

Microsoft 365 NCE Partnership Opportunities

Navigating the NCE landscape

CSP Has Been Replaced. Enter NCE.

Microsoft's implementation of the New Commerce Experience (NCE) was like a bomb being dropped on partners everywhere, forcing a massive shift in the way they transact Microsoft 365 business moving forward. Gone are the simple days of pay-as-you-go license tiers with Microsoft's introduction of annual and multiyear commitment pricing for the world's leading cloud productivity suite.



What is NCE?

NCE is the new partner mechanism for partners to provide Microsoft 365 licenses to clients. It's a marked departure from the previous CSP program, offering annual committed subscriptions at the same price customers paid for non-committed licenses under the previous monthly price models in CSP. CSP held no risk for partners in their licensing, while the new approach shifts all of the financial burden back onto the partners' and customers' shoulders.

What's more, Microsoft has introduced monthly licensing a premium pricepoint. If customers want the agility to be able to cancel or downgrade licenses, they will incur a 22% premium above the price of the annual (committed) license. On the plus side, per-license fees are locked in for the duration of the Microsoft subscription term.

NCE Hurdles

Microsoft announced the move to NCE in October 2021 and completion will occur by March 10, 2022. This is a mandatory worldwide program for all commercial partners. The choice now is whether it makes sense for your organization to build the automation mechanisms needed to maintain maximum profitability within NCE, especially should you choose to stay in a month-to-month licensing scheme.

Why? Because the manual processes most providers have relied on for license management and tenant changeover will eat up too much margin, given the volume and time-consuming nature of changing all those licenses over from CSP, particularly for small partners and/or those choosing to stick with the month-to-month licensing that now has a higher cost associated with it – on top of continuing to handle future clients in that fashion.

Perhaps more importantly, NCE was built with automation in mind – all the price lists, promotions and critical aspects partners need from NCE are geared to support API integration, so not using those resources quickly creates a quagmire of management headaches. Then there's the issue of how annual licenses can't be scaled down or cancelled.

CSP vs. NCE

	CSP	NCE	
License Type	N/A	Annual	Monthly
Pricing	\$6.00	\$6.00	\$7.20
Purchasing Flexibility (E1 baseline)	Can buy on demand	Can buy on demand	Can buy on demand
Cancel Licensing	Yes	No	Yes
Can Perform Tenant Transfer	Yes	No	No
Can Upgrade Licenses	Yes	Yes	Yes
Can Downgrade Licenses	Yes	No	Yes
Risk	None for partners	Full financial risk placed on partners	
Vendor Lock	None, subscription dates are fluid and customers can switch providers without serious user interruption	Yes, subscription dates will be staggered and there's no tenant transfer ability (customers must go through a disruptive email migration to switch partners)	
Price Lock	No	Yes	No
Correct Erroneous Licensing	30 days to make changes. Max cost impact to partner is one month's cost.	72 hours to make changes. Max cost impact to partner is one year's costs per license.	N/A

Clearing the Hurdles

As challenging as the constraints of NCE might be – and they are by no means insignificant – they can be overcome by choosing the right lane to race in and team to compete with, assuming you don't want the hassle of manually working in NCE or cannot build the automation to be successful.

RapidScale has long principally operated on annual Microsoft subscription models, with the ability to also support month-to-month options, so Microsoft's pirouette was far less consequential for us than most MSPs. Plus, as a company born from cloud automation, we've already built the integrations into the NCE platform.

Why Pass the M365 License Baton to RapidScale, Before NCE Kicks In

- ✓ We're NCE-ready, with the automation processes built to support license migration before the March 2022 deadline.
- ✓ RapidScale also has the migration methods to more easily support manual migrations once NCE becomes the new norm.
- ✓ Customers can easily add new licenses through our portal.
- ✓ No more M365 license management headaches for your organization – we assume the financial risk of annual licenses in NCE.
- ✓ You get a residual for each license we assume.
- ✓ Your customers benefit from RapidScale's industry leading 24/7, US-based RapidResponse support for IT **and** end users.
- ✓ Customers can easily leverage our wealth of other cloud services, including our Identity Management built into every solution we offer, as well as our upcoming Managed Azure and Managed Dynamics solutions.



Contact your RapidScale rep today to learn more how we can help you shift the burden of M365 licensing under NCE and still earn commissions on each sale.