

# The New Commerce Experience (NCE)

Streamlining Customers' Digital Transformation.  
Accelerating Partner Growth.

## Elevator Pitch

From October 14<sup>th</sup> and onwards Microsoft will introduce the New Commerce Experience (NCE) for their seat-based solutions. Microsoft 365, Dynamics 365, Power Platform and Windows 365 will change and will impact the subscriptions of you and your end customer. Changes will impact the subscription term, the cancellation period or the pricing of the subscription. NCE will bring longer term commitment of your customers. New tools within the NCE also enable partners to recommend solutions at lower costs to customers while increasing efficiency, automation, availability, security and performance, to meet partner requests and customer needs.

## Value Statement

The new commerce experience is an opportunity to streamline how your customers buy and consume seat-based cloud services while boosting your influence on their digital transformation journey. The monthly invoice will become less complex and more aligned to other programs. With new features, you can accelerate your business, offer more valuable services and create a better experience for you and your customers.

Tech Data strives to be your trusted advisor by informing and training you on NCE. We will advise you what will be the best possible solution in NCE for you and your customer with value-added services, better tooling and access to new business opportunities within the NCE in CSP program

## Benefits Breakdown

- **Aligns the CSP program with other licensing motions**, such as enterprise agreements, with enforcement of a cancellation policy and the ability to identify end customers with higher long-term value.
- **Gives a greater commitment of your customer** for annual term subscriptions that lock in pricing for the entire term.
- **The new 72hrs cancellation policy** will reduce churn.
- **Simplifies billing** by aligning billing cycles to calendar month.
- **Increases subscription upgrade availability and seat assignments.**
- **Makes scheduled subscription changes available at renewal.**
- **Expands your business with continued selling** and developing lasting business through value-added services, all while accelerating customer success within a single commerce experience.

# Legacy versus New Commerce Experience for Microsoft 365, Dynamics 365 and Power Platform

New Feature/Change	Current Experience	New Commerce Experience	Impact and Benefits
<b>Monthly-term subscriptions</b>	Only annual-term subscriptions for license-based offers.	Subscriptions available on monthly terms at a premium price. Aligned with standard practices in MS Web Direct and across multiple industries.	Option for customers hesitant to commit to annual subscription; allows them to pay more for ability to cancel anytime with no further costs. Incentivizes customer commitment. Enables partner to monetize flexibility.
<b>Mid-term subscription upgrades</b>	Partner can upgrade only SMB subscription SKUs mid-term.	Partner can also upgrade enterprise SKUs mid-term.	Gives partner more options to meet needs of larger customers.
<b>Multi-year billing plans</b>	Partners selling multi-year subscriptions must pay monthly or upfront.	Partners can also be billed annually for multi-year subscriptions.	Additional option to accommodate customers' payment preferences.
<b>Cancellation policy enforcement</b>	Partner could suspend annual subscriptions at any time without penalty. However, partner did not have option to cancel the subscription immediately.	Partner can cancel subscription with prorated billing/refund within first 72 hours after initial order or term renewal. After 72 hours, no cancellation available and no prorated billing/refund. Partner will be billed for the remainder of the annual term if monthly billing was chosen.	Encourages customer commitment to the full annual term of the subscription purchased and reduces churn; helps partner more effectively retain and forecast revenue; ensures ROI for provision of support and services.
<b>Suspend/resume subscriptions</b>	To pause subscription, partner must suspend it and then re-order it if subscription terminates after end of term. Partner billing is paused during suspension.	Partner can suspend and then resume a subscription at any time without cancellation or termination; partner billing continues during suspension.	Helps partner with dunning; subscription can be paused until customer remits overdue payment.
<b>Automatic seat assignment with full upgrade</b>	Only available with SMB SKUs.	Seats can also be assigned automatically at upgrade with enterprise-level SKUs.	Easier and more efficient subscription management for larger customers.
<b>Ability to schedule changes at subscription renewal</b>	Not available.	Partner can schedule different seat counts, SKU conversions, term-length renewal changes and renewals to different billing option.	Allows partner to manage subscriptions in advance instead of performing manual changes at renewal. Improves operational efficiency.
<b>Auto-renewal toggle option</b>	Subscriptions are auto renewed by default at end of annual term.	Partner can toggle auto renewal and manually submit renewal manually.	Easier to manage renewals and plan ahead for subscriptions that will be terminating.
<b>Subscription ownership enforcement</b>	Customers could buy from different partners to aggregate instances of the same SMB offer and buy multiple free trials.	Customer SKU limits will be enforced across multiple partner tenants, preventing, for example, a customer from purchasing multiple lower-cost SMB SKUs from different partners.	Prevents customers from "gaming" the system and ensures that partners will be able to maximize the revenue from each customer.
<b>Add-ons sold separately from base offers</b>	Add-ons could be purchased only in conjunction with purchases of the add-ons' base SKUs and were not displayed in the CSP catalog or shopping cart UI on StreamOne	Add-ons are listed in the catalog and shopping cart UI on StreamOne along with base SKUs and can be purchased separately and independently.	More flexibility and ease of purchasing for partners and customers, along with upsell opportunities for partners.

# Key Differentiators

## Partner

- Annual deal promotion increases financial predictability and decreases churn
- Easier to manage renewals
- Expected 20% increase in revenue on monthly term
- Fewer invoices per year
- Invoice alignment of all programs
- More manageable promotions
- New cancellation policy reduces churn with end-user lock-in
- Simplicity and standardization in licensing models
- Suspension option to help with dunning

## End User/Customer

- Consistent payment with annual term if paid monthly
- Invoice alignment of all programs
- Simplicity and standardization in licensing models

For questions, please contact:

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# Customer Objection Handling

## What is the timeline for the launch of the additional offers in the new commerce experience?

The new commerce experience for Microsoft 365, Dynamics 365 and Power Platform will be launched in Oct. 2021. New offers, features, functionalities and process updates will be rolled out in phases to ensure the reliability of the changes and to allow customers sufficient time to learn more about the new commerce experience.

## Will legacy and new commerce experiences coexist, and if so, for how long?

Legacy and new commerce offers will be available side by side for provisioning in the CSP and Partner Center for a period of time (the exact timeline is to be determined).

## How do I migrate my customers to the new commerce experience for Microsoft 365, Dynamics 365 and Power Platform?

Tech Data teams will work closely with partners and customers to help set migration expectations and understand migration impacts as well as provide readiness resources and training. Customers can move a subscription from legacy to the new commerce experience on their tenant, by simply placing an order for that same subscription in the new commerce experience.

## When I transition legacy annual-term customers to new annual or multi-year offers, how can I explain why the cancellation policy will be enforced?

The cancellation policy enforcement in the new commerce experience is aligned with similar standard policies both within Microsoft and of competitors. In the new commerce experience, customers are rewarded with more favorable pricing for longer terms in which pricing is locked in for the entire term, as opposed to monthly term subscriptions that have a higher price at time of purchase and are subject to price increases month to month.

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## Will there be a provision to cancel an annual-term or multi-year subscription if a customer goes bankrupt or stops paying?

We encourage partners to perform credit-worthiness checks on customers and to strongly advise customers with uncertain financial situations to purchase monthly term subscriptions. Microsoft cannot make allowances for or permit cancellations after the first 30 days of an annual term in the event of customer insolvency.

## Can the customer combine annual and monthly terms – for example, if the customer had a core set of users on the annual term and more seasonal users on the monthly term?

Yes, the customer could have both a monthly term and an annual term subscription for the same seat-based offer at the same time with the appropriate number of seats in each term to accommodate its permanent and seasonal employees.

## Will a customer be able to increase or reduce seat counts on a subscription in the middle of the term in new commerce?

The seat count on a subscription can be increased during the middle of an annual term. But if more than 72 hours have elapsed since the subscription order was placed or renewed, the seat count cannot be decreased until next renewal of the subscription.