

# **Navigating Microsoft Dynamics Changes in 2024 for Sustained Profitability**

# Introduction

Microsoft is advancing its “Modernization” initiative, launched in 2023, to recalibrate Dynamics on-premise pricing structures. This strategic adjustment aims to make on-premise solutions less economically attractive than cloud-based alternatives, accelerating the transition to cloud services.

Companial, as Microsoft’s Indirect CSP Provider and Official SMB ERP Distributor, stands uniquely positioned in the market. Our singular focus on Microsoft Business Applications allows us to offer comprehensive support for Dynamics on-premise and cloud licensing. We provide end-to-end support for our partners’ Dynamics business, encompassing licensing, readiness, business acceleration, and technical services.

This whitepaper is crafted to assist partners in navigating the evolving landscape. It explains Microsoft’s “Modernization” initiative, outlines the expected changes in 2024, and provides practical advice to manage these transitions effectively. Through this document, partners can gain insights into strategic adjustments and leverage them for successful adaptation and growth.

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# Upcoming Changes - October & December 2024

## DPL Licensing Pricing Increase and Margin Adjustments

Microsoft is adjusting the Dynamics Price List (DPL) for the second consecutive year to align with evolving market needs. Partners should be aware of the following key changes, which will take effect on October, 2024.\*

### October 2024 Changes for the Customers

#### Enhancement and Advantage Plans

Annual rates for Enhancement Plans (EP, also known as Business Ready Enhancement Plan or BREP) and Advantage Plans (AP) for Dynamics on-premises products will increase by 1 percentage point. This adjustment applies to both renewals and new sales.

#### Dynamics On-Premises Base Prices Adjustments include regional conversion factors:

- Business Central/NAV Subscription: Estimated increase of 12%.
- Business Central Perpetual: 7% increase.
- Perpetual NAV: 19% increase.
- Perpetual Dynamics 365 Operations: 27% increase.

**Note:** These are just examples from the pricing table for the Eurozone. Actual prices may vary depending on your region and specific circumstances.

#### On-Azure Discounts:

The discount for Dynamics GP subscriptions, Dynamics NAV subscriptions, and Business Central on-premises customers will be reduced from 10% to 5%. This change is specific to preexisting customers.

#### SaaS Price Increase

Microsoft has announced a price increase for its Dynamics 365 suite, affecting the USD base price for the first time in five years. Notably, the increase will be 16.7% for some products like Finance and Supply Chain Management (F&SCM). The price adjustments will affect a wide range of Dynamics 365 products.

### December 2024 Changes to the Partner Discounts

#### Perpetual License Discounts:

The maximum discount available for perpetual licenses will decrease from up to 40% to up to 35%. Additionally, the threshold requirements to qualify for this discount will increase by €225K in trailing twelve-month (TTM) turnover.

#### EP (Enhancement Plan) Discounts:

The discount structure for EP will also undergo changes, with revised thresholds and criteria for qualification.

## RECOMMENDATION:

To mitigate the impact of upcoming pricing changes in Dynamics 365 effective October 2024, take the following steps:

Secure your BREP/EP orders before October to maintain current support terms. Finalize new or additional on-premise license sales to lock in current discount conditions. Additionally, consult with Compañial experts to explore tailored opportunities for maximizing margins.

\*Disclaimer: For full details and the official announcement, please refer [here](#) or [contact](#) Compañial for further information.

# Strategic Initiatives for Cloud Transition and Margin Optimization

The move from on-premises to cloud-based services like Dynamics 365 is a major shift. Partners need to manage customer expectations and adapt their sales strategies accordingly. There's often resistance from customers accustomed to on-prem solutions due to concerns about data security, internet dependency, and operational changes.

Embrace this pivotal moment to assess your current Dynamics 365 practice and explore new avenues for enhancing your operations. With Compañial's support, enhance your competitive edge in today's fast-evolving market. Stay informed, stay ahead, and let's navigate the future of Microsoft Dynamics 365 together.

1. Support customer Cloud First Strategy execution with Bridge to the Cloud 2

2. Secure Customers and your Margins with Non-Cloud Customers

3. Strategic Cloud Advancement Post-October – secure your Partner Solution Designation

## 1. Support customer Cloud First Strategy execution with Bridge to the Cloud 2

Microsoft's strategic commitment to cloud technology is undeniable, urging all customers and partners to embrace this transformation.

A "Cloud First Strategy" approach adopted by end-customer organizations prioritize the use of cloud computing services and opens for the integration of AI into everyday business processes to not just about stay ahead in a competitive market but redefine what's possible in the workplace.

Serving Cloud solutions will help partners leverage Microsoft incentives and cloud promotions to double their margins.

### **The Bridge to Cloud 2 Promotion is a natural transition to the cloud!**

Are you ready to take your Dynamics on-premises customers to the cloud? Microsoft "Bridge to the Cloud 2" promotion, help Dynamics Price List (DPL) customers smoothly transition to Dynamics 365 online

Considering the continuous increase in DPL pricing and the diminishing margins on traditional licensing models, now is the ideal time to shift focus toward the cloud.

Did you know that partners engaging in the Bridge to Cloud 2 Promotion earn more than double the margin compared to standard BREP/EP renewals? This significant margin increase is a compelling reason to accelerate your transition. Fortunately, the BTTC2 promotion is valid until 2024, giving you ample time to enhance your strategy.

### **RECOMMENDATION:**

Maximize Your Customers' Savings with Microsoft Bridge to the Cloud 2 Promotion. Do your customers on outdated Dynamics business applications complain of poor user experience, or feel frustrated and dissatisfied? Would you like to serve customers better, and upgrade them from Dynamics on-premises products to Dynamics 365 online? Look no further, as Dynamics 365 on-premises commercial customers can receive a 40% discount during a 3-year term when migrating to most Dynamics 365 online products licensed through the new commerce experience (NCE) subscription.

For the Bridge to Cloud 2 Promotion details click below.

[Learn more](#)



### **Why Act Now?**

With rising prices, shrinking discounts, and tighter margins, both direct and through incentives, most resellers will find it increasingly difficult to deliver the same value for customer investments. This shift is likely to result in longer sales cycles and fewer projects. The next 4-6 months are critical for Business Applications partners. This period will be decisive, particularly for those who need to adapt to remain competitive in the long term.

### **Bridge The Gap: The Benefits of Pro-Cloud Microsoft Partnership**

Partners who have embraced a pro-cloud model not only enjoy a more sustainable business model with steady recurring revenue, but they typically earn significantly more than those just beginning their cloud transformation. This advantage is growing as pro-cloud partners are better positioned to utilize Microsoft benefits, creating a noticeable competitive gap against those slower to align with Microsoft's cloud strategy.

## 2. Secure Customers and your Margins with Non-Cloud Customers

How to ensure end-customer satisfaction when your existing customers hesitate to use the Bridge to Cloud 2 Migration Promo. The upcoming changes to BREP/EP pricing and discount rules will increase end-customer costs and decrease partner margins by 5-10%.

## 3. Strategic Cloud Advancement Post-October – secure your Partner Solution Designation

Stay competitive by keeping pace with industry advancements and leveraging cloud benefits.

Are you prepared to secure Microsoft CSP New Commerce incentives amounting to 34.75%? Partners with a Partner Solution Designation can access substantial Microsoft support for pre and post-sales activities, potentially earning \$50,000 or more for end customer demand generation activities or more for end customer demand generation activities, depending on region, deal size, and other specific factors.

The Microsoft AI Cloud Partner Program gives Microsoft Partners the tools to create and market innovative Microsoft Cloud and AI solutions. Partners across business models and growth stages can drive profitability through product benefits, technical consultations, and skilling pathways. After meeting specific performance, skilling, and customer success criteria, partners qualify for opportunities to differentiate their businesses and gain more benefits with Microsoft Solutions Partner Designations. For details on the Microsoft AI Cloud Partner Program and Partner Solution Designation, check below

[Learn more](#) 

### Why Partner Solution Designation Matters?

First, partners holding Partner Solution Designation can offer end customers more significant benefits and cost-effective migration options. More crucially, as we move past October, traditional competencies may no longer meet the criteria for incentive eligibility, potentially impacting up to 34.75% of your CSP margin as a reseller.

### RECOMMENDATION:

Verify your Partner Solution Designation status. Understand the existing gaps and develop a strategic plan. There's no better time to meet these requirements now, starting with internal certifications and utilizing the Bridge to Cloud 2 promotion to swiftly transition on-premise customers to the cloud.

# Strategies for Partner's Business Adaptation to Cloud

## Stay Up-to-Date and Informed

It's challenging for a Microsoft reseller to keep track of the market, your customers, your prospects, the Dynamics Partner network, and news coming from Microsoft.

### How does Companial help?

Partners use the Companial community to stay informed, benchmark with other Partners, and learn and develop on both the product and commercial level. Get the best information about Microsoft Business Applications changes, with Partner and customer perspectives, through the Companial Community. Sign up for updates on Microsoft Business Applications.

[Sign up](#) 

## Invest in Technology

Microsoft recently introduced Dynamics 365 Copilot, the world's first AI copilot integrated into customer relationship management (CRM) and enterprise resource planning (ERP) applications in the cloud, that is designed to augment workflows, uncover insights, identify the next best actions, and reduce time spent on administrative tasks. Businesses relying on on-premises applications will struggle to compete with peers embracing AI-powered technologies in the cloud.

### How does Companial help?

Being a certified Microsoft AIM Modernization Center, we offer organizations a tailored path to move critical processes to the cloud with confidence through access to a dedicated team of migration advisors, expert assessments, investment offers, tools, and migration support.

[Learn more](#) 

## Expand your customer base

Recruit new customers, a vital source of growth, revenue, long-term viability, and success in a dynamic and competitive marketplace. In the Microsoft Business Applications area, having a cloud offer that includes your own solution, structured customer acquisition, and onboarding usually does the trick.

### How does Companial help?

Expertise and experience come with deep focus, and that is why Microsoft Business Applications, Dynamics 365, and Power Platform are at the heart of what we at Companial do. As a result, it's safe to say that we are the best option among Microsoft CSP Indirect Providers (Distributors) for all the Dynamics and Power Platform resellers out there.

[Learn more](#) 

Online Business Applications solutions have to keep up with Microsoft's release cycle. While updates happen automatically, there can be incompatibilities with new releases. To address these incompatibilities, we offer an extension maintenance service, which ensures customization compatibility with all upcoming Business Central versions for a fixed monthly fee.

[Learn more](#) 

## Protect your Current Customers

Retaining existing customers is not only cost-effective but also essential for maintaining a stable and profitable business. These customers provide a foundation for steady revenue, growth, and brand reputation, while also offering valuable feedback and opportunities for upselling and cross-selling. Vendors who fail to address these concerns may risk losing customers to competitors offering more up-to-date and competitive solutions.

As a Microsoft Partner, offering Dynamics cloud solutions to customers can provide numerous benefits for your business. By guiding customers through the migration process, you can secure your customer relationships and open up new opportunities for modern services such as proactive and managed services. By transforming license revenue from on-premises to cloud revenue through the Microsoft Cloud Solution Provider Program (CSP) and new commerce experience (NCE), you can increase your Microsoft channel margins and incentives.

### How does Companial help?

Companial possesses unique expertise, and for over a decade, has been helping Partners migrate business applications of different complexities. We offer interim solutions for even the most unusual situations, such as a business not being able to upgrade to SaaS yet, a solution not being SaaS ready, requirements for deeper access to servers or databases, integrations, or VPN, etc.

- Support at any phase of Dynamics solution migration: evaluate migration scenarios, take over execution of technical migration tasks, or help with tooling for [Business Central](#), [Finance and Supply Chain Management](#), or [Sales and Marketing](#).
- Companial Upgrade Analyzer helps to explore the optimal upgrade path for the Dynamics NAV/365 Business Central solution. With precision and simplicity it makes navigating the complexities of cloud upgrades much easier, tailored to your unique needs, and for free. [Try Companial Upgrade Analyzer today!](#)
- [Host Business Central on Azure](#) as a step closer to the cloud.

## Take care of Talent

Microsoft Dynamics business growth, like any other professional services business, relies heavily on talent, their knowledge, skill development, and engagement. We need enough consultants and developers to achieve growth.

### How does Companial help?

Companial [Business Central Learning Journeys](#) can help you empower your workforce with the necessary skills and knowledge to drive innovation and productivity in your Dynamics 365 business.

## Let's Connect!

As we approach the implementation of the new Dynamics 365 pricing on October 1, 2024, we recognize that change often prompts questions and strategic re-evaluations. At Companial, we are committed to ensuring your transition to the updated pricing model is as seamless as possible. Our team of experts stands ready to assist you every step of the way, providing guidance, help you understand the implications for your business, and ensuring that you continue to derive maximum value from your Dynamics 365 investment.

As the new Dynamics 365 pricing takes effect October, 2024, many partners will need guidance navigating these changes. At Companial, we're dedicated to making your transition smooth and successful. Our experts are here to provide the necessary insights and strategies to optimize your Dynamics 365 usage and ensure you remain competitive.

Contact Companial today for tailored advice and strategies that align with your business goals and market dynamics.

Embrace this evolution as an opportunity to review your current Dynamics 365 utilization and to explore innovative avenues for optimizing your operations. With Companial's support, you can not only maintain but also enhance your competitive edge in today's dynamic marketplace.

Stay current, stay informed, and let us navigate the future of Microsoft Dynamics 365 together.

**Contact Companial - We're ready to assist with personalized advice and strategies.**

[LET'S TALK](#)

# About Companial

Our mission is to empower every Dynamics Partner to exceed expectations. We strive to achieve this through our dedication to four foundational pillars designed to enable and ensure the success of Dynamics Partners: Competency, Capability, Capacity, and Community.



Companial is an official SMB ERP Distributor; Indirect CSP Provider for Microsoft; a Microsoft ISV Development Center; AIM Modernization Center, Member of the Partners Advisory Council and Microsoft Inner Circle for Microsoft Business Applications.

Companial's high-quality Microsoft Dynamics 365 upgrade, development, and migration services, together with its leading Microsoft Azure managed hosting service, helps Microsoft Partners offer better business value to their customers when delivering solutions on-premises and/or in the cloud. Companial is currently delivering and supporting over 1000 Dynamics Partners in more than 40 countries worldwide.

## Why choose Companial as your Indirect Provider and Distributor?

What sets Companial apart is that we've decided to prioritize expertise over volume, and local and personal contact over outsourced service desks. We support Partners new to the Microsoft Cloud Solution Program (CSP) with profound training and guidance, and help even the most experienced Partners solve complex technical challenges. Expertise and experience come with deep focus, and that is why Microsoft Business Applications, Dynamics 365, and Power Platform are at the heart of what we do. We are the best option for all the Dynamics and Power Platform resellers out there.

[Start your partnership with Companial now!](#)



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