

MICROSOFT ADJUSTS CLOUD PRICING IN AUSTRALIA

General Messaging from Microsoft Australia

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

For more details, please refer to this [post](#) from Australian Partner Yammer Group. You can also refer the Microsoft Pricing Update for Australia FAQ [here](#).

FREQUENTLY ASKED QUESTIONS (FAQ) FROM RHIPE

General

I have an existing customer subscription with rhipe. When will I be affected?

Your customers' existing CSP subscriptions receive price protection during their term which is normally twelve months from the start of paid subscriptions. 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.

How do I check the subscription renewal dates of the subscriptions of my customers?

You can check the subscription renewal dates of the subscriptions through rhipe PRISM portal under Manage Subscription page.

If I create a new CSP subscription with rhipe before January 1st 2019, what price do I need to pay for the subscription?

All new CSP subscriptions provisioned by December 31st 2018 (i.e. Before January 1st 2019) will have price guarantee and be charged the lower price until November 2019. They will only be charged the new prices from December 2019 onwards.

If I create a new CSP annual billing subscription with rhipe before January 1st 2019, what price do I need to pay for the subscription?

You will pay the current monthly subscription price before price increase x 12 months.

I created a new CSP subscription in the month of December 2018. What price will I be charged if I add licenses later?

Additional CSP seats to an existing subscription created before January 1, 2019 will be charged at the previous billing price (i.e. price before price increase) which remains in place for the remaining twelve-month term.

If I move my customer subscriptions from another CSP provider to rhipe CSP, will I be billed the current price before price increment for another 12 months?

Yes as this is considered a new subscription created. You will benefit from price protection and billed the current price before the price increment until December 2019.

How do I transition my customers' subscriptions to rhipe CSP to secure the price for another 12 months?

The steps are the same as the steps [here](#), which are:

- i. Transition tenant to rhipe CSP
- ii. Add subscription through rhipe through PRISM portal
- iii. Suspend previous subscription with existing CSP indirect provider.

If you are provisioning the same subscription and same quantity, no license reassignment is required.

I can only move the new subscription to rhipe after January 1st 2019. Is there anything I can do to secure the old price?

Yes it's possible. You will need to transition customer tenant to rhipe CSP, add the subscription to the tenant before December 31st 2018 first and then suspend the subscription immediately in order not to get charged. When the customer is ready to be moved to rhipe CSP you can then resume the subscription with rhipe and cancel the subscription with the previous CSP indirect provider. Do take note that the subscription renewal date is still December 2018.

FREQUENTLY ASKED QUESTIONS (FAQ) FROM MICROSOFT

General

Why is Microsoft adjusting prices in Australian dollar 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.

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 dollar?

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 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 Enrolment (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.
- ▶ **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 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.

Azure

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

Effective January 1, 2018 customers purchasing Azure in Australian dollar 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 New Zealand new prices will be effective January 1, 2019.
- ▶ **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 Enrolment (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.

For more FAQs, please refer to Microsoft Pricing update for Australia FAQ [here](#).