US CLOUD

EXECUTIVE SUMMARY

The Microsoft Support Budget Bomb 2.0

What could your next support renewal cost?



Disarm rising support costs before renewal.

Executive Summary

Higher prices. Variable AI costs. A support bill tied to spend.

You may already be planning for Microsoft's license price increases and right-sizing your IT budget. The easier cost to miss is the support bill waiting at renewal. A three-year agreement deserves particular scrutiny: do its terms hold support charges steady, reset them annually, or allow adjustments? If repricing is deferred until the next renewal, a stable bill today can mask a higher eligible spending base tomorrow. Confirm when your agreement recalculates support charges; do not assume a three-year term means three years of price protection.

That is where the budget bomb goes off. Unified Support's graduated formula ties the calculated charge to eligible Microsoft spending. Higher license prices, added products, and qualifying consumption can push the next support bill above your forecast, even if ticket volume stays flat. This guide connects license increases and AI costs to that formula, illustrates the multiplier using an 8–10% assumption, and provides five budget levers, plus supporting research. Model the renewal now, before a formula-driven increase blows a hole in your support budget.

8.3%
M365 E3 list price increase
With Teams: $36 - $39

98%
FinOps respondents manage AI spend
State of FinOps 2026

59%
Report increased wasted AI spend
Flexera ITAM survey, 2026

> **"Negotiating on the seat price alone is going to result in additional costs."**
>
> Rob LaMear, US Cloud founder, *Microsoft E7 and the New Economics of Enterprise AI*

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Explosive NEW Costs: Licenses + AI

Higher Microsoft license prices can trigger higher Unified fees. Your renewal can cost more even when support coverage stays the same.

THE LICENSE INCREASE

Suite (per user/month)	Before	After July 1, 2026	Change
Microsoft 365 E3	$36	$39	+8.3%
Microsoft 365 E5	$57	$60	+5.3%
Office 365 E3	$23	$26	+13%
Microsoft 365 F3	$8	$10	+25%
Microsoft 365 F1	$2.25	$3	+33%

USD list prices for suites with Teams.
Source: Microsoft, 365 Packaging and Pricing Updates FAQ. List prices; your negotiated pricing may differ.

Timing matters: customers will encounter the new pricing at their first renewal on or after July 1, 2026.

STACKED PRESSURE

For affected customers, these changes follow the November 2025 removal of EA online-services volume discounts.

AI ADDS ANOTHER COST LAYER

Higher license prices are only part of the exposure. Copilot subscriptions, AI agents, and metered development tools can grow the bill even when employee headcount stays flat.

Copilot and AI: budget beyond the seat. Paid Copilot offerings and metered agents can add subscription and consumption charges. Copilot Studio measures eligible activity in Copilot Credits; usage costs depend on features and license entitlements. A seat count alone cannot capture that exposure.

GitHub Copilot: the workload changes the bill. From June 1, 2026, GitHub AI Credits replaced premium-request counting. Model choice and input, output, and cached tokens drive consumption. Base plan prices stayed unchanged at transition, but enabled usage beyond included credits adds cost. Code completions and next-edit suggestions do not consume AI Credits.

The Increase is Built In

Unified pricing turns eligible spending growth into a calculable support-cost increase.

Microsoft applies graduated rates to eligible historical annual spending by product category, then adds the results. Each rate applies only to spending within its band. A lower marginal rate does not reprice the entire balance.

Spend in each band x its rate = band charge; add the charges.

PUBLISHED AZURE TIERS: A WORKED EXAMPLE

Eligible Annual Spend	Calculation	Support Amount
$6 million	$1.8M x 10% + $4.2M x 7%	$474,000
$7 million	Prior amount + $1M x 5%	$524,000

One additional $1M adds $50,000 under Microsoft's published tiers. Rates, terms, and other spending are held constant. Annual agreements remain fixed during their term: minimums, exclusions, and negotiated provisions affect the final invoice.

THE SUPPORT MULTIPLIER

Unified fees are tied to Microsoft spend. As that spend rises, support costs can rise with it – without a corresponding service improvement.

ANNUAL SPEND		LICENSE INCREASE		UNIFIED RATE		SUPPORT FEE
$10M	x	**+15-20%**	x	**~8-10%**	=	**$120K-$200K**
Microsoft spending base		*illustrative increase*		*Assumed support rate*		*Additional support cost*

$10M x 15-20% x 8-10% = $120K-$200K added annually
Illustration: $10M x 15-20% license increase x 8-10% support rate. Use your actual quoted rate.

HIGHER COST. ADDED PRESSURE ON SUPPORT QUALITY.

- **Specialist access:** Voluntary Microsoft employee exits could reduce experienced engineering coverage and make senior escalation engineers harder to reach.
- **Case continuity:** Departures could add handoffs, repeat troubleshooting, and customer effort if knowledge transfer falls short.

Disarm It: 5 Budget Levers

Most of these levers help whether you renew with Microsoft, reduce scope, or switch providers.

1 Demand a 3-year forecast

Ask Microsoft to model how planned licensing, AI adoption, and consumption affect Unified changes. Require written assumptions and repricing dates.

2 Right-size licenses

Remove unused seats and unnecessary upgrades. Reducing eligible spending can lower the support calculation, subject to minimums and contract terms.

3 Optimize Azure consumption

Use an independent assessment to identify idle resources, oversized workloads, and commitment opportunities while protecting performance.

4 Verify support value

Review resolution times, escalation ownership, coverage, and unused services before accepting the renewal price.

5 Turn independent options into leverage

Use third-party Azure optimization tools to uncover waste, then obtain an independent Microsoft support quote to strengthen renewal negotiations. Gartner-recognized independent Microsoft support provider US Cloud unlocks up to 30% Azure savings and Microsoft support savings of 30-50% vs. Unified support.

THE COST OF WAITING: YOUR RENEWAL COUNTDOWN

> 180 DAYS	180 - 90 DAYS	< 90 DAYS
☐ Build the 3-year forecast	☐ Request evidence	☐ Confirm notice & auto-renewal terms
☐ Pull 12 months of case data	☐ Request competing quotes	☐ Decide scope
☐ Right-size licenses	☐ Compare cost & coverage	☐ Lock in a transition plan

RUN YOUR OWN NUMBERS

Annual spend: _____ Expected increase: _____ Unified rate: _____

Added annual support cost = annual spend x expected increase x Unified rate

Estimated increase: _____ Current annual support fee: _____

Research Roundup

THE EVIDENCE BEHIND THE BUDGET BOMB

Pricing changes, AI spending, and the support formula that connects them.

LICENSE PRICING

Higher rates arrive at renewal

Microsoft's July 2026 update raises M365 from **$36 to $39** and F3 from **$8 to $10** per user/month (with Teams). Existing customers keep current pricing until renewal. Standalone Copilot SKUs are excluded from this update.

DISCOUNT REMOVAL

Another source of price pressure

Affected EA online-service tiers previously offered **6–12% discounts**. Their removal from November 2025 adds exposure for eligible customers. Negotiated deals and customer exemptions affect the outcome, according to Directions reports.

GITHUB COPILOT

The seat price is only part of the bill

GitHub announced token-based AI Credits in April 2026, with base seat prices unchanged. Enabled usage beyond included credits adds cost. Code review can also consume **billable GitHub Actions minutes** alongside AI credits.

FINOPS RESEARCH

AI joins the wider licensing budget

98% of respondents manage AI spend, up from 31% in 2024. **64%** manage licensing, and **90%** manage SaaS or plan to within a year, according to the FinOps Foundation.

FLEXERA RESEARCH

Waste rises while visibility lags

59% report increased wasted AI spend: only **31%** report visibility into AI software. Just **29%** measure AI software value, while **48%** track and right-size AI contracts, according to Flexera research.

US CLOUD INSIGHT

AI growth can amplify costs

US Cloud Founder Rob LaMear argues that AI consumption adds a variable cost layer beyond licenses. As eligible Microsoft spending grows, Unified Support costs can rise without increased support utilization. Recommendation: establish AI spending controls and evaluate support separately from the Enterprise Agreement before renewal.

THE SUPPORT CONNECTION: PUBLISHED MICROSOFT FORMULA

Unified uses eligible historical annual spend by product class and graduated rates, with a $50,000 minimum. Annual agreements have a fixed price during the term. Higher eligible spend can raise the next calculated fee; timing, exclusions, and negotiated terms govern the result. Verify any three-year repricing provisions in your agreement.

"A renewal deserves more justification than familiarity."

Rob LaMear, US Cloud founder, *Microsoft Buyouts and Your Unified Support Renewal*

Make the Next Commitment With Evidence

Bring US Cloud your renewal date, workload requirements, and recent case history. Request a scoped comparison of engineering coverage, escalation responsibilities, transition requirements, and cost.

Book a Renewal Review

Why US Cloud



24/7
Microsoft Support



SENIOR
Microsoft-Certified Engineers



30–50%
Typical Client Savings

About US Cloud

US Cloud is the world's only independent third-party provider of Microsoft enterprise support, serving Global 2000 and Fortune 500 organizations worldwide. US Cloud delivers reactive and proactive services without affecting access to Microsoft products or services.

Contact US Cloud

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