![Microsoft]

The Direct Bill Enrollment Requirements Update for Cloud Solution Provider Partners
Frequently asked questions

September 2020

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Section 1: Overview

Direct Bill Requirements Summary

Q: What's new with the direct bill requirements?

Digital transformation is rapidly changing how organizations create value. Customers continue to move to the cloud and accelerate their digital transformation, creating new opportunities for Microsoft and partners to co-develop and co-deliver solutions. Customers are asking Microsoft to help them connect with the best partners and to help them find, try, and buy the apps and services that best meet their needs as they continue moving to the cloud. Partners play a critical role in delivering real value to customers.

In August 2018, we updated the direct bill requirements to include paid partner support plan as a requirement in 2018. At the same time, we announced that performance targets would be considered as a key success component in the future – partners have been asking us to provide more transparency and details on these performance criteria.

We are introducing a performance standard as part of the direct bill enrollment requirements. Partners who want to enroll as a direct bill partner in the Cloud Solution Provider program must meet at least USD$300K in CSP revenue during the preceding twelve months.

For existing partners currently enrolled in the Cloud Solution Provider program as direct bill, this performance standard will go into effect starting **January 2021**. These partners will have time to meet the requirements until their partner support plan renewal date. If they are not able to or prefer not to meet the updated direct bill enrollment requirements, they will need to re-enroll as a CSP reseller and transition their existing business to the CSP Indirect model.

New partners enrolling in the Cloud Solution Provider program will begin as an indirect reseller effective **October 2020**.

Q: Why is Microsoft continuously updating the direct bill enrollment requirements for the Cloud Solution Provider program?

We are constantly evaluating and updating requirements to ensure the program and our partners are positioned to address the growing customer demand for cloud solutions. Aligning the Cloud Solution Provider program to meet the needs of customers – particularly around cloud consumption, enablement, value-add services, and support – can create more targeted opportunities for partners to unlock the digital transformation opportunity for customers. At the same time, our network of CSP indirect providers worldwide are also investing in platform, services, and support solutions to enable partners that want to join the Cloud Solution Provider program as a CSP indirect reseller.

Q: What are the new CSP direct bill enrollment requirements?

The framework for the CSP direct bill requirements stays the same. We are adding a performance measurement, defining a clear revenue threshold for partners that wish to join the Cloud Solution Provider program as direct bill partner. The updated set of direct bill enrollment requirements will go into effect starting October 2020.

Q: What will happen starting October 2020?

Any net new partners enrolling in the Cloud Solution Provider program will begin as an indirect reseller.

Q: What will happen starting January 2021?
Partners currently enrolled as a direct bill partner will need to have transacted at least USD$300k in CSP at a Partner Global Account level, over the previous 12 months and have an active partner paid support plan to fulfill the new CSP direct bill requirements.

Partners will need to meet the new **performance requirement** by the anniversary date of their paid support plan. Partners will need to **purchase a support plan and onboard your direct bill tenants onto a qualifying plan.**

For this requirement you can choose from two paid options, based on your needs:

- [Microsoft Advanced Support for Partners](#) helps you grow your cloud business at an economical, fixed price point. Partner with Microsoft to get prioritized, managed escalation support, pooled account management and actionable cloud enablement services for you and your customers.

- [Microsoft Premier Support for Partners](#) provides the most comprehensive support across the entire Microsoft platform. Unlock the next business opportunity by embedding Microsoft proactive services into your offerings, benefit from a designated account manager, and get the highest queue priority with critical situation support.

Additionally, partners are recommended to **demonstrate key capabilities:**

- Provide at least one managed service, IP service, or customer solution application
- Enable customer billing and provisioning infrastructure

Q: What's the timeline for the new performance requirement?

Starting October 2020, new CSP direct bill partners will need to meet the requirement of more than USD$300k trailing 12 months of cloud solutions revenue criteria.

Existing direct bill partners need to meet the new performance criteria by January 2021. These partners will have time to prepare to meet the requirements until their partner support plan (ASFP/PSFP plan) renew (anniversary) date, if they want to stay as a direct bill partner. If partners have more than one support plan within their organization, the later anniversary date will be considered as the effective date. Partner's performance will be reviewed annually at the time of partner support plan agreement anniversary date.

Q: As a direct bill partner. how long do I have after January 2021 to meet requirements? Should I move my customers now?

A: You will need to meet the new direct bill requirements by the anniversary date of your paid partner support plan (ASFP/PSFP) associated to your CSP account. . If you are not able to or prefer not to meet the updated direct bill enrollment requirements, you will need to re-enroll as a CSP reseller and [transition your existing business to the CSP indirect model](#).

Q: As a direct bill partner, I find that the performance threshold is too high. Can you lower the threshold?

A: No, in order to remain a Direct Bill partner, you must maintain the minimum requirement of USD $300K revenue trailing twelve months. There is no opportunity to reduce this threshold.

To grow your business and increase your profitability, Microsoft has been encouraging partners to focus more on differentiated value-added services, custom IP, and practices that build on complex and premium workloads; versus relying on undifferentiated resale of Microsoft cloud products for resale margins. In a

highly competitive cloud-first world, reliance on resale margins may be insufficient for long-term profitability.

Section 2: How to prepare

Q: How can I check my status of meeting the requirements? How can I check the latest 12 months CSP revenue?

A: The trailing twelve-month CSP revenue is now available for viewing in Partner Center. The revenue is displayed in US dollars at a Partner Global Account level. It is refreshed on the 8th day of every month to display the trailing twelve-month revenue up to the prior month. Learn more about this feature here.

Q: My company is part of an affiliated organization. How do I know and check my latest 12 months CSP revenue?

A: In order for eligibility for Direct Bill CSP to be measured against an affiliate or parent organization the affiliate needs to be all part of the same MPN organizational hierarchy as the parent partner. If you are an affiliate with a single location, you will need to change your MPN ID associated to your CSP tenant to be part of the parent organization in order to have revenue counted toward the parent organization.

Q: Since I am not going to make the revenue threshold, I'd like to transition to indirect reseller early. What are my options with my support plan ?

A: You can continue to utilize many benefits of your support plan as an indirect reseller. If you determine the support plan no longer meets your needs, you can choose not to renew your support plan at the contract expiration date.

Section 3: Transition to a CSP reseller

Q: What's the guidance for those existing partners with direct bill CSP status?

A: If these requirements do not align with your business strategy, please consider continuing to work through Microsoft's indirect providers as an indirect reseller. Partners should work with an indirect provider who offers infrastructure, support, and services. Learn more about how you can transition from a Cloud Solution Provider direct bill partner to CSP indirect reseller.

Q: I am currently participating in the Cloud Solution Provider program in the direct bill option. Do I have to wait until my Partner Support Plan renew date to transition to the CSP reseller option?

A: If you decide that being a CSP reseller is better aligned to your business model, you can find an indirect provider and transition to an indirect reseller at any time before the anniversary date.

Q: Does the indirect provider take over billing for the new customers added under my indirect reseller business?

A: Unless you specifically ask the indirect provider to take over the end-customer billing responsibility, you will continue to be responsible for billing your end-customers. Some indirect providers can provide billing services to customers on your behalf (this service might come at an additional cost). Also, indirect providers might provide a better CSP price for resellers that take the ownership of billing their end-customers. We encourage you to discuss this option with your indirect provider.

Q: How can I be sure that the indirect provider that I choose to work with can support me and my customers better than what I have in place today?

A: Microsoft has built a global network of qualified indirect providers who have invested heavily in their business to help partners be successful in the CSP Program. We recommend you interview those in your market and find the best partner for your business success. Indirect providers can support you with a variety of solutions (that might be offered at an extra cost or as part of their basic offerings):

- **Support** – indirect providers offer helpdesk support to your customers on your behalf.
- **Commerce Portal** – Some enable you to use their commerce portal, so you can take customer orders with minimal involvement by the indirect provider.
- **Bring together ISV solutions** – many indirect providers often aggregate hardware and software to enable you to create a complete solution.
- **Business services & guidance** – some indirect providers will help their resellers to transform their business by offering complementary services and guidance on how to grow revenue.
- **Financial solutions** – some indirect providers provide value added financial solutions that may be more suitable to you when compared to traditional financing instruments.

Q. How can I get assistance with making the transition from direct bill to CSP reseller?

A: Review the information on the [Microsoft partner website](#). If you still need assistance, you can open a support ticket in Partner Center.