Microsoft

FY27 CSP Incentive Overview

CSP indirect resellers / direct bill partners

Partner Investments

- Enable joint success and growth
- Deliver value across the customer journey
- Reward partners for strategic opportunities and outcomes

FY27 Partner incentives priorities

Accelerate Frontier Transformation

Focus investment on the most strategic workloads (Copilot, Agents, Data, Security)

Differentiate incentives toward customer growth

Further reward growth in CSP for upsell/cross-sell and acquisition

Optimize pre- and post-sales outcomes

Reward SIs and influencing partners for delivering measurable, high impact scenarios

Prioritize ecosystem health

Encourage new-to-ecosystem growth and minimize unproductive channel shift

Driven through partner investments



CSP Transactional economics

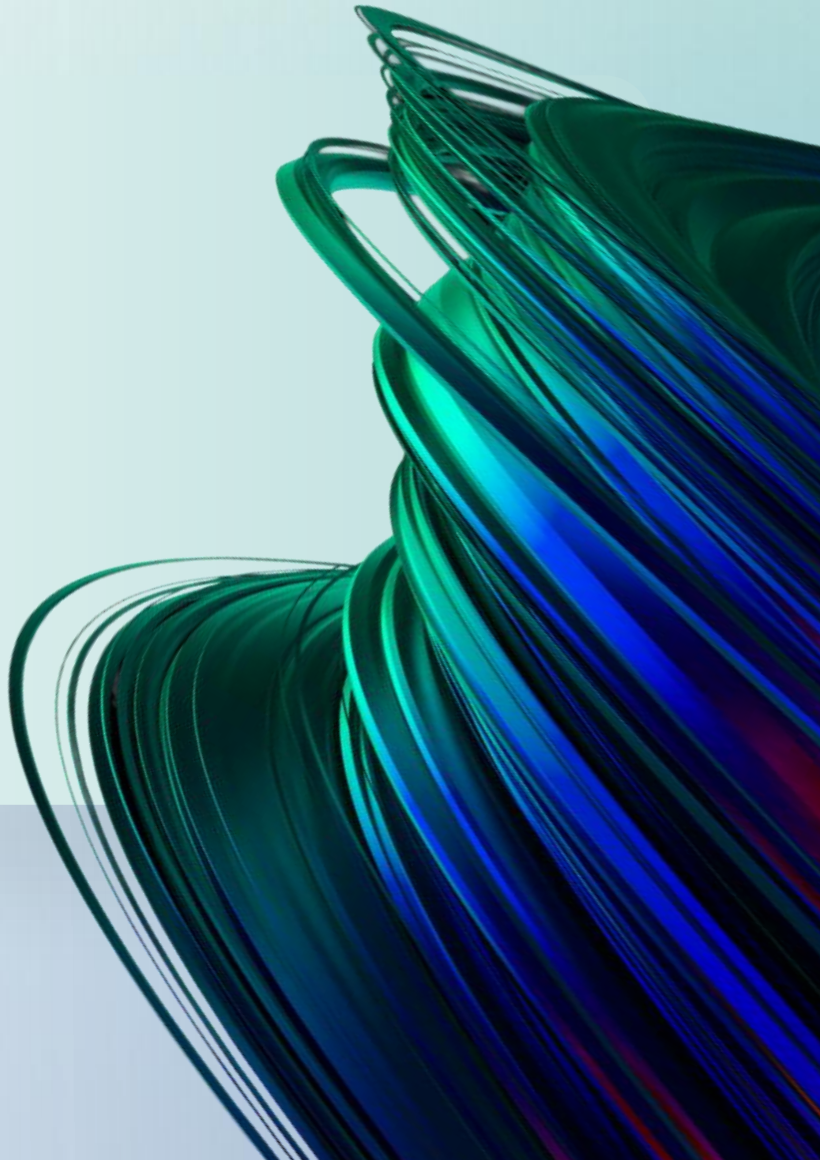


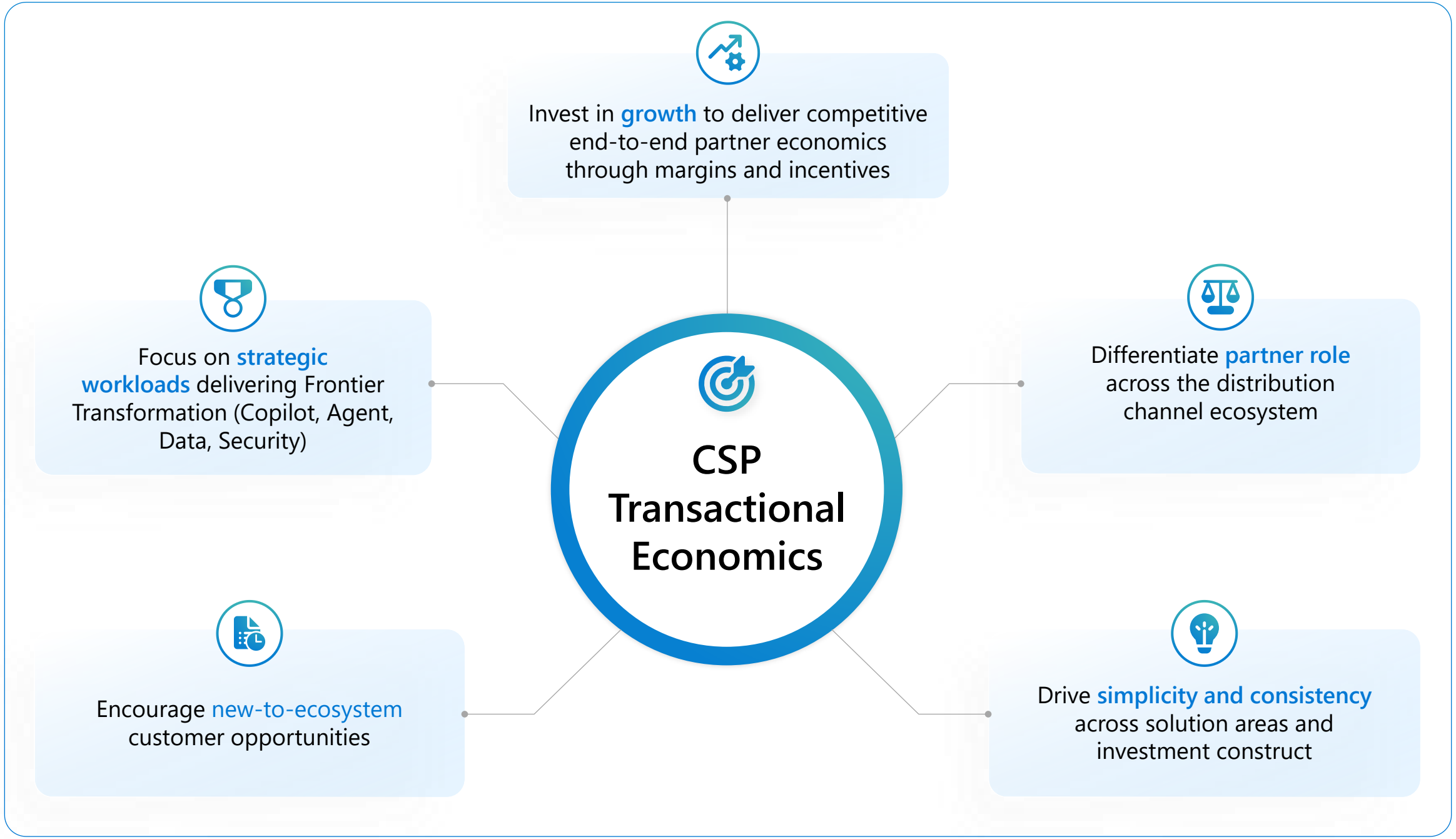
Programmatic incentives (Heroes: Copilot, Azure, Security)



Discretionary investments (ex. SPF)

FY27 CSP Economics




Invest in growth to deliver competitive end-to-end partner economics through margins and incentives
Focus on strategic workloads delivering Frontier Transformation (Copilot, Agent, Data, Security)
Differentiate partner role across the distribution channel ecosystem
CSP Transactional Economics
Encourage new-to-ecosystem customer opportunities
Drive simplicity and consistency across solution areas and investment construct

Growth margins overview

Beginning October 2026: more customer growth through qualifying motions means more margin earned

What is new	Benefits
Introduction of Growth margins, in addition to existing base margins, on select SKUs	Base margin provides stability; Growth margin brings additional rewards for growth
Growth margin is earned through three growth motions: new-to-offer, seat expansion, and strategic SKU mix.	Multiple, repeatable ways to earn more by growing customers
Growth margin can be earned repeatedly across qualifying transactions	Recurring upside for partners who continue to grow their customers, not a one-time benefit

KEY TAKEAWAY

Growth margin = earned upside on eligible growth transactions

Qualifying scenarios: how each motion works

What qualifies, how it's measured, and what's in scope.

1 New-to-Offer

What it is

Product is new to the customer's tenant

How to qualify

New within the lookback window; meets minimum seat threshold

Applies to

- **All new seats**

2 Seat Expansion

What it is

Significant seat increase on a product they already have

How to qualify

New seats meet the expansion multiplier and minimum threshold

Applies to

- **Mid-term:** new seats on a new subscription
- **Renewal:** all seats

3 Strategic SKU Mix

What it is

A higher ratio of strategic SKU seats to the base product

How to qualify

Strategic-to-base seat ratio crosses the threshold

Applies to

- **Mid-term:** new seats on a new subscription
- **Renewal:** all seats

Common to all three:
Assessed at tenant level across all channels and partners. Eligibility locked at time of sale.
Qualifying products include M365 E5/E7,M365 Copilot, W365Enterprise,Microsoft Defender Suite, and Microsoft Purview Suite.

In scope

- CSP license-based offers on selected products
- Use supplemental docs and tools to confirm eligible SKUs and margins (e.g., growth margin guide will be available to partners)

Out of scope

- Consumption-based services
- Perpetual software licenses
- Specialized offers
- Nonprofit / EDU / Gov SKUs

KEY TAKEAWAY
Growth margin is earned through three qualifying motions, each with defined criteria assessed at the time of sale

Key takeaways for partners

What matters most

- Growth margin rewards real customer growth
- Eligibility is evaluated at the customer's tenant level
- How and when a deal is structured determines whether it qualifies
- Confirm eligibility before transacting; it can't be adjusted after the sale
- Act early and track results to capture more margin over time

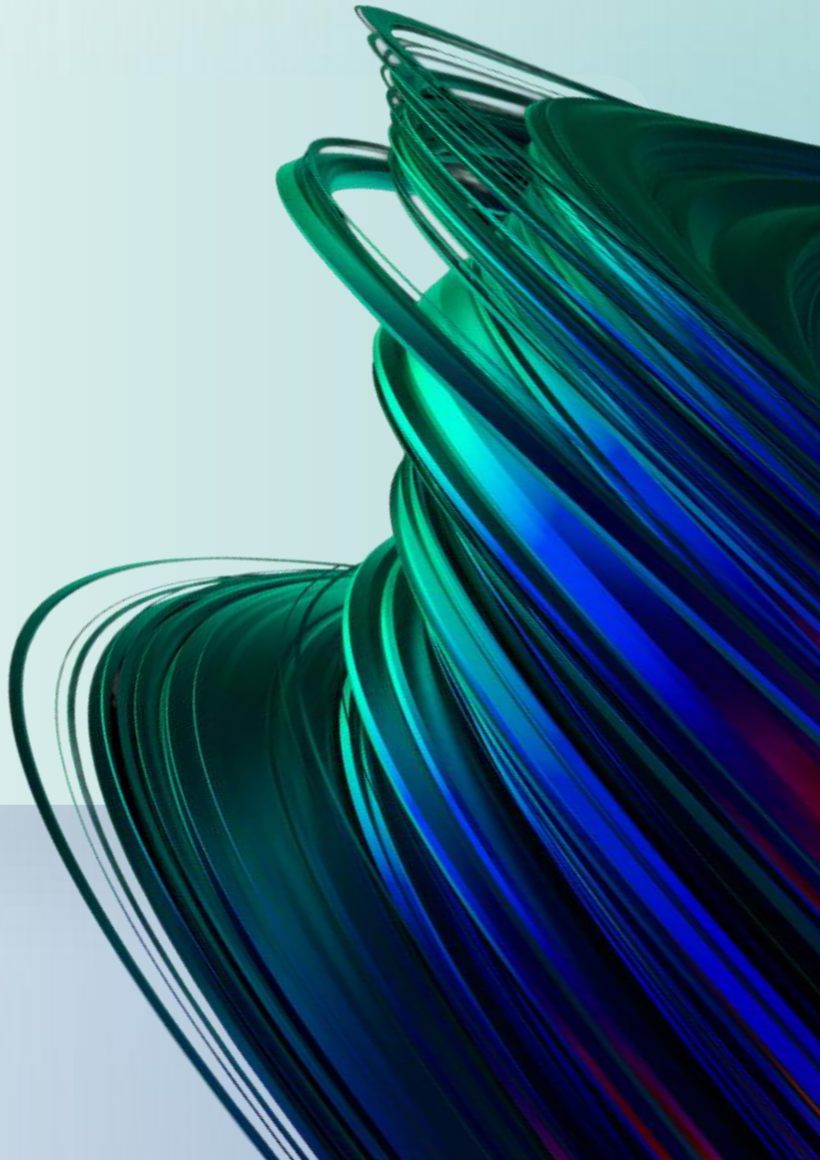
What success looks like

- Partners drive genuine net-new growth, not channel shifts or like-for-like moves
- Act on Growth margin opportunities as they arise — don’t wait for renewal
- Growth margin is earned upside — it requires both qualification and execution
- Track Growth margin earned through reconciliation reporting to refine your approach

KEY TAKEAWAY

Validate early, structure correctly, maximize margin

FY27 CSP Incentives



FY27 CSP Incentives

Prioritizing continuity across partner eligibility and lever construct

Investing in the growth that matters most through new-to-Microsoft opportunities

Focusing impact to strategic workloads delivering Frontier Transformation (Copilot, Agent, Data, Security)

FY27 CSP Incentives

Accelerating growth through strategic product focus and high-value customer expansion.

AI Workforce	Security	AI Business Process	Cloud and AI Platform
19.5%	19.5%	19.5%	15%
Growth accelerator up to 12.5%	**Growth accelerator** up to 12.5%	**Growth accelerator** up to 12.5%	**Growth accelerator** up to 12%
Strategic accelerators up to 7%	**Strategic accelerators** up to 7%	**Strategic accelerators** up to 7%	**Core** 3%
Core up to 2.5%	**Core** up to 2.5%	**Core** up to 2.5%	

FY27 CSP incentives – construct

FY27 CSP incentive structure

CSP incentives are designed to accelerate growth by rewarding Cloud Solution Provider partners who drive customer adoption of Microsoft products and services through the new commerce experience.

Levers	
Growth Accelerator	Reward tied to year-over-year growth; expanding customers, consumption, and net-new revenue.
Strategic Accelerators	Additional incentive for driving Microsoft's priority solution areas and strategic workloads; rewards focus on high-value offerings.
Core	The foundational incentive earned for selling and transacting eligible CSP products and services; rewards baseline activity across the portfolio.

FY27 CSP incentives – partner eligibility

FY27 CSP incentives eligibility

No changes from FY26

Partner authorization	FY27
Direct bill partner	• CSP direct bill authorization • Solutions Partner designation specific to the solution area* incentive • $1 million trailing twelve-month (TTM) revenue at the Partner Global Account (PGA) ID level
Indirect reseller	• CSP indirect reseller authorization • Solutions Partner designation or a minimum of 25 capability points, specific to the solution area* incentive • $25,000 TTM revenue at the Partner Location Account (PLA) ID

***Solution area for incentives eligibility defined as:**

- **Microsoft 365 incentives:** Solutions Partner designation for Modern Work or Security
- **Dynamics 365 incentives:** Solutions Partner designation for Business Applications
- **Azure incentives:** Solutions Partner designation for Data & AI or Digital & App Innovation or Infrastructure

Partner capability scoring

Each designation has a specific number of possible points that can be earned per category. You have the flexibility to choose which categories to focus on within a solution area to match your business needs.

	Business Applications CSP incentives	Azure CSP incentives			Modern Work and Security CSP incentives	
Category	Solutions Partner for Business Applications	Solutions Partner for Data & AI (Azure)	Solutions Partner for Digital & App Innovation (Azure)	Solutions Partner for Infrastructure (Azure)	Solutions Partner for Modern Work	Solutions Partner for Security
Performance	15pts	30pts	30pts	30pts	20pts	20pts
Skilling	35pts	40pts	40pts	40pts	25pts	40pts
Customer success	50pts	30pts	30pts	30pts	55pts	40pts

Each Solutions Partner designation requires 70+ points, with points in all subcategories. Once designation is achieved, it will be active until the anniversary date. Reseller incentive 25+ capability points can be in any of the three categories. Points are checked monthly, looking at the current month and the previous five months. If the point total does not meet 25 points within the five months + current month eligibility window, eligibility is lost until the 25- points are reached.

FY27 Microsoft 365 CSP incentives

INCENTIVE TERM
July 1st, 2026 – June 30th, 2027

FY27 Microsoft 365 CSP Incentives – indirect reseller

Up to **19.5%**

The Microsoft 365 CSP incentive is designed to accelerate growth by rewarding Cloud Solution Provider partners who drive customer adoption of Modern Work and Security products and services through the new commerce experience.

Eligibility:

- CSP indirect reseller authorization
- Solutions Partner designation for Modern Work or Security OR 25+ capability points for either
- $25K USD trailing 12-month (TTM) revenue threshold

Payout Details:

60% indirect rebate / 40% co-op

Offer Description:

Incentives are calculated based on billed revenue, with incremental rewards for partners who drive year-over-year incremental growth in strategic Modern Work and Security CSP offers.

M365 CSP levers	Rate
M365 CSP Core	N/A
M365 CSP Global Strategic Product Accelerator – Tier 2 *(M365 E5, M365 E7, Agent 365, M365 Copilot, Copilot Studio)*	7.00%
M365 CSP Global Strategic Product Accelerator – Tier 1 *(M365 Business Premium, M365 E3, M365 Copilot Business, M365 Business + Copilot Business bundles, Microsoft Defender Suite, Microsoft Purview Suite, Microsoft Defender Suite for Business Premium, and Microsoft Purview Suite for Business Premium)*	2.50%
M365 CSP Global Calling and Conference PSTN Accelerator	20.00%
M365 CSP Growth Accelerator*	12.50%

*Eligible for products included in Strategic Product Accelerators - Tier 1 and Tier 2, and Windows 365

Maximum earning opportunities apply per the CSP incentives guide.

INCENTIVE TERM
July 1st, 2026 – June 30th, 2027

FY27 Microsoft 365 CSP Incentives – direct bill partner

Up to 19.5%

The Microsoft 365 CSP incentive is designed to accelerate growth by rewarding Cloud Solution Provider partners who drive customer adoption of Modern Work and Security products and services through the new commerce experience.

Eligibility:

- CSP direct bill authorization
- Solutions Partner designation for Modern Work or Security
- $1M USD trailing 12-month (TTM) revenue threshold

Payout Details:

60% indirect rebate / 40% co-op

Offer Description:

Incentives are calculated based on billed revenue, with incremental rewards for partners who drive year-over-year incremental growth in strategic Modern Work and Security CSP offers.

M365 CSP levers	Rate
M365 CSP Core	2.50%
M365 CSP Global Strategic Product Accelerator – Tier 2 *(M365 E5, M365 E7, Agent 365, M365 Copilot, Copilot Studio)*	7.00%
M365 CSP Global Strategic Product Accelerator – Tier 1 *(M365 Business Premium, M365 E3, M365 Copilot Business, M365 Business + Copilot Business bundles, Microsoft Defender Suite, Microsoft Purview Suite, Microsoft Defender Suite for Business Premium, and Microsoft Purview Suite for Business Premium)*	2.50%
M365 CSP Global Calling and Conference PSTN Accelerator	20.00%
M365 CSP Growth Accelerator*	10.00%

*Eligible for products included in Strategic Product Accelerators - Tier 1 and Tier 2, and Windows 365

Maximum earning opportunities apply per the CSP incentives guide.

M365 growth scenarios for illustration

Scenario	Year 1	Year 2	Core Lever	Strategic Lever	Growth	Comment
CSP - new solution	**300 ME5** Seats	**300 ME5** Seats + **50 Copilot** Seats	x	x	x	YoY customer tenant revenue growth from Copilot
CSP - new solution	**300 ME5** Seats	**150 ME5** Seats + **10 Copilot** Seats	x	x		No YoY customer tenant revenue growth as reduction in revenue
CSP - seat expansion (nonstrategic product)	**300 OE3** Seats	**400 OE3** Seats	x			YoY customer tenant revenue growth must be on strategic products for Modern Work
CSP - flat	**300 ME5** Seats	**300 ME5** Seats	x	x		No YoY customer tenant revenue growth
EA to CSP - upsell	**300 ME3** Seats	**300 ME5** Seats	x	x	x	YoY customer tenant revenue growth from E3 to M5 upsell
EA to CSP - flat	**300 ME3** Seats	**300 ME3** Seats	x	x		No YoY customer tenant revenue growth (however, if revenue is higher due to CSP price being higher, growth will be eligible)
COCP - Partner A to Partner B	**300 ME5** Seats	**300 ME5** Seats				No YoY customer tenant revenue growth for Partner B and no core or strategic as COCP
CSP - new customer	**N/A**	**300 ME5** Seats	x	x	x	YoY customer tenant revenue growth

Note: Growth is based on bill revenue

FY27 Dynamics 365 CSP incentives

INCENTIVE TERM
July 1st, 2026 – June 30th, 2027

FY27 Dynamics 365 CSP Incentives – indirect reseller

Up to 19.5%

The Dynamics 365 CSP incentive is designed to accelerate growth by rewarding Cloud Solution Provider partners who drive customer adoption of Business Applications products and services through the new commerce experience.

Eligibility:

- CSP indirect reseller authorization
- Solutions Partner designation for Business Applications OR 25+ capability points
- $25K USD trailing 12-month (TTM) revenue threshold

Payout Details:

60% indirect rebate / 40% co-op

Offer Description:

Incentives are calculated based on billed revenue, with incremental rewards for partners who drive year-over-year incremental growth in strategic Business Applications CSP offers.

D365 CSP levers	Rate
D365 CSP Core	N/A
D365 CSP Global Strategic Product Accelerator – Tier 2 *(D365 Business Central)*	7.00%
D365 CSP Global Strategic Product Accelerator – Tier 1 *(D365 Supply Chain Management, D365 Finance, D365 Project Operations, D365 Human Resources)*	6.00%
D365 CSP Growth Accelerator*	12.50%

*Eligible for products included in Strategic Product Accelerators - Tier 1 and Tier 2, and D365 Sales and D365 Customer Insights

INCENTIVE TERM
July 1st, 2026 – June 30th, 2027

FY27 Dynamics 365 CSP Incentives – direct bill partner

Up to 19.5%

The Dynamics 365 CSP incentive is designed to accelerate growth by rewarding Cloud Solution Provider partners who drive customer adoption of Business Applications products and services through the new commerce experience.

Eligibility:

- CSP direct bill authorization
- Solutions Partner designation for Modern Work or Security
- $1M USD trailing 12-month (TTM) revenue threshold

Payout Details:

60% indirect rebate / 40% co-op

Offer Description:

Incentives are calculated based on billed revenue, with incremental rewards for partners who drive year-over-year incremental growth in strategic Business Applications CSP offers.

D365 CSP levers	Rate
D365 CSP Core	2.50%
D365 CSP Global Strategic Product Accelerator – Tier 2 *(D365 Business Central)*	7.00%
D365 CSP Global Strategic Product Accelerator – Tier 1 *(D365 Supply Chain Management, D365 Finance, D365 Project Operations, D365 Human Resources)*	6.00%
D365 CSP Growth Accelerator*	10.00%

*Eligible for products included in Strategic Product Accelerators - Tier 1 and Tier 2, and D365 Sales and D365 Customer Insights

D365 growth scenarios for illustration

Scenario	Year 1	Year 2	Core Lever	Strategic Lever	Growth	Comment
CSP – seat expansion	**1K BizCentral** Seats	**1.5K BizCentral** Seats	x	x	x	YoY customer tenant revenue growth
CSP - seat expansion (nonstrategic product)	**500 PowerBI** Seats	**700 PowerBI** Seats	x			YoY customer tenant revenue growth must be on strategic products
CSP – seat reduction	**1K BizCentral** Seats	**500 BizCentral** Seats	x	x		No YoY customer tenant revenue growth as reduction in revenue
CSP - flat	**1K BizCentral** Seats	**1K BizCentral** Seats	x	x		No YoY customer tenant revenue growth
EA to CSP – seat expansion	**1K BizCentral** Seats	**1.5K BizCentral** Seats	x	x	x	YoY customer tenant revenue growth from additional seats
COCP - Partner A to Partner B	**1K BizCentral** Seats	**1K BizCentral** Seats				No YoY customer tenant revenue growth for Partner B
COCP - Partner A to Partner B – seat expansion	**1K BizCentral** Seats	**1.5K BizCentral** Seats			x	YoY customer tenant revenue growth from Partner B upsell, but no core or strategic as COCP
CSP - new customer	**N/A**	**1K BizCentral** Seats	x	x	x	YoY customer tenant revenue growth

Note: Growth is based on bill revenue

FY27 Azure CSP incentives

INCENTIVE TERM
July 1st, 2026 – June 30th, 2027

FY27 Azure CSP Incentives – indirect reseller

Up to 15%

The Azure CSP incentive is designed to accelerate growth by rewarding Cloud Solution Provider partners who drive customer adoption of Azure services through the new commerce experience.

Eligibility:

- CSP indirect reseller authorization
- Solutions Partner designation for Infrastructure or Data & AI or Digital & App Innovation OR 25+ capability points for either of the three
- $25K USD trailing 12-month (TTM) revenue threshold

Payout Details:

60% indirect rebate / 40% co-op

Offer Description:

Incentives are calculated based on Azure consumed revenue (ACR, with incremental rewards for partners who drive year-over-year incremental growth in Azure CSP workloads.

Azure CSP levers	Rate
Azure CSP Consumption *(Pay-as-you-go)*	3.00%
Azure CSP Reservation and Savings Plan *(Includes PTUs, ACR from Reserved Instance, and Azure Savings Plan consumption)*	3.00%
Azure CSP Growth Accelerator – Tier 3* *(SQL Managed Instance, SQL Database, PostgreSQL, MySQL, Cosmos DB, Managed Instance for Apache Cassandra, and Microsoft Fabric)*	12.00%
Azure CSP Growth Accelerator – Tier 2* *(Foundry Models, Foundry Tools, GitHub, Microsoft Defender for Cloud, Sentinel, and Copilot Studio Platform (including Cowork))*	10.00%
Azure CSP Growth Accelerator – Tier 1* *(All other workloads)*	7.00%

*Growth accelerators include Pay-as-you-go2, RI/SP2

*Note: Starting July 1, 2026 Copilot Studio Platform CSP consumption incentive eligibility will be extended to partners with a Modern Work, Business Applications or Azure (Infrastructure, Data & AI, or Digital & App Innovation) Solution Partner designation.

Maximum earning opportunities apply per the CSP incentives guide.

INCENTIVE TERM
July 1st, 2026 – June 30th, 2027

FY27 Azure CSP Incentives – direct bill partner

Up to 15%

The Azure CSP incentive is designed to accelerate growth by rewarding Cloud Solution Provider partners who drive customer adoption of Azure services through the new commerce experience.

Eligibility:

- CSP direct bill partner authorization
- Solutions Partner designation for Infrastructure or Data & AI or Digital & App Innovation
- $1M USD trailing 12-month (TTM) revenue threshold

Payout Details:

60% indirect rebate / 40% co-op

Offer Description:

Incentives are calculated based on Azure consumed revenue (ACR, with incremental rewards for partners who drive year-over-year incremental growth in Azure CSP workloads.

Azure CSP levers	Rate
Azure CSP Consumption *(Pay-as-you-go)*	3.00%
Azure CSP Reservation and Savings Plan *(Includes PTUs , ACR from Reserved Instance, and Azure Savings Plan consumption)*	3.00%
Azure CSP Growth Accelerator – Tier 3* *(SQL Managed Instance, SQL Database, PostgreSQL, MySQL, Cosmos DB, Managed Instance for Apache Cassandra, and Microsoft Fabric)*	12.00%
Azure CSP Growth Accelerator – Tier 2* *(Foundry Models, Foundry Tools, GitHub, Microsoft Defender for Cloud, Sentinel, and Copilot Studio Platform (including Cowork))*	10.00%
Azure CSP Growth Accelerator – Tier 1* *(All other workloads)*	7.00%

*Growth accelerators include Pay-as-you-go2, RI/SP2

*Note: Starting July 1, 2026 Copilot Studio Platform CSP consumption incentive eligibility will be extended to partners with a Modern Work, Business Applications or Azure (Infrastructure, Data & AI, or Digital & App Innovation) Solution Partner designation.

Maximum earning opportunities apply per the CSP incentives guide.

Azure growth scenarios for illustration

Scenario	Year 1	Year 2	Core Lever	Growth	Comment
Consumption – No change Microsoft Fabric	**200K** ACR	**200K** ACR	x		No YoY customer tenant ACR growth
Consumption – Increase Microsoft Fabric	**200K** ACR	**250K** ACR	x	x	YoY customer tenant ACR growth driven by Tier 3 workload, earn higher rate
Consumption – Decrease Microsoft Fabric	**200K** ACR	**100K** ACR	x		No YoY customer tenant ACR growth as consumption decreased
Consumption – New Azure customer Tier 2 workload (Foundry Tools)	**-** ACR	**200K** ACR	x	x	YoY customer tenant ACR growth driven by Tier 2

Note: Growth is based on ACR

Evolving channel motions to deliver customer value

Our goal	Encourage strong, long-term partner relationships and minimize disruption from unnecessary transitions
What this means for partners	• Incentives refined to true customer growth, versus customer or subscription movement between channel partners • Incentives are aligned to new growth delivered by the active partner • Existing partner relationships are better supported during renewal periods • Core incentive eligibility reflects sustained customer value over time
Why this matters	Recognizes partners who invest in long-term customer success

Rich Partner Benefits | Better Customer Value | Sustainable growth

Change of Channel Partner (COCP)

COCP focuses incentives on true growth and new customer value, not partner-to-partner transfers

What is COCP?

Change of Channel Partner (COCP) applies when customer tenant recurring monthly revenue or subscription moves between partners within a solution area. Incentives are intended to reward net-new customer value and growth, not transfers between partners.

What this means for partners

In COCP scenarios, the new partner remains eligible for growth incentives but is ineligible for core rates and strategic accelerators for 12 months.

When COCP does NOT apply

Partner was de-authorized by Microsoft, acquired/merged with another partner, role change within the same organization (e.g., reseller becomes distributor)

Partner is defined at Partner Global Account (PGA) ID

Change of Channel Partner (COCP)

COCP does not apply across the board — it only applies in the specific solution area where a partner change occurred

Motion	Example	Outcome
CSP→CSP	Customer has MW with Partner A, starts getting BizApps from Partner B	Not COCP — different SA, net-new business
CSP→CSP	Customer has Azure with Partner A, Azure moves to Partner B	COCP — same SA, Partner B paid only on growth
CSP→CSP	Same customer, Partner B also picks up MW (no prior MW partner)	Not COCP — MW is net-new
CSP→CSP	Customer has MW + Azure with Partner A, both move to Partner B	COCP — for both SAs
CSP→CSP	Customer has MW with Partner A, new CSP partner picks up Azure, MW Partner is replaced with Partner B	MW = COCP / Azure = Not COCP
EA→CSP	Customer's EA Azure revenue* drops, new CSP partner picks up Azure	COCP — same SA, new partner paid only on growth
EA→CSP	Customer has EA MW revenue*, starts getting BizApps via CSP under Partner B	Not COCP — different SA, net-new
EA→CSP	Customer's EA MW revenue* drops, existing CSP MW partner continues	Not COCP — pre-existing partner, not retroactively impacted
EA→CSP	Customer's EA Azure drops, new CSP partner picks up Azure + MW	Azure = COCP / MW = Not COCP

The key question: Was there an incumbent partner in that solution area that got displaced? If yes → COCP. If no incumbent existed → it's net-new business and fully eligible.
*For EA to CSP partner transfers, COCP applies when EA Monthly Recurring Revenue (MRR) declines significantly and a new CSP partner is introduced.

Detailed examples and FAQ

FAQ – partner eligibility

1. **When do the FY27 CSP incentives go into effect?**
   FY27 CSP incentive term runs July 1, 2026 – June 30, 2027

2. **How are the Solution Partner designations (SPDs) aligned to the CSP incentives?**
   Solutions Partner designation and the partner incentive capability score are specific to the solution area incentive.
   - Microsoft 365 new commerce CSP incentive: Solutions Partner designation for Modern Work or Solutions Partner designation for Security
   - Dynamics 365 new commerce CSP incentive: Solutions Partner designation for Business Applications
   - Azure CSP motion incentive: Solutions Partner designation for Data & AI (Azure), Solutions Partner designation for Digital & App Innovation (Azure), or Solutions Partner designation for Infrastructure (Azure)

3. **How can I check my Solution Partner designation status and capability points?**
   You can view your Solution Partner Designation (SPD) status and capability score in Partner Center:
   - Sign in to https://partner.microsoft.com/dashboard
   - From the left-hand menu, select Membership > Solutions Partner
   - Choose the Solution Area you want to review (e.g., Modern Work, Security, Infrastructure, Data & AI, Business Applications, Digital & App Innovation)
   - You'll see your current capability score (out of 100), broken down by Performance, Skilling, and Customer Success, along with your designation status and renewal date

4. **Can I use PC Insights to check TTM revenue for CSP incentives?**
   At this time, Partner Center Insights should not be used to check your Trailing Twelve Month (TTM) revenue, as the data may not match what's used for incentive eligibility. We're working on a new reporting solution to give you a reliable view of your TTM revenue. More details will be shared soon.

Partner capability scoring examples

1

Scenario 1: Partner has 25 incentive capability points

October 2026 earning period for CSP incentives checks capability points for October (M0) and prior five months May – September (M1-M5). As the partner has 25 or more capability points within eligibility window, the partner is considered eligible for associated solution area incentive.

Solution Area	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Modern Work	M5 25 pts	M4 25 pts	M3 25 pts	M2 25 pts	M1 25 pts	M0 25 pts										

2

Scenario 2: Partner's incentive capability points drop below 25

October 2026 earning period for CSP incentives checks capability points for October (M0) and prior five months May – September (M1-M5). Partner's capability points drop below 25 points for two months. As the partner has 25 or more capability points within eligibility window, the partner is considered eligible for associated solution area incentive.

Solution Area	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Modern Work	M5 25 pts	M4 25 pts	M3 25 pts	M2 25 pts	M1 5 pts	M0 5 pts										

3

Scenario 3: Partner's incentive capability points over multiple earning periods

The partner meets the 25-point minimum for October – January and considered eligible for M365 CSP incentives. In February, 25 points are no longer reached within the eligibility window (February M0 – September M5) and the partner becomes ineligible for February – March. In April, 25 points are reached, making the partner eligible again for M365 CSP incentives.

Solution Area	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Modern Work	M5 25 pts	M4 25 pts	M3 25 pts	M2 25 pts	M1 5 pts	M0 5 pts										
		M5 25 pts	M4 25 pts	M3 25 pts	M2 5 pts	M1 5 pts	M0 5 pts									
			M5 25 pts	M4 25 pts	M3 5 pts	M2 5 pts	M1 5 pts	M0 5 pts								
				M5 25 pts	M4 5 pts	M3 5 pts	M2 5 pts	M1 5 pts	M0 5 pts							
					M5 5 pts	M4 5 pts	M3 5 pts	M2 5 pts	M1 5 pts	M0 5 pts						
						M5 5 pts	M4 5 pts	M3 5 pts	M2 5 pts	M1 5 pts	M0 25 pts					

Partner capability scoring examples

4 **Scenario 4: Partner has 25 incentive capability points for Security designation**

October 2026 earning period for CSP incentives checks capability points for October (M0) and prior five months May – September (M1-M5). As M365 CSP incentives accepts Modern Work or Security Solution Partner designations and the partner's capability points for Security reaches the 25 minimum, the partner is considered eligible for the M365 CSP incentive.

Solution Area	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Modern Work	M5 5 pts	M4 5 pts	M3 10 pts	M2 10 pts	M1 10 pts	M0 10 pts										
Security	M5 25 pts	M4 25 pts	M3 25 pts	M2 25 pts	M1 25 pts	M0 25 pts										

5 **Scenario 5: Solution Partner designation (SPD) is lost**

The partner has an active Business Applications SPD during October 2025 earning period for CSP incentives and therefore eligible for D365 CSP incentives. At the partner's SPD anniversary date, they do not renew. In November, as SPD is no longer active, incentive capability points are checked. As the partner has 25 or more capability points within eligibility window (June – October M5-M1 and November M0), partner is considered eligible for D365 CSP incentives November earnings.

Solution Area	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Business Applications	SPD	SPD	SPD	SPD	SPD	SPD										
		M5 40 pts	M4 40 pts	M3 40 pts	M2 40 pts	M1 40 pts	M0 40 pts									

6 **Scenario 6: Partner has 25 incentive capability points for one of three Azure designations**

October 2026 earning period for CSP incentives checks capability points for October (M0) and prior five months May – September (M1-M5). As Azure CSP incentives accepts any of three Azure Solution Partner designations and the partner's capability points reach a 25 minimum for one of the solution areas, partner is considered eligible for Azure CSP incentives.

Solution Area	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Data & AI	M5 10 pts	M4 10 pts	M3 10 pts	M2 10 pts	M1 10 pts	M0 10 pts										
Digital & App Innovation	M5 20 pts	M4 20 pts	M3 20 pts	M2 20 pts	M1 20 pts	M0 20 pts										
Infrastructure	M5 30 pts	M4 30 pts	M3 30 pts	M2 30 pts	M1 30 pts	M0 30 pts										

FAQ – growth accelerator

1. **How is the last year's baseline defined to determine if there's YoY revenue growth?**
CSP incentive growth is defined as any year-over-year (YoY) increase in monthly billing at the individual customer tenant, calculated independently within each Solution Area or SA (i.e. separately for Modern Work & Security, Business Applications and Azure). For example, for Azure baseline for March 2027 would be the Tenant ACR in March 2026.

2. **What products are eligible for the growth accelerator?**
Eligibility depends on the solution area. Microsoft 365 (Modern Work and Security) includes strategic products in Tier 1 and Tier 2, and Windows 365. Dynamics 365 (Business Applications) includes strategic products in Tier 1 and Tier 2, and D365 Sales and D365 Customer Insights. The full list can be found in the CSP Product Addendum. All Azure workloads are eligible, with rates varying by tier. Eligible Azure workloads are available in the incentive guide.

3. **If the customer had prior EA revenue, will that be included in the growth calculation?**
Yes, as growth is assessed at the customer tenant, all revenue for that specific solution area will be considered in the YoY calculation. (See growth example E)

4. **As M365 and D365 growth accelerators are based on strategic products, does that mean the baseline is also based on strategic products?**
Growth is based first and foremost on all-up revenue growth, for Modern Work & Security only the contribution of strategic products to that increase in tenant revenue are considered. (See growth example D). Same rule would apply for Businesss Applications, earning under the D365 growth accelerator.

5. **How is growth determined when there are multiple partners associated to subscriptions within the customer tenant?**
All customer tenant revenue will be considered for prior year's baseline regardless of partner associated. The incremental growth earnings will be allocated based on partner association to subscriptions and total revenue growth. If revenue for subscriptions associated to another partner decreases, that will impact the YoY incremental revenue and hence growth accelerator earnings. (See growth example G).

6. **What if the revenue is billed annually or prepaid on 3-year SKUs?**
For per-seat licensing, each billing transaction is converted into an equivalent monthly billing amount if billing is pre-paid. For example, a $120 pre-paid 1-year subscription, billed up front in February, will be considered as $10 of monthly billing (or MRR) for 12 months, starting from February. This ensures that YOY growth is accurately measured and accounts for customer changes in billing frequency or multiple billing frequencies within the Tenant. For partial monthly billing, MRR is calculated on a basis of 30.42 days per month. Similarly, incremental prorated seat purchases will increase the MRR for the duration of the subscription terms. (See growth example H). Growth is eligible on year one of a 3-year SKU.

7. **If the customer tenant has both an active EA and CSP subscriptions, how does this impact growth?**
We will calculate overall tenant growth (inclusive of EA and CSP billings), so in case of EA declining at the same time as CSP is growing, that decline will offset CSP growth. (See Example X).

8. **If there was a different partner associated last year, will we still earn on the growth?**
If the customer tenant has incremental YoY revenue, the new partner can earn on the incremental revenue through the growth accelerator.

FAQ – growth accelerator

9 **If my customer has Modern Work (AI Workforce) and adding Business Applications (AI Business Process), with the Modern Work revenue be considered in the growth calculation?**
As the YoY billed revenue is based on Solution Area, the Modern Work revenue will not impact the Business Applications growth assessment.

10 **How is growth assessed for Azure workloads when there are different growth accelerators?**
Growth is measured at the customer tenant level, based on total Azure consumed revenue (ACR), not by individual workload or tier. This means growth in one workload may be influenced by performance across other workloads within the same tenant. Once tenant-level growth is established, the incremental ACR above the prior-year baseline is attributed to the specific workloads driving that growth, and the corresponding Tier 1, Tier 2, or Tier 3 Growth Accelerator rate is applied based on the workload category.

12 **How are incentives calculated and paid if a deal moves from Annual / Annual to Annual / Monthly?**
CSP incentives are calculated based on billed revenue.

- For Core and Strategic Accelerators:
    - If a partner is billed monthly, incentives are earned and paid monthly.
    - If billed annually, incentives are earned and paid annually at the time of billing.
- For the Growth Accelerator:
    - Growth is assessed monthly using Monthly Recurring Revenue (MRR).
    - If growth is detected, the incentive is calculated based on the actual billed revenue.

13 **If there is a difference in unit prices between monthly and annual payments, will it factor into the growth calculation formula?**
If there is a price difference resulting in incremental YoY revenue, that incremental revenue would be eligible for the growth accelerator.

14 **Given that the CSP growth incentive is calculated at customer tenant level, is there a place in Partner Center for partners to view the customer tenant level ACR?**
Reporting will be available to show revenue split by growth and baseline, monthly by tenant and available in January. Existing tenant/ACR reporting is available on MS Learn.

Growth accelerator examples

A **Modern Work and Security incremental YoY revenue of strategic products within an existing CSP tenant**

Customer increases YoY CSP M365 E5 billed revenue. Partner earns the core and strategic accelerator based on the monthly $2,000 M365 E5 billed revenue and the growth accelerator based on the $1,000 YoY incremental billed revenue.

Year	Motion	Customer Tenant	Product	Month 1	Month 13
Year 1	CSP	123	M365 E5	$1,000	
Year 2	CSP	123	M365 E5		$2,000
Customer tenant billed revenue for growth accelerator					$1,000

B **Modern Work and Security flat YoY revenue of strategic products within an existing CSP tenant**

Customer YoY CSP E5 billed revenue remains flat. Partner earns the core and strategic accelerator based on the monthly $1,000 M365 E5 billed revenue and no growth accelerator as no YoY incremental billed revenue.

Year	Motion	Customer Tenant	Product	Month 1	Month 13
Year 1	CSP	123	M365 E5	$1,000	
Year 2	CSP	123	M365 E5		$1,000
Customer tenant billed revenue for growth accelerator					$-

C **Modern Work and Security incremental YoY revenue of nonstrategic products within an existing CSP tenant**

Customer increases YoY CSP O365 billed revenue. Partner earns the core based on the monthly $2,000 O365 billed revenue. There's no strategic or growth accelerator earnings as billed revenue is not from a strategic product.

Year	Motion	Customer Tenant	Product	Month 1	Month 13
Year 1	CSP	123	O365	$1,000	
Year 2	CSP	123	O365		$2,000
Customer tenant billed revenue for growth accelerator					$-

Growth accelerator examples

D **Modern Work and Security incremental YoY revenue of an existing tenant that starts billing in CSP where tenant was purchasing in EA.**
Customer transitions M365 E5 from EA to CSP and increases billed revenue. Partner earns the core and strategic accelerator based on the monthly $2,000 E5 billed revenue and the growth accelerator based on the $1,000 YoY incremental E5 billed revenue. All Modern Work and Security products in the tenant are considered for baseline and will be considered in the YoY calculation.

Year	Motion	Customer Tenant	Product	M1	M13
Year 1	EA	123	Any MW or SCI	$1,000	
Year 2	CSP	123	M365 E5		$2,000
Customer tenant billed revenue for growth accelerator					$1,000

E **Modern Work and Security incremental YoY revenue of a CSP tenant purchasing Modern Work and Security from Microsoft for the first time.**
Customer purchases Modern Work and Security product in CSP for the first time, resulting in M365 E5 billed revenue. Partner earns the core and strategic accelerator based on the monthly $2,000 M365 E5 billed revenue and the growth accelerator based on the $2,000 YoY incremental M365 E5 billed revenue.

Year	Motion	Customer Tenant	Product	M1	M13
Year 1	N/A	N/A	N/A	$-	
Year 2	CSP	123	M365 E5		$2,000
Customer tenant billed revenue for growth accelerator					$2,000

F **Business Applications customer switched all subscriptions from Partner A to Partner B.**
Customer increases YoY CSP Business Applications billed revenue when moved to Partner B. Partner B does not earn on core or strategic accelerator based on the monthly $2,000 Business Central revenue as it's a change of channel partner (COCP). Partner B does earn on the growth accelerator on the $1,000 YoY incremental Business Central revenue.

Year	Motion	Partner	Customer Tenant	Product	M1	M13
Year 1	CSP	A	123	Business Central	$1,000	
Year 2	CSP	B	123	Business Central		$2,000
Customer tenant billed revenue for growth accelerator						$1,000

Growth accelerator examples

G **Business Applications customer increases seats for subscriptions associated to Partner A and decreases seats for subscriptions associated to Partner B.**
Customer increases YoY CSP Business Applications billed revenue due to Partner A subscriptions adding Business Central seats. As Business Applications subscriptions associated to Partner B decreased, the all up customer tenant growth is impacted. Year 1 baseline is $1,500 across the customer tenant for Business Applications. Year 2 increases to $2,500 in customer billed revenue, resulting in YoY incremental revenue of $1,000. This $1,000 will be allocated based on partner driving the growth.

Year	Motion	Partner	Customer Tenant	Product	M1	M13
Year 1	CSP	A	123	Business Central	$1,000	
	CSP	B	123	PowerBI	$500	
Year 2	CSP	A	123	Business Central		$500
	CSP	B	123	PowerBI		$2,000
Customer tenant billed revenue for growth accelerator, **Paid to Partner B**						$1,000

H **Business Applications customer increases seats for subscriptions associated to Partner A and subscriptions associated to Partner B.**
Customer increases YoY CSP Business Applications billed revenue due to Partner A subscriptions adding Business Central seats and Partner B adding PowerBI seats. As Business Applications all up customer tenant growth is impacted.

Year	Motion	Partner	Customer Tenant	Product	M1	M13
Year 1	CSP	A	123	Business Central	$1,000	
	CSP	B	123	PowerBI	$500	
Year 2	CSP	A	123	Business Central		$1,200
	CSP	B	123	PowerBI		$1,000
Customer tenant billed revenue for growth accelerator						$700
Partner A – Allocation						$200
Partner B – Allocation						$500

Growth accelerator examples

I **Business Applications customer transitions from monthly to annual pre-paid SKU.**

Customer purchases CSP Business Central pre-paid SKU with additional seats where last year it was a monthly SKU. To accurately assess YoY billed revenue, the pre-paid SKU is converted into an equivalent monthly billing amount (MRR) resulting in the $1,500 pre-paid amount to become $125 monthly revenue. Partner earns the core and strategic accelerator for billed month based on the original pre-paid $1,500 revenue. The growth accelerator assesses the new $125 monthly revenue against prior $120 monthly revenue and identifies $5 incremental revenue. The growth accelerator will calculate using the $5 MRR * 12 months to earn one time on the $60 YoY incremental revenue.

Year	Motion	Customer Tenant	Product	M1 (Monthly)	M13 (1Y Prepaid)
Year 1	CSP	123	Business Central	$120	
Year 2	CSP	123	Business Central		$1,500 ($125 MRR)
Customer tenant billed revenue for growth accelerator					$60 ($5 MRR)

J **Business Applications customer transitions from pre-paid to monthly SKU.**

Customer purchases CSP Business Central monthly SKU with additional seats where last year it was a 1Y pre-paid SKU. To accurately assess YoY billed revenue, the pre-paid SKU is converted into an equivalent monthly billing amount (MRR) resulting in the $1,500 pre-paid amount to become $125 monthly revenue. Partner earns the core and strategic accelerator for monthly billed revenue on the $125. The growth accelerator assesses the new $125 monthly revenue against prior $120 monthly recurring revenue and identifies $5 incremental revenue. The growth accelerator will calculate monthly using the $5 YoY incremental revenue.

Year	Motion	Customer Tenant	Product	M1 (1Y Prepaid)	M13 (Monthly)
Year 1	CSP	123	Business Central	$1,200 ($100 MRR)	
Year 2	CSP	123	Business Central		$125
Customer tenant billed revenue for growth accelerator					$25

FAQ – change of channel partner

1. **What is change of channel partner (COCP)?**
   A Change of Channel Partner (COCP) is identified when there is a change in the CSP partner associated with a customer tenant and solution area. Any change to the current CSP partner(s) including replacement, addition, or removal — results in the new partner(s) being treated as COCP.

2. **How are CSP incentives impacted by COCP?**
   Partners identified under a Change of Channel Partner (COCP) event are not eligible to earn Core Rate or Strategic Accelerator incentives for 12 months from the date the COCP is identified.

3. **Why are COCP scenarios ineligible for core and strategic accelerator incentives?**
   FY27 incentives are being refined to reward true customer growth, new customers, new seats, new workloads to the ecosystem, rather than subscription movement between partners. Existing partner relationships are better supported during renewal periods, with core incentive eligibility reflecting sustained customer value over time.

4. **If my authorization changes (i.e. direct bill to indirect reseller), will it be considered COCP?**
   COCP does not apply when a partner retains the same PGA and changes authorization type.

5. **As an indirect reseller, if I change distributors, will it be considered COCP?**
   Yes. A change to the distributor in your CSP partner arrangement is treated as COCP for the new partner combination, even though you (the reseller) have not changed.

6. **What if my distributor or indirect reseller is deauthorized?**
   COCP does not apply when a partner is deauthorized by Microsoft and replaced as part of a Microsoft directed authorization transition.

7. **If my Modern Work customer tenant purchases Azure with a different partner, will it be considered COCP?**
   A Change of Channel Partner (COCP) is identified when there is a change in the CSP partner associated with a customer tenant and incentive solution area. For CSP incentives purposes, solution areas are defined as Microsoft 365 (Modern Work and Security), Dynamics 365 (Business Applications), and Azure (Azure).

8. **If my Modern Work customer tenant purchases additional Modern Work subscriptions from another partner, will it impact my existing Modern Work subscriptions?**
   No. Your existing Modern Work subscriptions are not impacted as long as the customer remains associated with you for those subscriptions. COCP only applies to the subscriptions that transition to a different partner.

9. **What if my Partner Location ID associated to the customer subscription changes?**
   COCP determination is based on changes to the CSP partner's Partner Global Account (PGA) ID associated with a customer tenant. Changes to Partner Location Account (PLA) IDs within the same PGA ID hierarchy are not considered COCP events.

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