The Microsoft Commercial Model Shift: What Every Enterprise Needs to Know

A structural analysis of the five concurrent changes to Microsoft's licensing model, and what each one means for procurement teams preparing for their next renewal.

Executive Summary

Between November 2025 and July 2026, Microsoft changed five separate mechanics of how it sells software to customers. Each change stands on its own. Together, they replace a licensing model that enterprise buying teams have relied on for more than two decades.

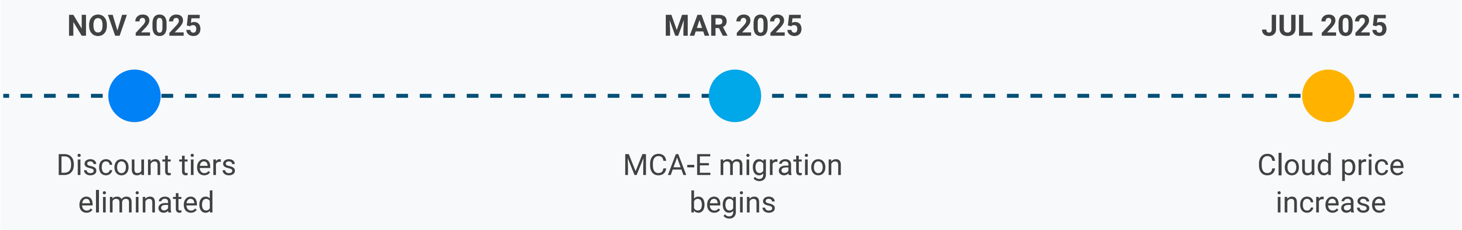
The old model rewarded scale. Organizations that purchased more licenses paid less per seat, negotiated through a partner or a dedicated account team, and locked in pricing for three years at a time. The new model unwinds each of those advantages in sequence. Discount tiers are eliminated. Contract terms are standardized under a new agreement type. Seat thresholds have risen. Support costs are tied directly to total spend. Cloud consumption commitments require continuous growth simply to hold their existing discount level.

Each of the five changes examined in this document is structural. Every one of them alters the terms of the agreement itself, the eligibility for that agreement, or the pricing structure underneath it, and none of them reverts at the next renewal cycle the way a routine price adjustment eventually would. Organizations renewing a Microsoft Enterprise Agreement or evaluating a move to a Cloud Solution Provider model, need to understand all five before they can accurately judge what the next three years of Microsoft costs will look like.

This document explains each of the five forces individually, translates what they mean specifically for the procurement function, defines the terminology procurement teams will encounter in renewal conversations, and lays out the framework for evaluating a renewal against a licensing transition.

What Changed: The Five Forces

Each of the five changes below has already taken effect or is scheduled to take effect within the current renewal cycle. An organization renewing in late 2026 is evaluating the cumulative effect of all five at once, layered on top of one another, rather than encountering them one at a time.

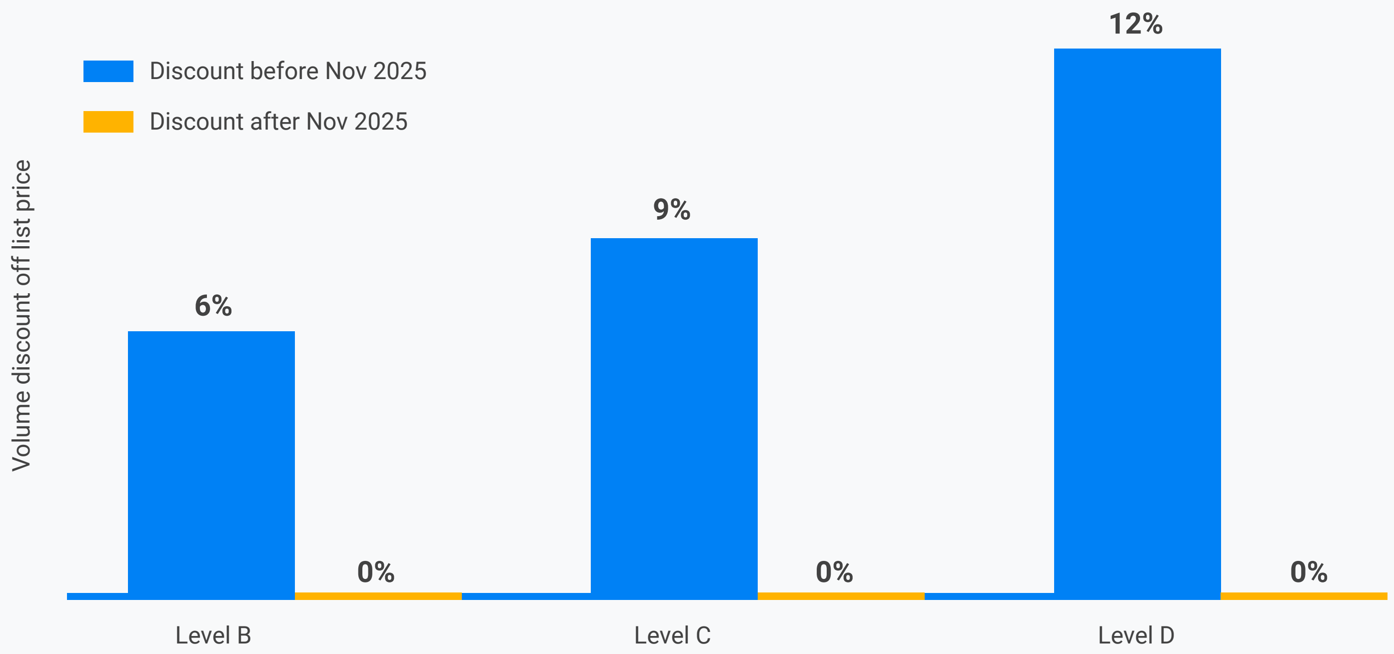


Discount Tier Elimination

For more than two decades, Microsoft's Enterprise Agreement priced online services using four volume tiers, Levels A through D. The more seats an organization purchased, the lower its per-user price, with Level D customers of 15,000 or more users receiving discounts of up to 12 percent off list price. Effective November 1, 2025, Microsoft eliminated Levels B, C, and D for online services. Every EA customer now renews at Level A, the same list price published on Microsoft's own website, regardless of seat count.

The change applies at the point of renewal, or when an organization adds a new online service it did not previously license. Organizations mid-term in an existing Microsoft EA keep their contracted pricing until that term ends. At the next renewal, however, the volume advantage that justified the three-year EA commitment for large organizations no longer exists inside the pricing structure itself. Any discount now has to be negotiated case by case, rather than applied automatically based on how many seats an organization buys.

All EA online-services tiers now price at Level A



6 to 12%

The discount range organizations lost when Levels B through D were eliminated, depending on their prior tier.

MCA-E Migration

Beginning in March 2026, Microsoft started migrating Enterprise Agreement customers, particularly those holding Azure Consumption Commitments, onto the Microsoft Customer Agreement for Enterprise, or MCA-E. MCA-E replaces the EA's negotiated, partner-supported structure with a standardized, evergreen agreement managed directly through Microsoft's own commerce systems.

The practical effect for procurement is a shift in who manages the relationship. Under a traditional EA, a Microsoft account team or licensing partner works through renewal terms, true-ups, and pricing alongside the customer's procurement function. Under MCA-E, account management moves back to Microsoft directly; term-based pricing replaces the long-term price lock, and provisions that were previously negotiable become standardized across all MCA-E customers. The annual true-down cycle, where an organization reduces its seat count and its bill, accordingly, is also replaced by a different, less forgiving process.

For organizations below roughly 2,400 seats, this migration is frequently mandatory. Microsoft may decline to offer a further EA renewal at all, directing the organization toward MCA-E or CSP instead.

March 2026

The month Microsoft began migrating EA customers with Azure Consumption Commitments onto MCA-E.

The 2,400-Seat Minimum

Microsoft has raised the practical threshold for Enterprise Agreement eligibility to approximately 2,400 users. Organizations below that seat count are, in most cases, no longer offered an EA renewal once their current term ends. This change sits entirely at the level of eligibility, decided before any pricing conversation even starts. An organization that qualified for an EA at 500 or 1,000 seats for years may now find that path closed at its next renewal date, regardless of how the pricing itself might have compared.

For these organizations, the CSP model becomes the default path forward rather than a matter of preference. CSP carries no seat minimum, which is precisely why Microsoft is routing smaller and mid-market EA customers there. CSP is, however, a partner-mediated model. The choice of CSP partner, and the governance that partner brings to the relationship, becomes the organization's decision to make deliberately, or the organization's decision to lose by default if it does not engage with the transition proactively.

2,400 seats

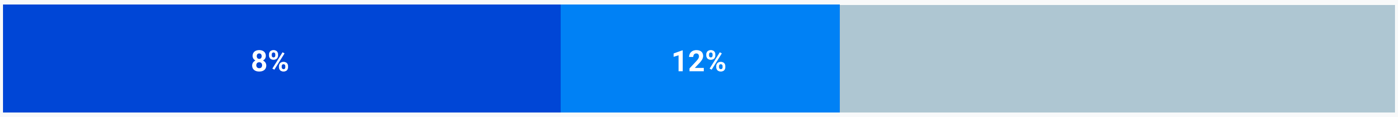
The approximate threshold below which Microsoft is no longer offering EA renewals.

Unified Support Scaling

Microsoft Unified Support, the successor to the retired Premier Support program, prices its service as a percentage of an organization's total Microsoft spend rather than as a fixed fee or an hours-based block. Depending on the support tier, that percentage typically runs between 8 and 12 percent of total spend.

Because the fee is a percentage rather than a flat rate, it compounds automatically with every license the organization adds, every workload it migrates to Azure, and every price increase Microsoft applies elsewhere in its portfolio. A support bill can rise substantially year over year with no change in service quality, response time, or the actual number of support incidents the organization files. Gartner's own research on the topic finds that clients using Unified Support continue to report dissatisfaction with its cost and quality, and recommends that sourcing and procurement leaders negotiating a Unified agreement request concessions and seek cost transparency before signing.

Unified Support Cost as a Share of Total Microsoft Spend



Scale automatically with every license, seat, and workload added

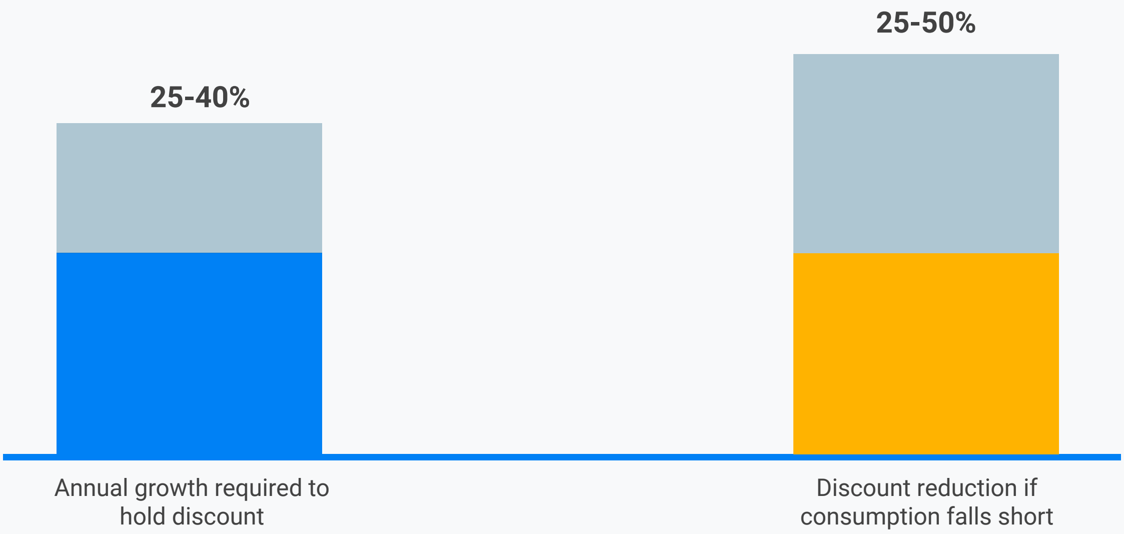
8 to 12%	Unified Support's price as a share of total Microsoft spend, before any growth in that spend is factored in.

MACC Commitment Pressure

Organizations with an Azure Consumption Commitment, or MACC, agree to spend a defined dollar amount on Azure services over a fixed term, typically three years, in exchange for a negotiated discount. The commitment is binding rather than aspirational. To hold the discount level at renewal, Microsoft's account teams generally look for annual consumption growth in the range of 25 to 40 percent.

Flat or declining Azure consumption carries a compounding cost at the next renewal. It can trigger a shortfall charge for the unmet portion of the commitment, on top of a reduced discount tier, so an organization effectively pays twice for the same shortfall: once through the shortfall invoice itself, and again through a worse rate on the Azure spend that follows. For procurement teams managing Azure alongside licensing, MACC turns cloud consumption into a contractual obligation carrying its own penalty structure, with real budget exposure attached to it.

MACC consumption pressure cuts both ways



25 to 50%	The discount reduction an organization can face at renewal if Azure consumption falls short of its MACC growth target, before any additional shortfall penalty.

What These Changes Mean for Enterprise Procurement

Each of the five forces above changes a different mechanic of the agreement. Together, they change what the procurement function is actually negotiating at the next renewal.

The loss of volume leverage is the most immediate of these effects. For years, procurement's negotiating position scaled with the size of the organization's Microsoft footprint. Larger commitments meant lower per-seat pricing, applied automatically through the tier structure, and that automatic leverage is now gone entirely. Any discount below list price has to be argued for individually, built on the organization's own usage data, its growth commitments, or its willingness to consider CSP as a credible alternative, rather than assumed on the basis of seat count alone.

Standardization of terms under MCA-E follows closely behind. Purchasing teams accustomed to negotiating bespoke provisions inside an EA, true-up timing, price protection clauses, product-specific carve-outs, now work with a contract type that leaves considerably less room for that kind of customization. An EA renewal was historically a negotiation. An MCA-E migration functions closer to an acceptance of standardized terms, with meaningful exceptions reserved for the largest customers only.

Account management itself changes too, and this one is easy to underestimate until it happens. Under an EA, procurement typically works through a licensing partner or a dedicated Microsoft account team that already understands the organization's specific environment and renewal history. Under MCA-E, that relationship moves back to Microsoft directly. Procurement loses a familiar point of contact, along with a layer of account-specific advocacy that many teams have quietly relied on for years without necessarily naming it as a benefit.

Underneath all three of these sits a bigger obligation: actively evaluating the CSP path and a CSP partner, rather than treating that evaluation as something to get to eventually. For any organization below the 2,400-seat threshold, and for a growing number above it, CSP is already the default path at the next renewal, whether procurement has evaluated it in advance or not. The organizations that come through this transition well are the ones that choose a CSP partner deliberately, weighing governance, pricing structure, and service capability against each other, rather than accepting whatever a distributor-sourced license or a default reseller relationship happens to hand them.

Glossary: Key Terms Defined

The five programs and terms below recur throughout any Microsoft renewal conversation in 2026. This section is written to stand on its own as a reference, independent of the rest of this document.

Enterprise Agreement (EA)	Microsoft's traditional volume licensing contract for organizations with 500 or more users or devices. Structured as a three-year commitment with an annual true-up process. Historically priced using four volume tiers, Levels A through D, that rewarded larger seat counts with lower per-user pricing. As of November 2025, the tiered pricing structure for online services no longer applies, and the practical eligibility threshold has risen to approximately **2,400** users.
Microsoft Customer Agreement for Enterprise (MCA-E)	An evergreen, non-expiring contract that Microsoft is migrating EA customers toward, starting with organizations that hold Azure Consumption Commitments. Managed directly through Microsoft's own commerce systems rather than through a licensing partner. Uses standardized rather than negotiated terms and does not offer the multi-year price lock that characterized the EA.
Cloud Solution Provider (CSP)	A partner-led licensing model with no minimum seat requirement, open to organizations of any size. Licenses are purchased through a Microsoft partner rather than directly from Microsoft, with the partner managing billing, provisioning, and ongoing support. Has become the default path for organizations that no longer qualify for EA renewal.
Microsoft Azure Consumption Commitment (MACC)	A contractual agreement in which an organization commits to a defined level of Azure spend over a fixed term, typically one to three years, in exchange for a negotiated discount. The commitment is binding. Falling short of the agreed consumption level can trigger a shortfall charge for the unmet balance, in addition to a reduced discount at renewal.
Unified Support	Microsoft's current enterprise support offering and the successor to the retired Premier Support program. Priced as a percentage of an organization's total Microsoft spend, typically 8 to 12 percent depending on the tier, rather than as a fixed fee or a block of purchased hours.

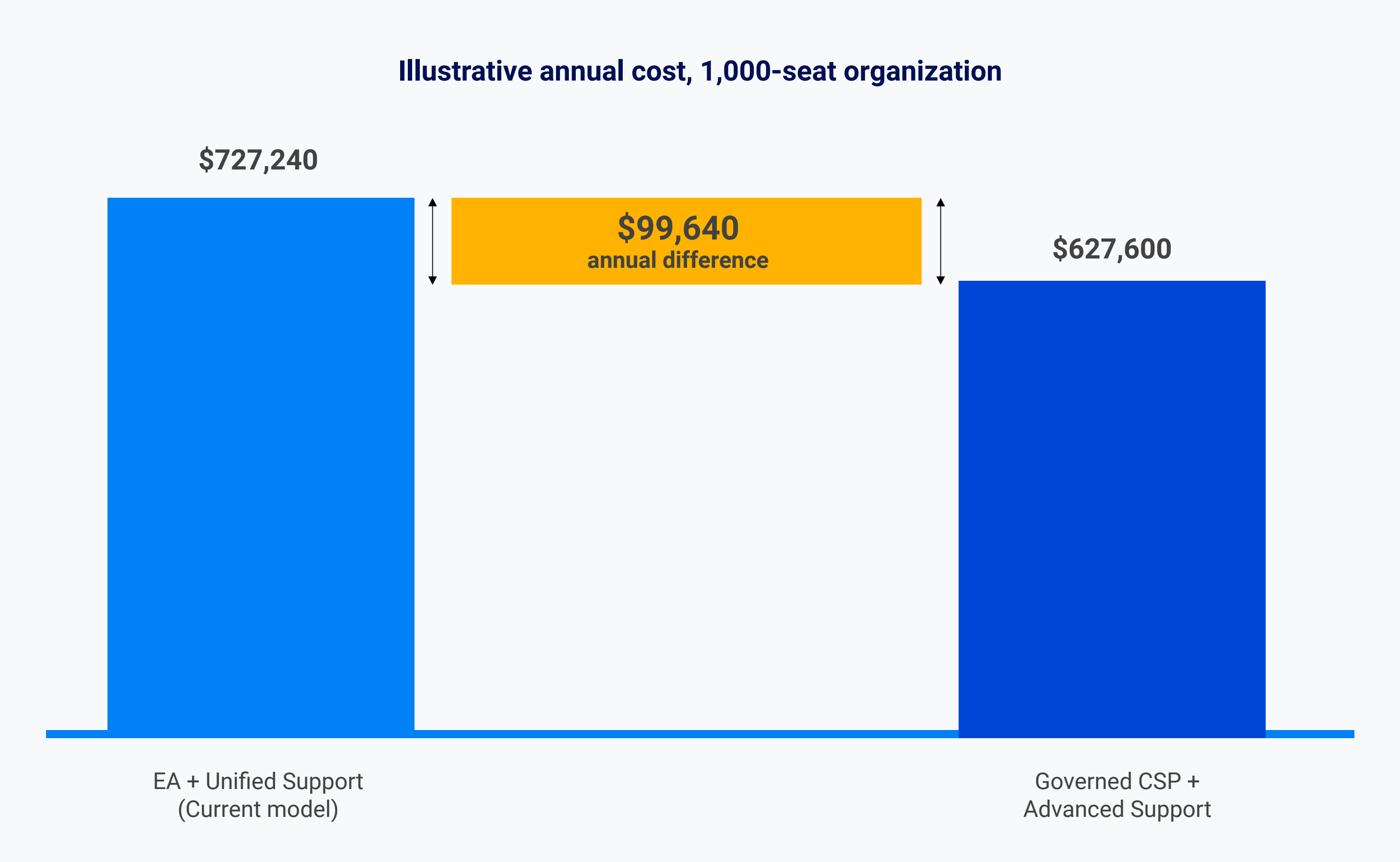
Evaluating Your Options

At the next renewal, most enterprise procurement teams evaluating their Microsoft licensing arrive at a choice between two primary paths: remain within Microsoft's direct commercial structure under MCA-E, or transition to a governed CSP model through a partner. Neither path is universally correct. The right answer depends on the organization's seat count, its Azure consumption pattern, its appetite for standardized versus partner-negotiated terms, and how much value it places on retaining a dedicated account relationship rather than working directly with Microsoft's own commerce systems.

Renewing under MCA-E tends to suit organizations with a large, stable Azure footprint, minimal reliance on on-premises perpetual licensing, and a direct commercial relationship with Microsoft's enterprise team that does not depend heavily on partner-negotiated terms. It also suits organizations that place value on an evergreen agreement without a fixed renewal date, even where that evergreen structure comes without the multi-year price protection an EA historically provided.

Transitioning to a governed CSP model tends to suit organizations below the EA eligibility threshold by default, but also organizations above that threshold with volatile headcount, a preference for annual rather than three-year commitments, or a desire for a partner that treats optimization and governance as an ongoing function rather than a one-time transaction. Because CSP pricing runs through a partner's margin, the quality and structure of that partner relationship shape total cost as much as Microsoft's own list pricing does, and this cuts both ways. A partner with a disciplined cost structure and a genuine stake in the relationship can price competitively against Microsoft's EA-equivalent economics while adding governance, optimization, and support that Microsoft's own direct commerce systems do not provide. Partner selection is itself a real input to total cost, not a hidden markup working against the buyer by default.

A representative comparison illustrates the scale of what is at stake in this decision. For an organization with **1,000** seats, continuing under an EA plus Unified Support model, assuming a modest **5** percent EA discount that reflects the post-2025 pricing reality, runs approximately **$727,240** annually once license costs, Unified Support, and internal escalation management are factored in. A governed CSP model with a purchased Advanced Support arrangement, structured around a stepped discount beginning at **15** percent, runs approximately **$627,600** for the same **1,000** seats: a difference of roughly **$99,640** annually, or **13.7** percent.



The gap reflects the combined effect of several things moving at once: a structured multi-year discount, the replacement of a percentage-of-spend support model with a fixed support cost, and reduced internal overhead once escalation management shifts to the partner rather than sitting with internal IT staff. Organizations evaluating this decision should build the equivalent comparison using their own seat count, support tier, and Azure consumption pattern, since the specific figures shift meaningfully with scale and usage.

For a side-by-side breakdown of the two structured paths available once an organization decides to transition, see [Two Microsoft Licensing Paths. One Partner Accountable for the outcome.]

Next Step

These five changes landed on five different days, spread across nine months. They now apply to every enterprise Microsoft renewal at the same time, as a single combined reality rather than five separate ones. Understanding them individually is the first step. Applying them to your organization's specific seat count, Azure consumption, and renewal timeline is the next one.

DCG's Microsoft Licensing and Governance practice works with enterprise procurement teams to run that comparison against real data rather than assumptions. Microsoft Licensing and Governance webpage walks through what that comparison looks like for organizations in the **500** to **5,000** seat range.

Organizations that want a documented, seat-specific version of the cost comparison outlined earlier in this document, before making a renewal decision, can start with the License Optimization Accelerator, a scoped diagnostic of the current Microsoft environment that credits its fee toward any licensing agreement that follows.

Sources

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Directions on Microsoft. "Microsoft Is Dropping EA Volume Discounts Starting in November 2025."

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