



Commercial pricing update

Frequently asked questions for partners

This partner FAQ will be updated on a periodic basis. Check back to view the latest information. A change log is located at the end of this document summarizing any updates.

Document use policy: This is a Microsoft partner confidential document providing partners with answers to common questions about our commercial pricing update. This document can't be shared or posted publicly, but the answers contained might be used along with partner-created content to provide information to customers. Details are subject to change and might vary by geography.

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Overview

Microsoft historically maintained an as needed process of Cloud and OnPrem pricing updates. After pausing local currency pricing adjustments in many markets due to global and political events such as Covid and the war in the Ukraine, Commercial prices across the world have drifted from global US dollar parity.

To become more agile and maintain global pricing alignment, beginning in 2023, Microsoft will implement a more defined and transparent cadence to provide better Microsoft Cloud pricing alignment across regions. Customers and partners with pricing in local currencies will be able to plan for pricing alignment to USD and global parity at semi-annual intervals, subject to market conditions.

While competitors including AWS are pricing mainly in USD, Microsoft continues to offer 16 local currencies across all channels to customers. With a more active and predictable adjustment cadence, local currency pricing will be better aligned to New Commerce Azure MCA pricing in USD.

- **Global cloud pricing alignment** – Semi-annual opportunities to align pricing to market FX resulting in smaller, more frequent changes that are easier to digest for our partners and customers
- **Transparency** – Set timing for updates creates awareness and allows planning for potential pricing changes
- **Challenges:** Some customers may experience more pricing updates than previously accustomed to potentially impacting the budgeting process

Frequently asked questions

- 1. We've had a pandemic, severe inflation, high energy prices, and lots of businesses and people are struggling. You've reported growth, yet you'll raise prices; why?**

In consideration of our customers and partners, we have delayed increasing prices due to global challenges presented by the Covid pandemic and macroeconomic environment to the extent possible. These challenges impact Microsoft as well. In some regions, customers and

partners have been able to purchase Microsoft products at up to 40% lower prices versus global US dollar levels for several months. These changes are to realign our prices closer to USD pricing and may be increases or decreases depending on local currency fluctuations.

2. What is the change being made?

Beginning in 2023, Microsoft will implement a more defined and transparent cadence to provide better Commercial Cloud pricing alignment across regions. Partners and customers with pricing in local currencies will be able to plan for pricing alignment to USD and global parity at semi-annual intervals, subject to market conditions.

3. Why is Microsoft changing local currency pricing at a semiannual cadence?

Microsoft regularly assesses the impact of its local pricing for software products and online services to ensure there is alignment across regions. Moving to a semiannual cadence will enable greater transparency for our customers on the timing for pricing adjustments and ensure a clear and consistent approach to pricing.

4. Why does Microsoft adjust prices due to foreign exchange?

Cloud services can be purchased globally and many of our competitors price in USD globally. Our pricing updates are based on local currency fluctuations and other factors to ensure global consistency in our pricing.

5. Does this mean that my pricing will be changing all the time?

Pricing updates are based on local currency fluctuations and other factors to ensure global consistency; this is the same process, but rather than occurring at any time of year, there will be a set semiannual cadence. Partners and customers with pricing in local currencies will be able to plan for pricing alignment to USD and global parity at semi-annual intervals, subject to market conditions.

6. Does Microsoft decrease prices?

Yes, Microsoft has decreased prices most recently in New Zealand and Taiwan. As part of the new semi-annual cadence prices will be aligned up or down to maintain global pricing alignment.

7. Does this announcement mean that all pricing will soon increase globally?

Only pricing out of alignment will be updated and Cloud prices may be adjusted upward or downward based on prevailing market FX rates. Additional communications and details will be shared regionally in the upcoming weeks and months on specifically what will be changing in the first half of 2023.

Note: USD pricing and MCA Azure plan on New Commerce which is USD pricing will not be impacted.

8. I noticed that you only mentioned cloud pricing alignment. What about on-prem?

We continue to prioritize local pricing stability for OnPrem. Although any FX pricing adjustments for OnPrem will follow the same semiannual cadence, the evaluation will continue to consider many factors such as local and regional market dynamics including competition, business models, local currency rates and local inflation.

9. How will I be notified about price changes?

Beginning in 2023, local currency prices will be adjusted semi-annually at a routine and predictable cadence. Notification to partners of price list changes will follow the existing policy and procedures. More details will be shared regionally in the coming weeks and months.

10. Will I receive a price preview from Microsoft?

When business conditions allow, Microsoft will provide partners with the standard 30-day preview. By transitioning to a semi-annual pricing cadence for local currency adjustments, partners will have additional transparency and predictability to prepare for upcoming price changes.

11. How will Microsoft's local currency pricing adjustments affect indirect pricing?

For business sold through partners, end customer pricing will continue to be determined by resellers.

12. How will local currency prices align with Azure US dollar prices in the MCA?

Adjusted prices will align more closely with Azure MCA US dollar pricing.

13. Why is Microsoft taking a more proactive approach to adjust for currency fluctuations?

With global alignment to US dollar levels, customers and partners will have more consistent pricing regardless of their geographical location.

14. Are Microsoft prices driven by energy costs?

Microsoft considers many factors such as local and regional market dynamics including competition, business models, local currency rates and local inflation. Energy prices are included in inflation metrics when making this overall assessment.

15. Am I able to transition my transaction currency with Microsoft?

Currencies are determined based on enrollment location. By moving to semi-annual currency adjustments, pricing will be better aligned regardless of the transaction currency.

16. If Microsoft is going to make frequent adjustments to local currency pricing, why doesn't it price in US dollars?

Microsoft believes that there is an advantage to partners and customers to be able to purchase Microsoft products in their local currency. Therefore, Microsoft will continue to offer local currency pricing in sixteen markets while striving to have better global pricing alignment. Microsoft is committed to providing competitive pricing to customers and partners in all regions of the globe. Unlike many of our competitors, Microsoft continues to provide price protection for committed customers.

Change log

October 2022