

6 Tips for Negotiating with Microsoft

If you are approaching an upcoming renewal date, you will need to consider whether or not you stay with Microsoft Unified Support. First, you will need to be prepared to ask hard questions of your Microsoft account manager; recognize that Microsoft's cloud transformation is also affecting the way they deal with enterprise agreement renewals. Second, Microsoft has always had a very structured hierarchy for approving deviations from standard pricing, terms, and licensing, so knowing what changes you're expecting and how much your terms and pricing is changing after the renewal is in your best interest. Finally, Microsoft aims to further standardize their term structure through its Online Service Terms; a single, standard set of terms is replacing its multiple Product Use Rights documents for online services. This approach may be advantageous for Microsoft, but it could be trouble for you and your unique user environment.

Negotiation Tips to Follow

- **Don't wait until the last minute to renew.** Microsoft is going to great lengths to get you to renew earlier in the quarter, including offering better pricing and discounts or allowing you to adjust contract dates. Start early!
- **Don't just negotiate the price.** To really lower costs, make sure you understand how your unique business requirements align with standardized terms (especially for cloud offerings), and which licensing and subscription programs best support your technology, business, and budget.
- **Stop viewing renewal negotiations as a one-time event.** Your Microsoft account manager (or reseller) starts thinking about your next renewal before the ink dries on your current agreement. In fact, Microsoft follows a successful methodology for increasing spend within each of its customers. True-ups and software asset management engagements are common post-renewal events you should plan for, manage, and negotiate as diligently as a renewal.
- **Validate reseller or account representative's opinion on licensing.** There are a variety of ways to license/subscribe to Microsoft's offerings. Your reseller, or even Microsoft account manager, may not be well-versed in them all. Bring in unbiased expertise to assist your sourcing team with vetting the recommendations and helping structure agreements that drive lower spend and higher utilization.
- **Be prepared for an audit.** Most Microsoft enterprise customers are aware of the recent uptick in audit activity. If you haven't recently experienced an audit, expect to undergo one in the next 12 months. Just as Microsoft brings its software asset management tools to the table, you should bring your own methods and tools to establish accurate deployment counts, compare them against entitlements to validate compliance, and skillfully interpret licensing programs, terms, and conditions.
- **Get a competitive bid.** US Cloud can turn a bid around in less than 48 hours. If you're going into a renewal discussion with Microsoft and have a bid from us on-hand, companies see a lower number from Microsoft 84% of the time. Even if you aren't using us to lower your support cost directly, we can still help you find a more reasonable compromise indirectly.