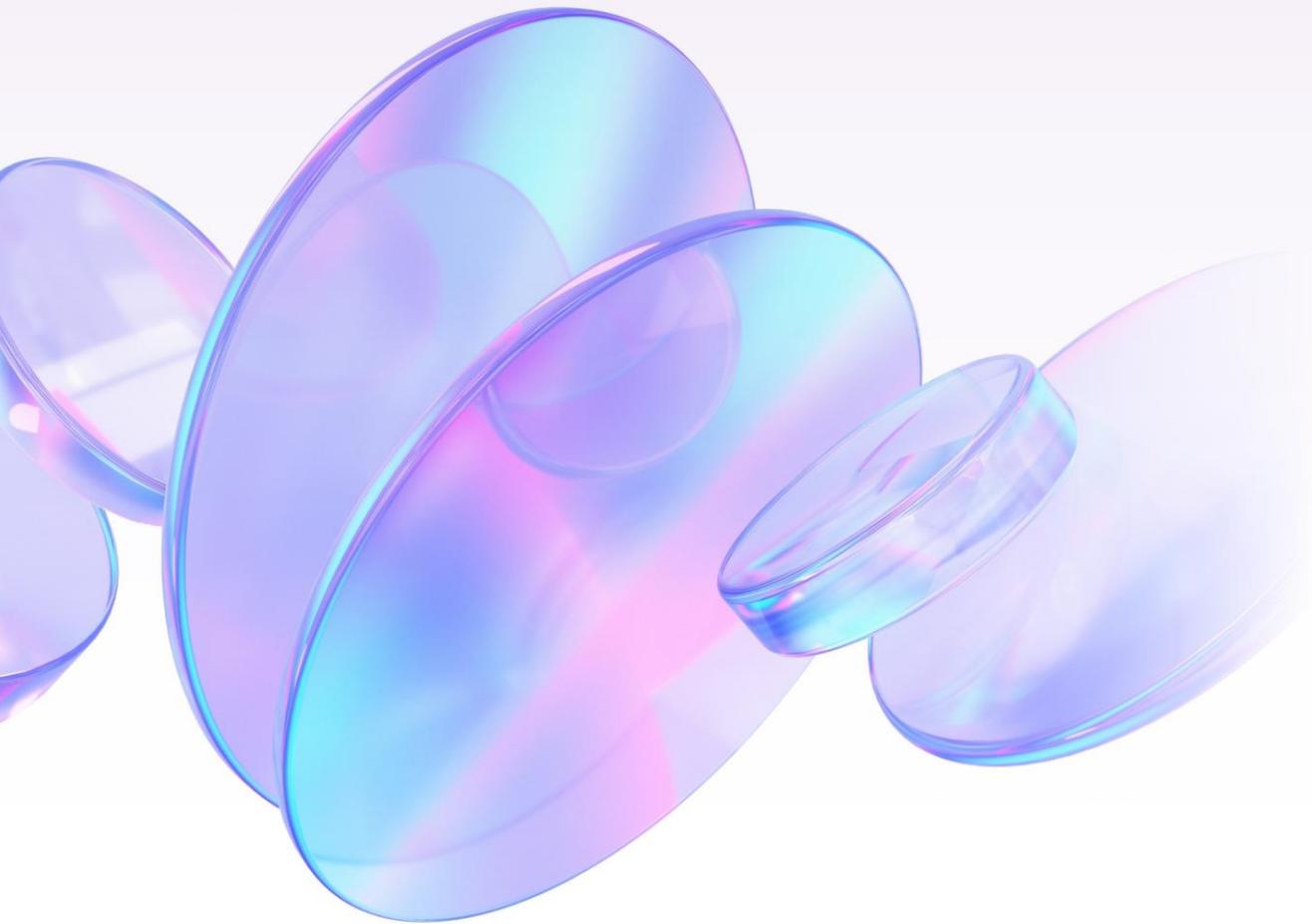




MICROSOFT EXTENDED SERVICE TERM (EST) PARTNER GUIDE



Important Change to CSP Subscription

What Partners Need to Know Before 4th May 2026

A major operational change is coming

From 4th **May 2026**, Microsoft is removing the **free CSP subscription grace period**. This fundamentally changes what happens when a subscription reaches the end of its term — and it requires **active action from partners** to avoid service disruption or unexpected cost increases.

What's Changing?

Previously, when a CSP subscription expired without renewal, customers typically received a **free grace period** (around 30 days) where services continued.

From 4th May 2026:

- The **free grace period is removed**
- **No free extension** at expiry
- **Service stops immediately** if no action is taken

There is no longer a “do nothing” option.

Your Three Options at Subscription Expiry

From 4th May 2026, partners and customers must actively choose **one of three outcomes**:

1. Renew

- Subscription continues as normal
- Supports renewals, quantity changes and upgrades
- **No service disruption**

2. Cancel at Expiry

- Service ends immediately
- Data retention policies apply
- **Subscription cannot be recovered**

3. Move into Extended Service Term (EST)

- Services continue after expiry
- Billed at **monthly pricing + 3% uplift**
- Designed as a **temporary bridge**, not long-term use

What Is an Extended Service Term (EST)?

An **Extended Service Term (EST)** is a **paid, monthly subscription state** that allows customers to retain service access after a subscription expires.

Key things to know:

- Every New Commerce licensed SKU has an EST option
- EST pricing = **monthly rate + 3% uplift**
- Partners can convert, upgrade, or cancel while in EST
- EST is **not** a grace period — it is paid and more expensive

Why This Matters for Partners

Unplanned or unmanaged EST transitions can result in:

- Higher-than-expected customer bills
- Difficult commercial conversations
- Customer dissatisfaction
- Loss of trust if customers feel blindsided

Microsoft has also been clear:

- **No credits will be approved**
- **No billing exceptions will be made**
- Renewal and cancellation settings are the **partner's responsibility**

What Partners Should Be Doing Now

To minimise risk and customer impact, partners should:

- ✓ Audit all subscriptions expiring from 4th **May 2026 onwards**
- ✓ Confirm renewal intent early — don't wait until expiry month
- ✓ Review auto-renew settings to ensure they reflect explicit customer approval
- ✓ Position EST correctly as a **short-term safety net**, not default behaviour
- ✓ Use renewals as an opportunity for optimisation and upsell conversations

Urgent Actions for Disabled Auto-Renew Subscriptions

For **any subscription with an end date on or after 4th May 2026**, if **auto-renew has been turned off**, Microsoft has **automatically transitioned that subscription to renew into EST**.

It is critical that partners:

- **Review all affected subscriptions immediately**
- **Actively select the new *Cancel at Expiry* option** if the subscription is no longer required

If no action is taken:

- The subscription will renew into **EST by default**
- Services will continue at **monthly pricing + the 3% EST uplift**
- Customers may incur **unexpected and higher charges**

Key Takeaway

4th May 2026 is a hard date.

Partners who actively manage renewals, communicate early, and treat EST as an exception — not the norm — will be best positioned to protect both their customers and their business.

We're Here to Help

Our team is actively working to bring Extended Service Term (EST) management capabilities into the Dicker Data portal, along with clear, practical information to help you confidently manage this transition. Today, you can already identify and manage customers who are eligible for EST, and we're progressing a staged rollout to deliver deeper visibility and more detailed reporting as Microsoft continues to release additional supporting features.

We'll continue to enhance the portal experience to ensure EST is applied deliberately and transparently, helping you avoid unintended service disruption or unexpected costs for your customers. Keep an eye on the portal for upcoming updates, and we'll continue to communicate changes and new capabilities through our newsletter and dedicated Microsoft microsite.

We recognise this is a significant change and may feel disruptive, but you're not navigating it alone. The **Dicker Data Microsoft team** is here to help — please reach out if you have questions or want to talk through what this means for your business.

You can reach the Dicker Data team directly at:

Australian Partners: microsoft.sales@dickerdata.com.au | (02) 8556 8061

New Zealand Partners: microsoft.sales@dickerdata.co.nz | 09 270 3000

Frequently Asked Questions (FAQs)

What is changing on 4th May 2026?

From **4th May 2026**, the **free CSP subscription grace period is being removed**. When a subscription reaches the end of its term and no action has been taken, **services will stop immediately** and there will be **no free extension**.

Does this apply to all CSP subscriptions?

Yes. This change impacts **every CSP partner** and applies to **all New Commerce licensed SKUs**, regardless of partner size or customer mix.

What happens if a subscription expires and nothing is done?

There is no longer a “do nothing” option. If no action is taken at expiry, partners and customers must actively choose one of three outcomes:

- Renew the subscription
- Cancel at expiry (service ends immediately)
- Move into an Extended Service Term (EST)

What is an Extended Service Term (EST)?

An **Extended Service Term (EST)** is a **paid, monthly subscription state** that allows services to continue **after a subscription expires**. Every New Commerce licensed SKU has a corresponding EST option.

How is EST priced?

EST is billed at the **monthly term rate plus a 3% uplift**. This means customers moving from annual or annual/monthly terms will shift to **higher monthly pricing**, with the additional EST uplift applied on top.

Is EST intended to be a long-term option?

No. EST is designed as a **temporary holding option**, not a long-term renewal strategy. It should be positioned as a **short-term bridge**, not business as usual.

Can partners make changes while a customer is in EST?

Yes. While in EST, partners can:

- Convert back to the original SKU (e.g. annual or annual/monthly)
- Upgrade to a different SKU
- Cancel at any time

What are the risks if customers move into EST unintentionally?

Unplanned EST transitions can lead to:

- **Significantly higher costs** for customers
- **Customer dissatisfaction**
- **Challenging commercial conversations**
- **Loss of trust** if customers feel blindsided

Will Microsoft provide credits or billing exceptions if we get this wrong?

No. Microsoft has been explicit that:

- **No credits will be approved**
- **No support exceptions will be made**
- Incorrect auto-renew or cancellation settings are the **partner's responsibility**

What happens if a subscription is cancelled at expiry?

If a subscription is cancelled at expiry:

- **Service ends immediately**
- Data retention policies apply
- **The subscription cannot be recovered**

Why is Microsoft making this change?

The removal of the free grace period is one of the **most operationally impactful changes** under New Commerce. It reinforces the expectation that partners actively manage renewal intent and subscription outcomes ahead of expiry.

What should partners be doing now to prepare?

Partners should:

1. **Audit upcoming renewals** from 4th May 2026 onwards
2. **Start customer conversations early**
3. **Review auto-renew settings** to ensure they reflect explicit customer approval
4. **Position EST correctly** as a temporary option
5. Use renewals as a **strategic opportunity** for optimisation and upsell discussions

What happens if I do not act on subscriptions with auto-renew disabled that expire on or after 4th May 2026?

If you do not take action, Microsoft will automatically renew these subscriptions into EST (End of Service Transition). This means services will continue at monthly rates with an added 3% EST uplift, which may result in higher than expected charges.

How can I prevent a subscription from renewing into EST?

Partners should immediately review all impacted subscriptions and, if the subscription is no longer needed, actively select the "Cancel at Expiry" option. This ensures the subscription does not automatically renew into EST and avoids unnecessary charges.

Will customers be notified if their subscription moves into EST?

No, unless partners communicate directly. It is the partner's responsibility to audit subscriptions, confirm renewal intent with customers early, and ensure settings reflect the customer's wishes to avoid unexpected charges.

What are the financial implications if a subscription is renewed into EST?

Subscriptions renewed into EST are charged at the regular monthly price plus an additional 3% uplift. This could lead to higher costs for customers who are not expecting their service to continue.

Is EST meant to be a default renewal option?

No. EST should be used only as a short-term safety net in exceptional cases, not as standard practice. Partners are encouraged to manage renewals proactively and communicate with customers to determine the correct course of action.

What is the key takeaway for partners?

4th May 2026 is a hard date. Partners who actively manage renewals, communicate early, and treat EST as an exception — not the norm — will minimise risk and customer impact.

How can Dicker Data help?

The Dicker Data Microsoft team is integrating Extended Service Term (EST) management into the Dicker Data portal, with practical guidance for a smooth transition. You can already manage eligible EST customers, and deeper reporting features will be added as Microsoft releases new capabilities. The portal experience will continue to improve, ensuring deliberate and transparent EST application to prevent service issues or unexpected costs. Look out for updates in the portal, newsletter, and Microsoft microsite.

Where can I reach out to for help?

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