



Microsoft **NCE**

New Commerce Experience Overview

Azure Plan

Available Now!

Modern Workplace

Launched January 10th!

Dynamics

Launched January 10th!



Microsoft CSP

New Commerce Experience

What is NCE?

The New Commerce Experience (NCE) 'per seat' model for Microsoft 365, Dynamics 365, and Power Platform subscriptions is the latest in the evolution of their CSP program. It provides re-sellers with new tools to simplify and manage subscriptions.

Why is it important to your partners?

The changes coming with NCE will potentially require some action on your partners' side. Partners need to be mindful of the changes coming to pricing for monthly vs annual, the price changes coming in March, and the potential license ordering process that might be necessary from their side.

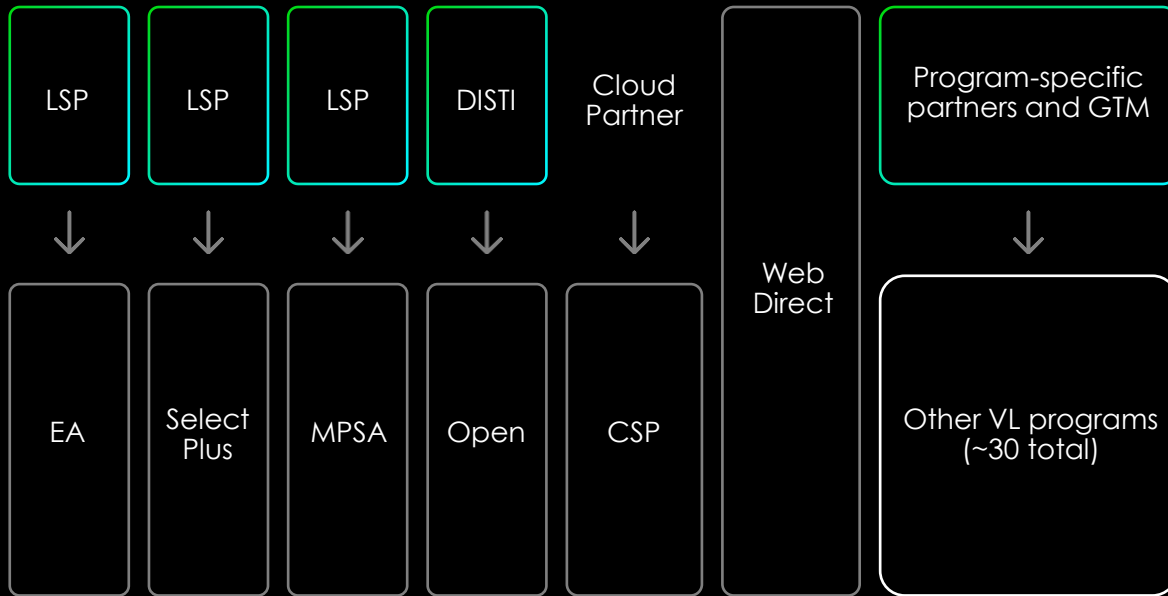
A Single **Connected** Platform Experience

Today's Experience

Customers



Customers

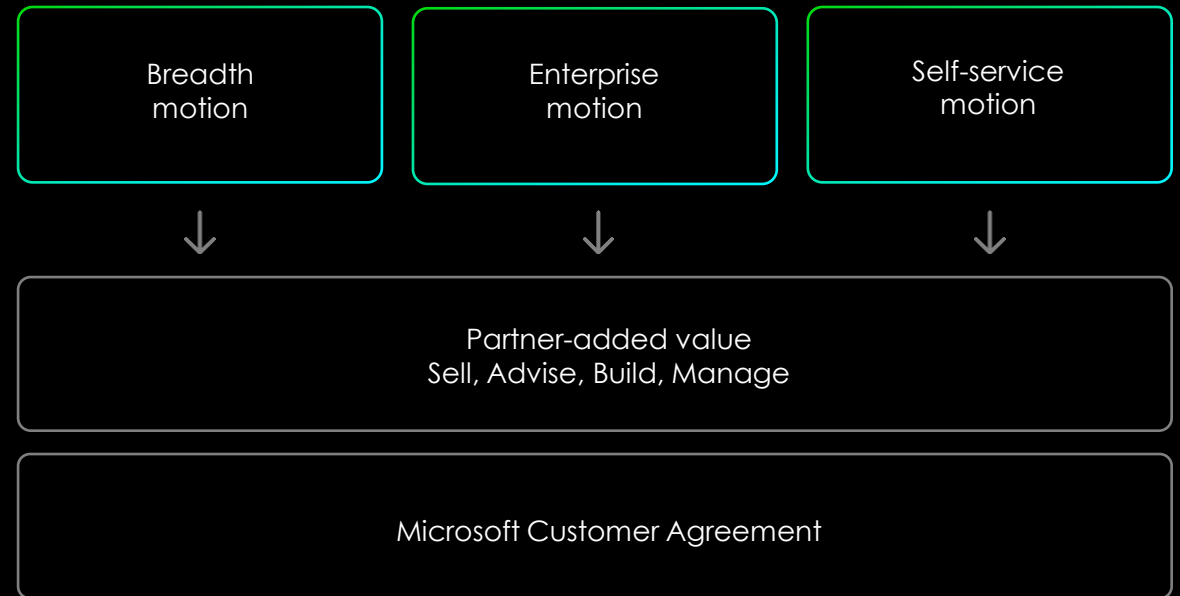


The New Commerce Experience

Customers



Expanded offer catalogue with Microsoft and 3rd-party offers



What this means for our **Partners**

Greater Agility & Customer Alignment

- Promotional pricing on NCE subscriptions starting January 2022
- Pricing benefits for annual term subscriptions that provide price protection
- Enforced cancellation policy
- Increased upgrade availability

Operational Efficiency & Cost Savings

- Improved subscription management capabilities
- Automated subscription changes at renewal
- Easier price list and reconciliation file processing

More Choices For Customers

- Premium-price monthly term subscriptions that allow cancellations or seat-count reduction as needed
- Easier adoption of new products and add-ons available separately
- Consumption based billing for telco offers

NCE for **Commercial Offers** only

NCE will not be available for Government, Non-Profit, and Educations licenses at this time. These subscription types will remain on CSP Legacy until further notice.

These subscription types will not be affected by the NCE term agreements and policies.



Dates and Deadlines

October 14, 2021

Technical Preview 2 of NCE for Modern Work and Dynamics will be available for all partners.

January 10, 2022

NCE for Modern Work and Dynamics 365 will reach general availability for indirect partners to offer to CSP re-sellers.

March 10, 2022

All subscriptions for Modern Work and Dynamics will be required to be procured through the NCE Platform.

July 1, 2022

All renewals for Modern Work and Dynamics will be required to be renewed on the NCE Platform.

January 1, 2023

Incentives only available for NCE transactions through MCI.

February 1, 2023

All remaining subscriptions must be moved to NCE.

Promotional Offers

Microsoft will be offering two time-bound promotions to assist partners with transitioning seat-based offers to the New Commerce Experience Platform.

Annual Subscriptions:

- January – March 2022 will receive a 5% discount for the entire term as well as any increase in quantity counts. This will include existing subscriptions upgraded from Legacy to NCE that have term duration left.

*not all SKUS will be eligible for the promotional offer

Monthly Subscriptions:

- January – June 2022 will be priced at the regular annual subscription price (no premium). This will include existing subscriptions upgraded from Legacy to NCE that have term duration left and any increase in quantity counts.

*not all SKUS will be eligible for the promotional offer

Nonprofit, Government, and Education:

Microsoft is not making changes to these purchasing methods. These subscriptions will remain on CSP Legacy for now.

January 1, 2022



Subscription Terms in the New Commerce **Experience**

1-Month Subscription

Enable a customer to change number of licenses month to month

20% more expensive than an annual subscription

**Not all SKUs will have a monthly offer

12-Month Subscription

Regular commitment

Billing options:

- Monthly
- Upfront

36-Month Subscription

Enables a customer to lock in pricing for a full 36 months

Billing options:

- Monthly
- Annual
- Upfront

** 36-Month for Modern Work SKUS will not be available until March



Can a customer combine annual and monthly term Subscriptions for the same service? - Yes



Can monthly term Subscriptions be changed to annual term Subscriptions? - Yes



Management of Tenants



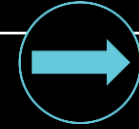
Pause

- Partner continues to be billed
- Subscription immediately enters "Disabled" status:
 - Users can't access services or files
 - Admins can access data until the end of the Subscription term
- Subscription can be made "Active" again



Cancellation

- Pax8 will follow the UTC time zone for cancellations
- Full refund on Day 1, Pro-rated refund if cancelled on days 2 and 3. NO refunds after the first 3 UTC days
- Subscription immediately enters "Disabled" status:
 - Users can't access services or files
 - Admins can access data for 90 days
- Cancellation cannot be reversed



Auto-renew

On:

- Pax8 will automatically set auto renew to on
- Subscription renews at the end of the term
- 72-hour cancellation period starts once renewed

Off:

- Subscription does not renew at the end of the term
- Subscription enters "Disabled" status

M365 Price Increase

Effective March 1, 2022

Enterprise:

Office 365 E1: \$10 (from \$8)

Office 365 E3: \$23 (from \$20)

Office 365 E5: \$38 (from \$35)

Microsoft 365 E3: \$36 (from \$32)

SMB:

Microsoft 365 Business Basic: \$6 (from \$5)

Microsoft 365 Business Premium: \$22 (from \$20)

Please note: Microsoft is NOT changing pricing for Microsoft 365 E5, Microsoft Business Standard, or Non-Profit and the Frontline SKUs.

This price change does impact all public sector customers worldwide.

Add-On Policies

Add-ons are purchased as individual Subscriptions, distinct from the base product Subscriptions. Thus, the end dates may not be the same.

Partners will see errors when attempting to purchase an NCE add-on product when the customer does not have any of the prerequisites.

Add-ons cannot be migrated to NCE using the API Upgrade tool. Add-ons need to be removed from legacy prior to migration and then re-purchased on NCE



Upgrades

For NCE, upgrading means going from one paid subscription to another paid subscription, but you cannot go from a higher paid SKU to a lower paid SKU. In your subscription with Pax8, you will be able to see eligible upgrade options.

Full upgrade

- In-place upgrade
- All seats are upgraded
- The Subscription ID remains the same
- Licenses are automatically assigned
- Upgrade at any time

For example:

Microsoft 365 Business Basic to Microsoft 365 Business Standard

Partial upgrade

- Some of the seats are upgraded
- The Subscription ID of the original Subscription remains the same
- A new Subscription is created which has an end-date that is coterminous with the original Subscription
- License must be manually assigned
- Upgrade at any time

For example:

Microsoft 365 Business Standard to Office 365 E1

Promotions

Many promotions have a maximum of 2,400 seats per subscription. In these cases, a transaction including **more than 2,400** will be submitted at the non-promotion prices.

The seat limits from promotions are enforced across partners.

Promotion eligibility is enforced at the subscription level that the partner is transacting.



Trials

Key facts

- 25 licenses
- 30 days
- Can't be canceled
- Auto-renew is On
- Trials convert automatically to paid offers
- No trial alerts from Microsoft
- Trial alerts will come from Pax8

Automatic trial conversion

- All 25 seats convert to paid offer
- Paid Subscription starts on the next day
- Term duration: Pax8 will renew on Monthly Terms
- Billing cycle monthly

Manual trial conversion

- Trials can be converted to paid offers at any time during the trial period
- At the conversion point, the 72-hour cancellation period starts when seats can be reduced
- Partners can choose the same SKU or an upgrade



Telco – Pay-As-You-Go-Over on Azure

Some license-based products include services with allocated calling plans. These typically come with per-license allocations for minutes per month. Previously on the legacy offer, there was no way to enable service usage beyond the monthly limits, which resulted in customers needing to purchase communication credits.

On NCE, if a telco offer is initiated, the customer has the option to enable overages via consumption pay-as-you-go-over. To enable overages, a customer must have an Azure Plan tied to the tenant. If the customer does not have an Azure Plan, the partner will have to check out one prior to purchasing the telco offer.



Change of Channels

As NCE stands today, change of channels will not be permitted outside of the subscription term renewal. Change of Channel is only possible at the term renewal, within the 3-day cancellation window.

This includes:

- Customer wanting to purchase through a different partner
- Partner wanting to purchase through a different distributor
- A partner going from direct to indirect

Mergers and acquisitions: Microsoft will allow for mergers and acquisitions to be exempt from the change of channel policy in a future release.



Incentives and Rebates

CSP Reseller Program

Partners must now have a trailing twelve-month (TTM) revenue of **\$25k** in order to be eligible for the CSP Indirect Reseller Incentive Program.

Microsoft has **raised** the co-op usage threshold from **\$4,000 to \$10,000**.

Microsoft calculates your monthly incentive earnings with a 60% rebate/40% co-op split on eligible licenses.

All Incentives and Rebates will be removed from CSP Legacy in October 2022.

Microsoft Commerce Incentive

Partners **must enroll** in the Microsoft Commerce Incentive Program in Partner Center to earn incentives and rebates for NCE subscriptions.

Program eligibility for MCI remains the same for Dynamics and Modern Work as it is for CSP Reseller. Azure does have some new requirements.

Core incentive on MCI is 5% (4% on CSP Reseller).

Starting January 1, 2022, CSP Reseller New Customer Add Accelerator of 10% will be paid out through the MCI program only. Partners must be enrolled in MCI for any new customer add subscriptions on CSP Reseller.

Incentives for now will be paid out as 100% rebate.

Partner Margin will remain the same.

Enroll: <https://docs.microsoft.com/en-us/partner-center/mci-engagements>



Pax8 Platform – Billing

Commitment Start Date: The date your term agreement for a subscription starts with Microsoft

Commitment Expiration Date: The date your term agreement for a subscription expires with Microsoft

Renew Date: Pax8 subscriptions will always renew on the first of the month, regardless of term. However, this won't align with MSFT. The MSFT renewal will align with their Pax8 subscription commitment term that they select during check out.

If you purchase a NCE subscription mid-month, Pax8 will bill the partner for the pro-rated amount of month one plus all of month two on your month two invoice.

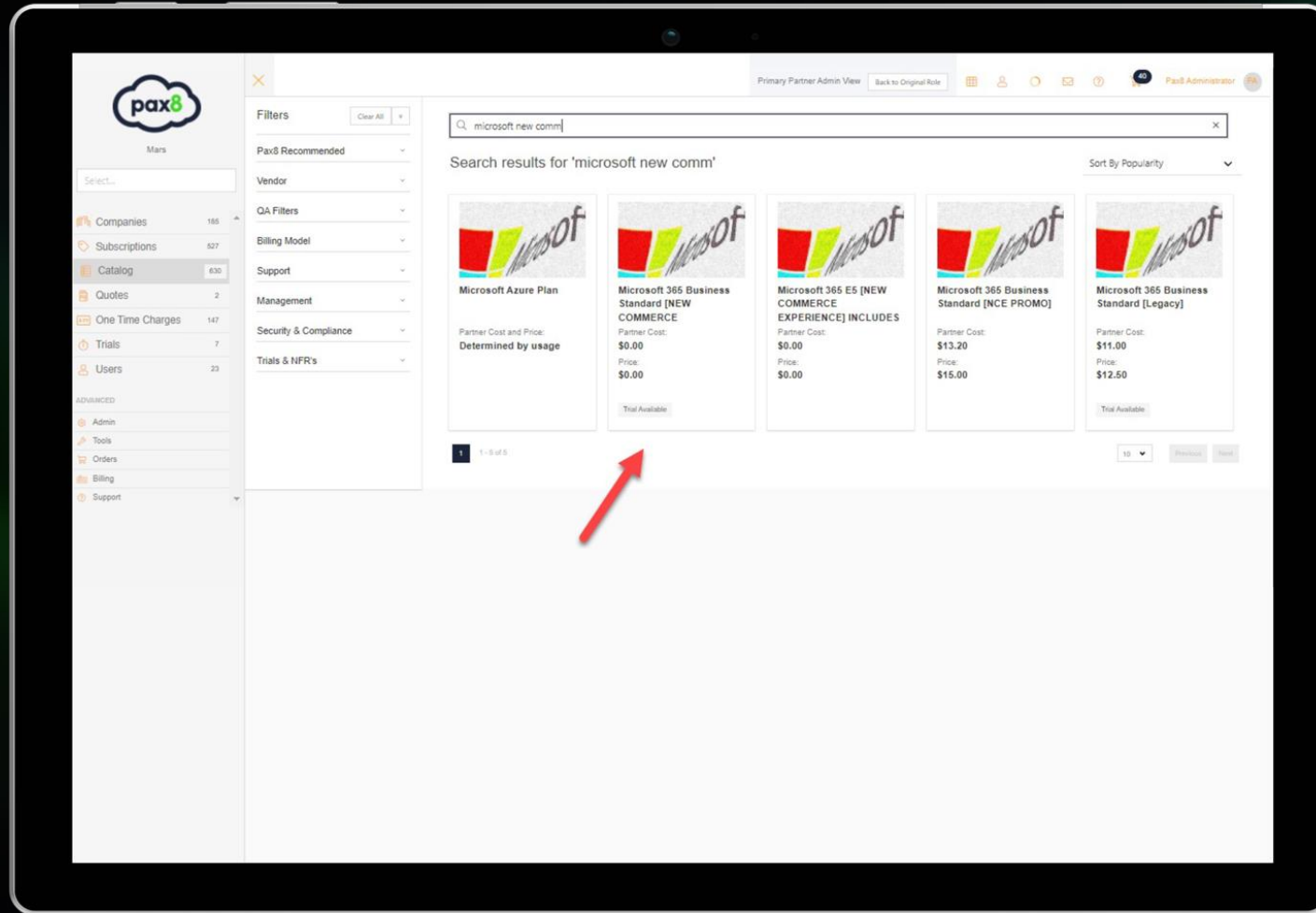
Example: An MSP buys E3 on January 15th, 2022.

As an annual payment: On their February invoice they would see 16 days of charge for January (January 15-31 = 16 days), and then a 12-months term where their subscription with Pax8 expires 2/21/2023 (even though with MSFT it will expire 1/15/2021). The subscription with MSFT will auto-renew on 1/15/2021 unless the partner cancels. If they cancel, Pax8 will refund the 16 days left in their term with Pax8).

As a monthly payment: On their February invoice they would pay for 16 days of January in addition to a full month for February.



Pax8 Platform – Purchasing New Subscriptions



Pax8 Platform – Upgrading Existing Subscriptions

The screenshot displays the Pax8 platform interface for managing subscriptions. The main content area shows details for a Microsoft 365 Business Standard subscription. A red arrow points to the 'Upgrade' button, indicating the process of upgrading an existing subscription.

Subscription Details:

- Product: Microsoft 365 Business Standard [Legacy]
- ID: 20993
- SKU: MST-OPC-016-C100
- Term: Annual
- Start Date: 12/29/2021
- Renews: 01/01/2023

Price Calculations:

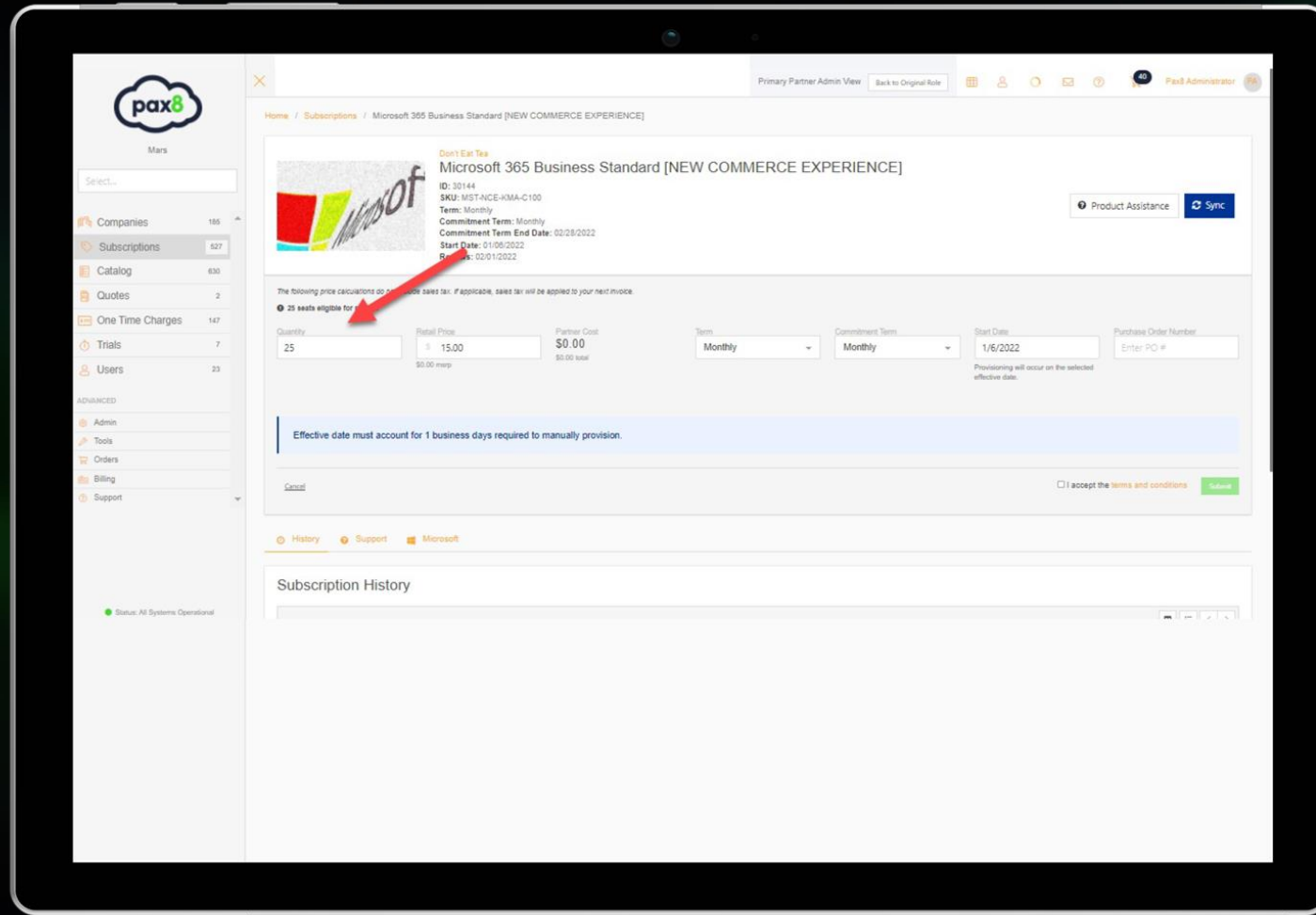
Quantity	Retail Price	Partner Cost	Term	Start Date
2	\$150.00 (\$300.00 total) \$150.00 each	\$132.00 (\$264.00 total)	Annual	12/29/2021

Subscription History Table:

ID	History Action	Quantity	Effective Date	Renews	Ordered By	Subscription Status
20993	Quantity Change	2 (+1)	12/29/2021	01/01/2023	M. Rover	Provisioning
20992	Modify	1	11/29/2021	01/01/2023	M. Rover	Provisioning
20983	Initial Order	1	12/29/2021	02/01/2022	M. Rover	Active



Pax8 Platform – Editing Subscription Quantity or Term



Resources

- **Pax8 Blog- Link in Q&A**
<https://www.pax8.com/blog/microsoft-csp-new-commerce-experience>
- **January Webinar – Unpacking NCE on January 26th @ 9am MT**
<https://events.pax8.com/register>
- **Fill out Schedule a Call form- Link in Q&A**
<https://go.pax8.com/channel-events>

SCHEDULE A CALL

To help our team, please note in the form that you are looking for follow-up specific to NCE

