Microsoft Partner Incentives Guide

A Pax8 partner guide to Microsoft Commerce Incentives (MCI) and Co-op.

Covering a wide range of business objectives, Microsoft's incentive offerings provide important resources to help your Microsoft business grow and succeed. Enrolling in the right program not only lets you reap the rewards of your company's achievements, but also supports your potential expansion into new markets and business models.

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About

This Guide

This guide explains how Microsoft Commerce Incentives (MCI) and Co-op work for Pax8 partners and how to get the most from them. It focuses on the mechanics and strategies for maximizing incentives and links out to live Microsoft resources that host the latest changes such as current rates, eligible products, dates and program rules.

Microsoft updates incentive structures and resources consistently. A new version may simply appear online with a new date at the bottom of the page. Because of that, you should always confirm that you have the latest figures. We have provided links to direct Microsoft resources throughout this guide so that when something changes you can easily get up to speed.

Why Incentives Matter

Microsoft's partner incentives are designed to reward partners for participating in Microsoft's ecosystem and for meeting customer needs through value-added services. Customer needs often extend well beyond the transaction, so Microsoft invests in partners across every stage of the customer journey:

- Listen and consult — understand the customer's goals and challenges
- Inspire and design — shape the right Microsoft solution
- Empower and achieve — deploy and enable adoption
- Realize value — drive usage and business outcomes
- Manage and optimize — support, grow and renew over time

Why incentives matter for Pax8 partners:

- They reward the growth you're already driving. Incentives put real dollars behind new customers, new workloads and expansion.
- They put money back into your business. Earnings come to you as both a rebate (cash) and co-op (marketing funds).
- They help fund what wins customers. Co-op can offset the marketing and services that attract, land and retain customers.
- They reward a strategic approach. A solution-led motion earns more than one-off transactions, because you can stack multiple incentive levers.

How to Participate in Microsoft Commerce Incentives

Eligibility

To earn Microsoft Commerce Incentives (MCI) as an indirect reseller, you must enroll in the MCI program through Partner Center and meet Microsoft's eligibility requirements. At a high level, eligibility comes down to three things:

CSP authorization	you are an authorized Cloud Solution Provider (CSP) partner.
Right designation or capability points	hold the Solutions Partner designation for the solution area you want to earn in or have the required 25 partner capability points specific to that solution area's incentive.
Meeting the revenue threshold	meet the US $25,000 trailing-twelve-month (TTM) revenue threshold at your Partner Location, which is required to earn across solution areas.

How to Enroll

Assign an Incentive Administrator in Partner Center. → Microsoft will send you an invitation to enroll in your incentive program. → Complete your Bank and Tax profile in Partner Center so Microsoft can pay you.

How Earnings Work

Partner incentives on eligible billed revenue across Microsoft solution areas – AI Business Solutions, Security and Cloud and AI Platforms. Earnings are calculated and paid through Partner Center on a monthly cadence. The exact rates, latest eligible products and payment schedule change periodically, so we're keeping the specific numbers out of this guide and pointing you to the direct Microsoft source instead.

Stack Incentives to Maximize Earnings

For certain solution areas you can layer several incentive levers on the same sale, instead of earning on the base alone. Think in terms of three levers:

- Core — the base incentive for the solution area (Azure only).
- Strategic product accelerator — an added lever when you sell Microsoft's strategic/priority products.
- Growth accelerator — rewards growth of new customer adds, new workloads and seat expansion, which is measured as year-over-year growth in monthly recurring revenue at the customer-tenant level and calculated independently within each solution area.

When you choose a strategic product and focus on new customers and expansion, the same motion can earn Core + Strategic + Growth incentives. A strategic approach to each deal can qualify you for far more than you'd expect from a single transaction.

To see which products earn which accelerators and the current CSP incentive rates, view the Microsoft Commercial Incentive Guide.

Earn a Solutions Partner Designation

Solutions Partner designations are the qualifier that unlocks even more earning within each area. They signify your capabilities and recognize your proven customer success and are designed to empower you to stand out from the competition, reach more customers and access benefits that can support your growth.

Attaining a designation can also set your organization up for even greater benefits and opportunities, such as earning a specialization to further differentiate your expertise. Solution areas map to designations:

AI Business Solutions

- Solutions Partner designation for Modern Work
- Solutions Partner designation for Business Applications
- Solutions Partner designation for Security

Cloud and AI Platforms

- Solutions Partner designation for Data and AI
- Solutions Partner designation for Digital and App Innovation
- Solutions Partner designation for Infrastructure

Review eligibility and unique benefits for each designation here: https://partner.microsoft.com/en-us/partnership/solutions-partner

How to Use Co-op Funds

Microsoft Co-operative (Co-op) marketing funds reimburse a portion of your earned incentives to help you build channel awareness and preference for Microsoft products. Its purpose is to reward you by reinvesting back into your business with Microsoft.

The 60/40 Split

Microsoft splits your eligible incentive earnings 60/40. 60% is paid to you as a monthly rebate and 40% is reserved as co-op for approved marketing and readiness activities.

Let's look at an example to illustrate how this plays out using FY27 rates:

A partner grows their Azure revenue with their customers while holding the Solution Partner designation in Azure. In one month they reported US $10,000 Azure Consumed Revenue (ACR). A year later they've deployed Microsoft Fabric for their customers and grew their ACR to US $15,000 per month.

Since they increased their monthly recurring revenue to US $15,000 ACR per month, they receive 3% of that total value from the MCI Core lever, or US $450 ($270 rebate and $180 in co-op earned).

For the US $5,000 in revenue they have grown year-over-year from selling Microsoft Fabric, they receive 12% back from the MCI Growth accelerator, or US $600 ($360 rebate and $240 in co-op earned).

Getting started

- Enroll in the MCI program
- Earn the US $25,000 earnings threshold
- Complete your Bank and Tax profile in Partner Center
- Meet the US $10,000 co-op threshold requirement

Your accrued co-op becomes usable as marketing funds once it reaches US $10,000 in the earning period. If it stays below US $10,000, it converts to a rebate at the end of the earning period and is paid to your bank profile so you never lose it.

Co-op earning periods operate on Microsoft's fiscal year halves: H1 July – December and H2 January – June

How to check co-op availability:

1	Sign into Partner Center
2	Select the Incentives tile
3	Select Co-op Management
4	Filter on Fund Category and Usage Period

What Co-op Can Fund

Demand generation	Events and conferences (customer), Microsoft first-party events, paid media with multi-touch campaign, physical media (Microsoft Surface only), promotional branded merchandise and targeted prospecting.
Market development	Allocated resources, customer solution adoption, customer workshops, internal incentives, SPIFFs and solution co-innovation.
Partner capability	Internal partner skilling, MAICPP audit, fees and certifications, partner AI adoption, product seeding and demo units.

Example scenario: You want to use Co-op funds towards the services and skills that drive your next sale. You engage with Pax8 Professional Services to deliver an Azure migration you're not yet resourced for. To claim this with your Co-op dollars, you sign into Partner Center and navigate to Incentives > Co-op management > Create a claim. In FY27, this particular activity would fall under Market Development > Customer Solution Adoption. Once the claim is created, you're taken to the Claim detail page where you can add invoices and proof of execution documents and check the status of your claim once submitted.

View the latest Co-op guidelines within the MCI guide to see the current fiscal year's proof of execution (POE) requirements and Co-op changes:
https://incentiveguide.partner.microsoft.com/en-US/

Microsoft Incentives Optimization Checklist

Use this checklist to make sure you're capturing every lever available to you as a Microsoft partner.

Stay Eligible

- [ ] Maintain your CSP authorization.
- [ ] Hold the required Solutions Partner designation (or capability points) for each solution area you want to earn in.
- [ ] Meet the US $25,000 trailing 12-month revenue threshold at your Partner Location

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Set Up Your Account to Earn

- [ ] Enroll in the Microsoft Commerce Incentives (MCI) program in Partner Center.
- [ ] Complete your Bank and Tax profile in Partner Center.

Maximize Earnings

- [ ] Prioritize strategic products that can stack core, strategic and growth accelerators.
- [ ] Target new customer adds, new workloads and seat expansion to capture the growth accelerator.
- [ ] Check the current MCI guide to see which products earn which accelerators.

Plan Your Co-op Budget

- [ ] Track co-op accrual toward the US $10,000 threshold each earning period.
- [ ] Plan qualifying activities early at the beginning of each fiscal half.
- [ ] Keep all invoices and any required proof documents for claims.
- [ ] Submit claims before the usage period deadline.
- [ ] Consider using co-op to fund activities that will help you drive strategic growth, so you can say yes to bigger projects and earn the most from your incentives.

Stay Current

- [ ] Check earnings monthly in Partner Center.
- [ ] Review the Microsoft Commerce Incentives resource collection each period for changes.
- [ ] Lean into Pax8 resources for support
    - Attend the Microsoft Monthly Update. Each month, we review critical Microsoft program and product updates, share key details and deadlines and go over actions you should take to generate success.
    - Visit the Microsoft hub in Pax8 Academy. We help you understand key Microsoft incentives changes and discover where the biggest growth and earning opportunities exist for your business.
    - Connect with your Pax8 Account Manager for support. Every Pax8 partner has a dedicated MSC who can help you maximise your partner benefits.