

# Local pricing update for cloud services

## Updates for the Euro (EUR), Swedish Krona (SEK), Norwegian Krone (NOK), Danish Krone (DKK) and British Pound (GBP)

Consolidated Briefing document and FAQ for Microsoft internal and partners.

January 2023

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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.*

### General Messaging:

**January 2023** – To adjust for local currency fluctuations and harmonize its prices for Microsoft cloud services within the European region, Microsoft is announcing pricelist changes for the following currencies: Euro (EUR), Swedish Krona (SEK), Norwegian Krone (NOK), Danish Krone (DKK) and the British pound (GBP) Microsoft periodically assesses the impact of its local pricing for software products and cloud services to ensure there is reasonable alignment across regions and this change is an outcome of this assessment.

Starting April 1<sup>st</sup>, 2023, pricing for Microsoft cloud services will increase for the currencies shown on the chart below to better align to global levels:

<b>British Pound</b>	+9%
<b>Danish Krone</b>	+11%
<b>Euro</b>	+11%
<b>Norwegian Krone</b>	+11%
<b>Swedish Krona</b>	+15%

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. USD global pricing provides customers with transparent and competitive rates that can easily be compared to competitor pricing, however a customer buys – from a partner in the Cloud Solution Provider program, from a Microsoft seller, or from Azure.com. Customers who purchase Azure through the MCA will not see their prices impacted by these local currency adjustments. 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. Customers buying cloud services in Euro, Swedish Krona, Norwegian Krone, Danish Krone and the British Pound will continue to find equivalent Microsoft cloud offers highly competitive.

These pricing changes do not apply to hardware, on-premises licenses, 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:

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.

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

## Frequently Asked Questions (FAQ)

### General

#### How are pricelist assessments made?

Many factors contribute to our assessment of global price harmonization due to foreign exchange fluctuations. These include local and regional market dynamics including business models (Cloud vs. OnPrem), local currency rates and local inflation. The announced local currency adjustment is only applicable to Microsoft Cloud.

#### Why does Microsoft adjust prices due to foreign exchange fluctuations?

Cloud services can be purchased globally. Local currency pricing updates based on foreign currency fluctuations and other factors ensure global consistency in our pricing.

#### We received notice of the change to a semi-annual local currency adjustment cadence. Will our prices change again in 2023?

Local currency-based prices will be 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. As always, Microsoft will provide additional notice in advance of any future local currency price changes.

#### When was the previous local currency price adjustment that changed commercial pricing in the European Union, Sweden, Norway, Denmark and UK?

Microsoft previously adjusted its commercial pricing for the European Union (EUR), Sweden (SEK), Norway (NOK), Denmark (DKK), Switzerland (CHF) and the UK (GBP) regions as shown below:

Pricing Currency	Previous Cloud FX Pricing Adjustment
NOK	March 1 <sup>st</sup> , 2021
SEK	August 1 <sup>st</sup> , 2018
CHF Not impacted by FX change	August 1 <sup>st</sup> , 2018
GBP	January 1 <sup>st</sup> , 2017
DKK	August 1 <sup>st</sup> , 2015
EUR	August 1 <sup>st</sup> , 2015

## 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. Recently, commercial cloud price reductions occurred in New Zealand and Taiwan. When price increases do occur, customers with price protection will continue to receive their locked enrollment price until renewal, at which time the revised pricelist will apply.

## Which commercial licensing programs will be impacted?

Local currency pricing adjustments for the Euro, Swedish Krona, Norwegian Krone, Danish Krone and British Pound 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
- CSP with MCA applies to seat-based offers (Commercial, Government, and Education Solutions)
- CSP legacy
- 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

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

## 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 April 1<sup>st</sup>, 2023) will be at the original billing price.
- Expiring or new subscriptions purchased by a partner on or after April 1<sup>st</sup> 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 April 1st) will be subject to the revised price list as determined by the channel partner.

## 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 local currency 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.

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

Prices of FPP software, and Microsoft software pre-installed on PCs (OEM) remain unchanged from this FX pricing update. 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.

## 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.

## How are promotional offers being designed to offset these increased prices?

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

## How will customers be informed?

Account managers and partners may contact their customers using the To Customer email template and Customer FAQ provided.

## Will Windows legalization programs (GGWA) be impacted?

No. Euro, Swedish Krona, Norwegian Krone, Danish Krone and British Pound prices for all commercial Windows legalization/GGWA on-premises software are not impacted as there is no change to on-premises products.

## Pricing and Licensing

### When will the revised Euro, Swedish Krona, Norwegian Krone, Danish Krone and British Pound prices be available?

Actual local currency-based price changes by SKU will be available on March 1<sup>st</sup>, 2023 as part of the April 2023 pricelist preview.

### How does this change impact existing commercial licensing contracts?

Scenario	Pricing Update for European Union, Norway and UK – Customer Scenarios
EA(S) or SCE customers	<ul style="list-style-type: none"><li>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.</li><li>Renewals and new agreements pricing will be determined by the pricelist at the time of order.</li><li>Azure: See Azure specific FAQs</li></ul>
OV/OVS	<ul style="list-style-type: none"><li>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.</li></ul>

Scenario	Pricing Update for European Union, Norway and UK – Customer Scenarios
	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Renewals and new agreements will be priced using the current pricelist at the time of order.</li> <li>• 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.</li> </ul>
Seat-based CSP	<ul style="list-style-type: none"> <li>• 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 (April 1<sup>st</sup>, 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> </ul>
Direct/MOSP/MCA Online	<ul style="list-style-type: none"> <li>• Existing Microsoft online customers with annual subscriptions receive price protection during their term. Adding seats to a subscription purchased before April 1<sup>st</sup>, 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> <li>• No contract or pay-as-you-go: Mostly Azure and monthly O365. New prices apply starting April 1<sup>st</sup>, 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> <li>• Customers under trial receive the price at the time of sign-up.</li> </ul>
EES/OVS-ES/School Agreement	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Azure CSP	<ul style="list-style-type: none"> <li>• Azure in legacy CSP and seat-based offers in new commerce CSP are impacted by the April 1<sup>st</sup>, 2023 pricing adjustment. Azure in new commerce CSP is priced in USD and is not impacted by this adjustment.</li> <li>• Perpetual on-premises software in CSP is not impacted by this adjustment.</li> </ul>
SPLA	<ul style="list-style-type: none"> <li>• SPLA is for on-premises software and is not impacted by this adjustment.</li> </ul>
MPSA/Select Plus	<ul style="list-style-type: none"> <li>• MPSA Cloud services benefit from price protection until subscription renewal. At renewal, pricing resets to the pricelist at the time of order.</li> <li>• MPSA on-premises software is not impacted by this price adjustment.</li> </ul>

- **Azure customers: See** Azure specific FAQs below.

## What should I do in the case of exceptions and non-standard customer situations?

Partners are advised to contact their Microsoft Partner Development Manager or Distributor. Microsoft employees should contact their Commercial Executives.

## Azure FAQ

### How will the price changes impact existing Azure customers?

Effective April 1<sup>st</sup>, 2023, customers purchasing Azure in Euro, Swedish Krona, Norwegian Krone, Danish Krone and the British Pound 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 the European Union, Sweden, Norway, Denmark and Great Britain, will have their prices adjusted to the new prevailing prices as of April 1<sup>st</sup>, 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 April 1<sup>st</sup>, 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:** Consumption rates will increase effective April 1<sup>st</sup>, 2023, to the new higher pricing in the European Union, Sweden, Norway, Denmark and the UK region.
- **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 April 1<sup>st</sup>, 2023 when the European Euro, Swedish Krona, Norwegian Krone, Danish Krone and UK British Pound 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.
  - **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 April 1<sup>st</sup>, 2023, when the European Euro, Swedish Krona, Norwegian Krone, Danish Krone and UK British Pound price adjustments become effective. This price will be capped to the partner at the baseline price.
  - **Will Azure customers licensing under MCA in New Commerce be affected by this change?**  
No, customers licensing Azure under MCA in New Commerce are not affected by the local currency-based price changes. Azure licensed under the Microsoft Customer Agreement on New Commerce have prices in US dollars worldwide.

- **Azure in Microsoft Customer Agreement for enterprise (MCA-E):** Azure prices in the MCA-E are in USD and are not impacted by this change.
- **Azure in Microsoft Customer Agreement:** Customers under the MCA in new commerce enjoy the benefits of no minimum purchase requirements or future commitments with Microsoft. Prices in the MCA are in USD and are not impacted by this change.
- **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.
- **How does the price change impact customers with Azure Commitment Discount (ACD)?**  
Customers will see their price increase but not above their baseline price protection. ACD is a fixed discount and customers will continue to receive the discount percentage specified in the contract. ACD does not affect the baseline price. The fixed discount will be applied to the current month's EA list price.

#### ACD Example:

- Enrollment effective date: 1/1/22
- Price for pay-as-you-go D4v3 is SEK 1.00 (Baseline)
- No SKU discount provided
- 10% ACD provided
- Customer pays SEK 0.90 based on the 10% ACD
- SEK rates increase 15% effective 4/1/23
- New list price: SEK 1.15
- Customer starts paying the lower of baseline or 10% ACD off new price (SEK 1.035)
- Customer pays SEK 1.00 (baseline is lower than new price minus ACD)

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

Azure Savings Plan pricelists are based on the current month's pricelist. Starting April 1<sup>st</sup>, 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.

#### 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 depreciated at a faster pace.

#### How does this price increase 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 purchased. Azure RI prices will be adjusted on April 1<sup>st</sup>, 2023, for all new or additional orders.