

Microsoft CSP - New Commerce Experience

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Overview

Microsoft launched the **New Commerce Experience (NCE)** purchasing model for the **Cloud Solution Provider (CSP)** program in November 2019. Microsoft's goal with NCE is to give customers greater choice and flexibility in how and where they purchase Microsoft online products, while giving partners like Evolve IP more opportunities to sell to a growing base of existing and new customers.

In October of 2021, Microsoft announced the pre-release changes to NCE for seat-based Office 365, Microsoft 365, and Dynamics 365 subscription products, and on January 10, 2022, Microsoft made the changes generally available to their Cloud Solution Provider (CSP) partner program.

With this new release **Microsoft has made significant changes** to the rules surrounding the purchase of Office 365, Microsoft 365, and Dynamics 365 subscription products.

This article covers those changes, and how they affect you as a customer under the Microsoft NCE purchasing model.



IMPORTANT

The service agreement you have with Evolve IP is not affected by Microsoft's New Commerce Experience purchasing model. The terms and conditions you have with Evolve IP are still in place.

Per Microsoft's NCE rules changes for CSP partners:

- Starting **March 1, 2022**, all **new subscription orders** will be provisioned by Evolve IP using the Microsoft NCE purchasing model. The rules and conditions in this article will apply to all subscriptions in the order.
- If your existing subscriptions with Evolve IP have not been migrated to NCE, and they have a renewal date on or after **January 1, 2024**, they will be migrated to the Microsoft NCE purchasing model on their renewal dates. The rules and conditions in this article will apply to the subscriptions when they are migrated.

Subscription Commitments

Microsoft has **3 types of commitments** for their subscription products in the NCE purchasing model:

- **Annual (1 YR) Commitment**
 - The **price for a subscription** under the annual commitment is the **same as Microsoft's published prices** on Microsoft's product web page.
 - You should choose an annual (1 year) commitment for subscription products that will have little change in quantities (e.g. full-time employees).
 - The commitment starts on the date the subscription licenses are added to your 365 tenant, not when you sign your Evolve IP sales order.
 - The commitment locks in current pricing for 1 year. If Microsoft increases the price of a subscription, your price will increase on the renewal date.
 - You must commit to a base quantity for 1 year.
 - The base quantity can be **increased** at any time, and will be prorated for the commitment term (1 year). You will still be billed monthly.
 - Increasing a base quantity does not change the renewal date.
 - The base quantity can only be **decreased, or cancelled**, on the subscription's renewal date (once a year).
 - If you want to **cancel or decrease** the quantity of a subscription on its renewal date, you must notify Evolve IP **30 or more days** prior to the renewal date. **All changes are final on the renewal date.**
 - If Evolve IP is not notified of any changes, your subscription will auto-renew the 1-year commitment with the current quantity on the renewal date. No action required.
- **Monthly (Month to Month, MTM) Commitment**
 - Subscriptions with a monthly commitment have an **~20% price uplift** above the annual price.
 - You should consider a monthly commitment for subscription products that will have a lot of quantity changes (e.g. temporary or seasonal workers).
 - **Not all subscription products have a monthly commitment option.** If a monthly commitment is not available, then an annual commitment must be purchased.
 - The commitment starts on the date the subscription licenses are added to your 365 tenant, not when you sign your Evolve IP sales order.

- The commitment locks in current pricing for 1 month. If Microsoft increases the price of a subscription, your price will increase on the renewal date.
 - You must commit to a base quantity for 1 month.
 - The base quantity can be **increased** at any time, and will be prorated for the commitment term (1 month).
 - Increasing a base quantity does not change the renewal date.
 - The base quantity can only be **decreased, or cancelled**, on the subscription's renewal date (once a month).
 - If you want to **cancel** or **decrease** the quantity of a subscription on its renewal date, you must notify Evolve IP **7 or more days** prior to the renewal date. **All changes are final on the renewal date.**
 - If Evolve IP is not notified of any changes, your subscription will auto-renew the monthly commitment with the current quantity on the renewal date. No action required.
 - **Note:** A Monthly commitment can be converted to an Annual commitment on the renewal date. If you wish to switch from monthly to annual, please contact your Evolve IP account representative.
- **3 Year (3 YR) Commitment**
 - Currently **not available** for any 365 subscription products.
 - Currently **only available** for some **Dynamics 365 (D365)** subscription products.
 - 3 year commitments **require an upfront, onetime payment** for the subscription product. There is no monthly or annual billing.
 - The commitment locks in current pricing for 3 years. The commitment will expire after 3 years, and will **not auto-renew**.
 - You should choose a 3-year commitment for subscription products that will have very little change in quantities (e.g. full-time employees).
 - The commitment starts on the date the subscription licenses are added to your 365 tenant, not when you sign your Evolve IP sales order.
 - You must commit to a base quantity for 3 years.
 - The base quantity **cannot be increased**. Increasing a base quantity requires a new purchase order with a new 3-year commitment.
 - The base quantity cannot be **decreased, or cancelled**.
 - All 3-year commitments will automatically cancel on the renewal date. To continue the subscription, you must notify Evolve IP **30 or more days** prior to the renewal date.
 - If Evolve IP is not notified of any changes, your subscription will cancel on the renewal date. No action required.

TIP

You can purchase the same subscription product with both Annual and Monthly (if available) commitments. For example:

- Qty (100) **Microsoft 365 E3** (Annual) – For fulltime employees
- Qty (25) **Microsoft 365 E3** (Monthly) – For seasonal/temporary employees

Renewal Date Alignment for New Subscriptions

If you have existing NCE subscriptions, a new subscription purchase will have its end date (renewal date) aligned with your other subscriptions.

For example, you have an existing Microsoft 365 E3 (annual) subscription with a renewal date on 15-Nov, and you want to purchase an annual subscription for Visio Plan 2. The renewal date for the Visio Plan 2 subscription will be aligned with the Microsoft 365 E3 subscription, and the cost for the Visio Plan 2 subscription will be prorated.

NOTE

Renewal date alignment only applies to new NCE subscription purchases. Alignments cannot be processed against existing NCE subscriptions.

Subscription Transfers

NOTE

Microsoft does not have an automatic back-end process to migrate, transfer, or move subscriptions between Microsoft purchasing channels, or between Microsoft CSP partners.

If you want to transition your subscriptions to another partner or purchasing channel, you will need to finish your current subscription commitments first.

If you are currently with a Microsoft CSP partner, and you want to switch to a new CSP partner, you must finish the subscription commitments with your current CSP partner, and schedule new subscriptions to be added to your 365 tenant by the new CSP partner.

To make sure you don't have any service disruptions during the transition, you should plan on having subscriptions in your 365 tenant from both CSP partners at the same time, and budget for that cost accordingly.

Subscription Upgrades

The Microsoft NCE purchasing model provides upgrade paths, which means upgrading from one paid subscription to another qualifying, higher-level, paid subscription. This allows you to upgrade to a subscription with added services.

- Microsoft does not allow for subscription downgrades.
- Upgrading the entire quantity of a subscription is recommended, but a partial quantity can be upgraded.
- Multiple/Rolling partial upgrades are not supported.
- Contact your Evolve IP account representative to find out if your subscriptions are eligible for an upgrade.



NOTE

If you are upgrading to a subscription that includes an add-on subscription you already have, we cannot cancel or reduce the quantity of the add-on subscriptions mid-term.

For example, if you have **Office 365 E3 + Teams Phone Standard**, and you want to upgrade to **Office 365 E5** (which includes Teams Phone Standard), we will not be able to cancel or reduce the quantity of your **Teams Phone Standard** add-on subscription until its renewal date.

There are **2 types of upgrade paths**:

- **For Both Types of Upgrade Paths**
 - All subscriptions we provide to your 365 tenant must have already been migrated to Microsoft's NCE purchasing model.
 - The new subscription's commitment & renewal date will be the same as the current subscription, and any additional charges will be prorated for the term of the commitment.
 - You must coordinate with Evolve IP, and you must be available at the time of the upgrade in case there are any issues.
- **For the Full Upgrade Path**
 - This is an in-place upgrade of all licenses (seats) from the current subscription to the new subscription. The quantity will not be changed.
 - All user accounts assigned to the current subscription will be assigned to the new subscription automatically.
 - Azure AD groups used for license assignments, or 3rd party tools used for license assignments, are not supported. The full upgrade path only works with manual license assignments performed in the M365 admin center.
 - If the current subscription is provided by another Microsoft CSP partner, those licenses (seats) will not be included in the upgrade and the automatic user account assignments. Be aware that this may produce unintended consequences to your user account license assignments.
- **For the Partial Upgrade Path**
 - This is not an in-place upgrade for all licenses (seats) in the subscription because the quantities are being changed.
 - None of the user accounts assigned to the current subscription will be assigned to the new subscription. It must be done manually.
 - If the current subscription is provided by another Microsoft CSP partner, those licenses (seats) will not be included in the upgrade, and there may be unintended consequences.



NOTE

Please contact your Evolve IP account representative if you wish to upgrade one of your Microsoft NCE subscriptions.

Small Business Subscription Limits

Microsoft has a quantity limit of 300 licenses for each Small Business subscription in your 365 tenant. However, Microsoft applied this limit at the channel level (CSP Partners, Resellers, Web Direct, etc.). Therefore, a Microsoft customer could engage multiple channels, or multiple CSP partners, to circumvent the limit of 300 licenses.

With Microsoft's NCE purchasing model, the above circumvention is being blocked. Microsoft will be auditing the quantity of Small Business subscriptions in your 365 tenant, and will only allow 300 licenses across all purchasing channels and partners. If you have more than 300 licenses for any Small Business subscriptions, you will need to reach out to all of your Microsoft partners to get this resolved. If you choose not to do anything, you may experience service disruptions in your 365 tenant.

Microsoft's Small Business Subscription Products

- Microsoft 365 Business Basic
- Microsoft 365 Business Standard
- Microsoft 365 Business Premium
- Microsoft 365 Business Voice
- Microsoft 365 Business Voice without a Calling Plan
- Microsoft Defender for Business

Subscriptions for Service Migrations

Whether you are migrating your on-premise services (or other cloud services) into a new 365 tenant, or you are migrating from one 365 tenant to another 365 tenant, you need to carefully consider your subscription commitments, and budget for the costs incurred while doing a migration.

The most common on-premise migration (or other cloud service) to Office 365 is email. When you migrate your mailboxes to Exchange Online, you have to pay for the subscriptions in your 365 tenant during the migration. If you are doing a 365 tenant-to-tenant migration, you have to pay for the subscriptions in both 365 tenants while doing the migrations.



NOTE

Please contact your Evolve IP account representative if you need assistance with any of your migrations.