

Billing an Azure Subscription

Azure subscriptions are charged at the end of each billing period since they are billed based on consumption. Through interworks.cloud platform you will get all the details of the consumption, broken down per Azure SKU.

How the interworks.cloud Platform Bills Azure Subscriptions

Especially for Azure subscriptions, the billing cycle needs to be **aligned** to the CSP Partner's **cut-off date** and thus, may not be aligned to the billing cycle of the BSS account if a different date has been chosen. This is due to the way the Microsoft APIs that the platform uses to collect charge data, provide respective information.

In cases where a BSS account has a billing day, **that is different from** the CSP date, then subscriptions for non Azure services will be priced according to this date, but **Azure** subscriptions will be charged within the CSP cycle. The CSP cut-off date must be defined in the system, so that the Azure billing cycles are adjusted accordingly.

Setting the CSP date to Microsoft Azure:

The screenshot shows the 'Edit Prices' configuration page. The 'Charge Type' is 'Pay-per-use'. The 'Available Currencies' is 'EUR'. The 'Number of Decimals' is '2'. The 'Billing Date' is 'Set specific billing date' with a value of '15'. A callout box points to the 'CSP Cut-off Date' field.

Check this post [Setting Product Billing Day](#) for completing the required configuration!

Making the correct billing configuration to your interworks.cloud platform is essential to provide accurate information to your customers!

Azure charges are collected from Microsoft APIs using cost information. So before Azure can be sold, the CSP must take care to configure the pricing accordingly. For CSP Indirect Partners that sell Microsoft services to resellers, it is essential to note that since, each reseller purchases on the prices that are defined through price lists, Azure can only be defined there as sold under either 'Margin' or 'Markup'. So the system will price each subscription using the cost received from Microsoft plus this percentage.

Important Notice for Tenant Resellers

Table of Contents

- [How the interworks.cloud Platform Bills Azure Subscriptions](#)
- [Configuring Azure Pricing for Resellers](#)
- [Configuring Azure Pricing for Direct Customers](#)
- [Displaying in Azure Calculator the Discount the Customer will get from Microsoft's SRP Price](#)
- [Azure Invoice Information](#)
- [Related Info](#)

Related Info

- [Viewing the Consumption of an Azure Subscription](#)
- [Defining the Azure Product](#)

Important! If Microsoft Azure product is not priced through a price list (partners or direct customers), then all subscriptions will be charged with the CSP's cost!

A tenant reseller should define his pricing policy for the Azure service by setting a margin or a markup **above Distributor cost price and not above what he is paying to the Distributor.**

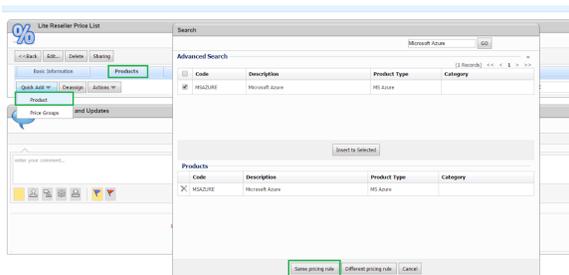
Assume that an Azure subscription is charged from Microsoft to the indirect CSP \$1000 and the indirect CSP sells it to his indirect reseller with a 4% markup, meaning that he will pay \$1040. If he wants to sell this subscription to his customer with 10% markup, he needs to calculate the price **using as base the MS cost (\$1000)** and not the indirect CSP charges (\$1040).

If he wants for example to charge his customer for \$1144 (\$1040 + 10% markup), he needs to define the markup to 14.4% for the system to calculate the charges as \$1000 + 14.4% markup = \$1144.

Configuring Azure Pricing for Resellers

If you are an **indirect CSP** and you want to set discounts for the Azure service to your resellers, you must add the Azure product in resellers pricelists. The process is the following

1. Locate your reseller pricelist in **Billing > Price Lists**
2. Go to **Products tabs** and select **Quick Add > Products**. In the pop-up form search for the **Microsoft Azure** product



3. Select the action **Same pricing rule** for defining the discount you give for Azure product in the selected price list.
4. When you add the Azure product in one of your resellers pricelist, you should select as pricing rule the **"Percent Markup - Cost Price"** or the **"Percent Margin - Cost Price"**. The markup or margin percentage it must be set to the field next to the

pricing rule.

The image shows two screenshots from a software interface. The top screenshot is titled "Massive Insertion of Products with same pricing rule" and shows a configuration form. The "Pricing" section has a dropdown menu with "Currency Amount" selected. A green box highlights the "Currency Amount" option, and a green arrow points to it with the text "Set here your markup or margin percentage". Below this, a list of pricing methods is shown: "Percent of Sell Price", "Percent Markup - Cost Price", and "Percent Margin - Cost Price". The bottom screenshot is titled "Office 365 Demo Pricelist" and shows a table of products. The table has columns for Code, Name, Pricing Method, Amount/Percentage, Unit, and Price. The first row shows a product with Code "CAZR-AZUR", Name "Microsoft Azure", Pricing Method "Percent Margin - Cost Price", Amount/Percentage "5.00 %", Unit "month", and Price "0.00 €".

Understanding how margin or markup is applied for calculating the sell price

The formulas for calculating the sell price based on cost margin or markup are the following:

$$\text{Sell Price} = \text{Cost Price} / (1 - \text{Margin}) \quad \text{Margin} = (\text{Sell Price} - \text{Cost Price}) / \text{Sell Price}$$

$$\text{Sell Price} = (\text{Cost Price} * \text{Markup}) + \text{Cost Price} \quad \text{Markup} = (\text{Sell Price} - \text{Cost Price}) / \text{Cost Price}$$

So, if you are having a product that costs 1.00 € and you want to sell it 1.20 €, your cost margin or markup are the following:

$$\text{Margin} = (1.2 - 1.0) / 1.2 = 0.166 \quad 16.60 \%$$

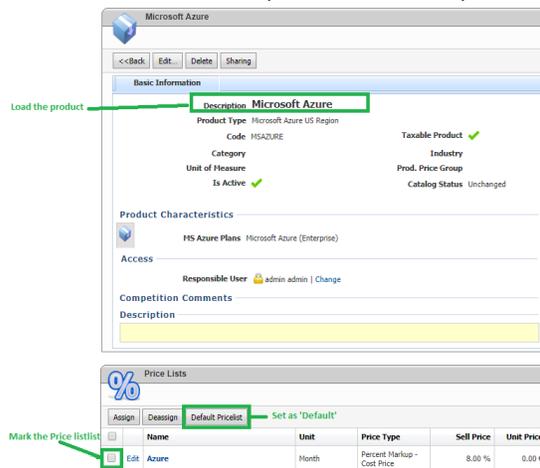
$$\text{Markup} = (1.2 - 1.0) / 1.0 = 0.20 \quad 20\%$$

Configuring Azure Pricing for Direct Customers

CSP Direct Partners can opt to sell to direct customers without price lists. For this reason, since, Azure charges are gathered using cost information, you must follow a simple procedure in order to price the subscriptions according to the ERP prices or the margin you desire.

1. A price list must be created, containing only the Microsoft Azure product

2. There, Azure must be assigned with a markup / margin pricing rule, having the appropriate percentage that will augment the price until it reaches ERP price level (check previous paragraph on how to do this!).
3. Now, locate the Microsoft Azure product and mark the price list as 'default'.



4. That's it! All customers will be priced according to the margin you have designated!

Displaying in Azure Calculator the Discount the Customer will get from Microsoft's SRP Price

If you have decided to offer Azure with a discount from Microsoft's SRP price, the discount you give to your customer is displayed in Azure calculator and it is calculated as following:

Suppose that you have defined in your pricelist that you sell Azure with a 5% markup above your cost and let's assume that the Storefront user selects the following resource in the calculator:



The discount will be calculated as following:

- Microsoft SRP price for this configuration is 73€.
- All CSPs have about 15% discount for all azure resources. So we calculate that your cost is $73 * 0.85 = 62.05€$
- In your pricelist you have defined that your retail price is 5% markup above your cost. So the customer will purchase this resource from you at $62.05 * 1.05 = 65.1525€$
- Then we calculate which is the discount you give from MS Retail price. The discount is $65.1525 / 73 = 0.8925$ that is 10.75%
- Because this is just an estimation we have decided not to display discounts with decimals in calculator, so we round the discount to 11%
- Then using the discount we have calculated, we display to the customer that his price will be $73 * 0.89 = 64.97€$

Azure Invoice Information

The invoice of an Azure subscription includes the usage records **we have collected from Microsoft Billing API**. These records are slightly different from the [usage records](#) you see in the details of the Azure subscription since we collect the daily consumption using Microsoft Usage API but what we bill is the data we get from Microsoft Billing API.

The lines that you will see in your Azure invoice **are identical with the lines you see in the reconciliation file** Microsoft produces for your Azure subscriptions.

Below is a sample how an invoice for an Azure subscription is displayed in Storefront.

The screenshot shows the CloudPlatform interface for an invoice. At the top, it displays 'CloudPlatform' and the user 'JOHN DOE' with a 'CART' link. Below the navigation bar, there are links for 'HOME', 'APPS & SERVICES', 'MY WORKSPACE', 'BILLING', and 'SUPPORT'. The main content area is titled 'INVOICES : 000014' and shows an amount of '68.82 €', an invoice date of '08/03/2016', and a status of 'Paid'. There are buttons for 'View invoice in printable form' and 'Save as PDF'. Below this is a table of invoice items with columns for #, Qty, Description, Billing Cycle, Unit Price, Unit, Usage, Original Total, Discount, and Total. The table contains 11 rows of data, including items for Microsoft Azure, Data Transfer In (GB), Data Transfer Out (GB), and IP Address Hours. The total before tax is 68.82 € and the final price is also 68.82 €.

#	Qty	Description	Billing Cycle	Unit Price	Unit	Usage	Original Total	Discount	Total
1		Microsoft Azure	03/01/2016-07/31/2016		Usage				
3	73.800000	APP01	03/01/2016-07/31/2016	0.30 €	Hours	22.34 €	10.00 %	20.10 €	
4	0.000000	APP01 - Data Transfer In (GB)	03/01/2016-07/31/2016	0.00 €	GB	0.00 €	10.00 %	0.00 €	
5	0.000000	APP01 - Data Transfer Out (GB)	03/01/2016-07/31/2016	0.07 €	GB	0.00 €	10.00 %	0.00 €	
6	569.899999	APP01 - IP Address Hours	03/01/2016-07/31/2016	0.00 €	Hours	1.72 €	10.00 %	1.55 €	
7	73.250000	APP02	03/01/2016-07/31/2016	0.30 €	Hours	22.23 €	10.00 %	20.01 €	
8	0.000000	APP02 - Data Transfer In (GB)	03/01/2016-07/31/2016	0.00 €	GB	0.00 €	10.00 %	0.00 €	
9	0.000000	APP02 - Data Transfer Out (GB)	03/01/2016-07/31/2016	0.07 €	GB	0.00 €	10.00 %	0.00 €	
10	569.899999	APP02 - IP Address Hours	03/01/2016-07/31/2016	0.00 €	Hours	1.72 €	10.00 %	1.55 €	
11	72.596714	0001	03/01/2016-07/31/2016	0.30 €	Hours	21.86 €	10.00 %	19.77 €	
									Total Before Tax
									Final Price

The Unit Price is **Microsoft's suggested retail price**. if you have defined a margin for the customer / reseller, the margin is visible and it has been used for calculating the total of each line.

The lines of an Azure invoice **are not related with actual products in Cloud BSS**. The SKUs Microsoft has for the Azure resources are about 4.000 and they change constantly. That's why we decided not to have all Azure resources as actual products in Cloud BSS but to include in the invoice the usage records we have collected from Microsoft. This means that you will not be able to find a specific resource by searching in BSS's products module.

The invoice for an Azure Subscription will be generated when Microsoft uploads Azure reconciliation file in your partner center account

For generating the Azure invoices we collect the charges from Microsoft Billing API. But these charges are available only when the Microsoft uploads your Azure reconciliation file in your partner center. Microsoft Billing API actually exposes via API the records in your reconciliation file.

If you don't see any Azure invoices in your BSS, check first if the Azure reconciliation file is available in your partner center account. If it's not, then you will need to wait for this file to be generated from Microsoft before seeing the Azure invoices in your BSS.