive prices at or below prices shown on the Customer Price Sheet (CPS) or the price in effect on the effective date of the Azure purchase. This is referred to as the baseline price. For services introduced after the Azure purchase, the customer or channel partner is charged the price at the applicable level discount when the service is first introduced. This price protection applies during the duration of the prepayment term – one or three years depending on the enterprise agreement. If prices have decreased during the customer's enrollment term, they may experience a price increase on September 1st, 2023 when the Australian dollar (AUD),

New Zealand dollar (NZD) and Canadian dollar (CAD) price adjustments become effective. This price will be capped at their baseline price. The baseline price, or price protection, applies to all services in Azure regardless of whether the customer has consumed them. 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 lower of their baseline price or the new market price. In the case of Swiss franc (CHF), any customers with negotiated ACD discounts will have the discount applied to the new lower price.

- ▶ **For Indirect Markets:** Customers who have purchased Azure through an LSP partner under an EA, EAS, or SCE agreement have price protection. Price protection is established at the beginning of enrollment and provides a baseline price, or ceiling, for all services available on the EA pricelist. Price protection for indirect enrollments is provided to the partner and end customer pricing is always determined by the partner. Microsoft will never charge the partner more than the baseline price for services during the term of the enrollment. If prices have decreased during the term, the partner, and potentially the customer, will experience a price increase on September 1st, 2023, when the Australian dollar (AUD), New Zealand dollar (NZD) and Canadian dollar (CAD) price adjustments become effective. This price will be capped to the partner at the baseline price.
- ▶ **Azure Local Currency Billing Rates:** Azure in MCA provides billing in 16 supported currencies. Local currency billing rates for MCA Azure are locked at the beginning of each month and may be found on Azure.com. This pricing announcement does not cover changes to Azure billing exchange rates.
- ▶ **Will Azure customers receive notice of this price change?**
Yes, MOSP Web Direct Azure customers receive an e-mail 30 days prior to the price change effective date which is sent to the e-mail address set as Admin on each impacted subscription.

22. Which Azure Savings Plan and ACD prices will adjust immediately with the September 1st, 2023 price change?

Azure Savings Plan, and ACD are always applied to the current month's pricelist. Therefore, prices will adjust on September 1st, 2023

The following scenarios will be impacted immediately by the pricing adjustment:

- All Azure PAYG consumption for customers with an ACD
- Purchase price for new Reservations
- Azure consumption covered by new and existing Savings Plans

23. How does the price change impact customers with Azure Savings Plans?

Azure Savings Plan pricelists are based on the current month's pricelist. Starting September 1st, 2023, 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 customer's hourly commitment will not change.

24. What is the impact on customers with MACC commitments?

The price changes will have no impact on consumed services. Any amount remaining during the commitment period will adjust to the new revised prices. Revised pricing will not change the committed MACC amount but after the price change the remaining MACC amount may be depreciated at a different pace.

25. How does this price adjustment impact customers with Azure Reserved Instance (RI) or who plan to purchase an Azure Reserved Instance (RI)?

The price changes will have no impact on individual Reserved Instances that have already been purchased. Azure RI prices will be adjusted on September 1st, 2023 for all new or additional orders.

26. How does the price change impact customers with Azure commitment discount (ACD)?

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. For EA, the fixed discount will be applied to the current month's EA list price, customers may see their price adjusted but not above their baseline price protection. In MCA-E, customer pricing is in USD globally and ACD discounts are applied to the USD pricing. MCA-E Azure customers, including those with ACD, will not be impacted by these local currency pricing changes. See below example:

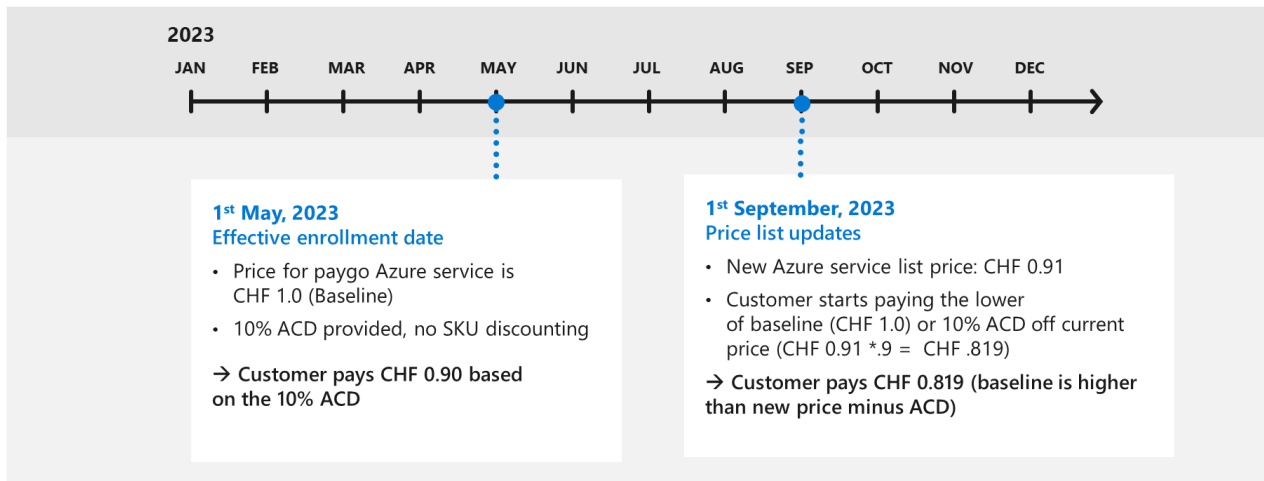
Table 1

Immediate impact

PAYG consumption for customers with an ACD

CHF Price Decrease Example

Scenario: Swiss Franc customer entered an EA 1st May, 2023 with a 10% ACD. The Azure price list updates 1st September 2023.



Immediate impact

PAYG consumption for customers with an ACD

AUD Price Increase Example

Scenario: Australian dollar customer entered an EA 1st May 2023 with a 10% ACD. The Azure price list updates 1st September 2023.

