



Microsoft Partner Incentives

Online Services Usage Microsoft 365 Incentive Guide

October 1, 2019 – September 30, 2020

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Overview

Purpose

This guide summarizes the requirements to participate in the Online Services Usage Microsoft 365 (OSU M365) Incentive. It replaces and supersedes all prior Microsoft Online Services Usage Incentive guides and any related communications.

In October 2019, the Online Services Usage incentive has been split into two distinct incentive programs, covering

1. Online Services Microsoft 365 (OSU M365),
2. Online Services Business Applications (OSU Biz Apps).

OSU Business Applications is covered separately in its own guide.

The introduction of new OSU programs means that partners will have to re-enroll into the new OSU Microsoft 365 program if they choose to participate.

How to use this guide

This guide provides initially a high-level overview as well as a step-by-step details on how to participate, earn and maximize recognition of the partner's efforts. This guide includes details on:

- Partner eligibility requirements
- Partner onboarding and enrollment
- Understanding the Microsoft Online Services Usage Incentive
- Incentive reporting and payment reconciliation

Incentive summary

The Online Services Usage Microsoft 365 Incentive rewards partners for influencing and driving impactful customer growth on Microsoft Office 365 and Microsoft Enterprise Mobility Suite. Partners can earn incentives for growing the number of customer's active users.

This incentive is designed to help partners capitalize on usage growth with Microsoft Online Services. Incentive is earned when customer reaches usage milestones by workload (active entitlements over qualified entitlements) instead of monthly OSU payments.

Note that all EDU SKUs are currently excluded. This incentive is currently not available in the Peoples' Republic of China.

All links referenced throughout the guide will be available in the [Support and resources](#) section.

What has changed from last year

The OSU Microsoft 365 Incentive is a new FY20 incentive program. The most notable year over year changes are summarized below, and described more in detail in the guide:

FY19	FY20
One OSU incentive	OSU Microsoft 365 and OSU Business Applications
Digital Partner of Record (DPOR)	Claimed Partner of Record (CPOR)
Monthly payment for usage	One-time payment for milestone achievements
Competency based eligibility	Competency plus FastTrack Ready eligibility

Program structure and rates - Overview

Business rules

Replacing Digital Partner of Record (DPOR) with Claimed Partner of Record (CPOR)

For OSU M365 we are retiring the DPOR process as the method of association between partner and their customers.

- Partners will first have to enroll in the OSU M365 incentive program in Partner Center.
- To be eligible for future earnings partners must become the Claimed Partner of Record (CPOR) by associating themselves to a customer at the workload level in Partner Center.
- Only one partner can be associated per customer per workload at any given point in time.

Milestone Model - Overview

In OSU Microsoft 365 partners earn incentives when a customer reaches usage milestones by workload (active entitlements over qualified entitlements). Eligible partners will receive a one-time payment per milestone and workload entitlement size, once a milestone has been reached. The number of payable active usage milestones depends on the workload.

Eligible Milestone	Workloads	Eligibility Requirements
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15% active usage on seats sold	<ul style="list-style-type: none"> • Microsoft Teams • Office 365 ProPlus • Microsoft Intune • AIP • Exchange Online • SharePoint Online • AADP • MCAS • AATP • Yammer 	15% milestone: workload must have less than 10% active usage at time of claim
40% active usage on seats sold	<ul style="list-style-type: none"> • Microsoft Teams • Office 365 ProPlus • Microsoft Intune • AIP 	40% milestone: workload must have less than 20% active usage at time of claim

Example Rate Table

Current and actual rates for all workloads can be found in the Online Services Incentives Rate Card for OSU M365 on aka.ms/partnerincentives in the OSU M365 section.

% of active usage on seats sold	Workload entitlement size				
	Extra Small 150-499	Small 500-2,499	Medium 2,500-4,999	Large 5,000-10,000	Extra Large 10k+
15%	\$0	\$1,250	\$2,500	\$3,750	\$5,000
40%	\$500***	\$1,875	\$3,750	\$5,625	\$7,500

*** Rate also applicable for all workloads in Extra Small workload entitlement category

FastTrack Ready: Partners eligible for FastTrack Ready will earn double the above rates.

Teams Accelerator: Microsoft Teams rates are 1.5x.

Examples: Eligibility and Calculation

Example	Competency/ FastTrack	Workload entitlement	Workload	Usage % at time of claim	Usage growth to %	Milestone achievement	Payout
1	Competency	2,300 (Small)	Teams	8%	18%	15%	\$1,875
2	Competency	2,100 (Small)	Microsoft Intune	28%	48%	40%	\$0
3	FastTrack	3,200 (Medium)	SharePoint Online	7%	16%	15%	\$5,000
4	FastTrack	3,600 (Medium)	Office 365 ProPlus	38%	46%	40%	\$0

- 1 **Earnings per Rate Card plus Teams Accelerator:** Partner meets all requirements and is eligible for payout at 15% usage milestone per rate card plus Teams accelerator ($\$1,250 \times 1.5 = \$1,875$)
- 2 **No earnings:** Partner submitted claim too late (at 28% usage instead of <20%) for the 40% milestone
- 3 **FastTrack earnings:** Partner meets all requirements and is eligible for payout of FastTrack rate card at 15% usage
- 4 **No Earnings:** Partner submitted claim after customer had already reached 20% usage

Partner eligibility

To ensure consistency across partner incentives and enhance clarity for partners participating in multiple programs, Microsoft has created a standard format for eligibility criteria.

To be eligible to participate in the OSU Microsoft 365 Incentive, a partner must have performed all qualifying activities and complete all registration requirements before the incentive can be earned. If any registration requirement is incomplete, a partner cannot earn a payout in the program:

Eligibility type	Eligibility requirement for competency	Examples of program specific criteria
MPN Enrollment	Enrollment Status	Active MPN ID – Microsoft Partner Network Agreement
	Membership Level	Silver, Gold
	Competency (Product Specific)	<ul style="list-style-type: none"> ▪ Cloud Productivity ▪ Enterprise Mobility Management (Intune, AADP, AIP, EMS)
	Competency Status	Active, At Risk
Bank and Tax status		The bank and tax profiles must both be completed and accepted by Microsoft
FastTrack Ready	Optional – see details below	

FastTrack Ready Eligibility

To earn within the FastTrack program partners must meet separate FastTrack eligibility requirements and be invited to the FastTrack Ready program. Partners who achieve the eligibility requirements may be invited by Microsoft to join the Program. Such invitation will be at Microsoft’s sole discretion taking into consideration partner’s level of performance against the eligibility requirements, partner location, partner expertise, and program capacity. For more information on Fast Track please see details at <https://aka.ms/fasttrackpartnerterms>.

Eligibility monitoring and management

Partner eligibility for OSU Microsoft 365 is assessed monthly after a milestone is reached for earning, calculation, and payment. Partners must meet specific criteria as mentioned above, the documentation must be reviewed and approved before Microsoft can approve and release incentive payments. The Proof of Execution section of this guide describes the review process. The Payment section of this guide describes the conditions required for payment approval and release.

Loss of eligibility

If a partner fails to meet an eligibility requirement, the partner will become ineligible to earn or be paid for the OSU Microsoft 365 Incentive. Any accrued incentives will be forfeited, subject to the laws in the partner’s country. Partners may lose or forfeit the incentives earned.

Partner termination

In the event the partner breaches any terms of the MPN agreement, Microsoft may deny, suspend, or terminate partner from participation in any incentive. In addition, in such cases, Microsoft may cancel or withhold incentive payments. Written notice will be provided to partner's MPN Primary Contact of any decision to cancel or withhold payment.

Enrollment

To participate in the OSU Microsoft 365 incentive all partners must first enroll via Partner Center. For more details on the enrollment process please refer to the enrollment guide.

To earn future incentives, partners can claim existing and future customer engagements at the workload level (instead of subscription level) after re-associating with the customers.

Tax and invoice documentation

Partners participating in the Online Services programs will need to complete both the Payment Profile as well as Tax Profile that links out from MPN prior to being eligible to earn incentives. Should either of these profiles be incomplete or invalid, a partner cannot earn incentives until both profiles have been completed and accepted by Microsoft.

Partners can submit bank details via [Partner Center](#).

All incentives are paid in partner country billing currency and disbursed monthly (even if different than the customer currency).

Partners are responsible to ensure that Microsoft has the correct and valid tax information for the entity to receive the incentive. Microsoft will rely on this information to appropriately calculate tax on the incentive. If inaccurate information is provided, taxes may be inappropriately calculated, Microsoft will hold the partner liable for any deficiencies.

The incentive a company receives include any applicable goods and services tax, value added tax, sales tax, gross receipts tax, or any other tax that is owed by Microsoft related to incentive/rebates and which are required to be collected from Microsoft by Company under applicable law. Consequently, it is solely Company's responsibility to report and pay all applicable taxes or duties that may be required under any appropriate laws related to the rebates it receives.

Company must consult its own tax advisor with any question or concern about the taxes that apply to it in relation to this letter. If taxes are required to be withheld on any amounts otherwise to be paid by or on behalf of Microsoft to

Company, Microsoft will deduct such taxes from the amount otherwise owed to the Company and pay them to the appropriate taxing authority. Microsoft shall secure and deliver to Company an official receipt for any taxes withheld. Microsoft shall use reasonable efforts to minimize such taxes to the extent permissible under applicable law. This tax section shall govern the treatment of all taxes arising from or in connection with this document notwithstanding any other section of this document

Invoice

To comply with local country requirements, Microsoft will hold incentive payments until a partner submits a partner invoice to Microsoft which acts as an incentive claim. Timely submission of such invoice (if required by the partner's local government) will ensure prompt incentive payment disbursement by Microsoft. For guidance, some rules for specific countries are listed below. For questions, the partner can contact the support team as described in the [Support and resources](#) section of this guide.

- India
- Korea

Partners are notified of invoice requirements at the time when incentive payments are ready for disbursement. Upon receiving each earning notification, partner has up to 45 days to submit the said invoices for claiming of the incentives payment. It is also important to ensure that the CI Ref ID (that is, CI_XX_#####), which can be found on the notification, is indicated on the partner invoice. Microsoft reserves the right to forfeit any payment processing after the said 45 days' time frame.

Online Services Usage partners are inclusive of all taxes that the India and Korea Online Services Usage partners are required to collect from Microsoft under this incentive, including any value-added tax (VAT). India and Korea Online Services Usage partners shall provide Microsoft or Microsoft's appointed disbursement vendor with the VAT special invoice as the supporting document for all payments by Microsoft or Microsoft's appointed disbursement vendor.

Business rules

Claimed Partner of Record (CPOR)

OSU Microsoft 365 partners must associate themselves to their customer and the underlying workload they want to be recognized and paid incentives for. As of

October 2019, partners must become the Claimed Partner of Record (CPOR) for a customer by getting associated at the workload level.

- Partners submit their claims in Partner Center
- Only one partner can be associated per workload under the same tenant.
- Existing Customer Associations for FastTrack Ready Partners may be automatically associated under OSU M365 under certain conditions. For details see OSU M365 on aka.ms/partnerincentives
- For details see Claims guide on aka.ms/partnerincentives

Additional details on the Claims process, including the terms partners agree to when making a claim, can be found in [Appendix A](#) of this document.

Claims Eligibility

- *15% milestone eligibility:* workload must have less than 10% active usage at the time of claim submission
- *40% milestone eligibility:* workload must have less than 20% active usage at the time of claim submission

Proof of Execution (POE) and Customer Consent

Partners are required to provide a Proof of Execution (POE) for each incentive claim, in order to give Microsoft the opportunity to validate that partners have been involved driving usage growth. A POE is typically a document signed by the customer, such as a Statement of Work etc., and provides specifics relative to M365 workloads and the partner's engagement in helping the customer. Partners will also have the option to avail of a POE template provided during the claims process in the Partner Center claims tool, in lieu of a SOW etc.

This control remains a critical measure for ensuring that the right partners are rewarded. In the event of multiple partners claiming OSU M365 incentives for the same workload, Microsoft will evaluate the POEs and determine which partner exerted the greatest influence, including the right to consult with the customer. Any incorrect representation of the partner's role might result in the loss of ability to receive future OSU M365 incentives.

Given current privacy rules, customers must provide consent to share details around their usage information of their subscription with the claiming partner. This will be administered by Microsoft as part of the claims process via a customer opt-out option.

In cases where customers choose to opt-out, Microsoft will not be able to associate the partner with the workload.

Incentive Rates

For all current rates please review the OSU Microsoft 365 Rate Card on MPN at aka.ms/partnerincentives.

Note that not all workloads are offered under both milestones.

Usage incentive rules

Office 365: This incentive is based on active entitlements at the workload level. The Incentive will be paid on the following Office 365 workloads:

- Exchange Online
- SharePoint Online (SpO)
- Office 365 ProPlus
- Microsoft Teams
- Yammer

Active entitlement is the unique count of users*, by workload, that have taken an intentional action within that workload in the past 28 days. This period is rolling. Some sample intentional actions include:

- Uploading or downloading a file
- Creating or editing a site via SharePoint Online
- Participating in meetings using Teams
- Communicating messages using Yammer
- Use of desktop or online versions of Office apps

An **intentional action** is the action of create, update, delete, assign, read, or query performed by a user on any record of any entity.

A partner who delivers these tasks would be eligible for this incentive.

EMS: This incentive is based on the definitions of the component parts below. Incentives will be paid on the following EMS workloads:

Microsoft Intune: A customer will be considered actively using if they meet one of the following criteria for Intune purchased as standalone or as part of EMS:

- 1 or more managed devices (PC + iOS, Android) that is checked-in during the last 28 days OR a co-managed device with at least one feature/scenario moved from Config Manager (SCCM) to Intune.
- Have Mobile Application Management (MAM) policy assigned
- Devices with no users associated (for example kiosks) enrolled in the last 28 days

Azure Active Directory Premium (AADP): A customer will be considered actively using if they meet one of the following criteria for AADP purchased as standalone or as part of EMS:

- 3rd Party Apps: successfully authenticated via Azure SSO to a non-Microsoft application
- Conditional Access: Evaluated Conditional Access policy
- Risk-based Conditional Access: Evaluated a risk-based Conditional Access policy
- AppProxy: authenticated to at least one application through the AppProxy service
- Privileged Identity Manager (PIM): assigned users to a privileged role via PIM
- Business-to-Consumer (B2C): Used B2C to authenticate into an application
- Self-Service Group Management (SSGM): managed groups via Self-Service Group Management
- User Provisioning: provisioned users into non-Microsoft applications and actively using those applications
- Access Reviews: performed a review Note: For all AADP workloads, active users of External Identities (B2C) are counted as one-fifth of a user per licensing guidance.

Note: Active users of External Identities (B2C, B2B) are counted as one-fifth of a user per licensing guidance

Note: Usage is limited to the number of AADP licenses purchased by the tenant.

AIP: Licensed users who classify (label or protection) content or consume classified content in the last 28 days.

MCAS: A customer will be considered actively using MCAS if they meet the below criteria:

Activity in at least 3 of the following MCAS protection policies, over 28 days

- Threat Protection for 1st party app
- Information Protection for 1st party app
- Threat Protection for 3rd party app
- Information Protection for 3rd party app
- Cloud Discovery
- Conditional access policy

AATP: A customer will be considered actively using AATP if they meet the below criteria:

The user has a user profile and at least 1 network activity was observed in last 28 days.

Earnings and calculation

Eligible revenue rules

Incentive fee is determined by the corresponding workload value and milestone achieved for a given workload entitlement size listed on the Online Services Usage Microsoft 365 Rate Card on MPN at aka.ms/partnerincentives. Workloads/SKUs that are not listed are not eligible for this incentive.

All calculations are done in USD.

Note: The Online Services Usage Rate Card is not guaranteed for the full year and may change with three months' notice. Partners who are actively earning the Online Services Usage Incentive will be notified by the Microsoft Incentives team with an email to the contacts provided in Partner Center. Also, the rate card will contain both the current and updated values during the time of transition; this will be available on the [MPN website](https://mpn.microsoft.com) for partners to download.

Public Sector

Partners may not earn the Online Services Usage Incentive for workloads involving Public Sector customers if the customer resides in one of the restricted countries listed in the Public Sector Country Ineligibility List, located on MPN aka.ms/partnerincentives.

Restrictions

Note that all EDU SKUs are currently excluded.

Instances where partners are not eligible:

- Partners in markets where Microsoft Online Services are not available are not eligible for Online Services Usage incentives regardless of where the sale occurs.
- A partner or any partner affiliate entity is not eligible to earn Online Services Usage Incentive for any services where the partner or Microsoft is the end customer.

Earning and usage periods

Earnings will be calculated for the partner on the last day of each month for the previous 28 days.

Payment Reporting

- Details of partner payments will be made available within the reporting portal on Partner Center at <https://partner.microsoft.com/>. This reporting functionality offers an on-demand, self-serve reconciliation model as well as a consolidated reporting view across all MPN Locations.
- Earnings are updated within the first three weeks of the month following the snapshot date and will only be published for partner/transaction data that has passed payment validation.
- Payment information can be viewed within 48 hours after Microsoft releases payments.

Calculation rules

The Online Services Usage Incentive is calculated monthly for eligible partners who are associated with Microsoft 365 workloads that have reached a usage milestone. The incentive is calculated based on a rate card value for the eligible workload entitlement size. Please refer to the Online Services Usage Microsoft 365 rate card on MPN at aka.ms/partnerincentives.

A partner is only able to qualify once for each milestone achievement incentive payment for an eligible customer and workload entitlement size after the customer meets the required active entitlements for a qualifying workload.

- Fluctuation in customer usage (e.g. usage moving from 17% down to 9% back up to 18%) does not constitute a new/additional milestone achievement and will not trigger additional payments for the same entitlement size.
- Customer entitlement growth to the next workload size (e.g. from "small" (2,300 entitlements) to "medium" (3,200 entitlements)) will earn partners an additional payment of the difference between the two categories.

Example: A partner submits a valid claim at 8% active entitlements for a customer with 2,300 (= small) entitlements of Office 365 ProPlus. Usage grows to 18% and partner now earns \$1,250 ([according to example rate table](#)). Customer buys 900 additional entitlements. Partner is eligible for the additional payment of \$1,250 to receive the grand total of \$2,500 (per the example rate table) when customer reaches 15% again.

Note: partner will not be required to reimburse Microsoft if there is a reduction in usage or entitlements at the customer.

Payment

Payment cadence

Payment will be disbursed to the partner along the following schedule, once a usage milestone has been reached:

Type	How often	Payment will be disbursed
October Usage	1 time	Up to 75 days after end of earning period
November 2019 – September 2020 Usage	Monthly	Up to 45 days after end of earning period

Table 1: Payment schedule

Payment methods

Partners are encouraged to use wire transfers as their default method of payment for incentives. This ensures faster payment processing times as opposed to check. To avoid any delay in the release of earned incentives, partners will need to provide valid bank details to Microsoft.

- Microsoft will disburse payments leveraging the partner bank account on record. If no bank details are provided, Microsoft will contact the partner using the Primary Partner Contact information contained in MPN records with a request to provide bank details.
- Microsoft will disburse earned incentives to partners no later than 30 days' post earning period. Due to varied transaction lead times provided by financial institutions, it may take up to 45 days after the earning period for the funds to appear on a partner account. If there is a delay, partners will be notified by Microsoft.
- Microsoft provides detailed reporting to the partner in the months they have been paid incentives. The eligible transactions are updated with the corresponding payment identification number after Microsoft releases payments.
- If Microsoft declines payment of incentives because payment has been already made to another partner for the same transaction, Microsoft will not be under any obligation to communicate the name(s) of the other partner.
- Depending on country regulations, Microsoft may require the partner to submit an invoice for services provided as a condition to release incentives.

Minimum threshold

Once a partner's cumulative Online Services Usage Incentive reaches USD 200 (or partner country billing currency equivalent), Microsoft will pay during the next regular payment cycle. At the end of the program year, calculated amounts below \$200 are considered unearned and will be forfeited. As such, Microsoft will not pay amounts below the minimum threshold to partners and will not carry over any amounts to the next program year.

Unclaimed incentive payment

As part of the regular monthly payment cycle, Microsoft will inform all partners who are missing portions of the required payment documentation, for example, tax forms, bank details and/or invoices, before the payment cycle is complete. If the required information is received by Microsoft in time for the monthly disbursement, payment will be released the same month. If the required information is received after the disbursement date, the payment will be included in the following month's payment cycle. For partners who fail to submit the required information, Microsoft will hold the payments for 180 days post the original expected pay-out date. If the required documents are not received by Microsoft within the 180 days post the original expected pay-out date, the pending incentive payment will be deemed forfeited, subject to laws in the partner's country and no further notification will be sent to the partner.

Overpayment

Overpayment may occur due to various reasons: calculation error, payment processing error, wrong MPN ID provided by partner, etc. In the event of an overpayment, Microsoft will proceed with the recovery of an overpayment in accordance with the MPN Agreement. The partner will be notified in advance of any payments recovered and the adjustment will also be reflected in your monthly statement for the month that the adjustment is reflected.

Microsoft will generally attempt to recover overpayment by offsetting against future incentive payments earned. If for any reason such approach cannot be executed (for example partner is no longer participating in an Incentive), Microsoft reserves the right to invoice partner for the overpaid amount directly.

Alternative recovery options

The default recovery approach remains to make an adjustment to future earnings. Following receipt of a partner request, Microsoft may agree to spread out recovery of the overpayment over multiple earning periods but not exceeding 180 days in total.

However, where necessary, Microsoft will overwrite this option (that is, adjustment to future earning) with Partner repaying the overpaid amount directly to Microsoft.

Dispute and resolution process

If partners find a discrepancy with their incentive earnings and payouts, then they can follow the processes below:

- Payment disputes can be disputed for up to 90 days after the end of the payment date.

All disputes must be submitted in writing to Microsoft within the above time frames to the respective alias in the Support and Resource section below.

Support and resources

Useful resources for all incentives can be found on the Microsoft Partner Network at aka.ms/partnerincentives (partner authentication required).

Support channels

Support including self-help, live support agents, community support, and support tickets can be accessed through the Microsoft Partner Network on <https://mspartner.microsoft.com>. Under the "Support" tab, select "Contact Support." When the portal opens, select "Partner Incentives" as your Category. You are then able to choose your Topic and Issue.

Useful links

- Microsoft Partner Network: <https://mspartner.microsoft.com>
 - Program membership, products, licensing, training and event information
- Partner Incentives MPN Portal: aka.ms/partnerincentives
- Partner Center: <https://partnercenter.microsoft.com/partner/home>
- Partner Incentives Reporting: <https://partnerincentives.microsoft.com>
- Fast Track <http://aka.ms/fasttrackready>.

Appendix A

OSU Incentive Association Claims

Partners who claim OSU incentives agree to the applicable statement below:

1. **I represent an Online Services Usage Advisor and wish to claim incentives for a customer who is actively using eligible software.** In order for Microsoft to accurately register your role as a partner driving customer usage of eligible services, you agree to the statements below when submitting a claim:

- I confirm that our organization is actively involved in activities driving active usage of eligible Microsoft services for this customer.
- I certify my understanding of the Incentive Program policies regarding incentive payments for Public Sector customers as described in the applicable Program Guide. If I am eligible for incentive payments for a Public Sector customer, I agree to communicate to the Public Sector customer that I may receive incentive payments and will provide documentation to support to the extent required by applicable law.
- I certify for purposes of incentive payment, that I have claimed with the appropriate MPN ID with the proper banking and tax information that corresponds to the location of the claimed subscription. I certify my understanding that if I have claimed with my Virtual Organization Partner ID or a location MPNID that does not align to the location of the related subscription, payment will automatically be mapped and paid to my location MPNID that aligns to the location of the claimed subscription.