



Pricing update for Australia

Partner FAQ

November 2018

General Messaging	1
Guidance on communications.....	2
Frequently Asked Questions (FAQ)	2
General	2
Pricing and Licensing.....	4
Azure.....	5

General Messaging

November 16, 2018 — Microsoft is announcing Australian dollar pricelist changes to align its global prices for online services effective January 1, 2019. Microsoft periodically assesses the impact of its local pricing of products and services to ensure there is reasonable alignment across the region and this change is an outcome of this assessment.

Starting January 1, 2019 Australian dollar prices for commercial online services will increase by up to 8% for commercial online services. Customers across the region buying in Australian dollars will continue to find Microsoft cloud offerings highly competitive. In particular, Azure remains competitively priced versus AWS, with opportunities for additional savings with offers like Azure Hybrid Use Benefits (AHUB) and Reserved VM Instances.

Microsoft offers the benefits of AUD pricing and billing to Australia partners and customers. This provides more stable and predictable pricing. Although we are changing prices in January, our last such pricing alignment in AUD was over three years ago.

For business customers, these changes will not affect existing orders under volume licensing agreements for products that are subject to price protection. However, prices for new product additions under such volume licensing agreements and purchases under new contracts will be as defined by the pricelist at the time of order.

Note this change applies to Microsoft commercial online services only. On-premises commercial software prices will remain unchanged. This pricing change will not apply to consumer software or consumer cloud

Partner FAQ – Microsoft Australia Licensing Update

services. For indirect sales where Microsoft products are sold through resellers, final prices and currency of sale will continue to be determined by resellers.

Guidance on communications

Partner Communication:

Please refer to the Partner FAQ below.

Microsoft requests that partners do not blog or post this information on their website or social media sites. For additional clarification, contact your Partner Sales Executive.

Customer Communication:

Microsoft requests customers to not blog or post this information on their website or social media sites. Customers should contact their Microsoft account manager or Microsoft reseller for other questions or clarifications.

Frequently Asked Questions (FAQ)

General

Why is Microsoft adjusting prices in Australian dollars now?

Microsoft is announcing Australian dollar price changes to align its global prices for online services effective January 1, 2019. Microsoft periodically assesses the impact of its local pricing of products and services to ensure there is reasonable alignment with the market and this change is an outcome of this assessment.

What are the changes to Australian dollar pricing?

Starting January 1, 2019 online services priced in Australian dollars will increase by up to 8% to realign close to US dollar levels. Customers across the region buying in Australian dollars will continue to find Microsoft cloud offerings highly competitive.

Why not other currencies or geos?

Many factors contribute to our ongoing assessment of pricing. Our recent assessment of the marketplace and resulting analysis led to the selection of the Australian dollar for this set of changes.

How do you make the assessment?

Periodically Microsoft assesses the impact of its pricing to ensure there is a reasonable alignment with the needs of its customers, partners, and the marketplace across the region, and may make changes in response to its assessment and feedback. Many factors contribute to our ongoing assessment of pricing

Partner FAQ – Microsoft Australia Licensing Update

such as local and regional market dynamics including competition, business models, local currency rates and local inflation.

How frequently do you plan to make these changes?

Microsoft periodically assesses the impact of its pricing to ensure there is a reasonable alignment with the needs of its customers, partners, and the marketplace across the region, and may make changes in response to its assessment and feedback.

How frequently do you plan to adjust pricing in Australian dollars?

Microsoft will maintain relatively stable and predictable prices in Australian dollars and other currencies. Periodically Microsoft assesses the impact of its pricing to ensure there is a reasonable alignment with the needs of its customers, partners, and the marketplace across the region, and may make changes in response to its assessment and feedback. Any future changes to pricing will be assessed based on Microsoft's internal pricing strategy and processes in order to maintain relatively stable prices while ensuring close alignment of prices to US dollar levels.

Which Volume Licensing programs will be impacted?

Revised Australian dollar prices will be applicable to new and renewing contracts for commercial online services available through volume licensing programs. For all indirect licensing agreements, resellers continue to determine final price and currency of sale. Price will adjust as noted above for cloud service sold through an Enterprise Agreement (Commercial, Government, Campus, and Enrollment for Education Solutions), the Open Value Agreement (Commercial, Government, and Education Solutions), a Microsoft Products and Services Agreement (Commercial, Government, and Academic), Select/Select Plus Agreement (Commercial, Government, and Academic), Cloud Solution Provider (CSP), Syndication, and Microsoft Subscription Program (Commercial, Government, Not for Profit and Academic).

How will FPP/retail, OEM and other indirect sales schemes be impacted?

Prices of consumer and FPP software, and Microsoft software pre-installed on PCs (OEM) remain unchanged. Microsoft resellers and customers can continue to purchase at current prices. For indirect sales, resellers will continue to determine the final pricing for end users.

How are prices going to be changed for government/public sector customers?

We have taken a unified approach to price adjustment which will be equal for all categories of volume licensing customers, including commercial, government/public sector and academic customers.

How are any promotional offers being designed to offset this price increase?

Promotions are aligned to the business and market needs. Promotions are not used to offset price increases. However, we are making an early announcement of this change to give customers who wish to the opportunity to procure and fulfill their business needs at the current price.

Pricing and Licensing

When will the Australian dollar pricelists be available and effective?

New prices in Australian dollar will be effective January 1, 2019. A preview will be available one month in advance on December 1, 2018 (preview only).

How does this change impact existing Volume Licensing contracts?

- ▶ **Mid-term Enterprise Agreement (EA), Enterprise Subscription Agreement (EAS) and Server and Cloud Enrollment (SCE):** Existing EA, EAS and SCE contracts have price protection on previously ordered products and will not experience a price change during the term of their agreement. Any new product additions will be priced at current pricelist price.
- ▶ **Renewing and New EA/EAS:** Renewals and new agreements will be priced at then current pricelist price.
- ▶ **Mid-term Open Value (OV) Agreement company-wide & Open Value Subscription Agreement 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 at the current pricelist price.
- ▶ **Mid-term Open Value (OV) Agreement non-company-wide:** For OV non-company-wide purchases there is no price protection and new orders will be priced at current pricelist price.
- ▶ **Renewing and New OV/OVS Agreement:** Renewals and new agreements will be priced at then current pricelist price.
- ▶ **MPSA Cloud sales:** MPSA online services benefit from price protection until subscription renewal. At renewal, pricing resets to then current pricelist price.
- ▶ **Open License Agreement:** For purchases under Open, there is no price protection and new orders will be defined by the pricelist at the time of order.
- ▶ **Cloud Solution Program (CSP) and Syndication:** Existing subscriptions receive price protection during their term which is normally twelve months from the start of paid subscription. Additional CSP seats to an existing subscription after January 1, 2019 will be at the previous billing price which remains in place for the remaining twelve-month term purchased before January 1, 2019. Renewals will be subject to the then current prices as determined by the channel partner.
- ▶ **Microsoft Online Subscription Program (MOSP) with annual commitment and monthly billing:** Existing MOSP customers with an annual commitment receive price protection during their term. Adding seats to an existing subscription after January 1, 2019 will be at the previous billing price which remains in place for the remaining twelve-month term purchased before January 1, 2019. Renewals will be subject to the then current prices.
- ▶ **Microsoft Online Subscription Program (MOSP) with pay-as-you-go and monthly billing:** Customers under the 'pay-as-you-go' model enjoy the benefits of no minimum purchase requirements

Partner FAQ – Microsoft Australia Licensing Update

or future commitments with Microsoft and have flexible pricing. For these customers prices will increase effective January 1, 2019.

- ▶ **Customers under trial:** Prices are determined at the time of paid sign-up.
- ▶ **Promotions:** 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 then current promotion pricelist price.
- ▶ **Azure customers:** See Azure specific FAQs below.

Are prices going to be changed for government/public sector customers?

Yes. We have taken a unified approach for price adjustment which will be equal for all category of volume licensing customers, government/public sector, charities/not-for-profit and academic customers. If Microsoft products are sold through resellers, final prices will continue to be determined by resellers.

Are prices going to be changed for not-for-profit customers?

Yes. We have taken a unified approach for price adjustment which will be equal for all category of volume licensing customers, including commercial, government/public sector, charities/not-for-profit and academic customers. Qualifying charity organizations will continue to benefit from Microsoft's software donation program. Not-for-profits customers can take advantage of Microsoft's special pricing offers.

Does this change include Dynamics products and cloud services sold under volume licensing?

Yes. Changes apply to Dynamics product available through volume licensing programs such as Open, EA etc.

How will customers be informed?

If needed, account managers and partners may contact their customers using the To Customer email template and Customer FAQ provided.

What should I do in the case of exceptions and not standard customer situations?

Partners are advised to contact their Microsoft Partner Sales Executive or License Reseller. Microsoft employees should contact their Commercial Executive.

Azure

How will the price changes impact existing Azure customers in volume licensing?

Effective January 1, 2019 customers purchasing Azure in Australian dollars will see pricing at levels similar to customers purchasing Azure in US dollars through Azure.com and in volume licensing agreements. Below are how changes impact existing Azure customers.

- ▶ **Pay-As-You-Go Subscriptions on Azure.com:** Customers under the 'pay-as-you-go' model enjoy the benefits of no minimum purchase requirements or future commitments with Microsoft and have flexible pricing. For these customers in Australia new prices will be effective January 1, 2019.

Partner FAQ – Microsoft Australia Licensing Update

- ▶ **Prepaid Subscriptions on Azure.com (retired for new customer sign-up as of October 1, 2016):** For previously offered subscriptions, prepaid amount, discount and terms remain unchanged. Consumption rates will increase effective January 1, 2019 to the new pricing in Australian dollars.
- ▶ **Azure in Cloud Solution Program (CSP):** In CSP, end-customer pricing for Azure services is determined by the channel partner. Microsoft pricing to CSP partner 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 CSP partners, Australian dollar prices will increase effective January 1, 2019 to levels similar to Azure pricing for CSP partners in other currencies such as the US dollar.
- ▶ **Azure purchased via Open:** Consumption rates will increase effective January 1, 2019 to the new higher pricing in Australian dollars as applicable on Azure.com.
- ▶ **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 lower 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 may see an increase up to but not above their baseline prices. New Azure services will be defined by the pricelist at the time of order.

How does this price increase impact customers with Azure Reserved Instance (RI) or planning to purchase an Azure Reserved Instance (RI)?

The price changes will have no impact on individual Reserved Instances that have already been charged. Azure RI prices will adjust on January 1, 2019 for all new or additional orders.

How will Australian dollar price changes impact New/renewing Azure EA customers?

Starting October 1, 2016 Microsoft improved the transparency and simplicity of Azure pricing to ensure customers get the best possible prices regardless of where they buy – on Azure.com or in volume licensing programs such as Enterprise Agreement (EA), Server and Cloud Enrollment (SCE), etc. To accomplish this, the Azure EA discount waterfall (A/B/C/D), and SCE 5% discount were retired effective October 1, 2016. Microsoft lowered some Azure pricing and introduced new offers to ensure Azure pricing is competitive.

At renewal, Azure EA customers purchasing in Australian dollars will continue to have competitive and best possible pricing. Azure customers purchasing in EA enjoy additional benefits unique to the EA program such as price protection during term, differentiated support and offers for EA customers. In some renewing EA/SCE cases, the removal of the EA discount waterfall and SCE discount, together with Australian dollars price increase may result in a price increase. The cumulative impact of these pricing changes will depend on which services the customer is using and how much of is being consumed. For renewing EA/SCE customers, the prices customers are paying today in their EA/SCE, and what they will pay going forward at renewal is likely close to when they signed their current EA/SCE. Azure has had significant price decreases on Dv2, D and A series compute over the past 2 years and additional price decreases on other services as well.