Microsoft Eliminates EA Price Levels: What It Means for Your Renewals and How to Prepare

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Microsoft is making one of its most consequential licensing changes in decades. Starting **November 1, 2025**, the company will eliminate volume-based price levels (A–D) for Online Services under its Enterprise Agreement (EA) and related licensing programs. This shift will flatten pricing across all customers, regardless of size, and could significantly impact renewal costs and negotiation dynamics.

What's Changing?

For years, Microsoft's EA pricing tiers rewarded larger organizations with automatic discounts:

- **Level B**: ~6% off list
- **Level C**: ~9% off
- **Level D**: ~12% off

These discounts will disappear. All customers will now pay the **Level A price**, which matches the public Microsoft.com list price, for Online Services like:

- Microsoft 365
- Dynamics 365
- Azure
- Windows 365
- Security, Compliance, and Identity offerings

NOTE: On-premises software and U.S. Government/Education customers are excluded from this change.

Who's Most Affected?

Customer Type	Impact Level	Why It Matters
Large enterprises (15,000+ seats)	🔴 High	Loss of automatic discounts could mean millions in added costs at renewal.
Mid-market (2,400–14,999 seats)	🟠 Moderate	EA may no longer be the most cost-effective model.
Small orgs (< 2,400 seats)	🟢 Low	Already defaulted to Level A pricing since 2018.

Strategic Implications

Microsoft is shifting from volume-based pricing to value-based negotiation. Discounts will now hinge on:

- Strategic product adoption (e.g., Copilot, Fabric, E5)
- Long-term spend commitments
- Platform loyalty (Azure MACC, Unified Support)

This aligns with broader industry trends toward transparent, standardized cloud pricing, similar to AWS and Google Cloud.

What You Should Do Now

Here's a five-point action plan to prepare:

1. **Audit Your Licensing Portfolio**
   - Identify Online Services not currently on your Customer Price Sheet.
   - Add them before October 31, 2025 to retain legacy discounts.
2. **Model the Financial Impact**
   - Use internal tools or partner calculators to estimate post-November costs.
   - Example: A Level D customer with 25,000 M365 E3 seats could see a $2M+ annual increase.
3. **Engage Microsoft Early**
   - Start executive-level conversations now.
   - Signal how pricing changes may affect future investments (e.g., Copilot, Azure workloads).
4. **Explore Alternative Agreement Models**
   - Consider Cloud Solution Provider (CSP) or Microsoft Customer Agreement (MCA).
   - CSP may offer more flexible terms and partner-added value.
5. **Negotiate Strategically**
   - While base prices are fixed, custom discounts tied to strategic commitments are still possible.
   - Focus on total value, not just seat count.

Final Thoughts

This isn’t just a pricing update, it’s a paradigm shift in how Microsoft engages with its largest customers. The EA model is evolving, and organizations must adapt quickly to avoid budget shocks and missed opportunities.

Whether you're a CIO, procurement lead, or licensing strategist, now is the time to:

- Reassess your renewal roadmap
- Revisit your Microsoft relationship
- Reimagine your licensing strategy for a post-volume-discount world