Cloud Solution Provider (CSP) new commerce experience handbook

An instructional guide for partners on selling seat-based offers in new commerce

Last updated: February 2024

1. About the handbook

This resource was created to be a learning tool for partners in adapting to the seat-based offers in new commerce experience release in the Cloud Solution Provider (CSP) program, the primary Microsoft partner-led purchasing motion for small and medium business customers.

The handbook focuses on instructing partners on the provisioning, billing, and subscription-management processes involved in selling commercial seat-based (also known as license-based) offers in the new commerce experience. It's intended to sit alongside technical/API documentation and complements this resource in the following ways:

- Covering the everyday provisioning scenarios in the new commerce experience
- Providing step-by-step guidance for partners in navigating the placement of orders and management of subscriptions
- Helping partners with transitioning legacy CSP business to the new commerce experience in the ways that best meet customers' needs.

The handbook content will be updated regularly to reflect additions of new features and functionalities as well as operational and infrastructure improvements in Partner Center, so revisit the readiness collection on the Operations Readiness site regularly to ensure you have the most recent edition.

2. Seat-based offers in the new commerce experience

Licenses for products such as Office 365 E3 are User Subscription Licenses—you need one license for each user. These products are also known as seat-based offers or license-based services and include all the Office 365, Microsoft 365, Dynamics 365, and Windows 365 products. It's these products that are now available to be transacted for commercial customers through the new commerce experience in CSP.

If you've been transacting these offers in the original or legacy commerce experience in CSP, then these are the key differences to be aware of as you transact through the new commerce experience:

- Your invoices will be aligned to a calendar month, rather than to your partner billing date (see the **Billing periods and invoices** section)
- You can only reduce licenses, or cancel subscriptions, within the first 168 hours after the order is placed or the subscription is renewed (see the **Reducing licenses** and **Canceling subscriptions** sections)
- There are 1-month subscriptions as well as 1-year subscriptions available for all products (see the **Subscription terms and billing frequency** section), with 3-year subscriptions available for some Dynamics 365 products.

3. New commerce experience subscriptions

3.1. Overview

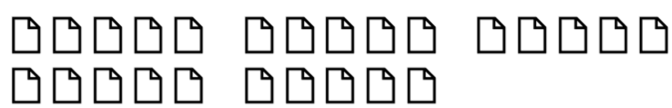
When an order for a license-based service is placed in the new commerce experience, a **subscription** is created. This is essentially a container which holds the licenses that have been ordered. A subscription may only contain a single license type (for example, Office 365 E3) associated with a single term (for example, 1 year) and a single billing frequency (for example, annual). When the subscription is created, it has an end date (associated with the term), and the current price of the license is taken from the price list and attached to the subscription.

3.2. Creating a new subscription

For the purposes of establishing a typical customer to use in our examples throughout this handbook, we'll use a fictional SMB company called Margie's Travel that purchases cloud offerings through a CSP partner. Let's imagine that Margie's Travel orders 25 × 1-year term licenses for Office 365 E3 on November 15, 2022. Their partner transacts this order and chooses annual billing, and the following subscription is created:

Nickname: Office 365 E3 **ID:** 18b0d7e6-584c-464a-df3e-5b65c0c8e06d

Type	Term	Billing	Cost	State	Auto-renew	End-date
O365 E3	1 year	Annually	$220.80	Active	On	14-Nov-23



It has a unique, system-generated ID which may not be changed. It also has a nickname which can be changed if you want to give the subscription a name that means something more to you.

3.3. Making changes to subscriptions

Once a subscription has been created, changes may be made to it during its term. The following table summarizes which changes may be made midterm and shows you where to find more information:

Change	Allowed?	Detail
Add licenses	Yes, at any time	Adding licenses section
Remove licenses	Yes, in first 168 hours	Reducing licenses section
Upgrade license type	Yes, to specific, eligible upgrades	Upgrading licenses section
Change term	Yes, to a longer term where available	Subscription terms and billing frequency section
Change billing frequency	Yes, in some cases	Subscription terms and billing frequency section
Turn auto-renew off	Yes	Edit the subscription in Partner Center and uncheck the auto-renew option
Adjust end date	No	Automatically calculated, and not changeable by a user or API

3.4. Price protection

If additional licenses are added at any time to a subscription the partner is charged the same price as the original licenses. Thus, the partner has price protection for the duration of the subscription. Partners are charged on a prorated basis when licenses are added: see the Adding licenses section for more detail.

3.5. Coterminous licenses

If licenses are added at any time to a subscription, they will have the end date of the subscription. Thus, all licenses in one subscription will renew at the same time. This is different to coterminosity when the end date of a subscription is changed to align with another subscription. See the Coterminosity section for more detail.

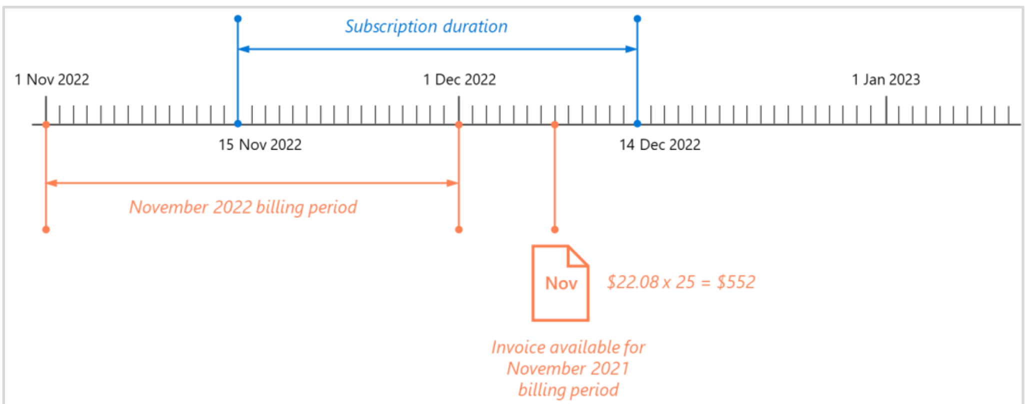
4. Billing periods and invoices

4.1. Overview

The billing period in the new commerce experience is a calendar month, and invoices are available early in the following month – typically between the 6th and the 8th of the month.

4.2. 1-month licenses

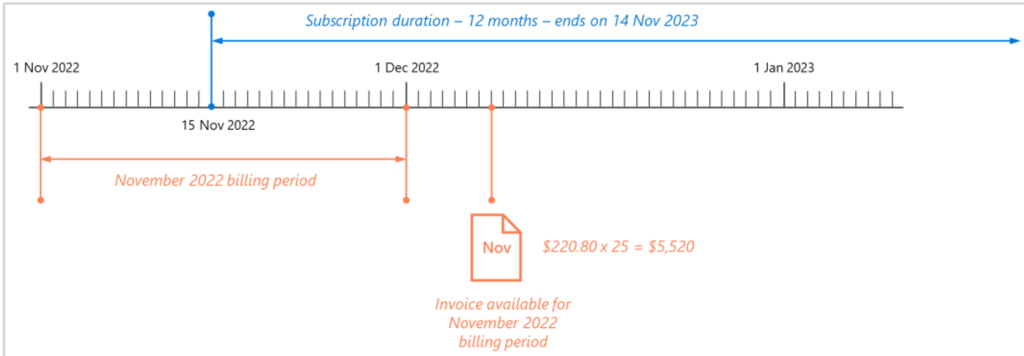
Let's imagine that Margie's Travel orders (and their partner transacts) 25 × 1-month term licenses for a single month for Office 365 E3 on November 15, 2022. The following diagram shows the relationship between a 1-month subscription term or duration, and the billing period:



When the partner transacts the order for the 25 × 1-month term licenses a subscription is created. This starts on November 15, 2022, and has an end date of December 14, 2022, and is shown as the horizontal blue line in the diagram above. The November 2022 billing period runs from November 1, 2022, to November 30, 2022, and is shown as the horizontal orange line in the diagram. The partner needs to make a single payment for the 25 licenses, and this is, in effect, due at the start of the subscription. However, it would be inconvenient for partners to receive an invoice every time an order is placed, and so any orders that are placed in November are billed on the November invoice. Thus, the November invoice includes the full charge for the 25 licenses ($22.08 × 25 = $552). There's **no** prorating involved—the partner is **not** charged 16 days on the November invoice, and 14 days on the December invoice, for example.

4.3. 1-year licenses

Let's take a similar scenario to the first section, but this time we'll make them 1-year licenses that Margie's Travel wants. This diagram shows the relationship between a 1-year subscription term and the billing period:



Annual billing

As before, when the partner transacts the order for the 25 × 1-year licenses a subscription is created. This starts on November 15, 2022, and has an end date of November 14, 2023, and is shown as the horizontal blue line in the diagram above. The November 2022 billing period runs from November 1, 2022, to November 30, 2022, and is shown as the horizontal orange line in the diagram above. The partner needs to make a single payment for the 25 licenses and, as before, this is, in effect, due at the start of the subscription. Any orders that are placed in November are billed on the November invoice. Thus, the November invoice includes the full charge for the 25 licenses ($220.80 × 25 = $5,520). There's **no** prorating involved—the partner is **not** charged 16 days on the November invoice, and the remainder of the year on the December invoice, for example.

Monthly billing

If the partner had chosen monthly billing, then the total amount ($220.80) is divided by 12 ($18.40) and the partner is charged $18.40 × 25 = $460 on the November invoice, and this same amount on the next eleven monthly invoices.

Note that a partner may choose to be billed annually and bill the customer monthly, or to be billed monthly and bill the customer annually. Both decisions are at the partner's discretion and not linked.

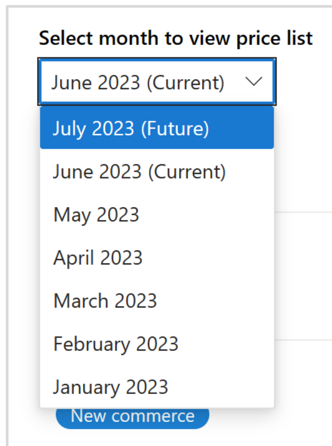
5. New commerce experience price list

5.1. Overview

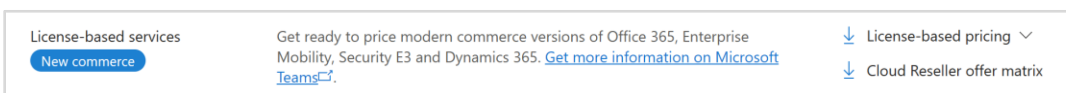
Price lists for the seat-based offers in the new commerce experience are released on the first of each month, with a preview available the month before. Previous price lists are also available.

5.2. Downloading the price list

In Partner Center navigate to the **Price lists** page in the **Pricing** section. Choose the month at the top left of the screen:



The price list for the new commerce experience seat-based offers is shown below:



You must select **License-based pricing** and choose a country/region to download the price list. This should be the country where your customer is situated. You will only be able to view pricing for the regions into which you're authorized to sell.

5.3. Price list currencies

The base currency for prices for all of Microsoft's license-based products is the US Dollar. However, local currency price lists are produced for partners transacting in regions that do not use the US Dollar.

Price lists in another currency use an exchange rate to convert from the original US Dollar price. However, unlike the pricing for consumption services under the Azure plan which is generated from the current exchange rate at the beginning of each month, the license-based services use a fixed exchange rate which is only changed every six months if realignment between currencies is required.

Note that if you're a partner able to sell into a region that uses multiple currencies (for example, the Europe region) you will see prices for each SKU for each currency. Let's imagine that a Swedish partner needs to sell to a UK customer. The partner would download the UK price list, and that's shown below, filtered just for 1-month term licenses for Office 365 E3:

	A	B	H	I	J	K	L
1	ProductTitle	ProductI	TermDuration	BillingPlan	Market	Currency	UnitPrice
5054	Office 365 E3	CFQ7TTC0L	P1M	Monthly	GB	SEK	224.7
5057	Office 365 E3	CFQ7TTC0L	P1M	Monthly	GB	NOK	224.61
5060	Office 365 E3	CFQ7TTC0L	P1M	Monthly	GB	CHF	25.31
5063	Office 365 E3	CFQ7TTC0L	P1M	Monthly	GB	DKK	161.52
5066	Office 365 E3	CFQ7TTC0L	P1M	Monthly	GB	GBP	19.39
5069	Office 365 E3	CFQ7TTC0L	P1M	Monthly	GB	EUR	21.69

The **Market** is the UK—that's where the customer is based, and the Swedish partner can see what they will be charged in SEK when they sell to a UK customer. A partner in the Eurozone would use the same price list to sell to a UK customer but will be charged the EUR amount.

5.4. Understanding the SKUs

The following snippet shows a GBP price list opened in Excel and filtered to show only Microsoft 365 Business Premium entries available in June 2023. The **ProductId**, **SkuId**, **SkuTitle**, **TermDuration,** and **BillingPlan** combine to differentiate the four different offers available:

	B	C	D	H	I	K	L	Q	R
1	ProductId	SkuId	SkuTitle	TermDuration	BillingPlan	Currency	UnitPrice	Tags	ERP Price
3914	CFQ7TTC0LCHC	3	Microsoft 3	P1M	None	GBP	0	License;Trial	0
3915	CFQ7TTC0LCHC	2	Microsoft 3	P1M	Monthly	GBP	17.38	License	21.72
3916	CFQ7TTC0LCHC	2	Microsoft 3	P1Y	Annual	GBP	173.76	License	217.2
3924	CFQ7TTC0LCHC	2	Microsoft 3	P1Y	Monthly	GBP	173.76	License	217.2

The first row is the trial offer (see the **Trials** section for more details) which has a term of 1 month, no billing plan associated with it, and a price of 0.

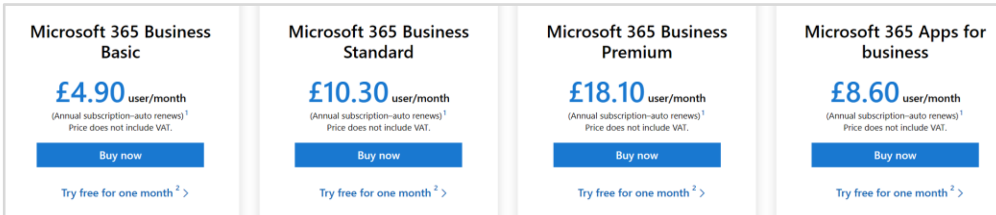
The second row is the 1-month offer which of course has a billing plan of monthly. The price of this offer is generated from the annual unit price (see the third row) of £173.76, divided by 12, and increased by 20 percent. Thus, £173.76/12 x 1.2 = £17.38 (to two decimal places). The premium of 20 percent is added so that customers can make a very short commitment (1 month) to a product.

The third row is the 1-year offer with an annual billing plan. This means that the £173.76 will be charged upfront as a single payment.

The fourth row is the 1-year offer with a monthly billing plan. The total cost for the license is the amount shown (£173.76), but the partner will be charged £173.76/12 = £14.48 each month.

5.5. Comparing CSP and Web Direct prices

The following screenshot is taken from the Microsoft UK website, showing the prices that customers will pay if they buy the Microsoft 365 Business plans directly from Microsoft:



Let's compare the Web Direct pricing for Microsoft 365 Business Premium to the CSP price list that we considered in the previous section. Looking at the final column of the price list snippet, we see that the estimated retail price (ERP) for this product is either £21.72 for the 1-month offer or £217.20 for the 1-year offer. The £18.10 shown on the website is the monthly price for a 1-year commitment which is exactly the same as the CSP offer: £217.20/12 = £18.10. The offer on the website is **not** the price for a monthly commitment; it just shows what the customer will pay per month when they have committed to a 1-year subscription.

6. New commerce experience Offer Matrix

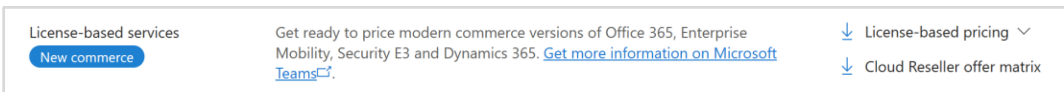
6.1. Overview

The Offer Matrix is released every month and is a companion spreadsheet to the price list. It is useful in the following scenarios:

- Finding the prerequisites for an Add-on offer
- Seeing what offers a particular SKU may be upgraded to
- Understanding which products have a maximum number of licenses that can be purchased

6.2. Downloading the Offer Matrix

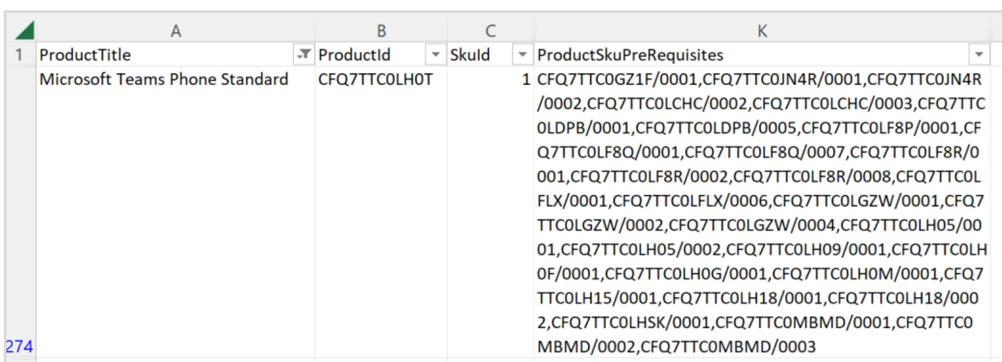
In Partner Center navigate to the **Price lists** page in the **Pricing** section. The Offer Matrix is shown in the following section:



Click on the **Cloud Reseller offer matrix** option to download this file which is the same for all partners in all regions.

6.3. Finding the prerequisites for an Add-on offer

The picture below shows the Offer Matrix spreadsheet filtered for Teams Phone Standard with the **ProductSKUPreRequisites** column expanded:



	A	B	C	K
1	ProductTitle	ProductId	SkuId	ProductSkuPreRequisites
274	Microsoft Teams Phone Standard	CFQ7TTC0LH0T	1	CFQ7TTC0GZ1F/0001,CFQ7TTC0JN4R/0001,CFQ7TTC0JN4R/0002,CFQ7TTC0LCHC/0002,CFQ7TTC0LCHC/0003,CFQ7TTC0LDPB/0001,CFQ7TTC0LDPB/0005,CFQ7TTC0LF8P/0001,CFQ7TTC0LF8Q/0001,CFQ7TTC0LF8Q/0007,CFQ7TTC0LF8R/0001,CFQ7TTC0LF8R/0002,CFQ7TTC0LF8R/0008,CFQ7TTC0LFLX/0001,CFQ7TTC0LFLX/0006,CFQ7TTC0LGZW/0001,CFQ7TTC0LGZW/0002,CFQ7TTC0LGZW/0004,CFQ7TTC0LH05/0001,CFQ7TTC0LH05/0002,CFQ7TTC0LH09/0001,CFQ7TTC0LH0F/0001,CFQ7TTC0LH0G/0001,CFQ7TTC0LH0M/0001,CFQ7TTC0LH15/0001,CFQ7TTC0LH18/0001,CFQ7TTC0LH18/0002,CFQ7TTC0LHSK/0001,CFQ7TTC0MBMD/0001,CFQ7TTC0MBMD/0002,CFQ7TTC0MBMD/0003
419				

This column lists all the products that could be present on the tenant to allow a purchase of Teams Phone Standard, which you can identify using the price list.

6.4. Seeing what offers a particular SKU may be upgraded to

The picture below shows the Offer Matrix filtered for Office 365 E3, with the **ProductSKUConversion** column expanded:

	A	B	C	L
1	ProductTitle	ProductId	SkuId	ProductSkuConversion
297	Office 365 E3	CFQ7TTC0LF8R	1	CFQ7TTC0LF8P/0001,CFQ7TTC0LF8R/0001,CFQ7TTC0LF8S/0001,CFQ7TTC0LF8S/0002,CFQ7TTC0LFLX/0001,CFQ7TTC0LFLX/0003,CFQ7TTC0LFLZ/0002,CF
298	Office 365 E3	CFQ7TTC0LF8R	8	CFQ7TTC0LF8P/0001,CFQ7TTC0LF8R/0001,CFQ7TTC0LF8S/0001,CFQ7TTC0LF8S/0002,CFQ7TTC0LFLX/0001,CFQ7TTC0LFLX/0003,CFQ7TTC0LFLZ/0002,CF
419				

This column lists all the SKUs that an Office 365 E3 license may be upgraded to, which you can identify using the price list.

6.5. Understanding the maximum number of licenses for a product

The following image shows the Offer Matrix with the **MaxLicenses** column filtered to show some of the offers for which a maximum of 300 licenses may be purchased, which are the products aimed specifically at small and medium businesses:

	A	B	C	D	G	H
1	ProductTitle	ProductId	SkuId	SkuTitle	MinLicei	MaxLicenses
188	Microsoft 365 Apps for business	CFQ7TTC0LH1G	1	Microsoft 365 Apps for business	1	300
193	Microsoft 365 Business Basic	CFQ7TTC0LH18	1	Microsoft 365 Business Basic	1	300
194	Microsoft 365 Business Premium	CFQ7TTC0LCHC	2	Microsoft 365 Business Premium	1	300
196	Microsoft 365 Business Standard	CFQ7TTC0LDPB	1	Microsoft 365 Business Standard	1	300
224	Microsoft Defender for Business	CFQ7TTC0HX56	2	Microsoft Defender for Business	1	300
269	Microsoft Teams Essentials	CFQ7TTC0JN4R	2	Microsoft Teams Essentials	1	300
387	Windows 365 Business	CFQ7TTC0J203	000K	Windows 365 Business 1 vCPU, 2 GB, 64 GB	1	300
419						

See the SMB offers section for more information on these licenses.

7. Subscription terms and billing frequency

7.1. Overview

Partners sell licenses for the seat-based offers which are mainly User Subscription Licenses (User SLs). These licenses have a duration, or term, which is the period during which the user to whom the license has been assigned can access the services. The billing frequency is the schedule on which the partner is invoiced for the licenses.

7.2. License terms

The new commerce experience supports 1-month, 1-year and 3-year terms for licenses but not all terms are available for all products. Generally speaking, 1-month and 1-year subscriptions are available for Microsoft 365 products, and 1-month, 1-year and 3-year subscriptions are available for Dynamics 365 products. You should consult the price list to see exactly which term durations are available for which products.

7.3. Billing frequency

The new commerce experience supports upfront monthly, annual, and triennial (once every 3 years) billing. Partners can choose a billing frequency dependent on the subscription term, as shown in the table below:

Subscription term	Billing frequency options
1 month	Monthly
1 year	Monthly or annual
3 years	Monthly, annual, or triennial

The billing frequency is initially chosen when the licenses are transacted. See the Billing periods and invoices section for information on when transactions are included in invoices.

7.4. Changing term duration and billing frequency

You may be able to change the billing frequency midterm, dependent on the current billing frequency, the license term, and the billing frequency and license term you want to move to. In this case, changes are made immediately. If an option isn’t available, then you may be able to schedule the change to occur at renewal, as described in the following tables, as long as auto-renew is on the for subscription.

Changing license term only

Original license term	Change to license term	
	1 month	1 year
1 month	---	Immediately, or at renewal
1 year	At renewal only	---

Changing billing frequency only

Original billing frequency	Change to billing frequency	
	Monthly	Annually
Monthly	---	At renewal only
Annually	At renewal only	---

Changing license term AND billing frequency

Original license term and billing frequency	Change to license term and billing frequency		
	1 month, monthly	1 year, monthly	1 year, annually
1 month, monthly	---	Immediately, or at renewal	Immediately, or at renewal
1 year, monthly	At renewal only	---	At renewal only
1 year, annually	At renewal only	At renewal only	---

8. 1-month subscriptions

8.1. Overview

A 1-month subscription is aimed at customers who don’t want to commit to a full 12 months. They are available for most products, and you should consult the price list to check exact availability.

8.2. Pricing

1-month subscriptions are priced at a premium because a customer isn’t required to make a long-term commitment. The monthly prices are calculated by taking the annual price for the same product, dividing it by 12, and then increasing it by 20 percent.

For example, the annual price of the 1-year SKU for Office 365 E3 is $220.80

Dividing by 12 gives: $220.80 / 12 = $18.40

Increasing by 20% gives: $18.40 × 1.2 = $22.08

If you filter the price list by Office 365 E3 you will see the 1-month and 1-year SKUs and these prices:

	B	C	D	H	I	K	L	Q
1	ProductId	SkuId	SkuTitle	TermDuration	BillingPlan	Currency	UnitPric	Tags
816	CFQ7TTC0LF8R	8	Office 365 E3	P1M	None	USD	0	License;Trial
817	CFQ7TTC0LF8R	1	Office 365 E3	P1M	Monthly	USD	22.08	License
818	CFQ7TTC0LF8R	1	Office 365 E3	P1Y	Monthly	USD	220.8	License
819	CFQ7TTC0LF8R	1	Office 365 E3	P1Y	Annual	USD	220.8	License

Sometimes you will see the 1-year SKU positioned as a saving of 16.7 percent over the 1-month SKU for a full year. This is how that number is derived:

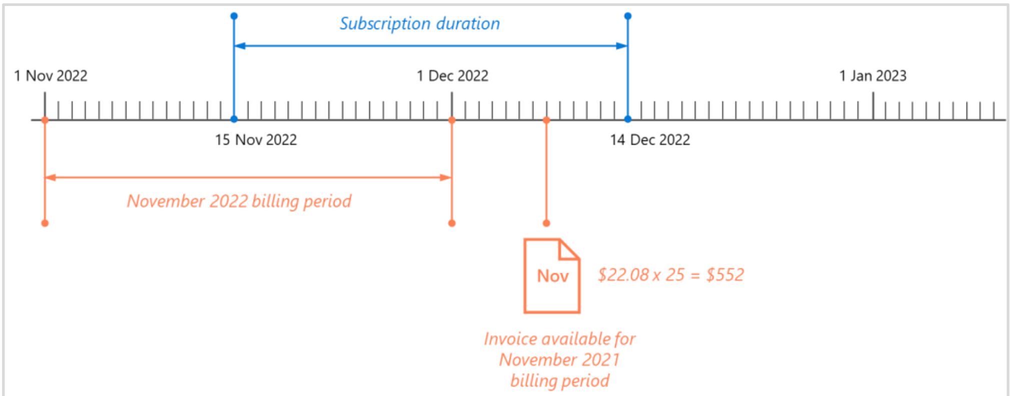
Calculate the annual price of the 1-month SKU: 12 × $22.08 = $264.96

Divide the annual prices of the 1-year and 1-month SKUs: $220.80 / $264.96 = 0.833

Thus, the 1-year SKU is 83.3% of the amount of the 1-month SKU, representing a 16.7 percent saving.

8.3. Billing

Let's imagine that Margie's Travel orders (and their partner transacts) 25 × 1-month term licenses for a single month for Office 365 E3 on March 15, 2022. The following diagram shows the relationship between a 1-month subscription term, and the new commerce experience billing period:



When the partner transacts the order for the 25 x 1-month term licenses a subscription is created. This starts on November 15, 2022, and has an end date of December 14, 2022, and is shown as the horizontal blue line in the diagram. The November 2022 billing period runs from November 1, 2022, to November 30, 2022, and is shown as the horizontal orange line in the diagram. The partner needs to make a single payment for the 25 licenses, and this is due at the start of the subscription. However, it would be inconvenient for partners to receive an invoice every time an order is placed, and so any orders that are placed in November are billed on the November invoice. Thus, the November invoice includes the full charge for the 25 licenses ($22.08 × 25 = $552). There's **no** prorating involved—the partner is **not** charged 16 days on the November invoice and 14 days on the December invoice, for example.

8.4. Term

Generally speaking, a 1-month subscription has the same number of days as the month in which it was purchased. For example:

- A 1-month subscription purchased on June 15, 2023, has 30 days.
- A 1-month subscription purchased on July 4, 2023, has 31 days.

Again, generally speaking, the end date of a 1-month subscription follows the usual rules, taking 1 off the start date day number, and adding 1 on to the start date month number. For example:

- A 1-month subscription purchased on June 15, 2023, has an end date of July 14, 2023.

- A 1-month subscription purchased on July 4, 2023, has an end date of August 3, 2023.

The start dates of subsequent subscriptions are aligned if auto-renew is turned on and the subscriptions renew at the end of their term. For example:

- The first subscription above will renew on July 15 and then on August 15 and September 15, and so on.
- The second subscription will renew on August 4 and then on September 4 and October 4, and so on.

8.5. 1-month subscription end date exceptions

In the section above we looked at what happens with the terms of 1-month subscriptions in most cases. However, there are two key exceptions to be aware of.

The first occurs when a 1-month subscription is purchased on the last day of a 31-day month which is followed by a 30-day month—a 1-month subscription purchased on August 31, 2023, for example. When would the next subscription start if auto-renew was turned on? There is no September 31, 2023, so the initial subscription can't end on September 30, 2023. Instead, it ends on September 29, and this is the general rule: when a 1-month subscription is purchased on the last day of a 31-day month which is followed by a 30-day month, the subscription ends on the 29th, not the 30th of the month. Here are all the months where this exception applies:

Start date	End date
31-Mar -2023	29-Apr-2023
31-May-2023	29-Jun-2023
31-Aug-2023	29-Sep-2023
31-Oct-2023	29-Nov-2023

The second exception occurs in a specific situation involving February. 1-month subscriptions purchased on any date in February behave in an expected way—in a non-leap year they will have 28 days and in a leap year they will have 29 days. However, the exceptions arise when you purchase a 1-month subscription on January 29, 30, or 31. In all of these cases the end date of the subscription is February 27 and, if it's a leap year, then the end date is February 28.

Here's a useful summary table of the end dates of 1-month subscriptions when they are purchased on the last day of the month (and January 29/30), with the exceptions shown in red:

Start date	End date
29-Jan-2023	27-Feb-2023
30-Jan-2023	27-Feb-2023
31-Jan-2023	27-Feb-2023
28-Feb2023	27-Mar-2023
31-Mar-2023	29-Apr-2023
30-Apr-2023	29-May-2023
31-May-2023	29-Jun-2023
30-Jun-2023	29-Jul-2023
31-Jul-2023	30-Aug-2023
31-Aug-2023	29-Sep-2023
30-Sep-2023	29-Oct-2023
31-Oct-2023	29-Nov-2023
30-Nov-2023	29-Dec-2023
31-Dec-2023	30-Jan-2024

8.6. Longer-term 1-month subscription alignment

If a 1-month subscription is purchased on the 29th, 30th, or 31st of a month and has auto-renew turned on, it will eventually align to a start date of the 28th as you can see in the following tables. The red lines indicate where exceptional behavior occurs.

Start date	End date
29-Oct-2022	28-Nov-2022
29-Nov-2022	28-Dec-2022
29-Dec-2022	28-Jan-2023
29-Jan-2023	27-Feb-2023
28-Feb-2023	27-Mar-2023
28-Mar-2023	27-Apr-2023

Start date	End date
30-Oct-2022	29-Nov-2022
30-Nov-2022	29-Dec-2022
30-Dec-2022	29-Jan-2023
30-Jan-2023	27-Feb-2023
28-Feb-2023	27-Mar-2023
28-Mar-2023	27-Apr-2023

Start date	End date
31-Oct-2022	29-Nov-2022
30-Nov-2022	29-Dec-2022
30-Dec-2022	29-Jan-2023
30-Jan-2023	27-Feb-2023
28-Feb-2023	27-Mar-2023
28-Mar-2023	27-Apr-2023

If a 1-month and 1-year subscriptions are purchased on the 29th, 30th, or 31st of the month, they will **not** align in 12 months' time. Consider a subscription purchased on October 31, 2022—a 1-year subscription will end on October 30, 2023, but a repeatedly purchased 1-month subscription ends on October 27, 2023, as shown in the following table:

Start date	End date
31-Oct-2022	29-Nov-2022
30-Nov-2022	29-Dec-2022
30-Dec-2022	29-Jan-2023
30-Jan-2023	27-Feb-2023
28-Feb-2023	27-Mar-2023
28-Mar-2023	27-Apr-2023
28-Apr-2023	27-May-2023
28-May-2023	27-Jun-2023
28-Jun-2023	27-Jul-2023
28-Jul-2023	27-Aug-2023
28-Aug-2023	27-Sep-2023
28-Sep-2023	27-Oct-2023

As long as a 1-month and 1-year subscriptions are **not** purchased on the 29th, 30th, or 31st day of the month, they **will** align in 12 months' time. Consider a subscription purchased on October 15, 2022—a 1-year subscription will end on October 14, 2023, as will a repeatedly purchased 1-month subscription as shown in the following table:

Start date	End date
15-Oct-2022	14-Nov-2022
15-Nov-2022	14-Dec-2022
15-Dec-2022	14-Jan-2023
15-Jan-2023	14-Feb-2023
15-Feb-2023	14-Mar-2023
15-Mar-2023	14-Apr-2023
15-Apr-2023	14-May-2023
15-May-2023	14-Jun-2023
15-Jun-2023	14-Jul-2023
15-Jul-2023	14-Aug-2023
15-Aug-2023	14-Sep-2023
15-Sep-2023	14-Oct-2023

9. Adding licenses

9.1. Overview

When a customer needs additional licenses for a product they have previously ordered, these licenses may be added into an existing subscription, or an entirely new subscription can be created for the additional licenses. There are benefits to both ways of adding licenses, as explained in the sections below.

9.2. Adding further licenses into the same subscription

There are two benefits of adding further licenses into the same subscription: the price is the same for the partner, and the end date of all the individual licenses is controlled by the end date of the subscription, and thus they all align from a renewal perspective.

Let's imagine that Margie's Travel ordered 25 × 1-year term licenses for Office 365 E3 on November 15, 2022. The following subscription would have been created:

Nickname: Office 365 E3 **ID:** 18b0d7e6-584c-464a-df3e-5b65c0c8e06d

Type	Term	Billing	Cost	State	Auto-renew	End-date
O365 E3	1 year	Annually	$220.80	Active	On	14-Nov-23

If, on March 18, 2023, Margie's Travel wants another 5 licenses, the partner can simply edit this subscription and change the number of licenses in it to 30. There's just one end date when all licenses will need renewing (14-Nov-23) and the price is known ($220.80) and is protected against any price rises that might have happened since the subscription was created.

But what is the partner actually charged, and when?

The partner is billed for the remaining days in the subscription on the next monthly invoice, using this formula for proration:

$$\frac{\text{Days left}}{\text{Total days}} \times \text{Unit cost} \times \text{Number of licenses}$$

In this scenario there are 242 days left in the subscription and there are 365 days in the subscription—there's no February 29 included in the subscription term. The unit cost is taken from the existing subscription ($220.80) and 5 licenses are being added, thus the charges that will be included within the March invoice are:

$(242/365) \times \$220.80 \times 5 = \$731.97$

Note that a license increase can also be scheduled to occur at the end of the subscription term, if auto-renew is on for the subscription.

9.3. Adding further licenses into a new subscription

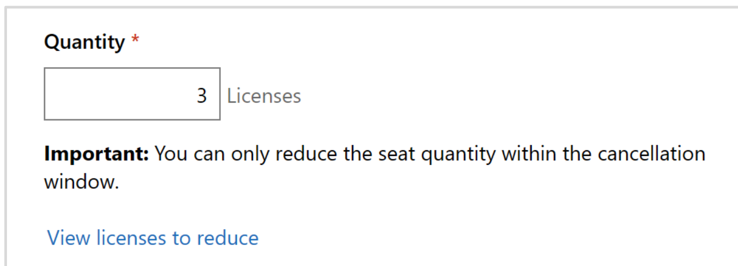
If you transact a new order for Office 365 E3 licenses for Margie's Travel, you'll create a new subscription for those licenses. This could be useful if Margie's Travel wants to buy licenses for a new department and you want to invoice that department separately. This new subscription operates completely separately from the original subscription, has a different end date, and can be suspended separately if required. Note that the price for a new subscription is always taken from the current price list, rather than matching the prices of any existing subscriptions.

10. Reducing licenses

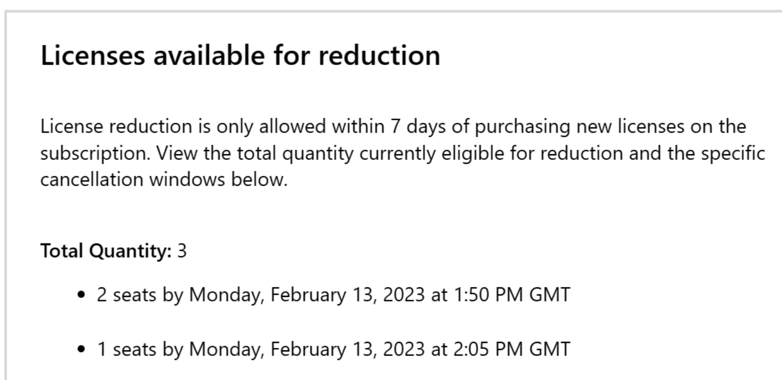
10.1. Overview

When new licenses are ordered they are either added to an existing subscription, or a brand-new subscription is created for the licenses—see the previous **Adding licenses** section. The number of licenses in either case may be reduced in the first 168 hours, with a prorated refund available. To do this via Partner Center, the partner would simply edit the subscription and reduce the number of licenses to the required number.

When you edit the subscription in Partner Center you can use the **View licenses to reduce** option:



This will show you the licenses you can reduce and the deadline for when this must be done. You can see in the picture below that the licenses were purchased at different times and thus the cancellation periods are different:



Note that if the number of licenses needs to be reduced to zero, then the subscription must be canceled—see the **Canceling subscriptions** section.

License reductions may also be scheduled for when the subscription renews, if auto-renew is on for the subscription.

10.2. Understanding prorated refunds

When a new license is purchased, a 168-hour time period starts (regardless of time zone) during which the purchase of that license may be canceled, with the partner being refunded on a prorated basis for any unused 24-hour periods. This means that 100 percent of the license fee is refunded in the first 24 hours, the full amount minus 1 day’s charge in the second 24 hours, the full amount minus 2 days’ charges in the third 24 hours, and so on up to 168 hours. There are no refunds available after the initial 168-hour period.

You always use the following formula for proration, where **Total days** is the number of days in the billing period, and **Days left** is calculated by counting the complete 24-hour periods that have elapsed and subtracting that from the **Total days** figure:

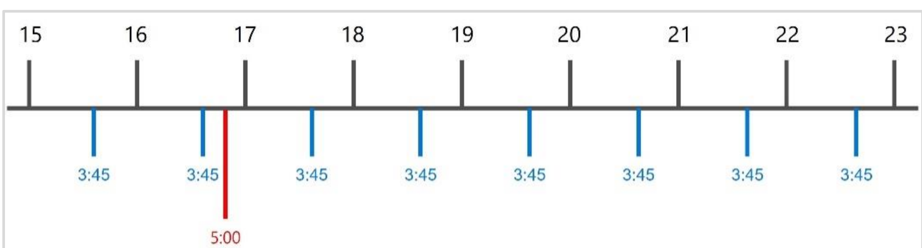
$$\frac{\text{Days left}}{\text{Total days}} \times \text{Unit cost} \times \text{Number of licenses}$$

Scenarios in the following sections show how the proration works with different license terms and billing preferences.

10.3. Canceling 1-month licenses

Let’s imagine that Margie’s Travel orders 25 × 1-month term licenses for Office 365 E3 on November 15, 2022, at 3:45 PM local time. Their partner transacts the order immediately. Then, on November 16, 2022, at 5:00 PM local time Margie’s Travel wants to cancel 3 licenses. Again, their partner transacts that order immediately.

This diagram shows the relationship between the days of the month (in black) and the 24-hour periods (in blue) that start when the initial order is transacted. The time of license reduction is shown by the red line:



In this scenario there is a total of 30 days in the subscription period because the subscription started in November, a month which has 30 days. The customer wants to cancel the 3 licenses in the second 24-hour period which means that there are 29 days left in the subscription period. The unit cost is taken from the existing subscription ($22.08) and 3 licenses are being removed. Thus, using the formula above, the refund that is due is:

(29/30) × $22.08 × 3 = $64.03

The partner could consult the recon file to see the original charge of 25 × \$22.08 = \$552, and the refund line for \$64.03. The net amount of \$487.97 will be included within the total charges on their November invoice.

10.4. Canceling 1-year licenses with annual billing

We'll take the same example as we used in the previous section but change the scenario to be 1-year licenses with annual billing, rather than 1-month term licenses.

In this scenario there is a total of 365 days in the subscription because the subscription does not include a February 29. There are 364 days left in the subscription period since the licenses need to be reduced in the second 24-hour period. The unit cost is taken from the existing subscription (\$220.80) and 3 licenses are being removed. Thus, using the formula above, the refund that is due is:

(364/365) × \$220.80 × 3 = \$660.59

The partner could consult the recon file to see the original charge of 25 × \$220.80 = \$5,520, and the refund line for \$660.59. The net amount of \$4,859.41 will be included within the total charges on the November invoice.

10.5. Canceling 1-year licenses with monthly billing

Again, let's take the same example as we used in section 10.3 but change the scenario to be 1-year licenses with monthly billing, rather than monthly term licenses.

This scenario is slightly different from the two scenarios above: the total days is the number of days in the first billing period—in this case it's 30 days because the billing period started in November, a month which has 30 days, and there are 29 days left in the billing period, as the licenses are being reduced in the second 24-hour period. The unit cost is the monthly cost of the 1-year licenses, so \$220.80/12 = \$18.40. The number of licenses being removed is again 3. Thus, using the formula above, the refund that is due is:

(29/30) × \$18.40 × 3 = \$53.36

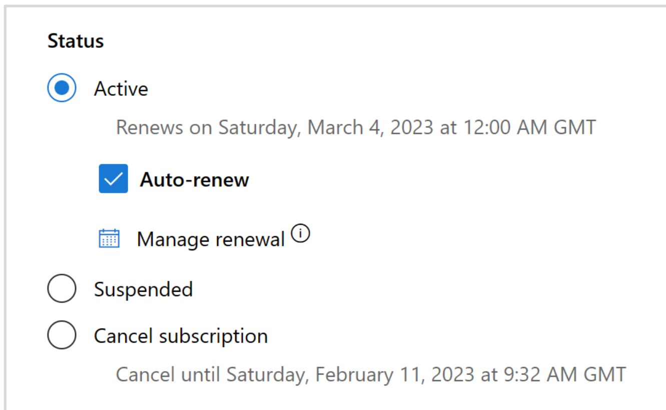
The partner could consult the recon file to see the original charge of 25 × \$18.40 = \$460, and the refund line for \$53.36. The net amount of \$406.64 will be included within the total charges on the November invoice.

11. Canceling subscriptions

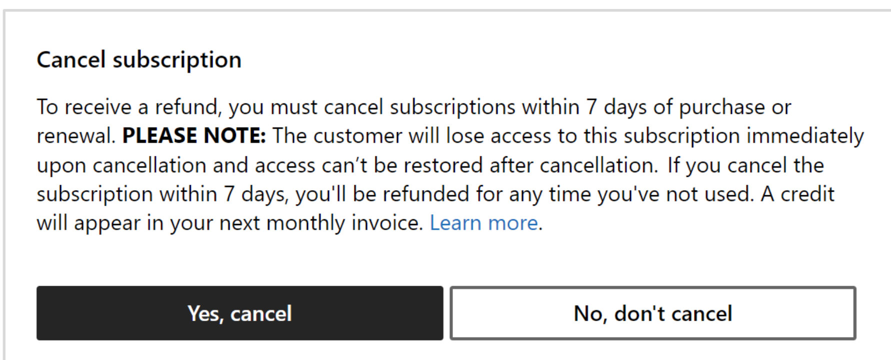
11.1. Overview

A subscription should be canceled when a customer does not need any of the licenses in that subscription. See the previous Reducing licenses section for when a customer just wants to remove some of the licenses in a subscription. In both instances, refunds to the partner are available within the first 168 hours.

To cancel a subscription via Partner Center you need to edit the subscription and then select the Cancel subscription option. You can see the deadline for canceling the subscription as shown below:



You need to confirm the cancellation in the next dialog box that appears:



When the subscription is canceled, it enters the Deleted state where the licenses are not available to the customer or partner, and any associated data is deleted. The cancellation of a subscription cannot be reversed.

Note that if you're unable to cancel a subscription due to exceptional circumstances and you wish to raise a request for review/reconsideration, your request for support must be submitted within two billing cycles of the attempted cancellation.

If you encounter issues during a transaction, you may submit a support ticket in Partner Center here. Microsoft will respond with further guidance.

Examples of issues you may want to submit:

- Incorrect purchases
- Duplicate orders
- Changes in partner/billing agreements (e.g., Customer moving from one CSP to another CSP)
- Technical issues which can be traced back to Microsoft's systems or services.

11.2. Cancellations due to insolvency

The partner is responsible for payment for the subscription term if the subscription isn't canceled within the first 168 hours of the term. This policy applies to all term lengths. The partner is responsible for payment of any outstanding amounts regardless of whether the customer can't or won't pay for the subscription due to dissolution of the business relationship, bankruptcy, commercial disagreement with the partner, or other reasons not directly related to Microsoft's ability to provide the services.

If a customer is considered a risk for payment default or insolvency, you should consider either of the following:

- Requesting that the customer purchase the monthly term subscription option that allows the subscription to be canceled at the end of any month
- Not selling to that customer

11.3. Understanding prorated refunds

When a new subscription is created, a 168-hour time period starts (regardless of time zone) during which the subscription may be canceled, with the partner being refunded on a prorated basis for any unused 24-hour periods. This means that 100 percent of the charges are refunded in the first 24 hours, the full amount minus 1 day's charge in the second 24 hours, and the full amount minus 2 days' charges in the third 24 hours, and so on up to 168 hours. There are no refunds available after the initial 168-hour period.

The scenarios in the **Reducing licenses** section show how the proration works with different license terms and billing preferences.

12. Subscription states

All subscriptions are in one of five states: Active, Expired, Suspended, Disabled, or Deleted. Note, however, that there are two types of Disabled state—Disabled and Suspended-Disabled, as explained in the following sections.

You can find additional information about each state in the Partner Center documentation in the **Understanding subscription lifecycle states** section.

12.1. Active state

This is the usual state for a subscription that has not reached its end date. Users can access files and services, and administrators can access data. Partners are billed according to their chosen billing frequency for all subscriptions in the Active state.

12.2. Expired state

If a subscription comes to the end of its term and isn’t auto-renewed, then it automatically moves from the Active state into the Expired state. This state lasts for 30 days. It’s also known as a grace period since users can continue to access files and services, and administrators can access data. A partner isn’t billed for subscriptions in the Expired state.

It isn’t possible to move a subscription from the Expired state back to the Active state, the partner must order the required licenses as a new purchase.

12.3. Disabled state

A subscription in the Expired state automatically moves to the Disabled state after 30 days. This state lasts for 90 days, and users can NOT access files and services, but administrators can access data. A partner isn’t billed for subscriptions in the Disabled state.

12.4. Deleted state

In this final state all customer data is deleted permanently. There are two ways that a subscription can enter this state:

- A subscription in the Disabled state automatically moves to the Deleted state after 90 days.
- If a partner cancels a subscription, the subscription will first go into the Suspended state for seven days, and then to Deleted where data will be removed. During the seven-day grace period:
    - Customers can continue to access their data.
    - Partner administrators can back up data before it's removed.

- If the partner purchases the same product or SKU equivalent to the one canceled, customer data and user license assignment settings are automatically restored.
- If a new purchase is made with a lower number of licenses, customer data and user license assignment settings will still be retained, and the partner should manage these appropriately.
- After the seven-day period, these actions are no longer allowed, and data will be removed.

- A partner isn't billed for subscriptions in the Deleted state.

12.5. Suspended state

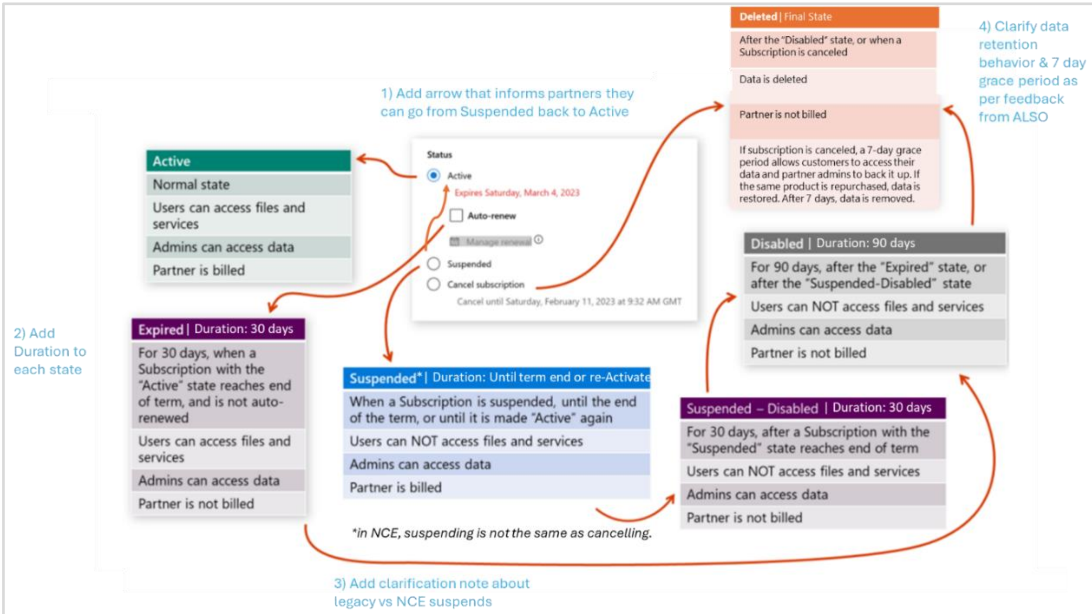
If a partner suspends a subscription, then it enters the Suspended state. The purpose of the Suspend function is to help in dunning scenarios since users cannot access files and services, although administrators can access data. Partners continue to be billed when a subscription is Suspended.

A partner can change the state of a Suspended subscription to Active again at any time whereby users will be able to access files and services again.

This state lasts for as long as the partner suspends a subscription or until the end of the term of the subscription. If a subscription is still in a Suspended state at the end of its term it will enter the Suspended-Disabled state for 30 days. In this state, users cannot access files and services, although administrators can access data. Partners are not billed when a subscription is in the Suspended-Disabled state. After 30 days the subscription is moved to the regular Disabled state as described above, and then to the Deleted state after 90 days.

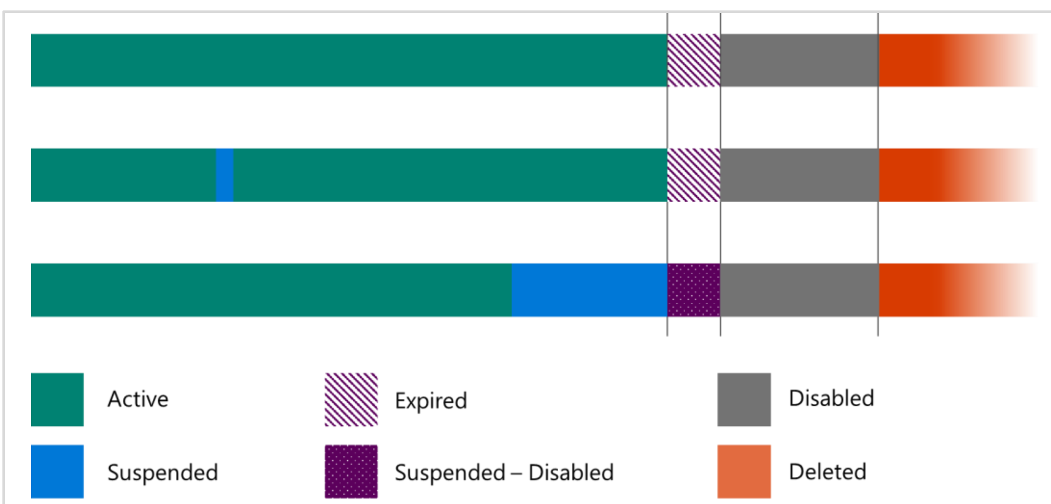
12.6. Subscription state flow

This diagram shows how a subscription moves from one state to the other:



12.7. Subscription lifecycle

This diagram shows the behavior of subscriptions at the end of their term when auto-renew is turned off. The first subscription was in the Active state for the duration of its term, the second subscription was suspended briefly and then returned to the Active state, and the third subscription was suspended and was in the Suspended state at the end of its term:



13. Upgrading licenses

13.1. Overview

Upgrades are available in the new commerce experience so that a customer may move from one offer to another eligible offer before the renewal date of the initial subscription. Note that it's not possible to go from one offer to **any** other one, rather you need to choose from a list of eligible upgrades that are allowed by the system. In addition, partners may not upgrade a subscription purchased through another partner.

13.2. Some common upgrades

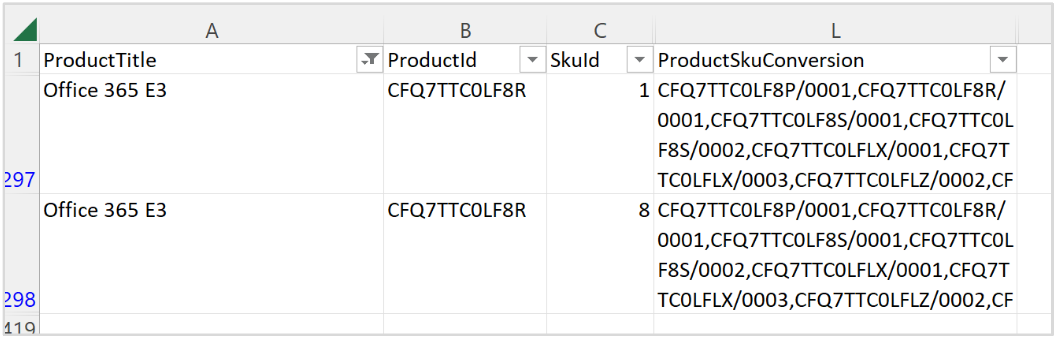
Here's a list of some of the most common upgrades that are available; see the next section for how to check for a complete list:

Initial licenses	Eligible upgrades
Microsoft 365 Business Basic	Microsoft 365 Business Standard Microsoft 365 Business Premium Office 365 E1 Office 365 E3 Office 365 E5 Office 365 E5 without Audio Conferencing Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Microsoft 365 Business Standard	Microsoft 365 Business Premium Office 365 E3 Office 365 E5 Office 365 E5 without Audio Conferencing Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Microsoft 365 Business Premium	Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Microsoft 365 F1	Microsoft 365 F3 Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Microsoft 365 F3	Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Microsoft 365 E3	Microsoft 365 E3 - Unattended License

Initial licenses	Eligible upgrades
	Microsoft 365 E5
Microsoft 365 E5	None
Office 365 F3	Microsoft 365 Business Basic Microsoft 365 Business Standard Office 365 E1 Office 365 E3 Office 365 E5 Office 365 E5 without Audio Conferencing Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Office 365 E1	Office 365 E3 Office 365 E5 Office 365 E5 without Audio Conferencing Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Office 365 E3	Office 365 E5 Office 365 E5 without Audio Conferencing Microsoft 365 E3 Microsoft 365 E3 - Unattended License Microsoft 365 E5
Office 365 E5	Microsoft 365 E5
EMS E3	EMS E5 Microsoft 365 E3
EMS E5	Microsoft 365 E5
Windows 10/11 Enterprise E3	Windows 10/11 Enterprise E5 Microsoft 365 E5

13.3. Checking for available upgrades

To check the availability of upgrades for a product, you should use the Offer Matrix. Here you can see that Excel spreadsheet filtered for Office 365 E3, with the ProductSKUConversion column expanded:



	A	B	C	L
1	ProductTitle	ProductId	SkuId	ProductSkuConversion
297	Office 365 E3	CFQ7TTC0LF8R	1	CFQ7TTC0LF8P/0001,CFQ7TTC0LF8R/0001,CFQ7TTC0LF8S/0001,CFQ7TTC0LF8S/0002,CFQ7TTC0LFLX/0001,CFQ7TTC0LFLX/0003,CFQ7TTC0LFLZ/0002,CF
298	Office 365 E3	CFQ7TTC0LF8R	8	CFQ7TTC0LF8P/0001,CFQ7TTC0LF8R/0001,CFQ7TTC0LF8S/0001,CFQ7TTC0LF8S/0002,CFQ7TTC0LFLX/0001,CFQ7TTC0LFLX/0003,CFQ7TTC0LFLZ/0002,CF
419				

This column lists all the SKUs that an Office 365 E3 license may be upgraded to, which you can identify using the price list.

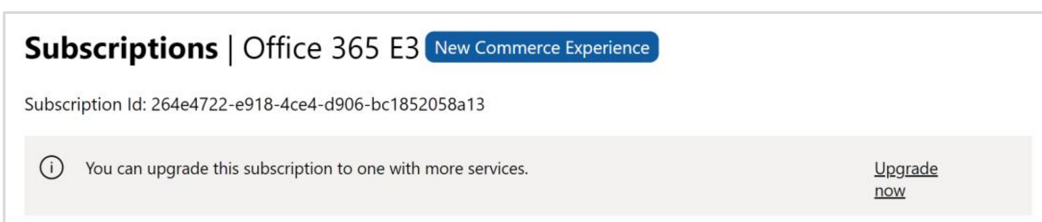
Note, if the upgrade that you want to do isn't listed, then you should turn off auto-renew for the subscription, wait for it to come to an end, and then purchase the required licenses for the customer.

13.4. Upgrade prices

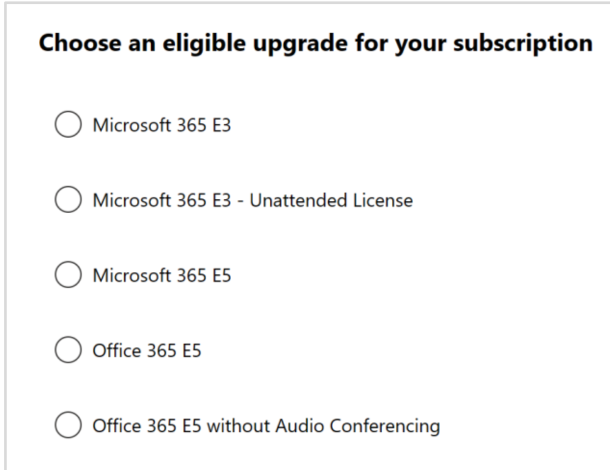
There is no notion of an upgrade price on the pricelist. As a partner you're invoiced for the initial licenses when they are purchased, and if an upgrade is performed, you're then refunded for the remaining term of the initial licenses and charged for the upgraded licenses.

13.5. Carrying out an upgrade

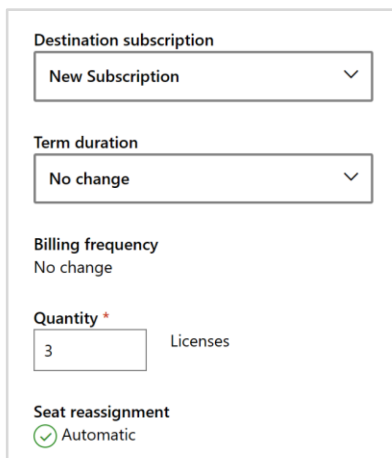
If you're using Partner Center, you can see when an upgrade is available when you're editing a subscription, as shown in the following image:



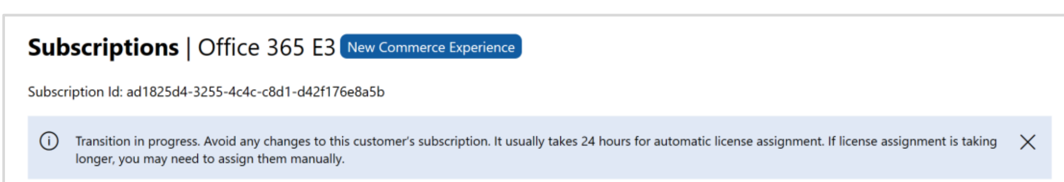
Clicking on the Upgrade now option will show the available upgrade options:



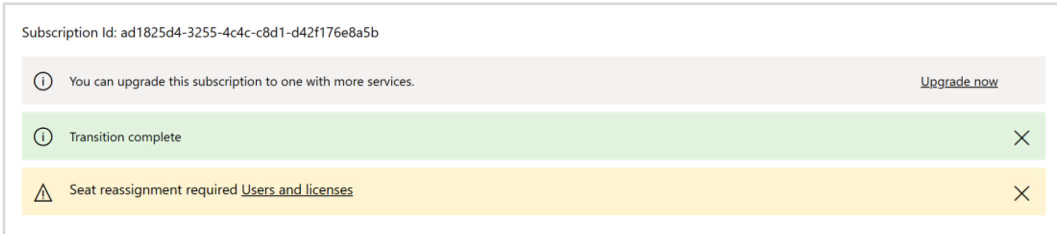
Choosing one of these license types will then allow you to set the options for the upgrade. If you keep the quantity of licenses the same it's known as a full upgrade, if you choose to upgrade just some of the licenses, it's known as a partial upgrade. You can also choose which subscription the upgraded licenses will be added to—the choice is New Subscription or Existing Subscription, as explained in the following section.



When you have chosen your options and selected the Submit button, the upgrade transition will start, and you'll see the following information at the top of the screen:



When the upgrade is complete, you'll see this information at the top of the screen:



13.6. Upgrading to a new subscription

Let's imagine that Margie's Travel ordered 25 × 1-year term licenses for Office 365 E3 on November 15, 2022. The following subscription would have been created:

Nickname: Office 365 E3 **ID:** 18b0d7e6-584c-464a-df3e-5b65c0c8e06d

Type	Term	Billing	Cost	State	Auto-renew	End-date
O365 E3	1 year	Annually	$220.80	Active	On	14-Nov-23

What happens when they want to upgrade to Office 365 E5? From the previous section we know that their partner can carry out a partial upgrade (some licenses) or a full upgrade (all licenses) and choose a new subscription or an existing subscription for the destination of the upgraded licenses.

If Margie's Travel doesn't already have any Office 365 E5 licenses, they won't have an existing subscription that the upgraded licenses can be added to. So, let's start by seeing what happens when the **New Subscription** option is chosen.

Type of upgrade	What happens
Full	**New Subscription** A new Office 365 E5 subscription is created, but takes the following attributes from the existing subscription: ID Term Billing frequency End-date The price for the new subscription is taken from the current price list **Existing Subscription** The original Office 365 E3 subscription is deleted
Partial	**New Subscription** A new subscription for the Office 365 E5 licenses is created, and takes the following attributes from the existing subscription: Term Billing frequency End-date The price for the new subscription is taken from the current price list **Existing Subscription** The original subscription retains the non-upgraded Office 365 E3 licenses with no change to any of its attributes

13.7. Upgrading to an existing subscription

Let's now imagine that Margie's Travel have the same Office 365 E3 licenses as described in the previous section, but that they also have some Office 365 E5 licenses in another subscription. Note that these licenses will always be in separate subscriptions since only one license type may exist in a single subscription.

In this situation, there is a choice – the new Office 365 E5 licenses could be put into a new subscription (as described above), or they could be added into the existing Office 365 E5 subscription. There are advantages in putting the new Office 365 E5 licenses into the existing subscription: the price will be the same rather than being taken from the current price list, and the end date of all Office 365 E5 licenses will be the same.

This is what happens when the **Existing Subscription** option is chosen:

Type of upgrade	What happens
Full	**Office 365 E5 Subscription** All the new Office 365 E5 licenses are added to the existing subscription which retains all its original attributes **Office 365 E3 Subscription** The original Office 365 E3 subscription is deleted
Partial	**Office 365 E5 Subscription** All the new Office 365 E5 licenses are added to the existing subscription which retains all its original attributes **Office 365 E3 Subscription** The original subscription retains the non-upgraded Office 365 E3 licenses with no change to any of its attributes

13.8. Scheduling an upgrade

Upgrades may be carried out mid-term or scheduled to take place at renewal (as long as auto-renew is on), with the options being the same as described in the **Carrying out an upgrade** section.

13.9. Removing duplicated licenses after an upgrade

If a customer has licenses that are redundant after an upgrade, the partner should submit a support ticket to request cancellation of the redundant licenses. Note that this support ticket should be raised within the first two billing cycles from when the upgraded license was invoiced.

13.10. Promotions and upgrades

When licenses are upgraded into a new subscription, the price is taken from the current price list. If a promotion is available, that promotional price will automatically be applied.

14. Add-ons

14.1. Overview

An Add-on in the new commerce experience is a license that relies on another license having been purchased for it to work. Teams Phone Standard, for example, relies on products such as Office 365 E3 to already be present on the tenant.

14.2. Technical vs. licensing prerequisites

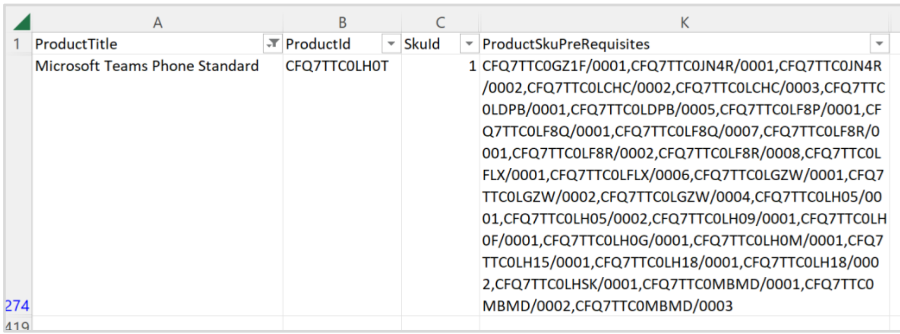
Add-ons in the new commerce experience are technically enforced, which means that their purchase is blocked if no qualifying prerequisite license is found on the tenant. The qualifying license could have been purchased through any of the ways to buy: through Web Direct, through a Volume Licensing agreement, through the CSP legacy commerce experience, or through another new commerce experience CSP partner.

Note that the enforcement that the new commerce experience carries out isn't a licensing enforcement. From a licensing perspective, if 5 users need to use Teams Phone Standard, then those 5 users must be licensed with, for example, Office 365 E3. In the new commerce experience, you can purchase 5 licenses for Teams Phone Standard as long as just 1 license of, for example, Office 365 E3 has previously been found. The Product Terms site states that Add-on licenses must be purchased under the same licensing agreement as their qualifying license but note that this pertains to the Add-ons that customers with active Software Assurance may purchase to add cloud services to their existing on-premises licenses, not the Add-ons available through the new commerce experience. The new commerce experience Add-ons are to increase cloud services for customers already in the cloud, the other Add-ons are to get on-premises customers to the cloud. You can find the relevant Product Terms text here.

Note also that this enforcement does not apply to the Dynamics 365 Base and Attach offers. If a customer wants to license a user with, for example, Dynamics 365 Sales Enterprise and Dynamics 365 Customer Service Enterprise, a partner will transact one license as a Base offer ($95 per user per month) and the other as an Attach offer ($20 per user per month). There's no technical or licensing enforcement with the Dynamics 365 licenses; the customer should work with the partner to ensure that the correct licenses are purchased.

14.3. Finding the prerequisites for an offer

To check the prerequisites for any Add-on, you should use the Offer Matrix. Here you can see that Excel spreadsheet filtered for Microsoft Teams Phone Standard with the **ProductSKUPreRequisites** column expanded:

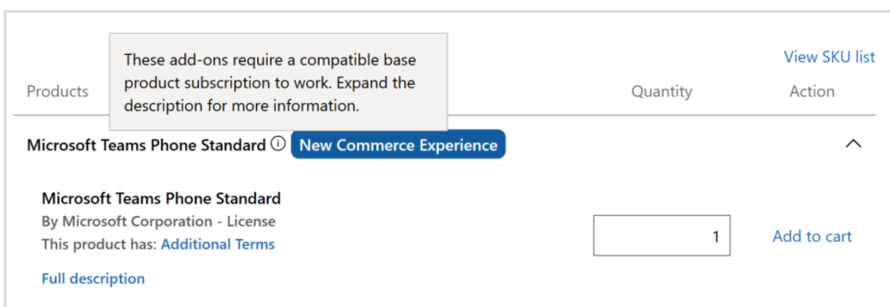


	A	B	C	K
1	ProductTitle	ProductId	SkuId	ProductSkuPreRequisites
274	Microsoft Teams Phone Standard	CFQ7TTC0LH0T	1	CFQ7TTC0GZ1F/0001,CFQ7TTC0JN4R/0001,CFQ7TTC0JN4R/0002,CFQ7TTC0LCHC/0002,CFQ7TTC0LCHC/0003,CFQ7TTC0LDPB/0001,CFQ7TTC0LDPB/0005,CFQ7TTC0LF8P/0001,CFQ7TTC0LF8Q/0001,CFQ7TTC0LF8Q/0007,CFQ7TTC0LF8R/0001,CFQ7TTC0LF8R/0002,CFQ7TTC0LF8R/0008,CFQ7TTC0LFLX/0001,CFQ7TTC0LFLX/0006,CFQ7TTC0LGZW/0001,CFQ7TTC0LGZW/0002,CFQ7TTC0LGZW/0004,CFQ7TTC0LH05/0001,CFQ7TTC0LH05/0002,CFQ7TTC0LH09/0001,CFQ7TTC0LH0F/0001,CFQ7TTC0LH0G/0001,CFQ7TTC0LH0M/0001,CFQ7TTC0LH15/0001,CFQ7TTC0LH18/0001,CFQ7TTC0LH18/0002,CFQ7TTC0LHSK/0001,CFQ7TTC0MBMD/0001,CFQ7TTC0MBMD/0002,CFQ7TTC0MBMD/0003
419				

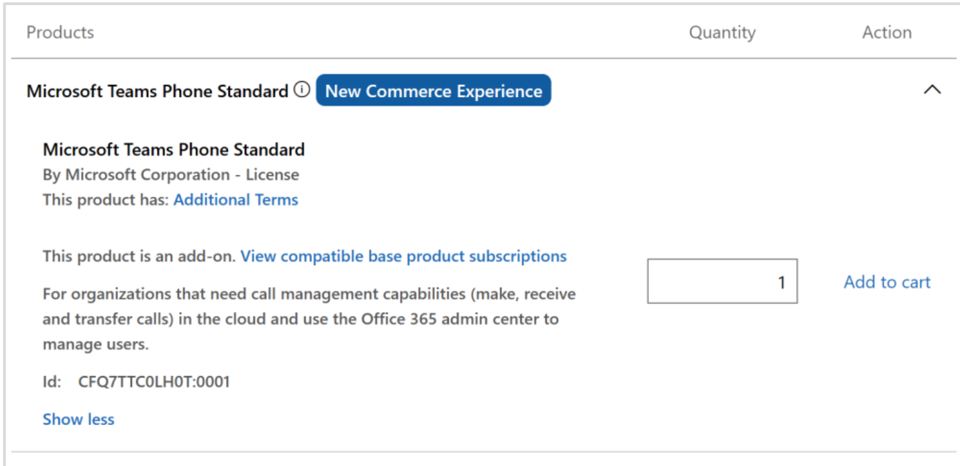
This column lists all the products that could be present on the tenant to allow a purchase of Teams Phone Standard, which you can identify using the price list.

14.4. Purchasing an Add-on license

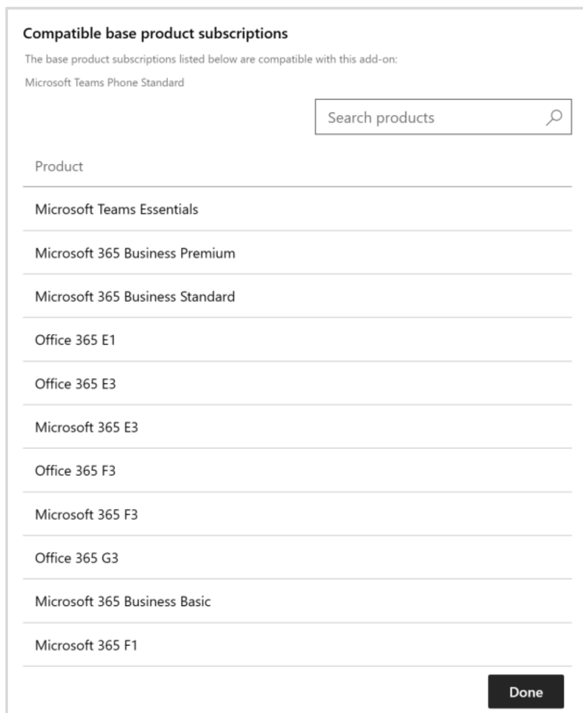
Add-on licenses are listed in the Partner Center catalog in the same way as other licenses that may be purchased through the new commerce experience. Products that are classified as Add-ons have a little information icon which indicates that they are Add-ons and that there are prerequisites that must be met before this license may be purchased:



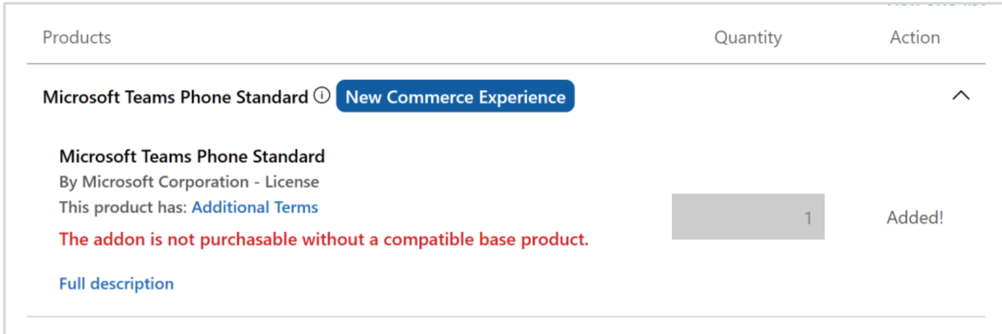
Selecting the **Full description** option opens the following screen:



From here you can select the **View compatible base product subscriptions** option to see the list of eligible prerequisites:



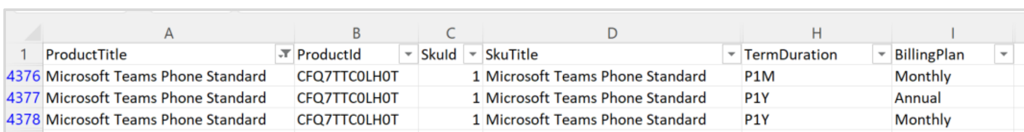
If you attempt to purchase the Add-on without an eligible prerequisite license, this error message will appear:



If an eligible prerequisite license is found on the tenant, the purchase goes ahead like any other new subscription in the new commerce experience.

14.5. Add-on license subscription terms and billing frequency

Add-on licenses are available in a variety of subscription terms and billing frequencies. Here you can see the price list filtered for the Teams Phone Standard Add-on licenses where it shows a 1-month license is available, or a 1-year one with either monthly or annual billing:



	A	B	C	D	H	I
1	ProductTitle	ProductId	SkuId	SkuTitle	TermDuration	BillingPlan
4376	Microsoft Teams Phone Standard	CFQ7TTC0LH0T	1	Microsoft Teams Phone Standard	P1M	Monthly
4377	Microsoft Teams Phone Standard	CFQ7TTC0LH0T	1	Microsoft Teams Phone Standard	P1Y	Annual
4378	Microsoft Teams Phone Standard	CFQ7TTC0LH0T	1	Microsoft Teams Phone Standard	P1Y	Monthly

The term and billing frequency of an Add-on subscription do **not** have to match those of the underlying prerequisite license. However, you can imagine if the underlying license is a 1-month subscription that doesn't renew, there will be technical problems at the end of the term if the Add-on subscription term is for 1 year. Note that the partner will continue to be billed for the Add-on license, even if technically it can't be used.

14.6. Adding and reducing Add-on licenses

When Add-on licenses are transacted, a new subscription is created, and it follows all the rules for new subscriptions. So, additional Add-on licenses may be added at any time into the subscription (see the Adding licenses section), and licenses may be reduced (see the Reducing licenses section) or the subscription canceled (see the Canceling subscriptions section) within the first 168 hours.

14.7. Add-ons and coterminosity

When an Add-on license purchase is transacted, a technical check is done on the tenant to make sure that the prerequisites are met. However, the Add-on subscription isn't linked in any way to the prerequisite subscription. If a single partner has sold both the underlying license and Add-on license to the same customer, then it is possible for the partner to make these subscriptions coterminous—see the **Coterminosity** section for details.

14.8. Add-ons and promotions

From a promotions perspective, transacting a license which is classified as an add-on is exactly the same as transacting any other license—if a promotion is available, then it's indicated in the product catalog and when you review the cart, you'll see that the promotion will be applied.

14.9. Add-ons and upgrades

Throughout this section we've taken the example of a Teams Phone Standard license added on to an eligible prerequisite license of Office 365 E3. However, what would happen if the customer wanted to upgrade the Office 365 E3 license to Office 365 E5—which includes the Teams Phone Standard capability? In this case, after the upgrade, the partner should raise a support ticket to remove the Add-on license and to receive any refunds due. Note that this support ticket should be raised within the first two billing cycles from when the upgraded license was invoiced.

15. Coterminosity

15.1. Overview

Subscriptions created on different dates have different end dates. Coterminosity is the ability to align the end dates of subscriptions to make renewal easier.

15.2. Scope of coterminosity

Coterminosity is only available in the CSP new commerce experience. This means that if a customer has subscriptions in both the legacy experience and the new commerce experience, it is only the new commerce experience subscriptions that may be made coterminous with each other. If a customer has purchased licenses through Web Direct or an Enterprise Agreement, a new commerce experience subscription may not be made coterminous with these licenses. There **is** a method of making existing subscriptions coterminous with the current date which could be used to manufacture this alignment. See the Aligning existing subscriptions to today's date section.

Another option for aligning end dates of subscriptions is to choose to align them with the end of the calendar month. See the Aligning subscriptions with the end of the calendar month section below.

15.3. Coterminosity alignment rules

Coterminosity can be activated when a subscription is created or when it is renewed. A subscription can be made coterminous with an existing subscription according to the following table:

New or renewing Subscription

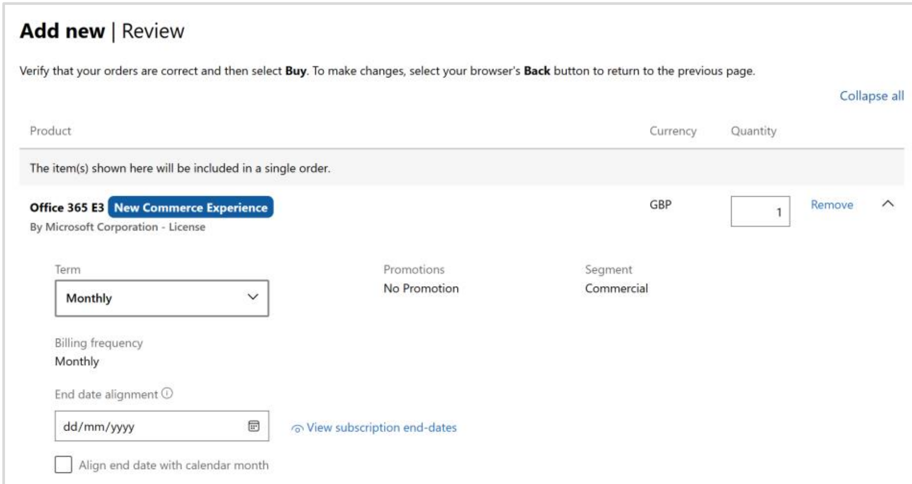
Existing Subscription

	1-month	1-year	3-years
1-month	Yes	No	No
1-year	Yes	Yes	Yes
3-years	Yes	Yes	Yes

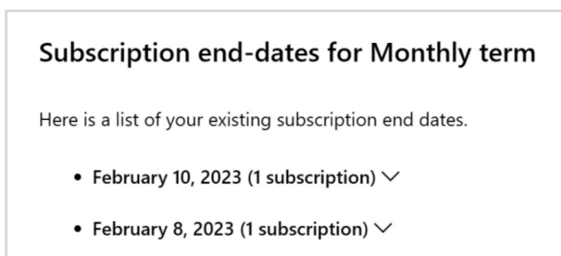
In summary, a new or renewing 1- or 3-year subscription may not be made coterminous with a 1-month subscription.

15.4. Activating coterminosity for a new subscription

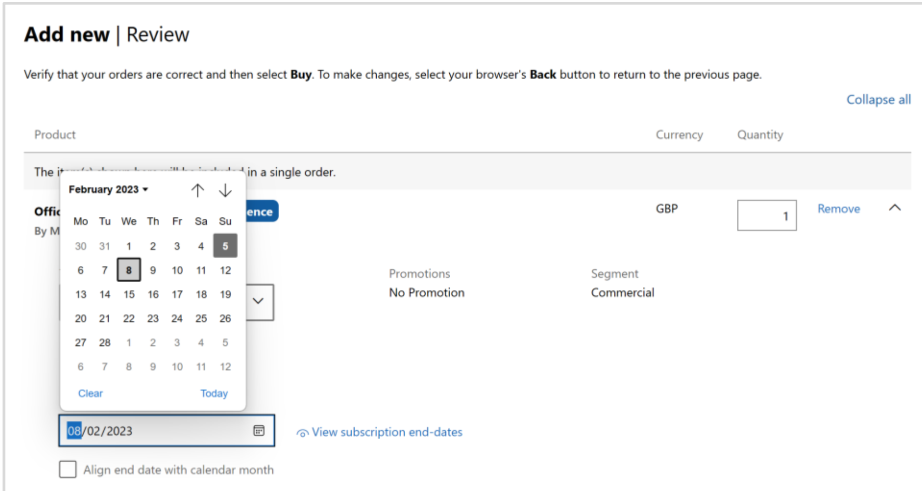
When a new subscription is purchased through the Partner Center interface, there is the opportunity to activate coterminosity at the cart review stage in the **End date alignment** section of the screen:



Selecting the **View subscription end dates** option shows the dates of the existing subscriptions that the new subscription may be aligned with. Here, a 1-month subscription is being purchased, so existing 1-month subscriptions are shown as possible alignment options. These existing 1-month subscriptions would not be available for alignment if a 1- or 3-year subscriptions was being purchased:



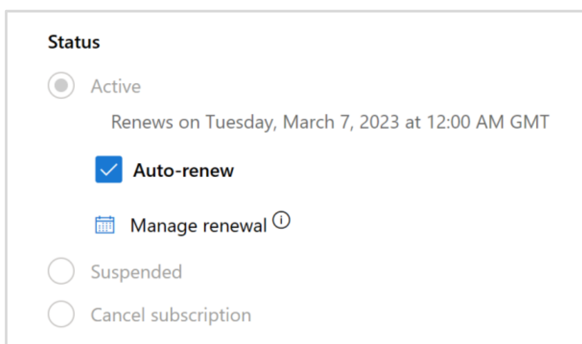
Once you've reviewed the possible end dates for the new subscription, you need to choose the required date in the date picker at the cart review screen:



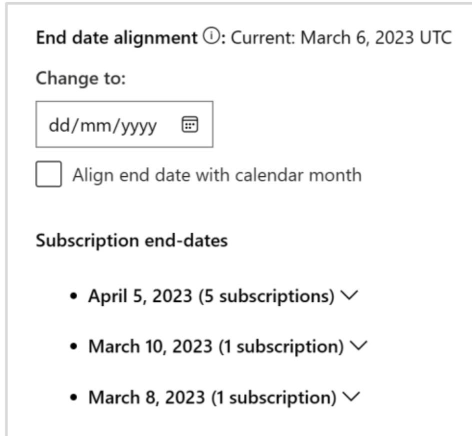
15.5. Activating coterminosity for an existing subscription

Activating coterminosity for an existing subscription does not change the end date of the existing term, rather it schedules the coterminosity to be activated when the subscription next renews.

For example, Margie's Travel has a 1-month subscription that ends on March 6, 2023. Their partner can schedule this subscription to be made coterminous with another subscription by choosing the Manage renewal option when editing the subscription:



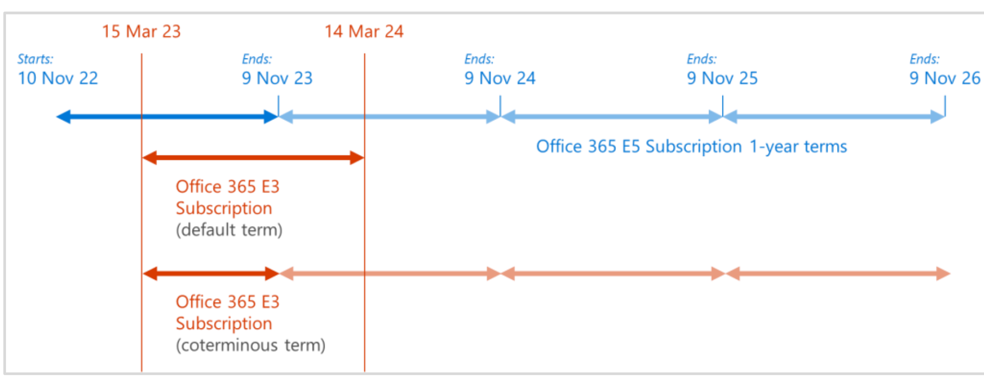
The **Manage Renewal** pane shows the available options for this subscription to align to as shown below:



All the subscriptions shown in the previous dialog box are 1-month subscriptions. If the partner is managing the renewal on February 18, 2023, you might imagine that the subscription end date of the first subscription would show as March 5, 2023, rather than the April 5, 2023, date shown. However, the existing subscription is due to end on March 6, 2023, and this duration is never shortened when aligned to an existing subscription. Thus, if the subscription being managed is aligned to the first 1-month subscription, then it will renew on the current date of March 7, 2023, but will have an end date of April 5, 2023.

15.6. Aligning a new 1-year subscription to an existing 1-year subscription

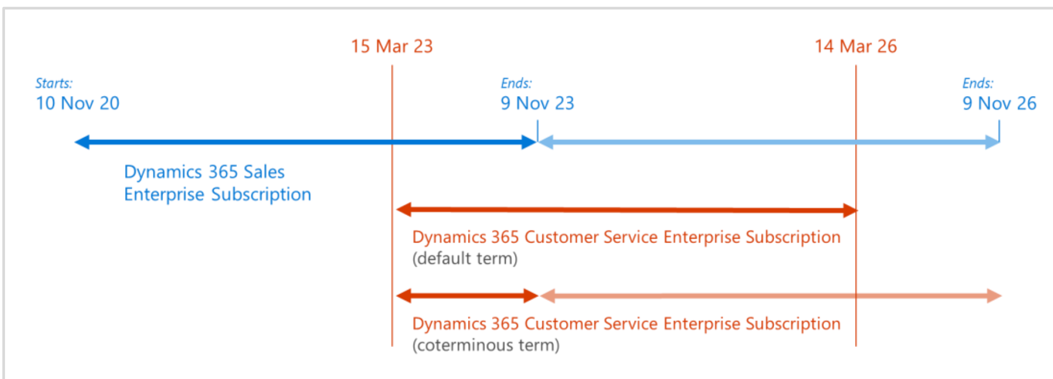
Imagine that Margie's Travel has an existing 1-year subscription for Office 365 E5 which ends on November 9, 2023. On March 15, 2023, they want to purchase some Office 365 E3 licenses for a 1-year term and to have the subscriptions aligned. The following diagram shows the existing subscription in dark blue with the renewal terms in a lighter blue, and the new subscription in dark orange:



The date the new subscription would end by default is March 14, 2024. However, when the new 1-year subscription is aligned to the existing 1-year subscription, the end date of the new subscription exactly matches the end date of the existing subscription. Thus, the first term of the new subscription is shorter, and charges to the partner are prorated. The shorter initial term is shown in dark orange at the bottom of the diagram with its renewal terms in a lighter orange.

15.7. Aligning a new 3-year subscription to an existing 3-year subscription

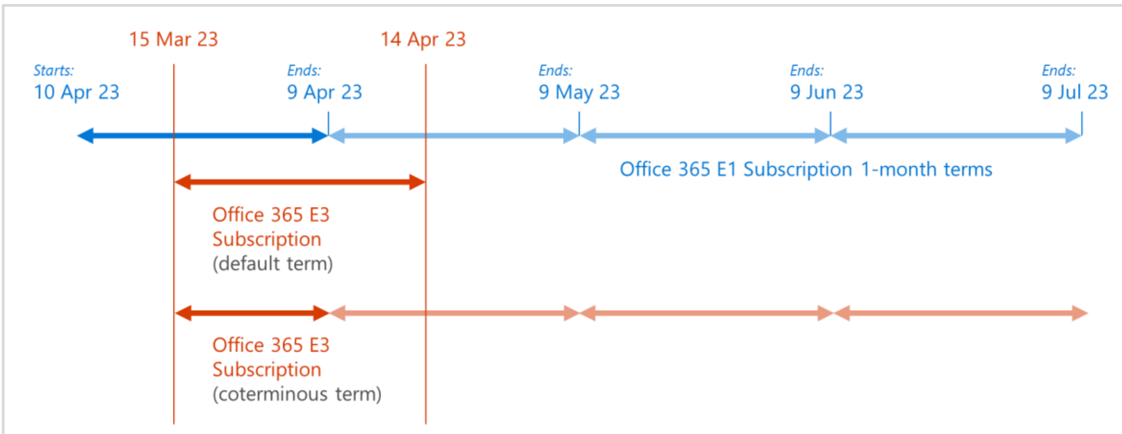
Imagine that Margie's Travel have an existing 3-year subscription for Dynamics 365 Sales Enterprise which ends on November 9, 2023. On March 15, 2023, they want to purchase some Dynamics 365 Customer Service Enterprise licenses for a 3-year term and to have the subscriptions aligned. The following diagram shows the existing subscription in dark blue with the renewal terms in a lighter blue, and the new subscription in dark orange:



The date the new subscription would end by default is March 14, 2026. However, when the new 3-year subscription is aligned to the existing 3-year subscription, the end date of the new subscription exactly matches the end date of the existing subscription. The first term of the new subscription is thus shorter, and charges to the partner are prorated. The shorter initial term is shown in dark orange at the bottom of the diagram with its renewal terms in a lighter orange.

15.8. Aligning a new 1-month subscription to an existing 1-month subscription

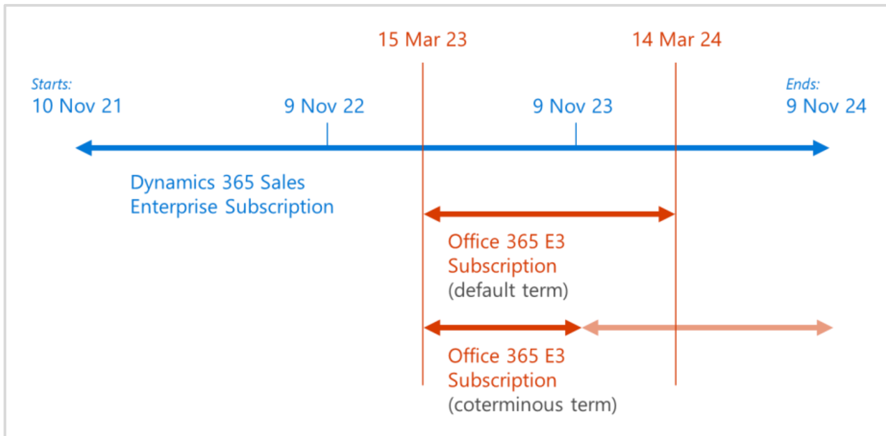
Imagine that Margie's Travel has an existing 1-month subscription for Office 365 E1 which ends on April 9, 2023. On March 15, 2023, they want to purchase some Office 365 E3 licenses for a 1-month term and to have the subscriptions aligned. The following diagram shows the existing subscription in dark blue with the renewal terms in a lighter blue, and the new subscription in dark orange



The date the new subscription would end by default is April 14, 2023. However, when the new 1-month subscription is aligned to the existing 1-month subscription, the end date of the new subscription exactly matches the end date of the existing subscription. The first term of the new subscription is thus shorter, and charges to the partner are prorated. The shorter initial terms are shown in dark orange at the bottom of the diagram with its renewal terms in a lighter orange.

15.9. Aligning a new 1-year subscription to an existing 3-year subscription

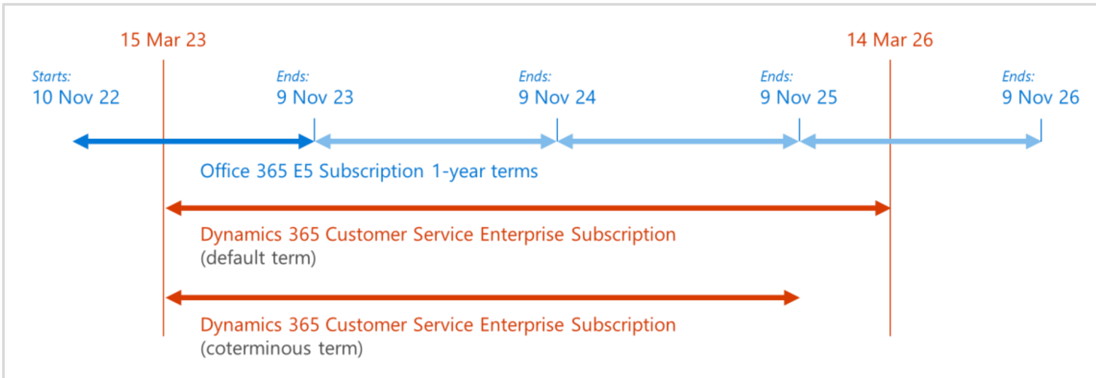
Imagine that Margie's Travel has an existing 3-year subscription for Dynamics 365 Sales Enterprise which ends on November 9, 2024. On March 15, 2023, they want to purchase some Office 365 E3 licenses for a 1-year term and to have the subscriptions aligned. The following diagram shows the existing subscription in blue, and the new subscription in dark orange



The date the new subscription would end by default is March 14, 2024. However, when the new 1-year subscription is aligned to the existing 3-year subscription, the day and month of the end date of the new subscription match the day and month of the end date of the existing subscription. In the given example, that's November 9. The year of the end date of the new subscription is the appropriate year that would make the new subscription have a duration of less than 1 year. In other words, in the example, it's the first November 9 that occurs after the start-date. The first term of the new subscription is thus shorter, and charges to the partner are prorated. The shorter initial term is shown in dark orange at the bottom of the diagram with its renewal terms in a lighter orange.

15.10. Aligning a new 3-year subscription to an existing 1-year subscription

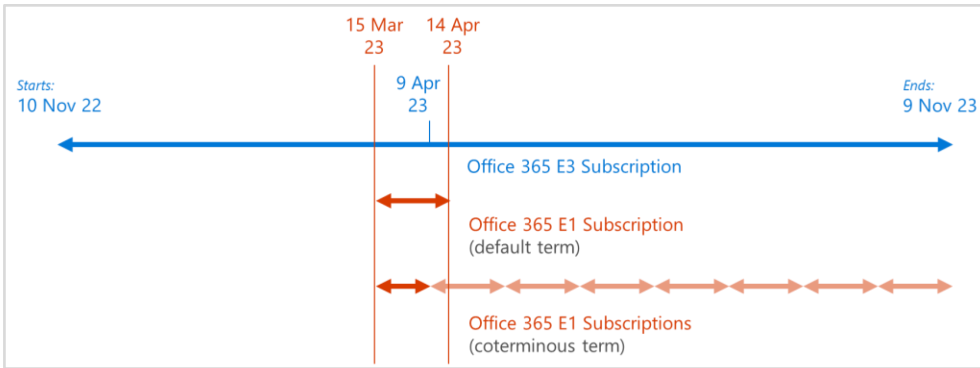
Imagine that Margie's Travel has an existing 1-year subscription for Office 365 E5 which ends on November 9, 2023. On March 15, 2023, they want to purchase some Dynamics 365 Customer Service Enterprise licenses for a 3-year term and to have the subscriptions aligned. The following diagram shows the existing subscription in dark blue with the renewal terms in a lighter blue, and the new subscription in dark orange



The date the new subscription would end by default is March 14, 2026. However, when the new 3-year subscription is aligned to the existing 1-year subscription, the day and month of the end date of the new subscription match the day and month of the end date of the existing subscription. In the given example, that's November 9. The year of the end date of the new subscription is the appropriate year that would make the new subscription have a duration of between 2 and 3 years. In other words, in the example, it's the third November 9 that occurs after the start-date. The first term of the new subscription is thus shorter, and charges to the partner are prorated, and this is shown by the second of the two dark orange bars in the diagram.

15.11. Aligning a new 1-month subscription to an existing 1- or 3-year subscription

Imagine that Margie's Travel has an existing 1-year subscription for Office 365 E3 which ends on November 9, 2023. On March 15, 2023, they want to purchase some Office 365 E3 licenses for a 1-month term and to have the subscriptions aligned. The following diagram shows the existing subscription in blue, and the new subscription in dark orange:



The date the new subscription would end by default is April 14, 2023. However, when the new 1-month subscription is aligned to the existing 1-year subscription, the day of the end date of the new subscription matches the day of the end date of the existing subscription. In the given example, that's the 9th. The month and year of the end date of the new subscription is the appropriate month and year that would make the new subscription have a duration of less than 1 month. In other words, in the example, it's the first 9th of a month that occurs after the start-date. The first term of the new subscription is thus shorter, and charges to the partner are prorated. The shorter term is shown in dark orange at the bottom of the diagram with its renewal terms in a lighter orange.

If a new 1-month subscription is aligned to an existing 3-year subscription, it works in exactly the same way as described in the previous paragraph.

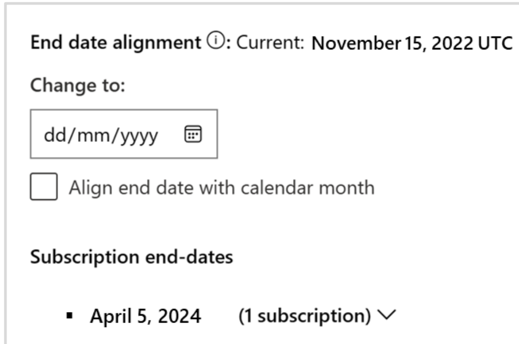
15.12. Aligning existing subscriptions to today's date

A new or renewing subscription must be aligned to an existing subscription; there is no option to simply pick any date from the calendar to align to. However, on a particular date of interest you can create a subscription, align existing subscriptions to it, and then cancel the new subscription.

For example, imagine that Margie's Travel has the following subscriptions which they'd like to align to their financial year which starts on April 6:

- 1-year subscription for Office 365 E3 ending on November 15, 2023
- 1-year subscription for Office 365 E5 ending on February 3, 2024

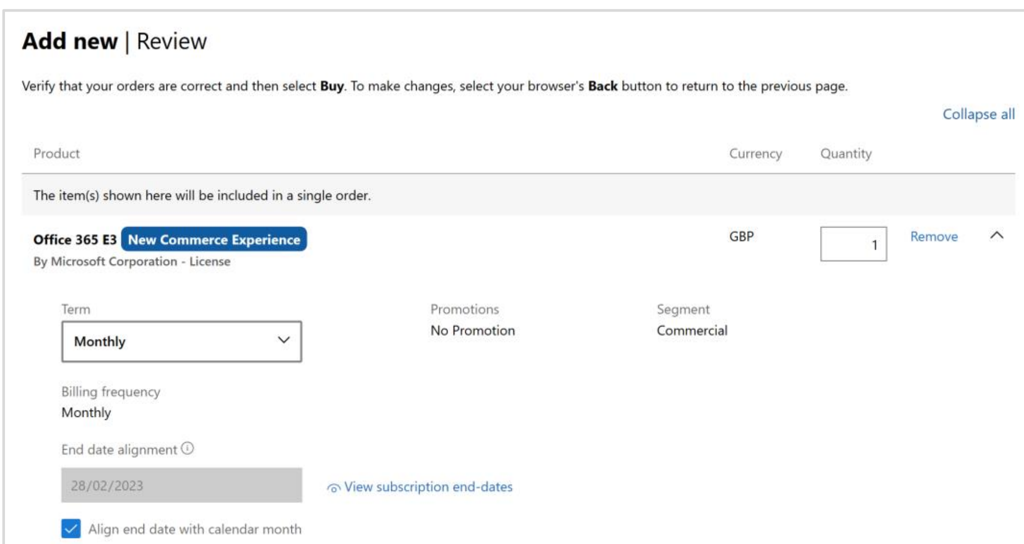
On April 6, 2023, their partner can transact any 1-year subscription and manage the renewal options for the existing subscriptions and choose the new subscription to align to:



This will **not** change the duration of the existing subscriptions in any way, but on November 16, 2023, when the Office 365 E3 subscription auto-renews its new term will end on April 5, 2024. The same thing happens on February 4, 2024, when the Office 365 E5 subscription auto-renews—its new term will end on April 5, 2024.

15.13. Aligning subscriptions with the end of the calendar month

When a new subscription is purchased through the Partner Center interface, there's the opportunity to align the end date of the subscription with the end of the calendar month. This is done at the cart review stage in the End date alignment section of the screen, by checking the Align end date with calendar month box:



15.14. Migrating legacy subscriptions and coterminosity

If you want to take a legacy subscription into the new commerce experience, the easiest way is to use the Migrate to New Commerce Experience option when you're editing the legacy subscription. However, if you do that, you will have no opportunity within that process to make the new commerce experience subscription coterminous with any other subscription; your first opportunity to do this will be to schedule it to happen at renewal. If you need to migrate a legacy subscription to the new commerce experience and to make it coterminous with an existing subscription, you should carry out the migration process manually. In other words, transact a new subscription in new commerce and make it coterminous with the required subscription, and then suspend the legacy subscription.

16. Trials

16.1. Overview

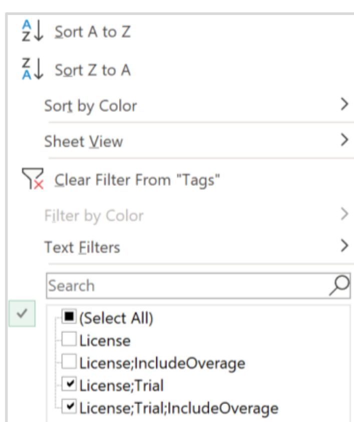
Free trials are available for some of the seat-based offers in the new commerce experience. All trials are for 25 licenses for a period of exactly 30 days. By default, these trials automatically convert into paid subscriptions for the same product for a 1-year term at the end of the trial period. It is also possible to manually convert a trial to a paid subscription at any time during the trial when you can choose either a 1-month or 1-year term. Alternatively, you can schedule changes to the default settings at the end of the trial period. If you don't want a trial to automatically convert to a paid subscription, you should turn the auto-renew setting off.

16.2. Products available for trials

A trial subscription gives access to exactly the same functionality as a paid subscription for the same product. The most common products available for trials are the following:

- Microsoft 365 Business Standard and Premium
- Microsoft 365 F1
- Office 365 E3 and E5
- Windows 10/11 Enterprise E3
- EMS E5
- Project Plan 1 and Plan 3
- Visio Plan 1 and Plan

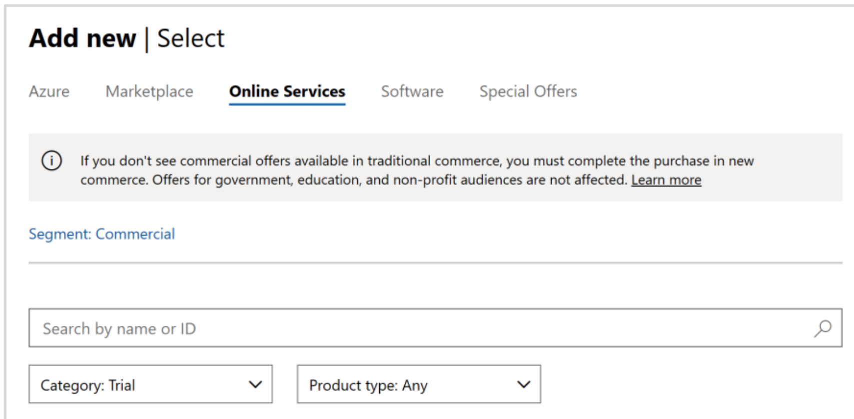
To find the full list of products available as a trial, use the **Tags** column in the price list, and choose to filter by the **Trial** attribute as shown below:



16.3. Creating a trial subscription

Trial subscriptions are created in the same way as other seat-based offers in the new commerce experience, but with no flexibility in choosing the term (30 days) or the number of licenses (25).

Note that if you're using Partner Center to create a Trial subscription, it's helpful to set the Category filter to Trial as shown below:



Once the trial subscription has been created, it can't be canceled or suspended, but you can turn off auto-renew if you don't want it to convert into a paid subscription at the end of the 30 days. You can turn off auto-renew at any time within the 30 days and turn it back on again if you want to.

You won't get any alerts at the end of a trial – either that the trial is expiring or that it's converting into a paid subscription. If auto-renew has been turned off, the trial subscription enters the Expired state (see the Subscription states section) where users can still access files and data for 30 days.

When a trial automatically converts to a paid subscription, it behaves like a new subscription, and in the first 168 hours the number of licenses can be reduced, or the entire subscription may be canceled. See the Reducing licenses and Canceling subscriptions sections for more details.

The following sections help you to understand what happens when a trial subscription converts to a paid subscription, and what control you have over the options.

16.4. Automatic trial conversion with default options

If a partner does not turn off auto-renew on a trial subscription, it will automatically convert with default options into a paid subscription at the end of the 30-day term.

Let's imagine that Margie's Travel was interested in Visio Plan 1 but didn't want to commit to paid licenses and so their partner transacted a trial for them on November

15, 2022. If the partner does nothing, the trial subscription converts into the following paid subscription:

Nickname: Visio Plan 1 **ID:** b05e8d85-ef63-4657-d23c-6a551009c3f9

Type	Term	Billing	Cost	State	Auto-renew	End-date
Visio P1	1 year	Monthly	$48	Active	On	14-Dec-23

Note the following attributes that are applied:

- The subscription ID remains the same as the trial subscription ID.
- The offer type remains the same (Visio Plan 1).
- A 1-year term is chosen.
- Monthly billing is applied.
- The price is taken from the current price list.
- Auto-renew is set to "On."
- The end date is calculated from the day after the trial term ends.
- 25 licenses

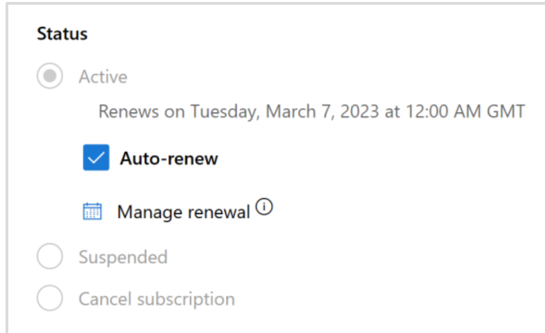
Licenses that have been assigned to users will remain assigned to those users when the trial subscription is converted.

When the trial subscription converts into a paid subscription, it behaves in exactly the same way as any other new subscription. This means that you can change the number of licenses in the first 168 hours, upgrade to an eligible offer at any time, or change the billing term and/or frequency as detailed in the **Subscription terms and billing frequency** section.

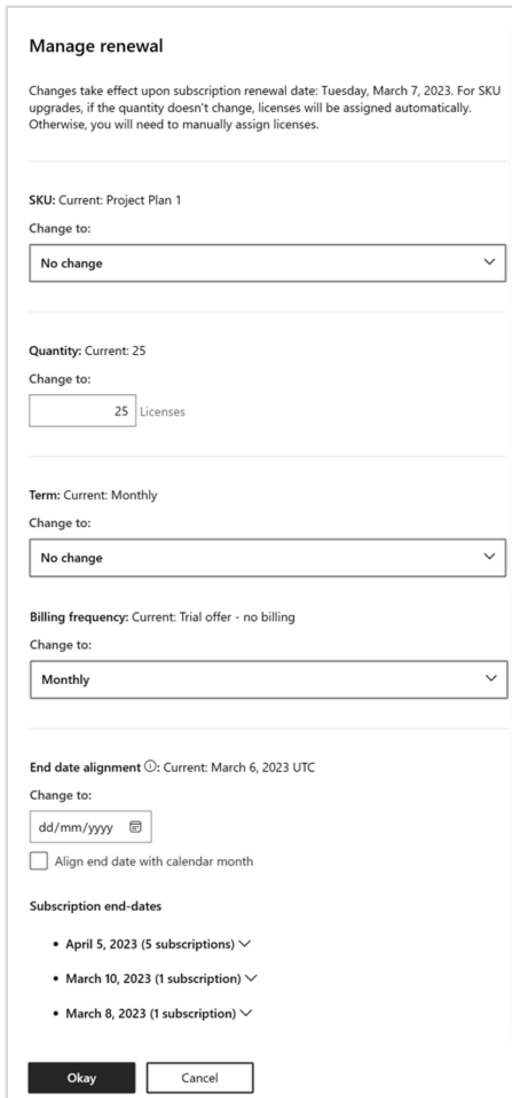
16.5. Automatic trial conversion with customized options

If you want the trial to automatically convert to a paid subscription at the end of the 30-day period, but for some of the options to be changed—annual billing instead of monthly billing, for example—then you can manage these changes at any point in the 30 days. Note that these are the same options as if you're managing a paid subscription.

If you’re using Partner Center, you can do this by selecting the Manage renewal option when editing the trial subscription:



This takes you to the Manage renewal screen:



This is where you can schedule the following changes to occur at the end of the trial term:

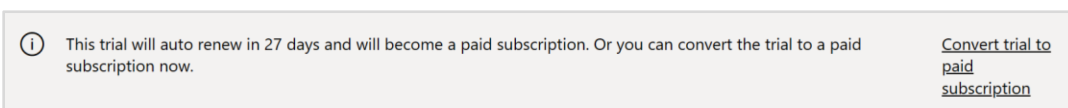
- A different product, choosing from any of the upgrades for which the trial product is eligible. See the Upgrading licenses section
- A higher number of licenses (the default is 25)
- A different term (the default is 1-year)
- A different billing frequency (the default is monthly)
- Alignment of the end date (choose either to align with the end of the calendar month, or with existing, eligible subscriptions)

If no end date alignment is chosen, the end date of the subscription is automatically calculated from the day after the trial subscription ends, using the term chosen above.

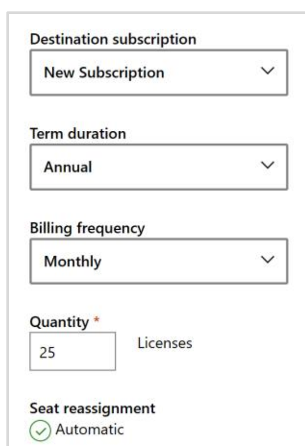
16.6. Immediate trial conversion

Rather than waiting for the 30-day trial period to come to an end, you can convert a trial to a paid subscription at any time. This is sometimes called a manual conversion.

When you edit a trial subscription in Partner Center you will see this message at the top of the screen which shows how long there is left in the trial period and allows you to carry out an immediate conversion:



You can then choose to upgrade the license type if required (Office 365 E3 to E5, for example) and then have the usual options as shown below:



Note that you can specify the same or a higher number of licenses, but not a lower number when you do the trial conversion. If you do want a lower number of licenses then you need to reduce them when the conversion to a paid subscription has taken place, when you will have the usual 168 hours to make reductions.

17. SMB offers

17.1. Overview

Some offers are aimed specifically at small and medium businesses with up to 300 users. These products often have the word “Business” in their names, and include the following:

- Microsoft 365 Apps for business
- Microsoft 365 Business Basic
- Microsoft 365 Business Standard
- Microsoft 365 Business Premium
- Windows 365 Business
- Microsoft Defender for Business
- Teams Essentials

17.2. Licensing compliance

Our Microsoft 365 Business base per-user plans are designed for organizations with up to 300 users. Organizations with more than 300 users should consider subscribing to Microsoft 365 Enterprise plans. We reserve the right to enforce a tenant limit of 300 provisioned licenses across the Business family of plans, in which case we will provide advance notice and further guidance. In the meantime, we’re treating customers that have provisioned up to 300 licenses of each individual Business plan (Business Basic, Business Standard, Business Premium) as compliant with this 300-seat limit, even if they have provisioned more than 300 total licenses across the Business family of plans.

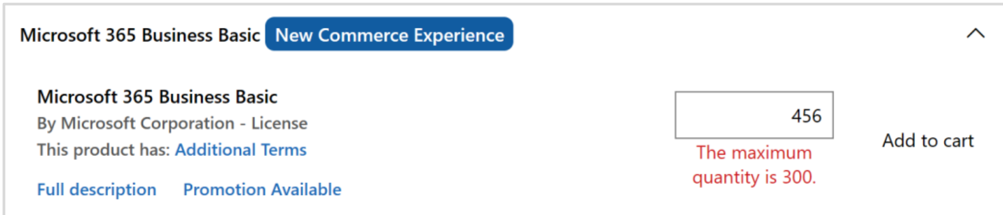
17.3. Technical enforcement and licensing compliance

You can verify that a product will be subject to a maximum of 300 licenses by using the Offer Matrix. Here’s a snippet of that Excel spreadsheet with the MaxLicenses column filtered to show some of the offers with a maximum of 300 licenses:

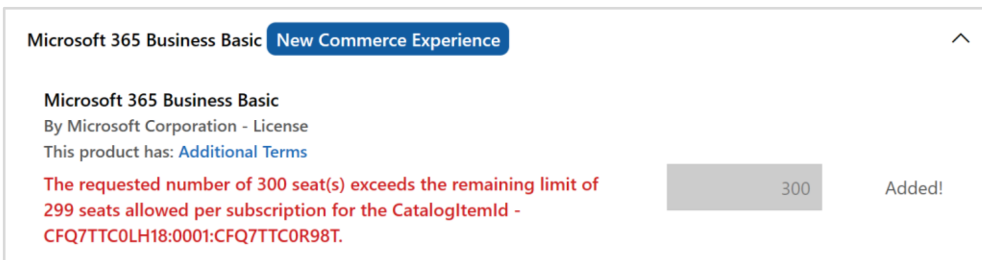
	A	B	C	D	G	H
1	ProductTitle	ProductId	SkuId	SkuTitle	MinLicei	MaxLicenses
198	Microsoft 365 Apps for business	CFQ7TTC0LH1G	1	Microsoft 365 Apps for business	1	300
203	Microsoft 365 Business Basic	CFQ7TTC0LH18	1	Microsoft 365 Business Basic	1	300
204	Microsoft 365 Business Premium	CFQ7TTC0LCHC	2	Microsoft 365 Business Premium	1	300
206	Microsoft 365 Business Standard	CFQ7TTC0LDPB	1	Microsoft 365 Business Standard	1	300
329	Windows 365 Business	CFQ7TTC0J203	000N	Windows 365 Business 2 vCPU, 4 GB, 256 GB	1	300

The number of licenses is restricted technically in two ways across the whole of the customer tenant. First of all, it’s restricted across all of the ways to buy. This means that a customer could purchase 100 × Business Basic direct from Microsoft’s website, 100 × Business Basic from one CSP partner, and 100 × Business Basic from another CSP partner for the maximum of 300 licenses. However, technical restriction is only at the license-type level. This means that a customer theoretically could purchase 300 licenses of Business Basic and ALSO buy 300 licenses of Business Premium, which would not be a licensing-compliant scenario.

If you're using Partner Center and you try to purchase more than 300 licenses of any one type, you'll be prevented from adding those licenses to the cart and reminded of the limit of 300 licenses, as shown here:



If a customer already has licenses for a particular offer and you try to purchase licenses that would take the number over the 300-license limit, you will be able to add them to the cart but when you try to review the order you will then get an error and told how many licenses remain for that offer, as shown below:



As previously mentioned, because the technical enforcement only works at the license-type level, you won't receive any notification that you're about to purchase licenses that would take you over the collective limit of 300 licenses for the Microsoft 365 Basic, Standard, and Premium suites.

18. Telco offers

18.1. Overview

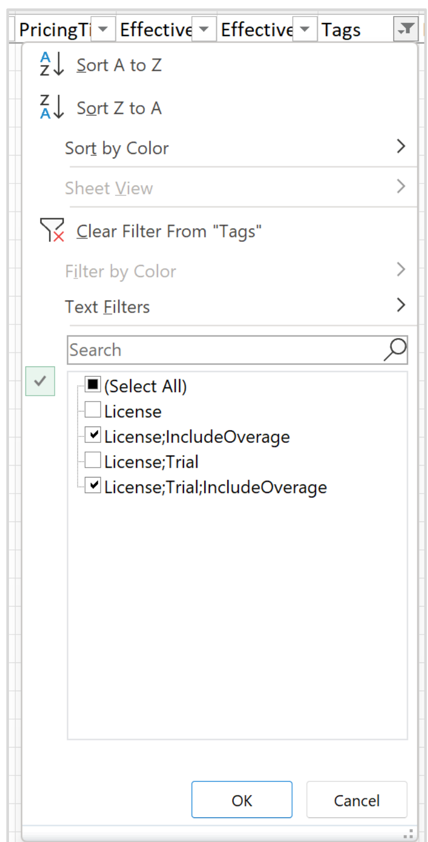
The telco offers are those license types that include calling minutes—usually 120 minutes per license. Overage is incurred if those minutes are exhausted, and users need to continue using the services.

18.2. Identifying the telco offers

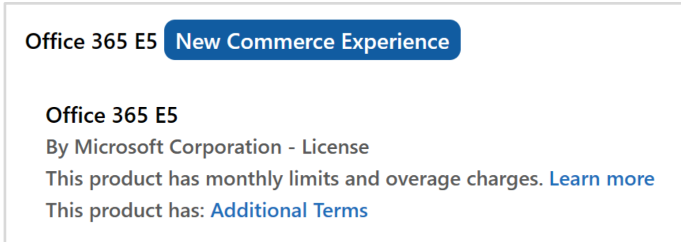
The most common telco offers are:

- Microsoft Teams Phone with Calling Plan
- Microsoft Teams Domestic Calling Plan
- Microsoft Teams Domestic and International Calling Plan
- Office 365 E5 and Microsoft 365 E5

To get the full list of telco offers you need to find the offers that include overage, which you can do by using the price list to filter the **Tags** column for offers that have the **IncludeOverage** tag.



When you use Partner Center to transact an offer that includes overage, this is indicated as shown below:

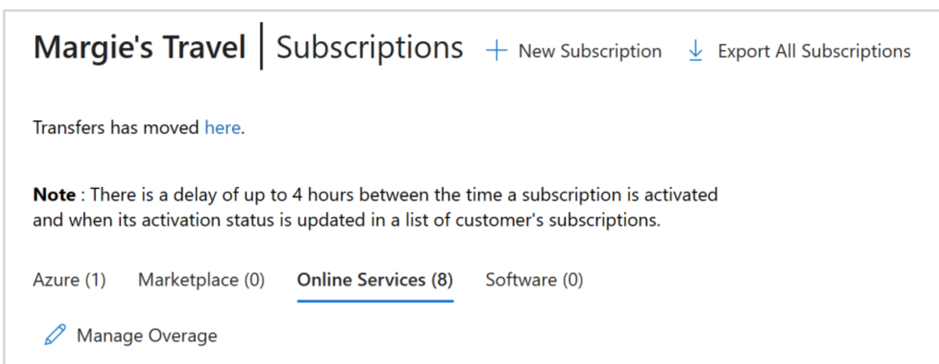


18.3. Managing overage

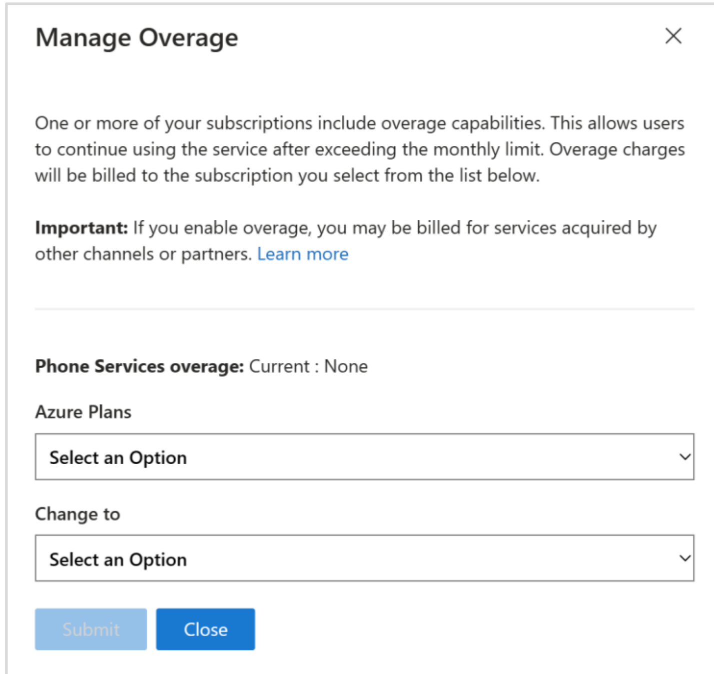
Let's imagine that Margie's Travel purchase Teams Phone with Calling Plan licenses for their 10 users. Each license includes 120 minutes for domestic calling and is pooled at the tenant level such that any of the 10 users can use the 1,200 minutes. When this pool of minutes is exhausted, overage needs to be enabled so that the users can continue making calls.

The capacity to accrue overage charges isn't turned on as a default but can be enabled by a partner at any time. When overage is enabled, it is charged on a consumption basis against a nominated Azure subscription.

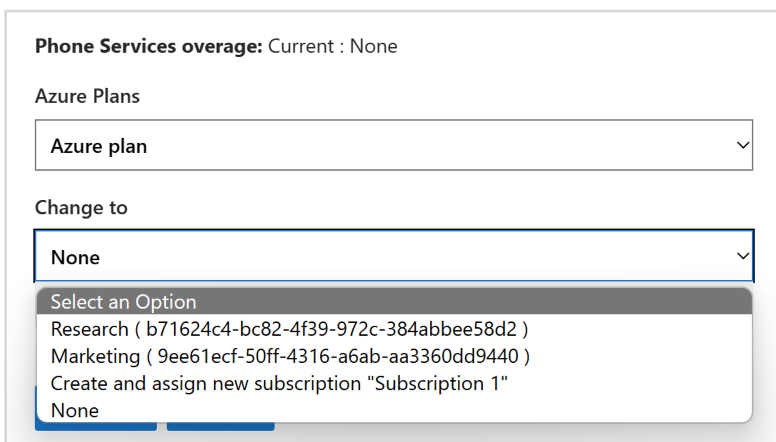
You manage overage within Partner Center on the main **Subscriptions** page where a **Manage Overage** option appears when a license that could incur overage charges is purchased:



This is the Manage Overage screen that appears when this option is selected:



In the Phone Services overage part of the screen, you can see that it's currently set to None, so no overage charges will be incurred. The Azure Plans dropdown box allows you use the Azure plan to charge overage to, and then you can select an existing Azure subscription for the overage charges or create a new subscription for these charges. This is what the partner sees for Margie's Travel:



They have two Azure subscriptions which they use for Azure resources dedicated to each of those departments. You can't choose multiple Azure subscriptions in this dropdown box so it's likely to be most convenient for Margie's Travel if their partner chooses to create a new subscription especially for this overage across the whole organization.

Note that that the customer's Azure subscriptions must be under the Azure plan, rather than legacy Azure subscriptions. If a customer did not have any Azure subscriptions at all, only the **Create and assign new subscription** option shown in the dropdown box would be available and selecting it would create an Azure plan with the first subscription, which would be used for the overage. If a customer has legacy Azure subscriptions, they must be migrated to the Azure plan before overage can be enabled.

18.4. Managing overage across multiple telco offers

There's only one type of overage in the new commerce experience currently, so overage is either on or off for all of the telco offers—it can't be controlled on a license-type basis. So, for example, if Margie's Travel have currently purchased Teams Phone with Calling Plan licenses for some users and overage has been enabled, that overage is also enabled when they purchase Domestic and International Calling Plans for other users.

18.5. Managing overage across multiple partners

Overage is either on or off on a customer's tenant, and this applies across multiple partners. Let's imagine that Margie's Travel purchase Teams Phone with Calling Plan licenses from one partner and enable overage on an existing Azure subscription. If they then purchase Domestic and International Calling Plans from another partner, that partner cannot control the overage settings, and any overage incurred on these licenses will be billed to the first partner.

If overage settings need to be changed from one partner to another, the customer and both partners must first agree. After they agree, the first partner sets the overage subscription to **None**, then the second partner turns on overage by choosing a new or existing Azure subscription. At this point, all overage charges are charged to the new partner.

18.6. Pricing, margins, and cost management

There is no margin on the prices for calling minutes—partners are charged the rates as detailed on the public site.

There is also no Partner Earned Credit paid on the overage charges billed against the Azure subscription.

Partners can manage overage costs using the Azure cost management capabilities and features available in the Azure portal.

19. Microsoft Workplace Discount Program

19.1. Overview

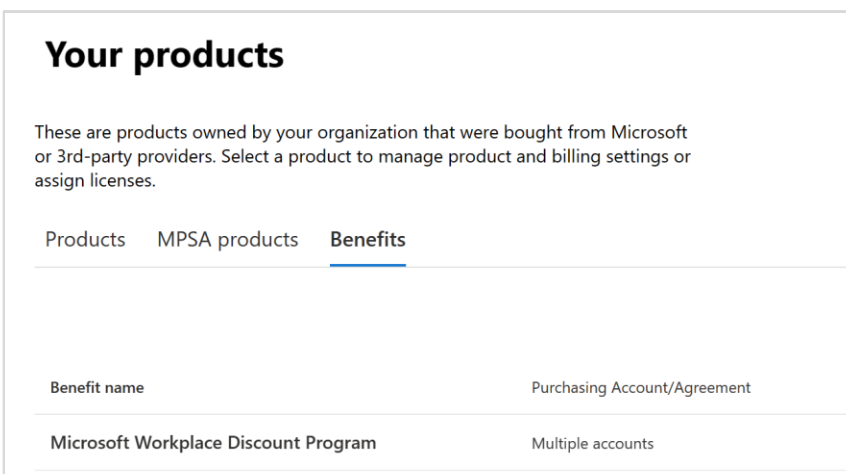
The Workplace Discount Program (previously known as the Home Use Program) allows the employees of eligible customers to purchase Microsoft 365 Family and Personal subscriptions at a 30 percent discount. In some markets employees also receive up to 10 percent discount on Surface devices and accessories.

19.2. Customer eligibility

Customers eligible for the Workplace Discount Program are those who have 2,000 licenses of any of the following products: Office 365 E3, Office 365 E5, Microsoft 365 E3, or Microsoft 365 E5. They may have 2,000 licenses of a single type, or any combination of the four different products. It doesn't matter how the customer has acquired the licenses—through Web Direct, an EA, or CSP (new commerce experience and/or the legacy commerce system)—because the licenses are totaled across the whole customer tenant.

19.3. Gaining access to the Workplace Discount Program

An IT administrator should access the Workplace Discount Program from the Microsoft 365 Admin Center by choosing **Billing** and then the **Your products** page. The **Benefits** tab will then show the Workplace Discount Program for eligible customers:

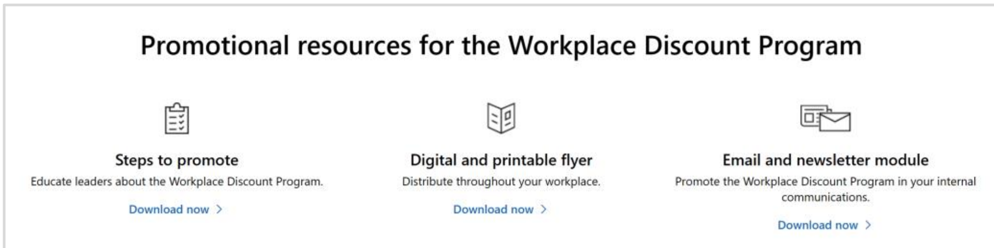


19.4. Employee use of the Workplace Discount Program

Employees should go to the [Workplace Discount Program website] and enter their work email address. They will then receive an email with a link that authenticates their eligibility for the program. After they have been authenticated, they use their personal credentials to order a Microsoft 365 Family or Personal subscription. If they continue to renew their subscription after the first year, they will continue to receive the promotional price, regardless of whether they still work for the eligible customer.

19.5. Workplace Discount Program promotional resources

Customers who want to promote the Workplace Discount Program to their employees can make use of resources on the employer resources page.



20. Migrating legacy subscriptions into the new commerce experience

20.1. Overview

Legacy subscriptions don't need to be moved to the new commerce experience; they will operate under all the original legacy commerce rules and will continue to automatically renew in the legacy commerce experience. This means that licenses can continue to be added and removed from these subscriptions. However, legacy subscriptions can be moved to the new commerce experience at any time, and this is known as migration.

20.2. Legacy subscriptions eligible for migration

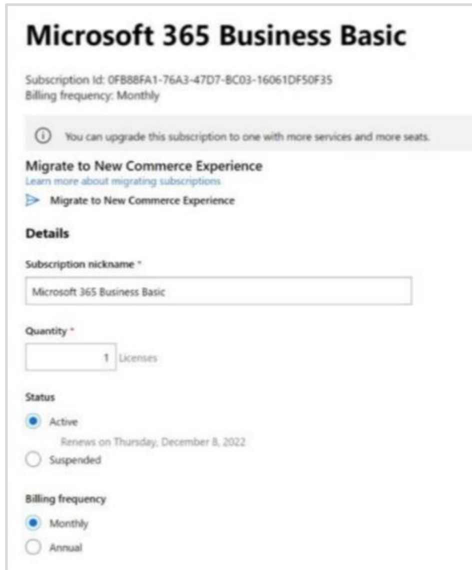
Legacy subscriptions can be migrated to the new commerce experience when there's an equivalent offer available in the new commerce experience. This means that the following legacy subscriptions **cannot** be migrated:

- Subscriptions with a promotion that's not available in the new commerce experience
- Government, Education, or nonprofit subscriptions
- Subscriptions for retired or obsolete offers

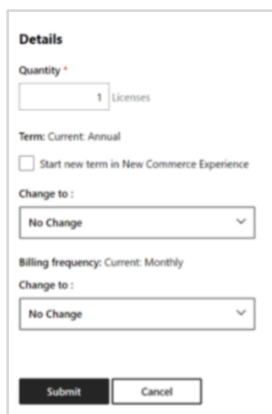
In addition, trial and inactive subscriptions can't be migrated, nor can subscriptions that were purchased (started) less than a month ago. Subscriptions that are within the last 24 hours of a term may only be migrated if a new term is started, rather than the existing end date of the subscription being maintained.

20.3. Migrating legacy subscriptions

An eligible legacy subscription can be migrated to the new commerce experience at any time and it's an action that is performed on a single subscription which isn't reversible. If you're using the Partner Center interface, you can select the Migrate to New Commerce Experience option when you're editing a subscription:



It's then possible to change the subscription options, where the quantity, term, and the billing frequency options may be chosen:



An additional option available when the subscription is being migrated to the new commerce experience is the opportunity to choose to start a new term for the subscription when it is migrated. This will affect the end date of the subscription. Imagine that Margie's Travel has a legacy subscription for Office 365 E3 with an end date of November 15, 2023, that their partner decides to migrate to the new commerce experience on May 5, 2023. If the partner chooses to start a new term, then the new commerce experience subscription will end on May 4, 2024, but if they don't, it will end on November 15, 2023.

Behind the scenes, selecting the **Migrate to New Commerce Experience** option creates an equivalent subscription in the new commerce experience and when that has been completed successfully, the legacy subscription is suspended. If required, a partner could carry out these actions manually, but note that they wouldn't have the option to carry over the existing end date of the legacy subscription as described above.

20.4. Migrating legacy subscriptions and coterminosity

If you choose to use the migration tool (by selecting the **Migrate to New Commerce Experience** option) you will have no opportunity within that process to make the new commerce experience subscription coterminous with any other subscription; your first opportunity to do this will be to schedule it to happen at renewal. If you need to migrate a legacy subscription to the new commerce experience and to make it coterminous with an existing subscription, you should carry out the migration process manually. In other words, transact a new subscription in new commerce and make it coterminous with the required subscription, and then suspend the legacy subscription.

20.5. Billing for migrated subscriptions

When a partner selects the **Migrate to New Commerce Experience** option, a new subscription is created in new commerce with the options chosen by the partner in the dialog box shown above. The price for the new subscription is taken from the current price list rather than taking the price from the legacy subscription. This means that if a promotion is active, that promotional price will be applied to the subscription, and will last for the duration of the term. The 168-hour cancellation policy applies to subscriptions migrated to the new commerce experience.

When a legacy subscription is migrated to the new commerce experience, partners are refunded on a prorated basis for any unused days of the subscription that have already been paid for. These refunds will be included in the invoice from the legacy commerce system. Invoicing then starts in the usual way in the new commerce system.

20.6. Using the Batch Migration (BAM) tool

Partners who want to migrate large numbers of legacy subscriptions to the new commerce experience can use the BAM tool. To download this tool and for information on how to use it, go to [Migrate subscriptions via batches](#).

21. Change log

Date changed	Section	Change made
February 20, 2024	17.2 Licensing compliance	Compliance policy updated
January 19, 2024	11.2 Cancellations due to insolvency	New section added
January 19, 2024	12. Subscription states	Added link to Partner Center documentation: Understanding subscription lifecycle states
January 19, 2024	12.4 Deleted state	Added further information about data access when a subscription is in a deleted state
January 19, 2024	12.6. Subscription state flow	Updated diagram
January 19, 2024	13.2. Some common upgrades	Removed Office 365 E1 from Microsoft 365 Business Standard
June 16, 2023	Throughout	Updated pricing, dates in examples, and Partner Center screenshots
June 16, 2023	Throughout	Added information on scheduling changes, including requirement for auto-renew to be on
June 16, 2023	2. What is the new commerce experience?	Deleted outdated section
June 16, 2023	11. Canceling subscriptions	Added further information about cancellation of seat-based offers
June 16, 2023	17. SMB offers	Clarified how the limits of 300 licenses work from a licensing compliance perspective
February 12, 2023	Throughout	Updated pricing, dates in examples, and Partner Center screenshots
February 12, 2023	19. Microsoft Workplace Discount Program	Updated for the name change of Home Use Program to Workplace Discount Program, and new processes
February 12, 2023	15.13 Aligning subscriptions with the end of the calendar month	New section added
February 12, 2023	13.2 Some common upgrades	More examples added

February 12, 2023	12.6 Subscription state flow and 12.7 Subscription lifecycle	New sections added
February 12, 2023	11.1 Canceling subscriptions overview	Information on the when a request for support must be submitted
February 12, 2023	7.4 Changing term duration and billing frequency	Additional detail added for changing license term only, changing billing frequency only and changing license term AND billing frequency
August 12, 2022	13.9 Removing duplicated licenses after an upgrade	Revised wording.
July 12, 2022	5.4 Understanding the SKUs	Updated with GBP pricing examples.
July 12, 2022	5.5 Comparing CSP and Web Direct prices	Added as new section.
July 12, 2022	10.2 Understanding prorated refunds	Made updates to provide additional explanations of "Total days" and "Days left."
July 12, 2022	10.3 Canceling 1-month licenses	Added a diagram to show the relationship of days of the month and 24-hour periods.
July 12, 2022	17.1 Overview	Added Microsoft Defender for Business or Teams Essentials.
July 12, 2022	20.1 Overview	Added that legacy commercial seat-based will continue to automatically renew in the legacy commerce experience.
July 12, 2022	21.2 Renewing legacy subscriptions	Deleted section.
July 12, 2022	20.6 Using the Batch Migration (BAM) tool	Added as new section.
July 12, 2022	22. Promotions	Deleted section.
May 6, 2022	10. Reducing licenses	Made additions and revisions to sections 11.2 and 11.3 on prorated refunds and cancellation of 1-month subscriptions, respectively.
May 6, 2022	11.3 Understanding prorated refunds	Added clarification about prorated refunds being based on any unused 24-hour period.
May 6, 2022	21.2 Renewing legacy subscriptions	Changed date of end of legacy renewals from July 2022 to July 11, 2022.

April 13, 2022	21.2 Renewing legacy subscriptions	Changed date of end of legacy renewals from July 14, 2022, and legacy subscriptions to July 2022.