

OVERVIEW OF THE NEW PROGRAM FOR BUSINESS APPLICATIONS ISVs

(V1.2)

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Investing in our Microsoft Business Applications ISV ecosystem

Microsoft has a rich history as a platform company focused on creating healthy ecosystems through partnerships with hardware and software companies in ways that deliver mutual success. We recognize that the technology platform is only part of what makes ISVs successful, and it is imperative that partners have a strong set of development tools and guidance, marketplace resources, joint field engagement processes, and go-to-market (GTM) support to drive business growth.

New program for Business Applications ISVs

Microsoft is establishing a new program for Business Applications ISVs that better aligns Microsoft and our partners' success. The program is built around a revenue sharing model that offers reinvestment in ISVs through new technical, marketing, and sales enablement benefits. In the past, we offered no way for customers to easily assess whether a given ISV app built on the platform would meet a certain quality bar and applications have been installed directly into customer tenants without any in-depth, centrally driven security and performance reviews. With this new program, Microsoft is ensuring only certified applications are part of the ISV ecosystem, and the program will help offset the cost of running ISV SaaS offerings on the Dynamics 365 platform.

When the program launches in mid-July 2019, all cloud-based Dynamics 365 Customer Engagement apps, Dynamics 365 for Finance and Operations apps (except Dynamics 365 Business Central), and PowerApps must enroll in the program and be listed in AppSource upon certification (or recertification). Existing apps in AppSource will remain outside the program until they have been recertified. Eventually all such applications must be recertified or will be removed from AppSource and may be identified as uncertified by Microsoft. Apps not listed in AppSource may also be identified as uncertified. The certification/recertification process has multiple benefits. First off, it helps ensure that AppSource provides only high-quality business applications and reflects the excellence of our ISV ecosystem. Second, it offers customers a single marketplace where they can go discover Microsoft certified apps resting assured a certain quality bar is met. We will work with partners to help them address any challenges in meeting these requirements.

Although initially the program is limited to Dynamics 365 Customer Engagement, Dynamics 365 for Finance and Operations, and PowerApps, the program may be expanded over time to include additional types of apps within the Dynamics 365 and Microsoft Power Platform family. We are investing in dedicated resources in our field sales and engineering organizations to meet the needs of ISVs. Additionally, we are investing in coordinated sales efforts within our enterprise and mid-market teams to better enable Microsoft field sales and ISVs to work together on joint selling.

Program tiers and benefits

The program classifies paid applications into Standard and Premium tiers. The Standard tier provides a base level of benefits with a 10% revenue sharing fee. The Premium tier is reserved for selected apps and provides enhanced marketing and selling benefits with a 20% revenue sharing fee. Most apps will be classified as

Standard tier, although individual apps meeting Microsoft criteria may be placed in the Premium tier upon an ISV's request and Microsoft's approval.

Benefit levels generally are tied to an ISV's revenue sharing fees paid during the prior 12 months. However, during the first year of the program (since there is not a 12-month revenue history), Microsoft may upgrade individual apps into a higher level on a case-by-case basis based on their prior record in working with Dynamics 365.

	Technical	Marketing	Sales engagement
Standard tier	<ul style="list-style-type: none"> • Use of Microsoft's Business Applications platform • Onboarding and certification support • Self-service app pre-certification • ISV app telemetry analytics • ISV app install success/failures • Dynamics Community forums • Business Applications AppSource support • Technical consultation 	<p>L1¹</p> <ul style="list-style-type: none"> • Marketplace listing optimization • Marketplace blog with newsletter and social amplification <p>L2</p> <ul style="list-style-type: none"> • Customer story • Sales enablement • Peer-to-peer (P2P) consultation • Social selling coaching 	
Premium tier	Same as Standard tier	<p>L3</p> <ul style="list-style-type: none"> • Co-sell ready bill of materials • OCP GTM Catalog <p>L4</p> <ul style="list-style-type: none"> • Mini-commercial • PR support • Peer-to-peer (P2P) workshop – virtual • Sales and marketing workshop <p>L5</p> <ul style="list-style-type: none"> • Peer-to-peer (P2P) workshop – in person • Secret shopper • Tele-sales campaign • Global expansion • Seller webinar • P2P lead gen campaign 	<ul style="list-style-type: none"> • Co-selling support from Microsoft field teams • Regional account planning with Microsoft field teams

¹ Each level includes the benefits of all levels below it. For example, Level 3 includes the cumulative benefits of levels 1, 2, and 3.

Level definitions

Level	ISV's total revenue sharing fees for the trailing 12 months (across all apps)
L1	<\$50k and app in Standard tier
L2	>\$50k and app in Standard tier
L3	<\$250k and app in Premium tier
L4	\$250-750k range and app in Premium tier
L5	>\$750k and app in Premium tier

For example, assume Contoso Software has two applications: Contoso Attendance in the Standard tier with \$100,000 in sales in the prior 12 months, and Contoso Materials in the Premium tier with \$1,800,000 in sales in the prior 12 months. Then, total revenue sharing fees paid by the ISV would have been 10% of \$100k + 20% of \$1,800k = \$370k. Therefore, Contoso Attendance app would be in level "L2" (i.e., ">\$50k and app in Standard tier") and Contoso Materials app would be in level "L4" (i.e., "\$250-750k range and app in Premium tier").

For most benefits, the ISV is limited to a single instance of each benefit (regardless of the number of certified applications) within a 12 month period. For example, all applications for a given ISV would be eligible to participate in a single "P2P Readiness Workshop" and single blog.

The above table reflects Microsoft's preliminary view of benefits to be offered and is subject to change without notice. Benefits remain under development and closer to program launch additional benefit information will be provided along with contract terms that govern access to benefits.

New tools and experiences

With the new program for Business Applications ISVs, Microsoft is releasing a series of new capabilities that will enable higher quality application delivery and improved customer insights.

Self-service application quality check capabilities

Self-service application quality check capabilities before certification is crucial to accelerate time to market for our ISV ecosystem. ISVs will be able to independently verify that their Dynamics 365 Customer Engagement apps, as well as PowerApps, can run through the AppSource onboarding process and be certified promptly. Tooling will be available for ISVs enabling developers to run the pre-certification quality checks prior to initiating the AppSource onboarding.

For ISVs creating apps with Dynamics 365 for Finance and Operations, the existing Customization Analysis Report will be retired and replaced with an application checker tool. The application checker tool will become part of the developer compile experience and will highlight errors, warnings, etc. The application checker tool will be available in v10.0.2 and with Platform Update 26.

ISV Studio

ISVs who have published Dynamics 365 Customer Engagement apps or PowerApps to AppSource can enjoy the benefits of a new ISV-centric studio experience. The ISV Studio is critical in providing SaaS-like experiences to

our partner ecosystem, offering ISVs a consolidated view into how their apps are performing across their installed base.

ISV Studio will enable access to insights on key adoption metrics such as number of tenants and install successes/failures. These insights are intended to empower ISVs to identify and act on bottlenecks affecting customer adoption and will provide additional capabilities and app telemetry over time.

Technical benefits/capabilities

In addition to the above, the following benefits and capabilities are planned:

Benefit	Description	Target Date
ISV application telemetry analytics	Analytics and insights into application adoption. Available for Dynamics 365 Customer Engagement, PowerApps and Dynamics 365 for Finance and Operations.	July (public preview)
ISV application install successes/failures	Insights into key usage metrics, such as the number of tenants and install successes and failures, available through ISV Studio. Only for Dynamics 365 Customer Engagement and PowerApps.	July (public preview)
Self-service quality check for application pre-certification	Self-service quality check tooling available for ISVs to test ability to meet certification criteria before submitting for AppSource onboarding	July
Technical consultation	3 hours consultation with a technical architect with expertise in Business Applications (1 per ISV)	July
Onboarding and certification support	Access to updated developer documentation and learning content, and certification guides	July
Dynamics Community forums	Access to the Dynamics Community forum with web content and peer feedback	July
Business Applications AppSource support	Access to Business Applications moderated weekly AppSource support calls	July
Use of Microsoft's Business Applications Platform	Ability to run ISV solutions in SaaS Dynamics 365 and PowerApps tenants managed by Microsoft (at customer's request)	July

Marketing and sales benefits

With the new program for Business Applications ISVs, a portion of overall revenue sharing fees will be targeted for reinvestment in marketing benefits to drive demand for ISV apps. The specific marketing benefits available to each ISV is determined by the ISV's program tier and app level(s) (see chart on page 2).

A following table further describes the potential marketing benefits that were listed on page 2 (not all ISVs or apps are eligible for each benefit):

Benefit	Description
AppSource listing	Listing of application in Microsoft's AppSource catalog
OCP GTM listing	Listing of application in Microsoft's internal seller-facing catalog
Marketing toolkit	Self-service resources to help with listing and application promotion (AppSource badge, etc.)
Marketplace listing optimization	Personalized support for improving AppSource listing
Marketplace blog with newsletter and social amplification	Inclusion in a marketplace blog post with promotion in a newsletter and on Twitter
Customer story	Microsoft-reviewed case study showcasing the success of a customer using ISV's solution
Sales enablement	Agency-created materials showcasing application value, target audience, and differentiators
Partner to partner (P2P) consultation	90-minute phone or web consultation designed to improve ISV's channel program
Social selling coaching	Participation in a program that teaches skills for social selling and leveraging LinkedIn
Co-sell ready BOM	Materials leveraged by field team as part of the co-selling process including: <ul style="list-style-type: none"> • Customer one-pager - Microsoft-reviewed datasheet showcasing application features • Customer presentation - Microsoft-reviewed case study showcasing the success of a customer using ISV's solution • Customer story – As above
Mini-commercial	Microsoft produced 20-30 second video highlighting partner's solution benefits
PR support	Inclusion of a Microsoft quote (subject to Microsoft approval) in a partner-drafted press release
Partner to partner (P2P) workshop - virtual	Virtual end-to-end channel development workshop focused on helping recruit and manage resellers and implementation partners
Partner to partner (P2P) workshop – in person	In-person, end-to-end channel development workshop focused on helping recruit and manage resellers and implementation partners
Sales and marketing workshop	Support in creating marketing campaigns that focus on prospects with the highest propensity to buy, including review of ISV's website and SEO effectiveness and training on how to use digital marketing to reach the best prospects
Secret shopper	Secret shopper assessment and improvement plan for customer buying experience

Tele-sales campaign	Outbound resources to help develop and call on qualified sales pipeline for up to a ninety-day period
Global expansion	Consultation and assessment to help ISVs enter new markets; includes global expansion readiness, target markets, and development of GTM strategy
P2P lead generation campaign	Partner-to-Partner (P2P) lead gen campaign to inform the market about your solutions and their unique joint value prop. Campaigns will be run through the Partner Demand Center.
Seller webinar	Recording of a live webinar featuring ISV's speakers for Microsoft field

Common program questions

Which applications are covered by the program?

This program covers ISV applications that build upon, extend, or connect with cloud-based Dynamics 365 Customer Engagement, Dynamics 365 for Finance and Operations, and PowerApps. Currently, Dynamics 365 Business Central, Power BI, and on-premises solutions are not included, although some of these may be added in future versions of the program.

What is the revenue sharing percentage?

The revenue sharing percentage for the Standard and Premium tiers is 10% and 20%, respectively.

How is the revenue sharing fee calculated?

The revenue sharing fee is the revenue share percentage multiplied by the total contract value charged by ISVs to their customers for applications that are deployed on Dynamics 365 or PowerApps tenants. Within 30 days of a transaction, ISVs must self-report transaction information (using Partner Center deal registration portal). Some amounts may be excluded from the reported total contract value – for details, please review next question/answer.

What items are included in the total contract value?

In reporting the total contract value (from which the revenue sharing fee is determined), ISVs may exclude: (i) amounts paid to Microsoft for Dynamics 365 and PowerApps licenses included in the sale, (ii) sales commissions or agency fees collected by Microsoft for direct sales from the Microsoft Marketplace, and (iii) most non-recurring installation fees and reimbursables.

What happens if my agreement with a customer changes?

If there is a change in the duration or total contract value or license fees payable to an ISV from its customer as a result of early termination, extensions, usage changes, or other amendments, the ISV should provide updated information to Microsoft. While the revenue sharing fee due for any period that has been billed (or is in the billing process) will not be reduced for a change, the revenue sharing fee for subsequent periods will be adjusted to reflect the revised revenue sharing fee applicable to such periods.

When are revenue sharing fees due?

Generally, revenue sharing fees are due to Microsoft over the life of the ISV/customer agreement. For example, revenue sharing fees associated with a 3-year \$100,000/year license in the Standard tier would be invoiced by Microsoft in advance, each quarter, at $\$100k * 10\% * \frac{1}{4} = \$2,500$ per quarter.

Do revenue sharing fees apply to pre-existing agreements?

Following application certification/registration, revenue sharing fees will apply to new and renewing ISV/customer agreements. However, for the renewal of ISV/customer agreements signed before July 1, 2019 (i.e., pre-existing agreements), fees will be waived and not apply until July 1, 2020.

Where is the program available?

The program is intended for ISVs located in countries where Dynamics 365 and PowerApps are available, although initially it may not be available to ISVs in certain markets with unique tax or currency requirements.

Program participation

As part of the app publishing workflow, starting in mid-July 2019, ISVs will be presented with and prompted to accept the program's terms before their first eligible app can be submitted for certification/recertification.

Once enrolled in the program, the ISV will receive an e-mail from Microsoft's Partner Go-to-Market (GTM) team with information about how to access your benefits. This team will also help arrange for redemption of various marketing benefits.

ISV Cloud Embed revisions

Starting in mid-July 2019, all ISVs with Dynamics 365 Customer Engagement, Dynamics 365 for Finance and Operations, and PowerApps solutions are expected to enter one of the program tiers. This includes ISV Cloud Embed partners. The current ISV Cloud Embed program will evolve to an OEM-only licensing model, providing Dynamics licenses for ISVs to build on the Power Platform and extend first-party solutions.

The requirements and criteria for obtaining embedded Dynamics 365/PowerApps licenses through the ISV Cloud Embed Program are expected to reflect ISVs' required participation in the new program, and certain replacement or additional embedded SKUs may be offered at a reduced price to participants in the new program (to partially mitigate the additional revenue sharing fee). More information about any changes will be forthcoming as plans are finalized.

As a reminder, for revenue sharing purposes the total contract value excludes amounts paid to Microsoft for embedded Dynamics 365 and PowerApps licenses that were included in the same transaction.

No changes are planned as a result of implementing the new program for customers that license underlying Dynamics 365 / PowerApps solutions directly from Microsoft (e.g., via an Enterprise Agreement).

Application publishing process

We are streamlining the workflow and systems involved in publishing a Business Applications app. Going forward, most interactions will take place within the Partner Center portal, including registration, application

certification, publishing (replacing Content Partner Portal), lead sharing (replacing Partner Sales Connect), and closed deal registration.

Beyond simplifying the workflow, we are introducing new tools to reduce errors and accelerate the publication process. In July, the self-service quality check tooling will be available for ISVs to test ability to meet certification criteria before submitting for AppSource onboarding.

The tool will be available for checking common errors in Dynamics 365 Customer Engagement applications and PowerApps. This is the same tool that Microsoft uses internally during certification, so there should be no surprises when your application is submitted to Microsoft for certification.

Other resources

New self-service technical content and enablement for ISVs

Our technical content investment is focused on providing an ISV guided experience, expanded coverage through industry accelerators, assistance in navigating Microsoft and getting started in developing with Dynamics 365 and the Microsoft Power Platform.

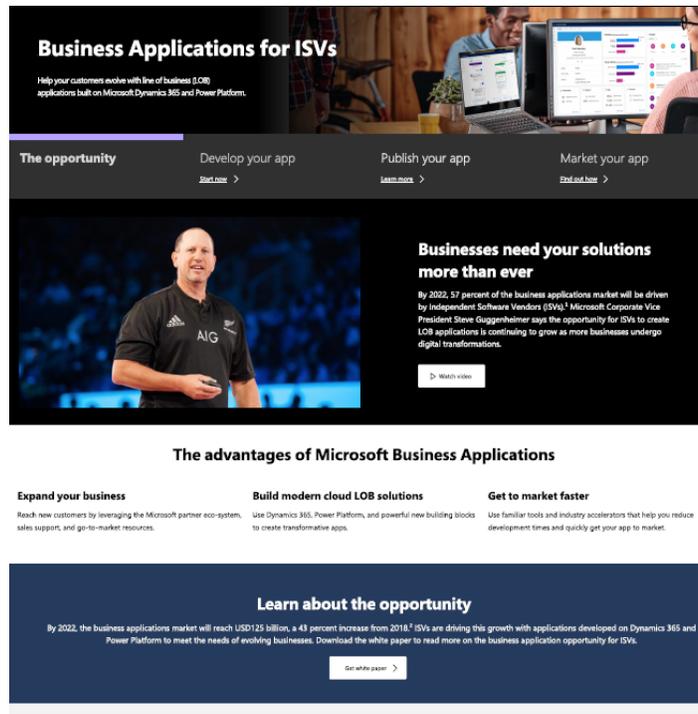
Business Applications ISV guided experience

Microsoft has launched a new portal for the Business Applications ISV community that brings together market insights, training, how to, and partner community content in a single location. This guided experience provides all the baseline knowledge necessary to successfully build, publish, and market your business applications solutions. Key resources include Getting Started guides for build, extend, and connect development patterns and step-by-step AppSource publishing instructions.

This portal will continue to evolve as new resources and guidance becomes available.

You can access the portal at

<https://partner.microsoft.com/solutions/business-applications/isv-overview>.



Industry accelerators

We are expanding our coverage of industry accelerators built on top of the Common Data Service.

Industry accelerators speed-up and simplify the use of industry-specific entities. These accelerators work with Dynamics 365 entities and the Common Data Service (CDS).

For example, our healthcare accelerator provided entities for patients, practitioners, and medical conditions, and all of our industry accelerators are available on AppSource and GitHub as open source materials (<https://github.com/microsoft/dynamics-365-industry-accelerators>).

In addition to existing accelerators covering non-profit, healthcare, and higher education, during the upcoming six-month release cycle, we will be releasing industry accelerators for K-12 education, automotive, commercial financial services, and retail financial services, as well as major upgrades to our healthcare and non-profit accelerators.

For more information about accelerators or to get started, see <https://aka.ms/AcceleratorProgramOverview> and <https://aka.ms/CDMengage>, respectively.

Feature	Planned General Availability
Updated documentation for Accelerator user guides to provide more scenario focused training	May 2019
Demo environment installable in your tenant for training purposes	May 2019
Pre-recorded videos that demonstrate how to configure and use Accelerators	April/May 2019
Healthcare Accelerator (V2) release, with additional entities, Power BI/AI scenarios and update the sample applications, including a connected scenario across Azure / Microsoft Power Platform/Power BI	May 2019
Nonprofit Accelerator (V2) release with additional entities, including a connected story example, that focus on new scenario areas and extend existing scenarios	May 2019
K-12 Education Accelerator (V1) release, including a set of CDM extensions that integrate with DataSense, Azure, and Power BI/AI and provide the base for SDS integration	August 2019
Automotive Accelerator (V1) release, with a set of automotive scenario entities for fleet support, service support, and DMS integration strategy and extensions in Dynamics 365 1st party applications	May 2019
Retail Financial Services Accelerator (V1) release, with its Commercial Financial Services Accelerator counterpart	May 2019
Commercial Financial Services Accelerator (V1) release, with its Retail Financial Services Accelerator counterpart	May 2019
Community site content about the ISV developer experience that will showcase leveraging accelerators on the Microsoft Power Platform	April 2019
Healthcare Accelerator integration with Azure FHIR Server and Azure Blueprint, which adds functionality to get data from EMR systems through Azure FHIR Server and leverages Azure Health Blueprint to process AI scenarios	June 2019
K-12 Education Accelerator integration with Microsoft's Student Data Sync that will enable ISVs to collect data from SDS and leverage it in business and analytic applications on the Microsoft Power Platform across Azure	June 2019
Healthcare Accelerator integration with Microsoft Teams, which will be a connected scenario with technical extensions to enable leveraging data from Azure FHIR across Microsoft Teams and Microsoft Power Platform based on personas	June 2019
CDM extensions for Azure Data Lake Gen2 in the K-12 Education Accelerator, which enables (i) mappings with Microsoft Power Platform Business Applications and (ii) analytic applications to put Business Applications data into your analytic solution and share business informers to the Business Applications platform	July 2019

Learning paths and courses

To simplify training journeys, during April we are consolidating our learning resources and retiring the e-learning on CustomerSource and Dynamics Learning Platform (DLP), although some older DLP courses that are still valid will be made available for download on <http://aka.ms/dynelearnretire>.

Courses for current products are being re-created on Microsoft Learn (<https://microsoft.com/learn>), a new site that provides a free, interactive learning environment combining short step-by-step tutorials, interactive coding/scripting environments, and task-based achievements that help you advance your technical skills. Be sure to visit Microsoft Learn for more details and watch for new ways to learn and improve your technical confidence and career opportunities.

In addition, we are working to define new learning paths on Microsoft Learn for developers of both Dynamics 365 Customer Engagement and Dynamics 365 Finance and Operations. These new learning paths are expected to become available in the second half of calendar year 2019.

Streamlining app ingestion and delivery/marketplace experience

We are streamlining ISV activities, currently spread across Cloud Partner Portal (CPP), AppSource, DevCenter, Microsoft Sales Connect (MSC) and others, into a unified Partner Center solution. This reduces complexity for ISVs and makes it easier for Microsoft sellers and our ISV partners to collaborate.

AppSource will serve as the single marketplace for business specific solutions built for the Microsoft Cloud. Business Applications ISVs will be able to take advantage of improved search, filtering, and social amplification. This will enable Business Applications ISVs to benefit from Microsoft's overall focus on promoting applications in AppSource. The quality of line-of-business applications available through AppSource will also be elevated to a consistent standard.

Future investments planned in the second half of calendar year 2019 and first half of calendar year 2020 are detailed in the table below.

Investment Area	Description
Transacting in AppSource	Enabling optional direct transactions for all apps in AppSource; Business Applications ISVs can choose to take advantage of Microsoft's new commerce engine to enhance and extend monetization opportunities through the marketplace
Migrating Microsoft Co-sell Catalog to Marketplace platform	Marketplace platform will feature co-sell ready solutions, eligible for field incentives, to Microsoft sellers
Improving UX/UI	Updates include curated digital customer journeys that allow for improved cross-sell and up-sell opportunities
Improving search capabilities	Updates include app popularity metrics and synonyms in search results
Enhancing ratings and review	Enhancements include enabling publishers to engage directly with reviewers

Aligning categories across marketplaces

Implementing a standardized category taxonomy across all properties for a unified user experience