



Pricing update for Swiss franc

Customer FAQ

June, 2018

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General Messaging

June 11, 2018. — Microsoft is announcing Swedish krona and Swiss franc pricelist changes to harmonize its prices for commercial software and online services within the EU/EFTA region, effective August 1, 2018. 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. Planned changes to Swedish krona and Swiss franc prices are similar to previous harmonization adjustments to pricing in British pound and Norwegian krone. This pricing change will not apply to consumer software or consumer cloud services.

Starting August 1, 2018 Swiss franc prices for on-premises software will increase by 6% to realign close to euro levels. Most online services prices in Swiss franc will increase by 5% while Azure will increase 9% to realign close to euro and global levels. Swedish krona prices for commercial on-premises software will increase by 12% to realign close to euro levels. Swedish krona prices for online services will increase by 11% to realign close to euro and global levels. Customers across the region buying in either Swedish krona or Swiss franc will continue to find Microsoft cloud offerings highly competitive.

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.

In the EU/EFTA region, partners will continue to have access to prevailing prices in euro, British pound, Norwegian krone, and Danish krone which remain unchanged, along with revised prices in Swedish krona

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

Guidance on communications

Customer Communication:

Please see Customer FAQ below.

Customers should contact their Microsoft account manager or Microsoft reseller for other questions or clarifications.

Frequently Asked Questions (FAQ)

General

Why is Microsoft adjusting prices in Swedish krona and Swiss franc now?

Microsoft is announcing Swedish krona and Swiss franc price changes to harmonize its prices for commercial on-premises software and online services within the EU/EFTA region, effective August 1, 2018. Planned changes to Swedish krona and Swiss franc prices are similar to previous harmonization adjustments to pricing in British pound and Norwegian krone. 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 Swiss franc pricing?

Starting August 1, 2018 Swiss franc prices for on-premises software will increase by 6% to realign close to euro levels. Online services priced in Swiss franc will increase by 5% while Azure will increase 9% to realign close to euro and global levels. Customers across the region buying in Swiss franc will continue to find Microsoft cloud offerings highly competitive

What are the changes to Swedish krona pricing?

Starting August 1, 2018 Swedish krona prices for on-premises software will increase by 12% to realign close to euro levels. Online services priced in Swedish krona will increase by 11% to realign close to euro and global levels. Customers across the region buying in Swedish krona will continue to find Microsoft cloud offerings highly competitive.

Why not other currencies or geos?

Many factors contribute to our ongoing assessment of pricing. Previous assessments in EU/EFTA region have adjusted pricing in British pound and Norwegian krone while maintaining pricing in other regional currencies. Our recent assessment of the marketplace and resulting analysis led to the selection of Swedish krona and Swiss franc for this set of changes.

How do you make the assessment?

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

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response to its assessment and feedback. Many factors contribute to our ongoing assessment of pricing such as local and regional market dynamics including competition, business models, local currency rates and local inflation.

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 EU/EFTA currencies?

Microsoft will maintain relatively stable and predictable prices in Swedish krona, Swiss franc 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 in an EU/EFTA currency will be assessed based on Microsoft's internal pricing strategy and processes in order to maintain relatively stable prices while ensuring close alignment in prices within the EU/EFTA region.

Which Volume Licensing programs will be impacted?

Revised Swedish krona and Swiss franc prices will be applicable to new and renewing contracts for commercial on-premises software and 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 commercial on-premises software and 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), ISV Royalty and Distribution Agreement, and Service Provider License Agreement (SPLA), Cloud Solution Provider (CSP), Syndication, and Microsoft Subscription Program (Commercial, Government, Not for Profit and Academic).

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

Prices of consumer and FPP software, and Microsoft software pre-installed on PCs (OEM) remain unchanged. 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.

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 increased prices?

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 new Swedish krona and Swiss franc pricelists be available and effective?

New prices in Swedish krona and Swiss franc will be effective August 1, 2018. A preview will be available one month in advance on July 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 Enrollment (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.
- ▶ **Microsoft Products and Services Agreement (MPSA) On-premises sales:** MPSA and Select/Select Plus on-premises sales have no price protection and are subject to current pricing for incremental purchases.
- ▶ **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:** Not applicable. Open pricing is not available in either Swedish krona or Swiss franc. Customer can continue make purchases in either euros or British pound pricelist and orders will be priced at then current pricelist price.
- ▶ **Service Provider License Agreement (SPLA) and ISV Royalty and Distribution Agreement:** Ordered products have no price protection and are subject to revised pricing for incremental purchases and future billings effective August 1, 2018.
- ▶ **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 August 1, 2018 will be at the previous billing price which remains in place for the remaining twelve-month term purchased before August 1, 2018. Renewals will be subject to the then current prices as determined by the channel partner.
- ▶ **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 August 1, 2018 will be at the previous billing price which remains in place for the remaining twelve-month term purchased before August 1, 2018. Renewals will be subject to the then current prices.

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- ▶ **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 August 1, 2018.
- ▶ **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.

Are prices going to be changed for government/public sector customers?

Yes. We have taken a unified approach for price adjustment which will be equal for all category of volume licensing customers, government/public sector, charities/not-for-profit and academic customers. For public sector customers under framework agreements, special discount percentages will be applied to revised pricing effective August 1, 2018. If Microsoft products are sold through resellers, final prices will continue to be determined by resellers.

Are prices going to be changed for not-for-profit customers?

Yes. We have taken a unified approach for price adjustment which will be equal for all category of volume licensing customers, including commercial, government/public sector, charities/not-for-profit and academic customers. Qualifying charity organizations will continue to benefit from Microsoft's software donation program. Not-for-profits customers can take advantage of Microsoft's special pricing offers.

Does this change include Dynamics products and cloud services sold under volume licensing?

Yes. Changes apply to Dynamics product available through volume licensing programs such as Open, EA etc.

How will customers be informed?

If needed, account managers and partners may contact their customers using the To Customer email template and Customer FAQ provided.

What should I do in the case of exceptions and not standard customer situations?

Partners are advised to contact their Microsoft Partner Sales Executive or License Reseller. Microsoft employees should contact their LSS.

Azure

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

Effective August 1, 2018 customers purchasing Azure in Swedish krona and Swiss franc 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.

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- ▶ **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 Sweden and Switzerland new prices will be effective August 1, 2018.
- ▶ **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 August 1, 2018 to the new pricing in Japanese yen.
- ▶ **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, Swedish krona and Swiss franc prices will increase effective August 1, 2018 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 August 1, 2018 to the new higher pricing in Swedish krona or Swiss franc as applicable on Azure.com.
- ▶ **Azure in Mid-term Enterprise Agreement (EA), EA Subscription (EAS), and Server and Cloud Enrollment (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 August 1, 2018 for all new or additional orders.

Why is the Swiss franc Azure pricing adjustment larger than that for other cloud services in Swiss franc?

Microsoft is realigning Azure prices for both Swiss franc and Swedish krona to levels similar to customers purchasing Azure in euro or US dollars through Azure.com. Due to legacy reasons, Azure pricing in Swiss franc was significantly below US dollars levels and a larger increase is needed to realign Swiss franc Azure pricing to global US dollar levels.

How will Swedish krona or Swiss franc 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 Swedish krona or Swiss franc 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.

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In some renewing EA/SCE cases, the removal of the EA discount waterfall and SCE discount, together with Swedish krona or Swiss franc 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.