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# **Microsoft EA vs. CSP: How to choose the best licensing model for your business**



# The Microsoft licensing landscape has changed

Choosing a Microsoft licensing model is one of the most important decisions you will make about your IT environment. The right choice will align your technology with your business goals. And the wrong choice could increase your costs and complexities.

Microsoft licensing has evolved significantly in recent years. In the past, Microsoft recommended Enterprise Agreements (EAs) for larger organizations and the Cloud Solution Provider (CSP) program for smaller ones. But now it's less about organization size and more about finding the right licensing model for your business needs. Understanding the nuances of these licensing options will help you drive the most value from your Microsoft environment.

This guide outlines the difference between EAs and CSPs. It also compares the two models side-by-side so you can determine which one is the best fit for your organization.





## What is a Microsoft Enterprise Agreement (EA)?

If you have experience using Microsoft on an enterprise level, you're already familiar with an EA. This model is how companies have traditionally licensed Microsoft products, including Microsoft Office 365, Windows Server, and Azure. An EA offers you volume licensing so you can streamline all your Microsoft purchases under one agreement and see substantial cost savings.

A standard Microsoft EA lasts for three years. At the start of your agreement, you determine what software and cloud services you need to license. You also set the number of users, which will impact your EA costs. An EA requires a minimum of 500 users for a commercial operation. The user requirement varies for government, educational, and non-profit organizations.

Although a Microsoft EA has three-year terms, you must “true-up” annually to align your agreement with your current needs. At this time, you can adjust the devices, products, services, and users included in your EA.

# What are the benefits of a Microsoft EA?

A Microsoft EA offers you many benefits, including:



**Cost savings.** Committing to a three-year term can bring you significant cost savings compared with standard retail or volume pricing. If you have a large organization, the fixed pricing model can offer you economies of scale by allowing you to purchase Microsoft solutions at a lower cost per unit.



**Software Assurance (SA) discounts.** With an EA, you can get a programmatic discount of 10%-20% if your organization already owns related licenses covered by SA. CSP customers are not eligible for these discounts.



**Predictable spending.** A Microsoft EA makes your software licensing predictable over your three-year term. This payment model can simplify your budgeting and financial planning.



**Agility.** A Microsoft EA empowers you with the agility you need to meet new business and market demands. With an EA, you can quickly scale your Microsoft technology as your needs change.



**Simplified management.** Managing software licenses across your organization can be complex and time-consuming. An EA consolidates all your Microsoft licenses into a single agreement—minimizing your administrative burden while helping to ensure compliance with your licensing terms.



**Hybrid solutions.** Microsoft EAs have options for both on-premises and cloud solutions. This allows you to get the technology you need to support your hybrid IT environment and adapt as your business needs change.



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# What is the Microsoft Cloud Solution Provider program?

In 2015, Microsoft introduced its [Cloud Solution Provider Program](#), a licensing agreement that allows Microsoft partners to sell Microsoft products bundled with their own solutions to their customers. A CSP can give you public cloud subscriptions, such as Office 365, Enterprise Mobility Suite (EMS), Azure, and Dynamics CRM Online. While it is a cloud agreement, your Microsoft CSP partner can also help you move your on-premises licenses to the cloud.

Microsoft offers two partner models: direct and indirect CSPs. A direct CSP purchases products directly from Microsoft and resells them to you. A direct partner will also provide you with billing, provisioning, and support services.

An indirect CSP works with Microsoft on behalf of a reseller who sells Microsoft products and services. If you partner with an indirect CSP, you will receive billing and provisioning infrastructure from them.



# What are the benefits of a Microsoft CSP?

A Microsoft CSP offers you many advantages, including:



**No minimum user or seat requirements.** A CSP might be an option for your business if you don't want to buy more licenses than you need. Your CSP can provide you with different commitment levels, so you can increase or decrease your users as needed.



**No lengthy contract commitments.** A CSP doesn't require a long-term commitment. You can choose a monthly or annual commitment and payment terms. And, since you can increase or decrease your subscriptions monthly, you don't need an annual true-up.



**Flexibility.** Your CSP agreement will automatically renew yearly, but you can make changes with each new month. If you need to add users or a new product, you can do so immediately. Your agreement will adjust as necessary. You can also add or remove licenses as needed, so you only pay for what you use.



**Greater engagement and support.** A Microsoft Partner, like SoftwareOne, supplies 24/7 support directly to you. This model allows you to work with a partner who knows your business and can quickly respond if you have a technical or billing issue.



**Discounts.** Microsoft offers incentive programs that discount Azure based on your monthly consumption. Your CSP partner can help you take advantage of these discounts to reduce your licensing costs while optimizing your infrastructure.



**Pricing structure.** With EAs, partners rely on Microsoft to dictate the pricing and can only offer discounts. But with a CSP, your partner can give you the best price.

# Microsoft EA vs. Microsoft CSP Comparison Chart

Microsoft is encouraging customers to move from legacy EAs to a CSP model. A CSP can make adopting and managing cloud services easier, as it offers you greater flexibility and customization.

But your decision comes down to what's best for your business. As you weigh your options, your decision will likely come down to flexibility and total Microsoft spend. Microsoft designed its CSP program to be flexible, but it doesn't have all the pricing advantages of an EA. An EA lacks the flexibility of a CSP, but it may be a better budgetary fit. You'll need to weigh these two options carefully to determine if one, or a combination of the two, is best for your company.

**This chart lays out the key differences between a Microsoft EA and CSP.**

	Microsoft Enterprise Agreement (EA)	Microsoft Cloud Solution Provider (CSP)
<b>Offerings</b>	Commitment-based cloud services and on-premises software	Transactional cloud services and on-premises software
<b>Agreement term</b>	Three years	Monthly or one year (auto-renewal)
<b>Purchase coverage</b>	Organization-wide	As needed
<b>Purchase team</b>	Three years for initial purchase, co-terminus for additional purchases	One year or monthly on select cloud services
<b>Purchase term expiration</b>	Enrollment expiration	Subscription term expiration (one year or monthly)
<b>Minimum commitment</b>	500 qualified devices/users per pool	One USL or use of Azure pay-as-you-go (PAYG)
<b>Target organization size</b>	500 or more users in commercial organizations. Minimum user requirements vary for government, educational, and non-profit organizations	One or more user
<b>Ordering</b>	In the month of first use for the initial product order; annually for subsequent orders (per enrollment)	As needed (per Cloud Solution with Provider)
<b>On-premises software license</b>	X	X
<b>Non-perpetual license for on-premises software</b>	X (Enterprise Subscription Agreement)	X (some products ineligible)
<b>Cloud services user subscription license (USL)</b>	X	X
<b>Provisioning of cloud services prior to order</b>	X	
<b>Software Assurance</b>	Included	Not included
<b>Price level determination</b>	Based on user and device license quantity by pool or qualifying contract for commercial	No price level
<b>Price protection</b>	All products and services included in the agreement	Cloud services subscriptions length in one-year increments
<b>Upfront payments</b>	One to three years	Monthly, quarterly, or annually
<b>Annual (spread) payments</b>	X	
<b>Microsoft Financing (where available)</b>	X	

# Maximize the value of your Microsoft licenses with a SoftwareOne CSP

SoftwareOne's CSP program can help you unlock the full potential of your Microsoft licenses. Our CSP offering, Digital Workplace Essentials, is a complete support service for Microsoft 365. It includes licenses and 24/7 managed services for all 365 workloads. You will also have access to a portal that provides transparency into your budget so you can uncover cost savings opportunities.

With the Digital Workplace Essentials, you can:

- **Reduce license complexity.** Simplify your Microsoft 365 landscape by getting support and licenses from a single partner.
- **Optimize your costs.** Maximize the value of your Microsoft investments, realize faster time to value, and achieve cost savings on licenses.
- **Reduce business risk.** Get 24/7/365 support for your Microsoft platforms and avoid downtime.
- **Alleviate pressure on your IT team.** With SoftwareOne handling your Microsoft licenses, your IT team can focus on driving innovation and transformation.
- **Modernize your systems to improve productivity.** We can help you create a Microsoft ecosystem that enables secure collaboration, data-driven decision-making, and employee productivity.

SoftwareOne is one of Microsoft's largest global partners, with 900+ certified staff who support 5,000 customers and more than 6 million Microsoft 365 users.

Since 2018, we have been a member of Microsoft's CSP Indirect Partner Program. We can help you realize greater flexibility, cost-effectiveness, and support with your Microsoft licensing agreements.

We also serve as a direct Microsoft partner. You can purchase Microsoft products through us—as well as receive billing, provisioning, and support services.

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## Next Steps

Discover how Digital Workplace Essential can help you maximize the value of your Microsoft investment.

**Let's talk.**

## Learn more

To learn more about SoftwareOne, visit [\*\*softwareone.com\*\*](https://softwareone.com).

SoftwareOne is a leading global software and cloud solutions provider that is redefining how organizations build, buy and manage everything in the cloud. By helping clients to migrate and modernize their workloads and applications – and in parallel, to navigate and optimize the resulting software and cloud changes – SoftwareOne unlocks the value of technology. The company's 8,900 employees are driven to deliver a portfolio of 7,500 software brands with sales and delivery capabilities in 90 countries. Headquartered in Switzerland, SoftwareOne is listed on the SIX Swiss Exchange under the ticker symbol SWON.



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