

Microsoft Updates for Partners

January-Feb 2026

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TL; DR – Priority Updates

- **Extended Service Terms (EST):** Microsoft is replacing the free post expiry grace period with a paid Extended Service Term (EST).

The grace period is discontinued for expiring subscriptions from May 4, 2026. EST bills monthly at the monthly rate +3% uplift.

Partners now have three explicit end of term actions: renew, cancel at end of term, or move to EST.

- **M365 & O365 Upcoming New Feature and Pricing Adjustments: Effective July 2026:** Microsoft has announced new features and price changes for Office 365 and Microsoft 365, set to take effect in 2026.

Updates include adding Defender for Office 365 Plan 1 to E3 licenses, introducing additional Intune capabilities to Microsoft 365 E3 and E5, and increasing mailbox storage by 50 GB for Microsoft 365 Business plans

- **New Launch Offers: Copilot for Business and Copilot Bundles:** Announced at Ignite 2025, Copilot for Business and Copilot Bundles provide cost-effective AI solutions for SMB customers.

15% off Microsoft 365 Copilot Business add-on:

Up to 35% off Microsoft 365 Business + Copilot Business bundles:

50% off Microsoft Purview Suite for Business Premium:

- **Power Platform Licensing Modernization:** Several longstanding licensing models were retired or transformed. Power Apps Per App License is now EOS.
- **New PAYG Billing Model for Power Apps Per-App via Azure Subscription**
[Pay-as-you-go plan overview - Power Platform | Microsoft Learn](#)

Modern Work, Copilot & BizApps

M365 & O365 – New Features and Pricing Adjustments Effective July 2026

Microsoft has announced new features and price changes for Office 365 and Microsoft 365, set to take effect in 2026. Updates include adding Defender for Office 365 Plan 1 to E3 licenses, introducing additional Intune capabilities to Microsoft 365 E3 and E5, and increasing mailbox storage by 50 GB for Microsoft 365 Business plans.

New features will be added to the SKUs in 2026. In the meantime, price adjustments ranging from 5% to 33% will take effect on July 1, 2026, for both new and renewing subscriptions across Commercial and Not for Profit customers.

Plan	Current list price (USD)	List price as of July 1, 2026 (USD)	% Increase
Business Basic	\$6	\$7	16.67%
Business Standard	\$12.50	\$14	12.00%
Business Premium	\$22	\$22	0%
Office 365 E1	\$10	\$10	0%
Office 365 E3	\$23	\$26	13.04%
Microsoft 365 E3	\$36	\$39	8.33%
Microsoft 365 E5	\$57	\$60	5.26%
Microsoft 365 F1	\$2.25	\$3	33.33%
Microsoft 365 F3	\$8	\$10	25.00%

Note: The changes will apply globally with local market adjustments.

Read more: [Advancing Microsoft 365: New capabilities and pricing update | Microsoft 365 Blog](#)

New Extended Service Terms (EST): Subscription grace period discontinued

Effective May 4, 2026, the free grace period for accessing services on nonrenewed subscriptions is discontinued. Customers who don't renew must either cancel at end of term and lose access immediately or enter a paid extended service term (EST) to continue service. The extended service term bills monthly at the current monthly term rate plus a 3% uplift (or 23% if no monthly plan exists).

EST includes three end of term options, replacing the historic 2 (renew on/off). These three options give partners more control over what happens at the end of term and allows them more options if more time is needed to resolve customer intent.

How EST Works:

Today (Pre May 2026)

- After a subscription expires, if auto-renew is off, a **free 30-day grace period** kicks in (service stays accessible without payment).
- This grace period helps in providing additional time for the Partner to finalize the renewal.

Future (May 2026 Onwards)

The free grace period is eliminated. At expiration, partners/customers must:

- **Renew the subscription** on time (avoids any disruption).
- **Cancel at expiration** stops services at the end of the term. Data retention is preserved but can't be recovered or reactivated.
- **Enter paid EST** (Extended Service Term) to continue service, at the EST rate (monthly term rate + 3% uplift)

Please Note - License-based services purchased on or after April 1, 2025, and expiring on or after May 4, 2026, with auto-renew off, will automatically transition to EST upon expiration.

Microsoft has updated the subscriptions in scope for EST from Auto-renewal OFF to ON, and renewal policy to EST. This process has taken place between 6th and 15th of February.

Partners will soon be able to remove EST and cancel subscriptions upon expiration.

See [this article, Extended Service Terms](#) for details about the announcement and its impact on you and your customer.

Power Platform Licensing Modernisation (Major Restructuring)

Several longstanding licensing models were retired or transformed:

Power Apps Per-App License – End of Sale (Jan 2026): A major shift removing low-cost per-app entry point

AI Builder – End of Sale (Nov 2025): AI Builder is no longer purchasable; entitlements remain only for existing customers until Nov 2026.

Dataverse Capacity Increases (Dec 2025): Default DB capacity increased dramatically (e.g., Power Apps from 10GB → 20GB; Copilot Studio Database from 5GB → 15GB).

Why it matters:

The platform is shifting to AI-native, Copilot-driven app delivery, requiring new economics and higher baseline storage for enterprise-scale data workloads.

Dynamics 365: Major AI + Licensing Evolution

Contact Center: Full Copilot-First Reinvention

Dynamics 365 Contact Center is now a Copilot-first solution:

- Deep Teams Phone extensibility
- Intelligent Voicebot minutes
- AI-powered routing, knowledge management, and quality evaluation agents

Customer Service Premium = Full Digital + Voice + Copilot Bundle

This is now Microsoft's flagship AI customer engagement SKU, bundling:

- Customer Service Enterprise
- Contact Center (Digital + Voice)
- 1K Copilot Credits/user

Finance Premium Adds Copilot Credits & More AI Capacity

- 1K Copilot Credits/user included
- More e-invoicing capacity
- Expanded AI-enhanced FP&A and analytics

Dynamics Agents (across apps)

Business Central, Customer Service, Contact Center all introduce prebuilt AI agents (Sales Order Agent, Payables Agent, Customer Intent Agent, etc.).

Why it matters:

Dynamics is shifting from application-centric to AI-centric, packaging copilots, agents, routing, and voice intelligence into turnkey business solutions.

Dataverse Becomes the Enterprise AI Data Layer

Massive capacity increases + new AI-oriented connectivity:

- Dataverse MCP Server introduced (Dec 2025) to enable AI agents to interact with enterprise data using natural language securely.
- Default storage increases across Dynamics 365, Power Platform, and Copilot Studio products.

Why it matters:

Dataverse is evolving into the foundation for enterprise AI retrieval, grounding, and orchestration across Microsoft clouds.

Microsoft 365 Copilot for Business & Bundles

We are excited to announce that the new Copilot for Business and Copilot Business Bundles are now available for ordering. These new SKUs make advanced AI productivity tools accessible and affordable for small and medium businesses.

The SKUs are available at an introductory price with discounts of up to 35% for eligible customers, for a limited time.

Microsoft Copilot for Business – Introductory 15%* discount with prices starting from AUD \$26.91

Microsoft 365 Business Standard Copilot Bundle – Introductory 35%* discount with prices starting from AUD \$ 32.90

Microsoft 365 Business Premium Copilot Bundle – Introductory 25%* discount with prices starting from AUD \$ 47.93

*For more details, visit [Introducing: Microsoft 365 Copilot Business & Bundles](#) or contact your Crayon Account Manager.

New lower price—Microsoft 365 Copilot for Education now from AUD \$27/user/month

The Microsoft 365 Copilot for Education offering is now available at a new, reduced rate, starting from just AUD \$27 per user per month.

This special pricing aims to make advanced AI-powered productivity tools more accessible to educational institutions, enabling students, teachers, and staff to leverage the latest in artificial intelligence for collaboration, learning, and administrative tasks.

What's included:

- **Copilot in Microsoft 365 apps**—Word, Excel, PowerPoint, Outlook, Teams, OneNote—grounded in your institution's Microsoft 365 data.
- EDU specific AI experiences like **Teach** (lesson plans, quizzes, rubrics) and **Study & Learn** (student practice activities), with **LMS integration previews** coming.
- Enterprise grade **security, privacy, and compliance** that inherit your Microsoft 365 controls.

Expanded eligible workloads for the Solutions Partner for Modern Work designation

The Solutions Partner for Modern Work designation continues to be a striking way for partners to stand out in the competitive market. To better support partners, Microsoft are expanding eligible workloads to create more pathways to qualify for the designation.

The newly expanded list includes several new workloads:

- AI (Microsoft 365 Copilot)
- Identity (Entra ID P1)
- Teams premium, frontline, calling, rooms, and associated metrics
- Windows 365

Read more: [January 2026 announcements - Partner Center announcements | Microsoft Learn](#)

Retirement of standalone SharePoint Online and OneDrive for Business plans (plan 1 and plan 2)

Microsoft is evolving its cloud storage and collaboration offerings and is retiring the standalone SharePoint Online (SPO) plan 1 and plan 2 and OneDrive for Business (ODB) plan 1 and plan 2 SKUs. This change reflects low customer demand for standalone offerings, increased instances of unintended or nonstandard usage, and higher operational costs associated with maintaining these plans.

Entra ID P2 and Defender for Endpoint P2 now available in CSP

As a Microsoft Partner, you can now upsell Entra ID P2 and Defender for Endpoint P2 to existing Microsoft 365 E3 customers through CSP using incremental, programmatic step up pricing; the same pricing model previously available through EA and MCA E motions.

This motion is intentionally guided and targeted. It's designed for Microsoft 365 E3 customers who aren't yet ready for Security Suites or Microsoft 365 E5 but have a clear need to strengthen identity protection and endpoint security today. It also preserves a natural growth path to broader security suites as customer needs evolve.

Read more: [January 2026 announcements - Partner Center announcements | Microsoft Learn](#)

GPT-5.2 in Microsoft 365 Copilot: Now Available

GPT-5.2 brings together GPT-5.2 Thinking—the best model yet for complex problems and strategic insights, and GPT-5.2 Instant—an efficient model for everyday writing, translation, and skill-building.

This model becomes even more powerful when applied to work. In Microsoft 365 Copilot, it connects to Work IQ to unlock insights, market research, and strategic planning—reasoning across your meetings, emails, docs, and more.

GPT-5.2 is accessible in the model selector in both Copilot Chat and Copilot Studio, so you have the latest innovation to solve your unique business challenges and create more compelling agent experiences.

Cloud & AI (Azure Infrastructure)

Microsoft DMC & PMC Changes

Microsoft has introduced key updates to its partner marketing ecosystem

- **DMC (Digital Marketing Content OnDemand) was retired on December 31, 2025**, and all previously stored campaigns or automation are now unavailable.
- The **Partner Marketing Center is being upgraded to a new AI-powered Marketing Center** launching in early 2026. This platform brings together campaign assets, intelligent search, co-branding, and automated campaign delivery — all in one space.
- Additionally, the **GTM Toolbox** has also been retired, with its content now integrated into the new platform.

These changes mark Microsoft's move toward an AI-first GTM experience, giving partners more powerful tools for campaign creation, customization, and execution. If you'd like assistance transitioning to the new tools or aligning your FY26 marketing strategy, Crayon is here to support you.

Claude in Microsoft Foundry advances capabilities for healthcare and life sciences customers

Healthcare and life sciences organizations face rising complexity, fragmented workflows, and strict regulatory demands. Claude in Microsoft Foundry now includes new **tools, connectors, and skills** from Anthropic, enabling advanced reasoning, multi-step agentic workflows, and domain-specific intelligence for medical and scientific tasks.

Built on Azure's secure foundation, these enhancements support use cases like **clinical research, documentation, prior authorization review, and workflow automation**, helping teams scale AI responsibly in regulated environments.

[Learn More](#)

Microsoft Ignite

Microsoft Ignite marked an important evolution for the Microsoft AI Cloud Partner Program, introducing new investments for partners to lead as Frontier Firms, translating their own AI experience into customer impact. [Read Nicole Dezen's blog](#) for a partner-focused recap of Microsoft Ignite 2025, bringing together the announcements that matter most across AI, cloud platforms, security, and developer tools.

If you would like to revisit any of the partner-focused sessions from Ignite, they are now available on demand:

- [Grow your business with Microsoft AI Cloud Partner Program](#)
- [Accelerate Growth through Partner Incentives](#)
- [Partner: Connect, Plan, Win—Enhancing Co-sell Engagement](#)
- [Partner: Benefits for Accelerating Software Company Success](#)
- [SI & Advisory Partner Readiness: Accelerating the Journey to Frontier](#)
- [Executing on the Channel-led Marketplace Opportunity for Partners](#)
- [Enabling a Thriving Partner Ecosystem: New CSP Authorization Criteria](#)
- [The Future of Partner Support: Customer + Partner + Microsoft](#)
- [Partner Execution at Scale with SME&C](#)
- [Marketplace Success for Partners—from SMB to Enterprise](#)
- [Accelerate Secure AI: Microsoft's Security Advantage for Partners](#)

Program updates

[Powering growth through benefits that drive real impact](#)

Partner benefits packages are a core part of the Microsoft AI Cloud Partner Program. These benefits are exclusively designed for partners with bundled offers of discounted product licenses, product credits, and 1:1 program and technical consulting. The three benefit packages scale with you, whether you're building new practices, expanding services, or investing in AI opportunities.

As customer expectations continue to evolve and AI becomes central to growth, we're expanding these offerings in February 2026. You will gain access to additional Microsoft Copilot licenses, expanded security benefits, and a new on-demand AI partner marketing resource to drive demand and reach customers more effectively.

Now is the time to get ready.

Explore the three [partner benefits packages](#), then have your partner admin complete the purchase in [Partner Center](#).

FY26 Q2 Update: What's new in certified software designations

This FY26 Q2 update outlines an important change to how partners access Azure IP co-sell benefits. Effective January 1, 2026, partners will need to hold a Solutions Partner* with certified software** designation to continue accessing benefits such as partner-reported Azure consumed revenue (PRACR), partner-led incentives, go-to-market benefits, and prioritized sales engagement.

This shift simplifies the partner experience by unifying high-value benefits under a single designation while creating a more consistent path to co-sell opportunities. If you are not yet designated, you can begin the certification process now to maintain or gain access. Read the full article to understand what's changing and how to prepare for 2026.

Skilling

Skilling continues to be one of the strongest drivers of partner success as AI reshapes customer demand. In this update, we share how our latest skilling investments enable partners to build technical depth, strengthen sales readiness, and accelerate impact across cloud, AI, security, and data.

Through the Partner Skilling Hub, Certification Weeks, AI-focused bootcamps, and role-based learning frameworks, partners can build the capabilities needed to grow and stay competitive.

Our [October](#), [November](#), and [December](#) skilling blogs from 2025 share learning opportunities and resources to help partners build in-demand skills across cloud, AI, security, and industry solutions as customer needs continue to evolve.

January Partner Project Ready workshops

Partner Project Ready Workshops return in January, with options across Asian, EMEA, and American time zones and new content on Fabric Databases designed to empower you to quickly create SQL databases and unify data for smarter insights.

Marketplace

Marketplace projected to be nearly \$300B partner services opportunity by 2030: Omdia report

A commissioned study by Omdia (October 2025) found Marketplace is projected to be a nearly \$300B partner services opportunity by 2030. For partners who sell through Marketplace, the study found:

88% attribute their revenue growth to Marketplace.

75% close sales faster.

69% saw larger deals.

The report also explains how partners can **unlock up to \$6.26 in services revenue for every \$1 spent on software solutions via Marketplace**, along with common characteristics of partners who are best equipped to capture this multiplier effect,

drive sustainable profitability, and position themselves for long-term success. [Read the full report](#) to learn more.

The Marketplace opportunity for channel ecosystem

Marketplace continues to evolve as a powerful engine for partner-led growth. With the new resale enabled offers, software companies can grant channel partners the right to sell their solutions, while partners maintain customer relationships and drive sales through Marketplace.

For you, this means faster sales cycles, more predictable deals (including multiyear contracts and flexible billing), and the ability to tap into customers' existing cloud-commitment budgets when eligible. If you're looking to expand your offerings or accelerate time to value, now is a great time to explore what Marketplace can do for you.

[Read the full blog](#) to learn more.

Cloud & AI platforms

Microsoft Agent 365: The control plane for AI agents

AI agents are transforming work, and now there's a control plane to manage them. Microsoft Agent 365 allows IT and security teams to track every agent, set access controls, visualize connections across people and data, and secure agent activity with integrated protections. Manage agents the way you manage users and scale with confidence.

Cloud & AI Platforms blog series

Cloud & AI Platforms series brings together the priorities partners are hearing most from customers, including modernizing applications, unifying data, and preparing for AI innovation on a trusted cloud foundation. Across these posts, we share how partners can enable customers to build AI-ready architectures, reduce complexity, and create long-term value with Azure. Explore the series:

[Part 1: Capturing the market opportunity](#)

[Part 2: Building the foundation](#)

[Part 3: Unifying your data platform](#)

[Part 4: Building an AI app and agent factory](#)

Part 5: Innovating with AI and agents (*coming soon*)

Azure platform updates and modernization

Recent Azure updates and modernization guidance focus on supporting customers as they migrate, secure, and modernize workloads. Together, these updates strengthen the Azure foundation for application modernization, data, and AI, while

reducing risk and accelerating time to value. Catch up on updates from the past quarter:

[Azure updates for partners: December 2025](#)

[Azure updates for partners: November 2025](#)

[Azure updates for partners: October 2025](#)

Accelerating secure Azure migrations

Secure cloud migration remains a top priority for customers, and partners are the ones who bring clarity, confidence, and speed to that journey. Read our blog, [Secure migration starts with trusted cloud and AI expertise](#), to learn how you can lead customers through assessments, modernization, and full Azure adoption with security, speed, and real business value.

Migrate & Modernize Summit recap

The recent Migrate & Modernize Summit laid out a powerful vision for how partners can lead customers through smarter, faster cloud journeys. The blog highlights new AI-powered tools and resources such as autonomous agents in GitHub Copilot for app modernization, enhanced capabilities in Azure Migrate for planning and executing migrations, and the newly announced Azure Accelerate program, bringing expert guidance, funding support, and streamlined deployment across Azure.

Microsoft and Oracle: The future of enterprise cloud data for partners

The Microsoft and Oracle partnership brings together Azure and Oracle Database@Azure, empowering partners to support customers modernizing mission-critical data while accelerating AI adoption. In this blog, we take a closer look at how deep integration across Azure's AI, security, and governance capabilities empowers partners to deliver high-performance, enterprise-ready data solutions with confidence.

Microsoft Fabric Ask Me Anything series

Engage directly with Fabric leadership, discover product insights, and explore roadmap discussions through Ask Me Anything sessions on the [Fabric Partner Community](#).

SQL partner community

Join SQL Server and Azure SQL experts for engineering updates, curated resources, and a dedicated space to collaborate with peers.

New Promotions & Offers

Introductory Copilot for Business and Copilot Business Bundle Offers

These launch offers for Copilot for Business and Copilot Business Bundles aims to help accelerate Copilot deployments within Microsoft 365 Business SKU customers.

- Up to 15% Off Copilot for Business
- Up to 35% Off Business Standard and Copilot Business Bundle
- Up to 25% Off Business Premium and Copilot Business Bundle:

Bridge to Cloud 3 Promotion – 30% off

On January 1, 2026, Microsoft launched the “Bridge to Cloud 3” (BTC3) NCE promotion, offering eligible “Dynamics on-premises” commercial customers a 30% discount during a 3-year non-cancellable term when migrating to most Dynamics 365 online products.

Through Bridge to Cloud 3, customers gain access to exclusive offers like Dual-Use Rights that facilitate a seamless move from legacy systems to modern cloud solutions. Whether upgrading infrastructure, enhancing security, or adopting new productivity tools, the promotion helps organisations future-proof their operations and maximise the value of their technology investments.

Dynamics 365 Contact Center - 40% off

This limited-time promotional offer aims to accelerate the adoption of Dynamics 365 Contact Center, including among organizations with existing telephony investments in Microsoft Teams Phone. The offer provides a significant discount to encourage commercial customers to adopt Dynamics 365 Contact Center solutions.

Trainings, events & bootcamps

Webinar Unlocking the Copilot Partner Opportunity

Copilot presents a significant opportunity to drive new customer acquisition, expand existing accounts, and build long-term, recurring services across AI, automation, and business process optimisation.

This webinar is designed to help partners understand where to start, how to position Copilot, and how to build a repeatable Copilot and Agents practice that scales.

We'll walk through the full Copilot partner journey — from entry-level adoption with Copilot Chat, through upsell motions, agent-led automation, managed services, and advanced scenarios — with a clear focus on practical execution, not theory.

Register here: [Unlocking the Copilot Partner Opportunity](#)

Microsoft Skilling Hub

All in one place – from Titan & LevelUp to SureStep, AI Tour for Partners, and regional events. Easier navigation and simplified sign-in. Explore the [Skilling Hub](#)

Microsoft Titan Skilling Academy for Partners

Register for [Microsoft Titan Skilling Academy](#) today! Deepen your expertise across sales, pre-sales, and technical solution areas and become a Microsoft Titan!

Crayon Promotions

Earn Additional Rebates with Business Premium Attach

Partners can now earn a per-seat rebate when they attach an approved Microsoft add-on SKU to existing Business Premium customers, or when they purchase a Business Premium Copilot bundle.

Crayon's Business Premium Attach Incentive is designed to help you unlock more value from your existing customer base, without chasing new logos or rebuilding your sales motion.

Read more: <https://clicklive.rhipe.com/Business-Premium-Attach-ANZ.html>

Cert4Experts: Get Microsoft Certified for Free

By popular demand, the Crayon Certs4Xperts program is back!

Starting January 1, 2026, Certs4Xperts is a proven way to take your in-house Microsoft skills certifications from Fundamentals to Intermediate, Advanced and Technical – for free.

Choose your certification path to complement technical roles and requirements. Take the courses, sit the exams, and earn globally recognised industry certifications – courtesy of Crayon.

Build knowledge, build in-house skill sets and build your competitive advantage.

The participating Partners who successfully pass eligible Microsoft certification exams within the program period will have their full exam fee reimbursed.

Read more: https://golive.apac.crayon.com/Certs4Xperts_FY26.html

