



Modernize Licensing and Negotiating with Microsoft in the Cloud Era

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LET'S TALK!

- Microsoft licensing is a top-five expense item
- Knowledge is the key to a successful negotiation
- Keeping up with the changes can be difficult
- The answer frequently is “it depends”



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What to know with Microsoft in 2022

Dynamics

Power
Platforms

Azure

E5
Products

Support

Agreement
types



Negotiate the best deal by understanding requirements beforehand

Knowing your requirements is the most important step.

Understand what you need from Microsoft *before* entering negotiations.

Don't spend more to save less.

Microsoft will talk you into bundles and provide a discount, but it's possible you don't need to spend that money in the first place



User subscription SKUs

M365 Licensing Options		SKU	License Plans			
O365 Components	Lockbox	TK5-00002				
	Phone System (Formerly Cloud PBX)	LK6-00004				
	Skype for Business Plus CAL	FT5-00006				
	Domestic Calling Plan	TK2-00001				
	International Calling Plan	TJ9-00001				
	Power BI Pro	NK4-00002				
	My Org Analytics	V9N-00002				
	Adv Compliance (formerly eDiscovery)	TK6-00002				
	Adv Threat Protection	KF5-00002				
	Adv Security Management	2SC-00003				
	Audio Conferencing (formerly PSTN Conf)	TJ7-00001				
	Office 365 Pro Plus	3JJ-00003				
	Yammer, Teams, Delve					
	Office Online (C2R for E3/E5)					
	SharePoint Online (C2R for E3/E5)					
	Exchange Online (C2R for E3/E5)					
	Skype for Business Online (C2R for E3/E5)					
	OneDrive for Business (P1)	3NM-00004				
	Skype for Business Standard CAL (Online P1)	T2A-00017				
	SharePoint Standard CAL (Online P1)	TVA-00020				
	Exchange Server Standard CAL (Online P1)	TRA-00047				
	Skype for Business Enterprise CAL (Online P2)	T3A-00005				
	OneDrive for Business (P2)	TL2-00003				
	SharePoint Enterprise CAL (Online P2)	TWA-00013				
	Exchange Enterprise CAL (Online P2)	TQA-00001				
	Exchange Online Archiving	4DS-00001				
	Office Professional Plus					
WIN	Windows 10 Enterprise (E3)	AAA-10787		WIN E3	WIN E5	
	Win Defender ATP (Win 10 Enterprise E5)	AAA-22359				
EMS Components	Advanced Threat Analytics					
	Windows Rights Management Services CAL					
	System Center Configuration Manager					
	System Center Endpoint Protection					
	Windows Server CAL					
	Intune	U5U-00001				
	Azure Info Protection Prem P1	QC5-00002				
	Azure AD Prem P1	3R2-00002				
	Cloud App Security	2ER-00002				
	Azure Info Protection Prem P2	CF6-00007				
	Azure AD Prem P2	6E6-00003				



Microsoft has implemented a pricing increase as of March 2021, however discounting can fluctuate across levels

Product	Price Increase	Percent Increase
Microsoft Business Basic	From \$5.00 to \$6.00	20%
Microsoft Business Premium	From \$20.00 to \$22.00	10%
Office 365 E1	From \$8.00 to \$10.00	25%
Office 365 E3	From \$20.00 to \$23.00	15%
Office 365 E5	From \$35.00 to \$38.00	9%
Microsoft 365 E3	From \$32.00 to \$36.00	13%



Discounts vary, so focus on the number figure – April 2022

EA Enterprise Products - Added at Signing		Quantity			Amount		
Enterprise Products - Subscriptions	Price (1Yr)	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
M365 E3 ShrdSvr ALNG SubsVL MVL PerUsr	384.00	782	782	782	210,201.60	225,216.00	240,230.40
					210,201.60	225,216.00	240,230.40
					\$ 22.40	\$ 24.00	\$ 25.60

AAA-10726	M365 E3 FromSA ShrdSvr ALNG SubsVL MVL PerUsr (Original)	Non-Specific	1 Month(s)	\$ 30.10	\$ 24.53	18.50%
AAD-33200	M365 E3 FromSA Unified ShrdSvr ALNG SubsVL MVL PerUsr	Non-Specific	1 Month(s)	\$ 30.10	\$ 24.53	18.50%
AAA-10756	M365 E3 ShrdSvr ALNG SubsVL MVL PerUsr (Original)	Non-Specific	1 Month(s)	\$ 36.00	\$ 29.34	18.50%



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Discounts can be different in year 1 vs year 2 vs year 3

Enterprise Enrollment						Configuration		
Enterprise	Part Number	Qty	List Price	Multiplier	Annual	Discount		
						Yr 1	Yr 2	Yr 3
M365 E5 Unified ShrdSvr ALNG SubsVL MVL PerUsr	AAD-33168	1,205	72.96	12	875.52	30.0%	25.0%	20.0%
O365E1 ShrdSvr ALNG SubsVL MVL PerUsr	T6A-00024	75	12.80	12	153.60	30.0%	25.0%	20.0%
Total Enterprise						-		

Discounted Unit Price (CAD)		
Yr 1 Price	Yr 2 Price	Yr 3 Price
51.07	54.72	58.37
8.96	9.60	10.24
-	-	-

USD		
\$ 39.28	\$ 42.09	\$ 44.90
\$ 6.89	\$ 7.38	\$ 7.88



Power Apps



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Dynamics

Dynamics 365 SKU placemat: October 2019

	Customer Engagement (CE)				Unified Operations (UO)		
Full Users Base License	Sales Enterprise \$95	Customer Service Enterprise \$95	Field Service \$95	Marketing* New Customers \$1500	Supply Chain Management 20 seat min \$180	Finance 20 seat min \$180	Retail 20 seat min \$180
	Sales Professional \$65	Customer Service Professional \$50	Project Service Automation \$95		Talent 5 seat min \$40		
Multi-App Users Attach License	Sales Enterprise \$20	Customer Service Enterprise \$20	Field Service \$20	Marketing* Existing Customers 10 seat min \$750	Supply Chain Management \$30	Finance \$30	Retail \$30
	Sales Professional \$20	Customer Service Professional \$20					
Additional Users	Device \$145				Activity \$50	Device \$75	
	Team Members \$8				Team Members \$8		

*The Marketing application is a tenant-based license, therefore the per user Attach license model does not apply.



Contract term



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Amendments



Know what can be negotiated

- Quotes can be obtained from more than one reseller
- Special license use rights can be granted
- Payment terms vary
- There can be additional discounts for upfront payments.
- Payment deferrals available due to COVID-19
- Some products may be exempt from price protection.



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When can negotiating leverage be maximized

01 - First-time buy vs. renewal/expansion/reduction in services

02 - M&A impacts/consolidations

03 - Additional product evaluation (add-on to existing ecosystem of products)

04 - Vendor commercial drivers – end of quarter/end of year and similar



Choose the Azure pricing model that fits your organizational needs

Pay as you go

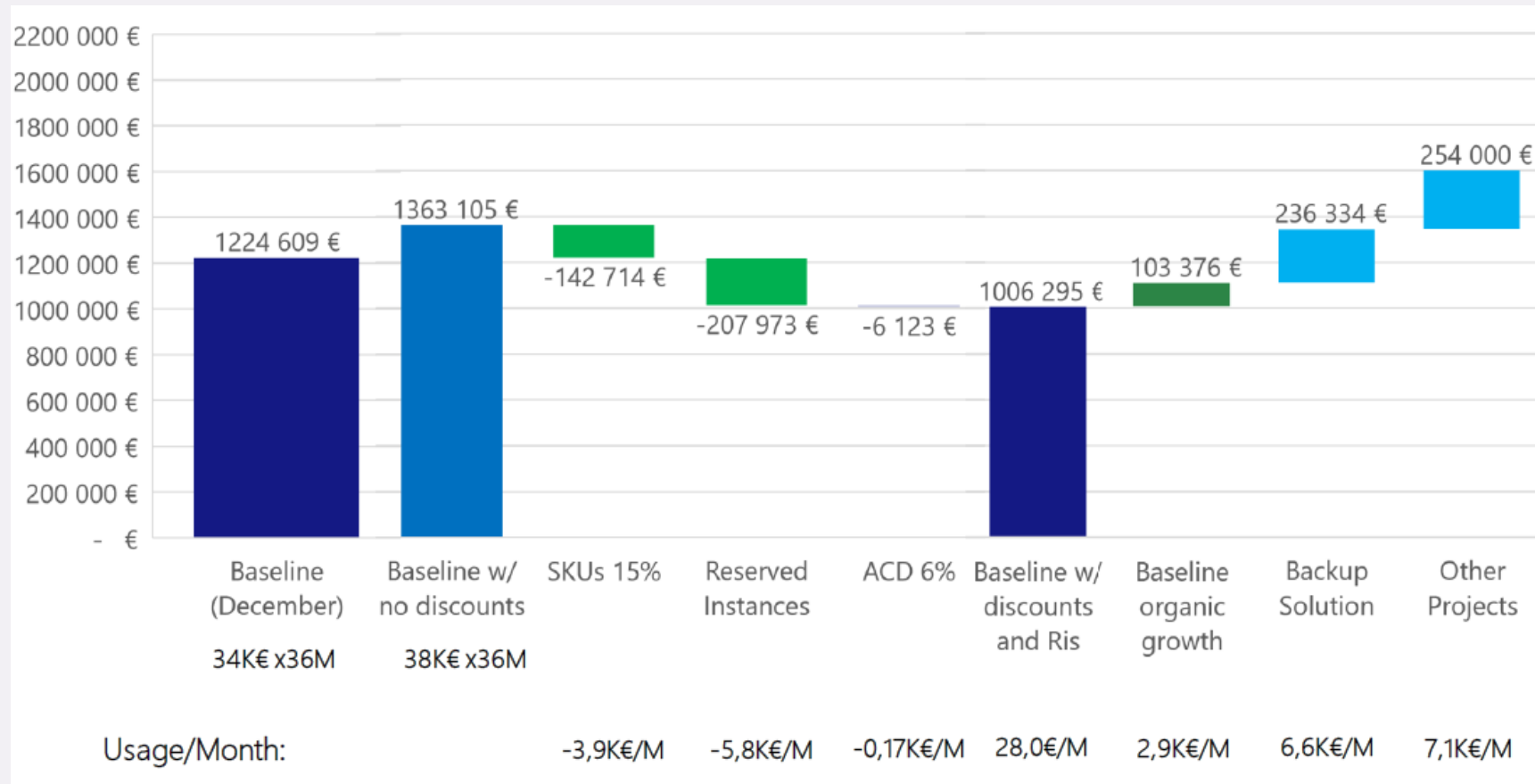
CSP/NCE

Azure
Monetary
Commitments

Reserved
Instances



Purchase Azure Reserved Instances if the organization is committed to the cloud



Azure Compute

Product	Part Num	Current Co	Discou	Future Cos
Backup - GRS Data Stored	AAA-70201	2 966,30 €	15%	2 865,17 €
Virtual Machines Dv2/DSv2 Series Windows - D4 v2/DS4 v2 - EU West	997-03499	2 945,23 €	15%	1 654,22 €
Virtual Machines Dv2/DSv2 Series Windows - D13 v2/DS13 v2 - EU West	997-03321	1 844,80 €	15%	1 181,08 €
Tiered Block Blob - Cool RA-GRS - Data Stored - EU West	N9H-01072	1 635,56 €	15%	1 579,80 €
Backup - Azure VM and on-premises Server - Protected Instances	N9H-00430	1 397,91 €	15%	1 350,25 €
Windows Server - 48 vCPU VM License	AAD-46462	1 205,76 €	15%	1 164,65 €
Premium SSD Managed Disks - P30 - Disks - EU West	AAD-18194	827,73 €	15%	799,51 €
SQL Server Enterprise - 1-4 vCPU VM License	N7H-06283	826,79 €	15%	798,61 €
Windows Server - 32 vCPU VM License	AAA-70523	810,99 €	15%	783,34 €
Premium SSD Managed Disks - P50 - Disks - EU West	AAD-18265	808,58 €	15%	781,01 €
Virtual Machines Dv2/DSv2 Series Windows - D1 v2/DS1 v2 - EU West	997-03284	733,76 €	15%	414,27 €
Virtual Machines Dv3/DSv3 Series Windows - D4 v3/D4s v3 - EU West	AAA-45011	693,58 €	15%	483,28 €
Tiered Block Blob - Cool LRS - Data Stored - EU West	N9H-01032	586,65 €	15%	566,65 €
Premium SSD Managed Disks - P10 - Disks - EU West	AAD-18125	571,95 €	15%	552,45 €
Backup - LRS Data Stored	AAA-70203	537,18 €	15%	518,87 €
Virtual Machines Dv3/DSv3 Series - D8 v3/D8s v3 - EU West	AAA-45180	518,16 €	15%	644,36 €
Virtual Machines BS Series Windows - B2s - EU West	AAA-87186	443,98 €	15%	229,58 €
Premium Page Blob - P30 - Disks - EU West	N9H-00374	441,23 €	15%	426,19 €
Azure Firewall - Deployment	AAA-21922	440,99 €	15%	425,96 €
Premium Page Blob - P10 - Disks - EU West	N9H-00320	434,37 €	15%	419,56 €
Virtual Machines FSv2 Series - F8s v2 - EU West	AAA-57342	427,15 €	15%	172,36 €
Virtual WAN - VPN S2S Scale Unit	AAA-21918	398,48 €	15%	384,90 €
Virtual Machines D/DS Series - D4/DS4 - EU West	997-01432	371,16 €	15%	177,69 €
Virtual Machines BS Series Windows - B12ms - EU West	AAD-46762	344,27 €	15%	332,53 €
Virtual Machines Dv3/DSv3 Series Windows - D2 v3/D2s v3 - EU West	AAA-44939	343,57 €	15%	322,14 €
Virtual Machines BS Series Windows - B4ms - EU West	AAA-87170	343,07 €	15%	211,51 €

Product	Part Number	Current Cost	Discount	Future Cost
Virtual Machines Dv3/DSv3 Series - D4 v3/D4s v3 - EU West	AAA-45007	131,01 €	15%	129,64 €
Virtual Machines F/FS Series Windows - F2/F2s - EU West	AAA-14006	113,62 €	15%	89,20 €
Standard SSD Managed Disks - Disk Operations	AAD-26003	113,48 €	15%	109,61 €
Virtual Machines Dv3/DSv3 Series Windows - D8 v3/D8s v3 - EU West	AAA-45173	107,76 €	15%	129,63 €
Virtual Machines Av2 Series Windows - A2 v2 - EU West	AAA-33342	107,70 €	15%	104,03 €
Virtual Machines FSv2 Series - F4s v2 - EU West	AAA-57343	107,59 €	15%	172,36 €
Virtual Machines BS Series - B2s - EU West	AAA-87161	105,97 €	15%	66,73 €
Virtual Machines BS Series - B4ms - EU West	AAA-87166	105,90 €	15%	89,02 €
Virtual Machines A Series Windows - A2 - EU West	N7H-02507	99,32 €	15%	95,93 €
Virtual Machines Av2 Series - A2 v2 - EU West	AAA-33335	95,80 €	15%	92,53 €
Premium SSD Managed Disks - P15 - Disks - EU West	AAD-18274	93,04 €	15%	89,86 €
Standard HDD Managed Disks - S20 - Disks - EU West	N9H-00886	64,51 €	15%	62,31 €
Virtual Machines Dv3/DSv3 Series - D2 v3/D2s v3 - EU West	AAA-44946	64,33 €	15%	32,39 €
Premium SSD Managed Disks - P20 - Disks - EU West	AAD-18161	59,69 €	15%	57,66 €
Standard SSD Managed Disks - E20 - Disks - EU West	AAD-36607	56,97 €	15%	55,02 €
Standard SSD Managed Disks - E30 - Disks - EU West	AAD-26036	56,92 €	15%	54,98 €
Virtual Machines BS Series - B2ms - EU West	AAA-87167	52,94 €	15%	22,25 €
Virtual Machines BS Series Windows - B1ms - EU West	AAA-87191	30,44 €	15%	15,28 €
Windows Server - 4 vCPU VM License	AAA-70512	3,58 €	15%	3,45 €
Windows Server - 2 vCPU VM License	AAA-70513	3,07 €	15%	2,96 €
Windows Server - Burst 1 vCPU VM License	AAA-70509	- €	15%	- €
Windows Server - Burst 12 vCPU VM License	AAA-70573	- €	15%	- €
Windows Server - Burst 16 vCPU VM License	AAA-70572	- €	15%	- €
Windows Server - Burst 2 vCPU VM License	AAA-70526	- €	15%	- €
Windows Server - Burst 20 vCPU VM License	AAA-70571	- €	15%	- €
Windows Server - Burst 4 vCPU VM License	AAA-70510	- €	15%	- €



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What is Microsoft willing to negotiate on Azure

Azure - 3 Years – Prop

Azure Commit to Consume (CtC) 1,6M€/3Years*, with:

- **6% ACD** (for all Azure services, excluding RIs)
- **15% SKU list** (110 most used services and backups)
- **Reserved Instances** (up to 72% savings on compute)
- **ECIF Investment for new projects – 10K€ ****
- **Technical Advisory***** 4h/week (local CSAs, GBBs, FastTrack)
- **Skills Building****** (ESI Program for Azure)

Based on current consumption, an estimate impact of -4,638€/month (15% discount), covering 76% of usage, excluding Reserved Instances and ACD

Based on current consumption, an estimate impact of 6% covering current usage by ACD

Already planned 15% discount for Backup SKUs in other regions)



Microsoft's agreement options

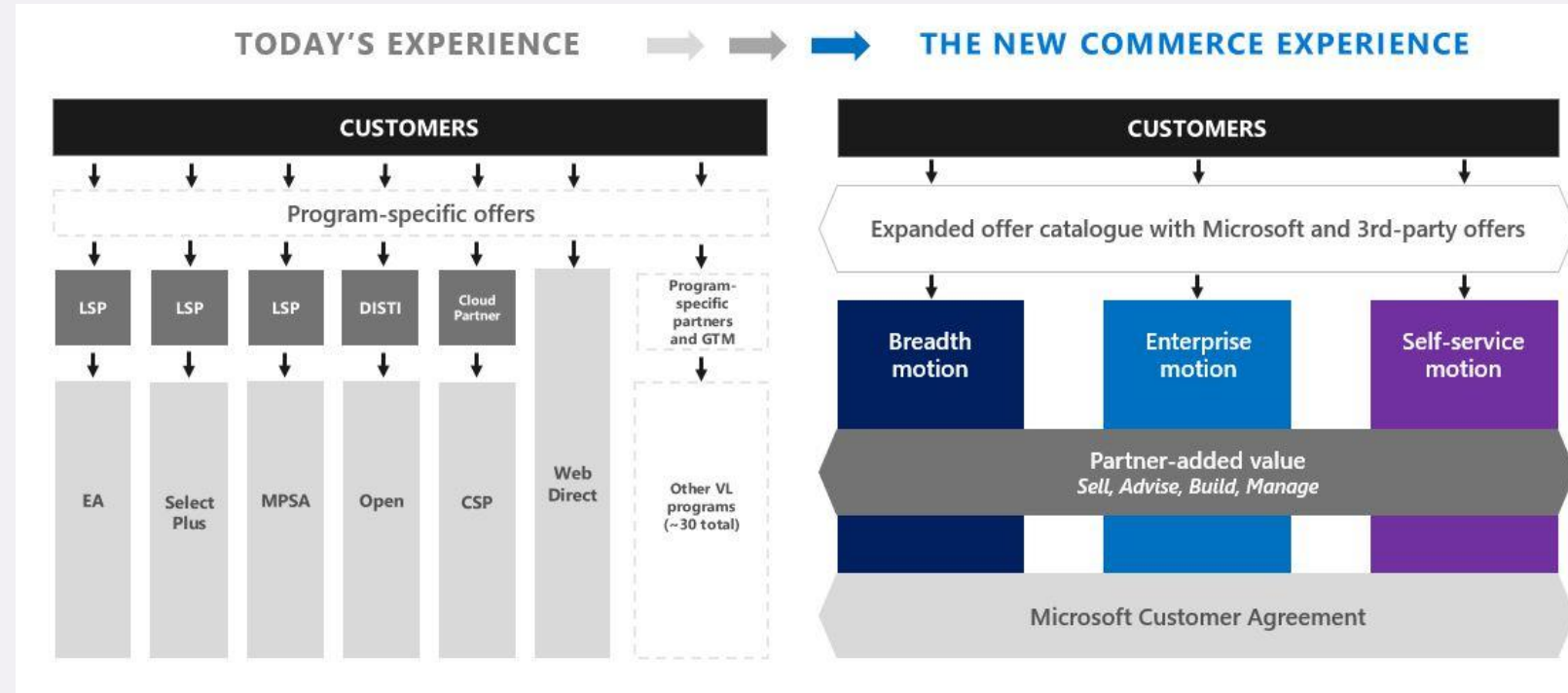


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New Customer Experience (NCE)

- Term length options on the NCE are monthly, annually, and for three years.
- Agreements that are month to month will have a 20% price premium.
- Month-to-month agreements are flexible and mid-term downgrades are allowed, however, one- or three-year agreements are locked in and mid-term downgrades are not allowed.



Microsoft's audit strategy



Microsoft's auditing process

- There are three types of audit engagements with Microsoft:
 - Self-audit
 - SAM engagement
 - Audit by a third-party consulting firm



Avoiding traps

- Watch out for vendors' fiscal year ends
- Divide and conquer.
- Free software asset management engagements
- Mistakes in the VLSC
- Defaulting to the most expensive software edition.
- Vendors acting on behalf of Microsoft



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What to know about Unified Support

1.2. Description of the Services.

Please refer to the current Support and Consulting Services Description ("SCSD") which will be incorporated by reference and is published by Microsoft from time to time at www.microsoft.com/en-us/microsoftservices/support-consulting-services-description. Microsoft may update the support services you purchase under this agreement from time to time, provided that the level of support services you purchase will not materially decrease during the current Term.

Services Summary	Billing Date	Fee USD
MRC - Advanced Support	6/27/2020	\$436,129.67
MRC - Designated Support Engineering (DSE)-2020-21	6/27/2020	\$200,000.00
Subtotal		\$636,129.67
Software Assurance Benefits *		(\$41,490.00)
Total Fees (excluding taxes)		\$594,639.67



Examine usage



Current Contract Ending 12/27/2019

Line Item	Purchased	Consumed	Planned	Total Consumed+ Planned	Remaining
Problem Resolution	As-Needed		N/A	N/A	N/A
Built-Ins	3	2	1	3	0
Proactive Credit	400	439	0	-39	
Reactive Enabled Support	20	20	0	20	0
Online Training	As- Needed				
On-Demand Assessments	32	2	1	2	30



Unified Support Pricing

Graduated pricing rates

Annual spend	Azure	Annual spend	Modern Work	Biz Apps	On-Prem User	On-Prem Server
\$0 to \$1.8M	10%	\$0 to \$1.5M	8%	8%	8%	10%
\$1.8M to \$6M	7%	\$1.5M to \$3M	7%	7%	7%	9%
\$6M to \$12M	5%	\$3M to \$6M	6%	6%	6%	8%
\$12M to \$30M	3%	\$6M to \$15M	5%	5%	5%	7%
\$30M to \$60M	2.25%	>\$15M	4%	4%	4%	6%
\$60M to \$120M	2%					
>\$120M	1.75%					



What to know about Unified Support – Discounting available

12 Month Pricing is Composed of the following Agreements:

		Advanced Support	
Classification	P (USD)	%	Price (USD)
Server	2,807,651.98	9.5	267,688.67
User	4,822,512.40	6.9	334,350.72
Azure (Cloud)	16,510.92	10.0	1,651.09
TOTAL	7,646,675.30		603,690.48

} ~ 7.8% of spend

		Performance Support	
Classification	P (USD)	%	Price (USD)
Server	2,807,651.98	11.5	323,841.71
User	4,822,512.40	8.9	430,800.97
Azure (Cloud)	16,510.92	12.0	1,981.31
TOTAL	7,646,675.30		756,623.99

} ~ 9.8% of spend



Discounting on Unified Support

Budgetary Estimate for
Multi-Year Support

Unified Enterprise

Current Agreement
Expires on
11/26/2021

Flex Allowance is 20% of
Annual Base Agreement
Cost (see slide 4)

Description of Services

Appraised Product Spend (Server/User/Cloud)

Unified Enterprise Support

Customer Engineer Scoping

Designated Account Management (CSAM)

Standard & Critical Response Times

Escalation Management

Enterprise-wide Problem Resolution

On-Demand Assessments, Set-up & Configuration

On-Demand Education, Webcasts, Support Portal

Flex Allowance

Enhanced Services

Designated Support Engineering for Azure IaaS

Modern Service Management Cloud Success Plan for Azure

Proactive Credits (350)

TOTAL ENHANCED SERVICES COST

Discounts and Incentives

Less *ESTIMATED* Software Assurance Benefits

Flex Allowance (20% of Enterprise Base Cost)

Less Multiyear Discount Incentive

Total Cost (Budgetary Estimate)



Discounting on Unified Support

Services Summary	Year 1 2021-05-15 - 2022-05-14	Year 2 2022-05-15 - 2023-05-14	Year 3 2023-05-15 - 2024-05-14	Total
Appraised Product Spend	\$2,020,000	\$2,020,000	\$2,020,000	\$6,060,000
Advanced Microsoft Unified Support Service fees	\$171,182.73	\$171,182.73	\$171,182.73	\$513,548.19
Subtotal	\$171,182.73	\$171,182.73	\$171,182.73	\$513,548.19
Software Assurance Benefits *	(\$24,528.00)	(\$24,528.00)	(\$24,528.00)	(\$73,584.00)
Less One Time Microsoft Investment	(\$51,354.82)	(\$42,795.68)	(\$34,236.55)	(\$128,387.05)
Total Fees (excluding taxes)	\$95,299.91	\$103,859.05	\$112,418.18	\$311,577.14



Discounting on Unified Support

Services Summary***	Year 1 11/26/2021 – 11/30/2022	Year 2 12/1/2022 – 11/30/2023	Year 3 12/1/2023 – 11/30/2024	Total
Appraised Product Spend	\$4,673,178	\$6,061,890	\$6,061,890	\$16,796,958
Unified Enterprise Support	\$400,019.44	\$499,721.32	\$499,721.32	\$1,399,462.08
Unified Enterprise Support Add-on	\$26,357.78	\$13,301.65	\$13,417.26	\$53,076.69
DSE – Azure IaaS	\$143,668.04	\$148,626.00	\$153,826.40	\$446,120.44
Subtotal	\$570,045.26	\$661,648.97	\$666,964.98	\$1,898,659.21
Software Assurance Credit	(\$15,213.00)*	(\$49,788.00)**	(\$49,788.00)**	(\$114,789.00)
Multi-Year Discount	(\$51,602.51)	(\$66,662.82)	(\$61,665.61)	(\$179,930.94)
Flex Allowance - DSE	(\$80,003.89)	(\$99,944.26)	(\$99,944.26)	(\$279,892.41)
Total Fees (excluding taxes)	\$423,225.86	\$445,253.89	\$455,567.11	\$1,324,046.86



Repricing

Prior to each anniversary, Microsoft will evaluate Customer's total spend over the preceding annual period ("Actual Product Spend") and compare it to the Customer's Appraised Product Spend identified in the table above. If Customer's yearly Actual Product Spend has increased by more than 5% over the preceding annual period, the Microsoft Support Services fees as described in the Service Summary table above, will increase for the subsequent year based on the tiered rate schedule described in the "Microsoft Unified Support – Rate Table" table below. The tiered rate schedule will not exceed the "Microsoft Unified Support – Rate Table". Microsoft will invoice Customer for the difference between the Microsoft Support Services fees above and the re-calculated Microsoft Support Services fees, and Customer agrees to pay Microsoft such additional amounts within thirty (30) calendar days of the date of Microsoft's invoice.



What to know about Unified Support – Premier “Classic” Support lives on

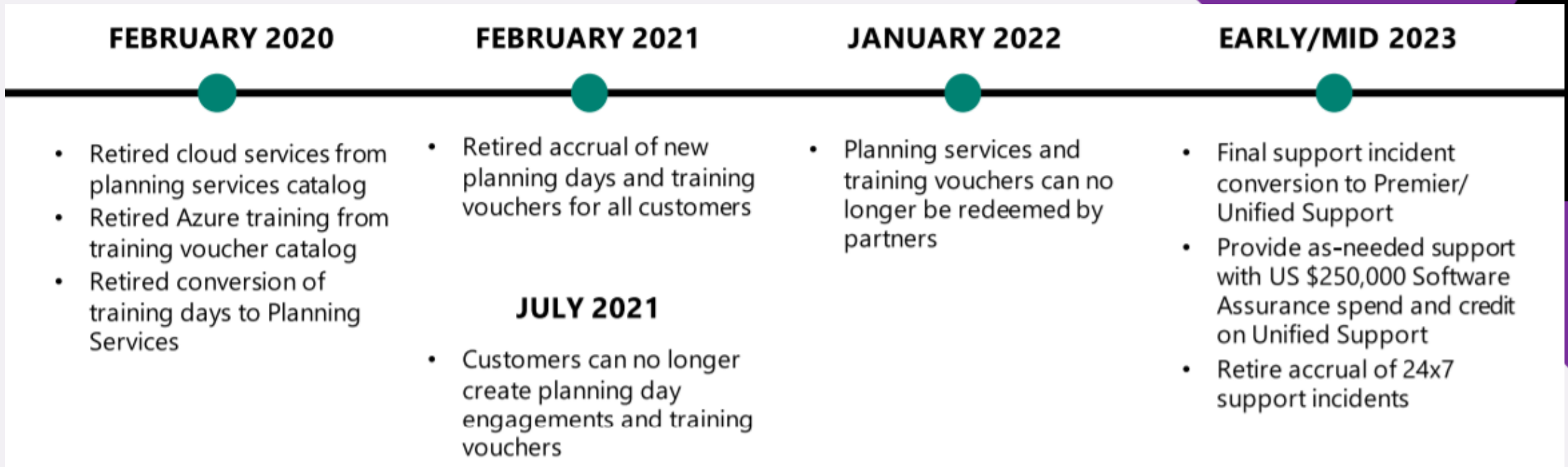
COVID-19 Support Renewal Option #2	Last Year	2020- 2021 Proposal
Premier Classic Agreement	Hours	Hours
Support Account Management	140	140
Problem Resolution Support	120	120
Support Assistance	70	70
Base Contract Cost:	\$85,900	\$90,250
Add On Services (Recommended)		
**Designated Support Engineer - Teams	N/A	\$137,000
Less: Software Assurance Benefits	23 Incidents Applied (\$30,245)	113 Incidents Applied (\$156,279)
*Total Costs:	\$55,655	\$70,971



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Changes to Unified Support are coming



IMPORTANT POINTS

- Start early
- Does bundling make sense
- Be aware of licensing implications
- Plan for the future



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