

February 1<sup>st</sup>, 2022



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RE: New Pricing for Microsoft 365

Dear 3Nines clients,

On August 19<sup>th</sup>, 2021, Microsoft announced changes to their commercial pricing for Microsoft 365. This is the first substantive pricing update since they launched Office 365 a decade ago.

The pricing changes will begin on March 1<sup>st</sup>, 2022. Pricing for commercial products will be as follows:

- Microsoft 365 Business *Basic* from \$5 to **\$6** per user
- Microsoft 365 Business *Premium* from \$20 to **\$22**
- Office 365 E1 from \$8 to \$10
- Office 365 E3 from \$20 to \$23
- Office 365 E5 from \$35 to \$38
- Microsoft 365 E3 from \$32 to \$36

Microsoft is calling this change the ***New Commerce Experience*** (NCE).

You will no longer be able to purchase MS 365 or Office 365 licenses on a month-to-month basis as in the past, *unless* you pay a 20% premium. To keep the standard pricing above, it requires a 1-year commitment / agreement.

Customers may have some licenses as month to month and some as a yearly agreement (although they can be billed monthly). If not purchased month to month, customers will be required to buy their licenses with a ***1-year commitment (P1Y)***. Customers can also no longer ***reduce*** the number of yearly licenses they own at any time during the year. They will now only be able to reduce licenses during at their yearly contract renewal time (unless the license is month to month).

We apologize in advance. As a Microsoft partner, 3Nines sells Microsoft licensing to our clients directly from Microsoft and has no control over their pricing or terms.

Please review the detailed information below. You will need to select either Month-to-Month (P1M) or Yearly (P1Y) for your licenses.

We are attaching a quote for your existing licensing based on a yearly agreement. Should you want to pay the month-to-month licensing, please let us know and we'll adjust the quote accordingly. Questions can be sent to Halena Ragan at [hrgan@3ninestech.com](mailto:hrgan@3ninestech.com) or 405-488-8000 ext. 103 or Steve Budzisz at [sbudzisz@3ninestech.com](mailto:sbudzisz@3ninestech.com) or 405-488-8000 ext. 105.



## Changes to Microsoft 365 Licensing in 2022 – The New Commerce Experience (NCE) is Coming

### Overview

Big changes are coming to Microsoft Licensing in 2022. In [August of last year](#), Microsoft announced price increases across most of their Microsoft 365 license types that go into effect on March 1st, but that is not the only change coming to Microsoft 365 subscribers. Microsoft is simplifying the license procurement process, aligning all offerings (direct purchase, CSP, Open Value) to the Enterprise Agreement (EA) model. Here are 3 important things to know:

- New pricing increase of around 15-20% goes into effect on March 1st
- Annual agreements will be enforced, with monthly terms getting a 20% increase over annual agreements
- You can't reduce licenses purchased on the yearly plan until your renewal date.

## Why is Microsoft Increasing Prices?

In Microsoft's August 2021 announcement they explained that Office 365 has not had a substantive price increase since its launch in June 2011. During that time, they have added 24 applications to the suite, including Teams, PowerApps, Power BI, Planner, Visio and OneDrive and released over 1400 new features across the suite, including security, AI, and collaboration improvements.

Additionally, alongside the pricing increase, Microsoft will now be including *unlimited dial-in capabilities* (Audio Conferencing) for Team Meetings to meet the needs of remote and mobile workers.

## Timeline for Microsoft Licensing Changes in 2022

- **January 1st, 2022** – General Availability for New Commerce Experience
- **March 1st, 2022** – Office 365 and Microsoft 365 price increases go into effect
- **March 10th, 2022** – All new-to-the-customer licensing must be placed through NCE (New Commerce Experience)
- **June 30th, 2022** – End of ability to renew subscriptions on existing platform
- **July 1st, 2022** – Can no longer renew legacy subscriptions



## Annual Terms for Microsoft 365 (P1Y)



Microsoft has long stated that their monthly pricing was based on an annual agreement, but left it unenforced, giving businesses the ability to add and remove licenses at will. Microsoft will begin enforcing annual agreements for all direct purchase, CSP, and Open Value customers with the shift to the New Commerce Experience. The ability to purchase licenses **on a monthly basis** will still be available with a **20%** premium price. License purchases made under the annual agreement will qualify for the standard price model, and customers may reduce license counts during their annual renewal window. Licenses may be added, of course, at any time. Microsoft is referring to **annual term pricing** as **P1Y** (Pay 1 Year) and **monthly term pricing** as **P1M** (Pay 1 Month).

## Monthly Microsoft 365 Pricing (P1M)

The **monthly (P1M)** term, while more expensive than annual, is going to remain useful for organizations that have seasonal workforces, contractors, or during provisional employee onboarding periods.

License Type	Monthly (P1M) Cost	P1M Cost over 12 months	Increase from Annual Term
Microsoft 365 Business Basic	\$7.20	\$86.40	\$26.40
Microsoft 365 Business Premium	\$26.40	\$316.80	\$76.80
Office 365 E1	\$12.00	\$144.00	\$48.00
Office 365 E3	\$27.60	\$331.20	\$91.20
Office 365 E5	\$45.60	\$547.20	\$127.20

License Type	Monthly (P1M) Cost	P1M Cost over 12 months	Increase from Annual Term
Microsoft 365 E3	\$43.20	\$518.40	\$134.40

## Worth Noting

- Microsoft 365 E5 pricing is not increasing
- Windows 365 is not eligible for discount pricing
- All offers will be seat based
- Customers can have both annual AND month-to-month agreements

## What are the Price increases coming to Microsoft 365? (P1Y)

License type ( 1 Year obligation)	Old Price	New Price	Increase
Microsoft 365 Business Basic	\$5	\$6	\$1
Microsoft 365 Business Premium	\$20	\$22	\$2
Office 365 E1	\$8	\$10	\$2
Office 365 E3	\$20	\$23	\$3
Office 365 E3	\$35	\$38	\$3
Office 365 E5	\$32	\$36	\$4

## **Have questions? Of course!**

3Nines can help unwind the complexity of your Microsoft licensing and help avoid redundancy and over-spending. To find out how we can help your organization understand your licensing costs, request a specific quote detailed for your business today.

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