



## **Inquiry into IT Pricing**

Dear Committee,

This submission is to draw attention to the high price disparity of the Microsoft TechNet and MSDN subscription costs between the United States and Australia.

I am making this submission in my role as an IT Professional who purchases software to further develop my skills and knowledge of applications, servers and operating systems, to better configure, diagnose and troubleshoot them.

For IT Professionals to remain up to date in current software and configurations it is recommended to have a testing lab set up so programs and operating systems can be evaluated. Companies with complex IT infrastructure will also have a development environment to examine and test changes without affecting their production environment.

The way this is usually done is to purchase a Microsoft TechNet subscription. This provides licenses to nearly all Microsoft Office programs, Server Applications and Operating Systems for use in a testing and development environment. This subscription is only for 1 year and needs to be renewed every year to retain access to new software as it becomes available.

TechNet has 2 levels, a Standard level and a Professional. Both of these are offered as a download only product, so there are no shipping or local handling charges. It is also possible to purchase the Professional Subscription with Media, which means you will be sent a copy of the updated programs each month on DVD.

The price charged by Microsoft for this subscription in Australia (Figure 2: TechNet Australia Website) is generally around 75% more than the equivalent US price (Figure 1: TechNet USA Website). Microsoft also sell the subscriptions through Amazon at below their recommended retail price (RRP), if this price is compared to the Australian RRP it is nearly half the local cost. Comparison of these price differences are shown in Table 1 and illustrated in Figure 3: TechNet Price Comparison Graph.

In addition to TechNet for IT Professionals, Microsoft also offers an MSDN subscription to computer programmers and developers. This provides access to Microsoft's Programming software (Visual Studio) in addition to most commercial programs written by Microsoft. Visual Studio comes in different versions with extra features which correspond to the different price levels shown in Table 1.

The prices of MSDN subscriptions are significantly higher than that of TechNet subscriptions, but the price difference of paying 75% more than the USA remains the same. This means for Visual Studio Ultimate 2010 with MSDN, you will be paying AUD\$20,775 in Australia and USD\$11,899 in the United States, or USD\$10,518 through Amazon.

In a Microsoft discussion forum<sup>1</sup> (<http://tinyurl.com/technetprice>) in which the price disparity was mentioned a comment was made that describes the price disparity in real terms.

*“As a developer, it cheaper for me to fly business/first class to the USA, buy VS + MSDN subscription and then fly home. How stupid is that, not to mention environmentally irresponsible. It's an online subscription! \$23K for Australian's and \$12K for the USA developer”*. - Jamie Clayton.

These differences in price can significantly raise the cost of becoming an IT Professional or Developer and staying up to date on current technology. They disadvantage Australian businesses that use Visual Studio and MSDN to develop software by having a much higher yearly fee for their development software compared to similar US businesses.

Regards,

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<sup>1</sup> <http://social.technet.microsoft.com/Forums/en-AU/tnfeedback/thread/aaf6c260-f578-4c33-8df7-0d19048457c8>

## Appendix 1: Prices from Microsoft and Amazon website

Table 1: Price Comparison

Product	Aus Price	US Price		Difference	
	RRP \$AUD	RRP \$USD	Amazon \$USD	RRP	Amazon
Technet Professional Subscription 1Yr	618	349	313.99	177%	197%
Technet Professional Subscription 1Yr Renewal	437	249	223.99	176%	195%
Technet Professional Subscription 1Yr w/ Media	1,048	599	533.99	175%	196%
Technet Professional Subscription 1Yr w/ Media Renewal	705	449	358.99	157%	196%
Technet Standard Subscription 1Yr	337	199	171.99	169%	196%
Technet Standard Subscription 1Yr Renewal	260	149	141.99	174%	183%
MSDN Operating Systems	1,220	699	635.99	175%	192%
MSDN Operating Systems Renewal	872	499	454.99	175%	192%
Visual Studio Professional with MSDN	2,084	1,199	899.00	174%	232%
Visual Studio Professional with MSDN Renewal	1,391	799	659.99	174%	211%
Visual Studio Premium with MSDN	9,530	5,469	4,355.01	174%	219%
Visual Studio Premium with MSDN Renewal	4,010	2,299	1,799.00	174%	223%
Visual Studio Ultimate with MSDN	20,775	11,899	10,517.75	175%	198%
Visual Studio Ultimate with MSDN Renewal	6,649	3,799	3,299.00	175%	202%

## Appendix 2: TechNet prices from Microsoft's website

**Buy a Technet Subscription** (United States)

Subscription Type	RRP (USD)	Renewal Price (USD)
TechNet Standard (Retail)	\$199.00	\$149.00
TechNet Professional (Retail)	\$349.00	\$249.00
TechNet Professional with Media (Retail)	\$599.00	\$449.00

Figure 1: TechNet USA Website

**Buy a Technet Subscription** (Australia)

Subscription Type	RRP (AUD)	Renewal Price (AUD)
TechNet Standard (Retail)	\$337.00	\$260.00
TechNet Professional (Retail)	\$618.00	\$437.00
TechNet Professional with Media (Retail)	\$1,048.00	\$705.00

Figure 2: TechNet Australia Website

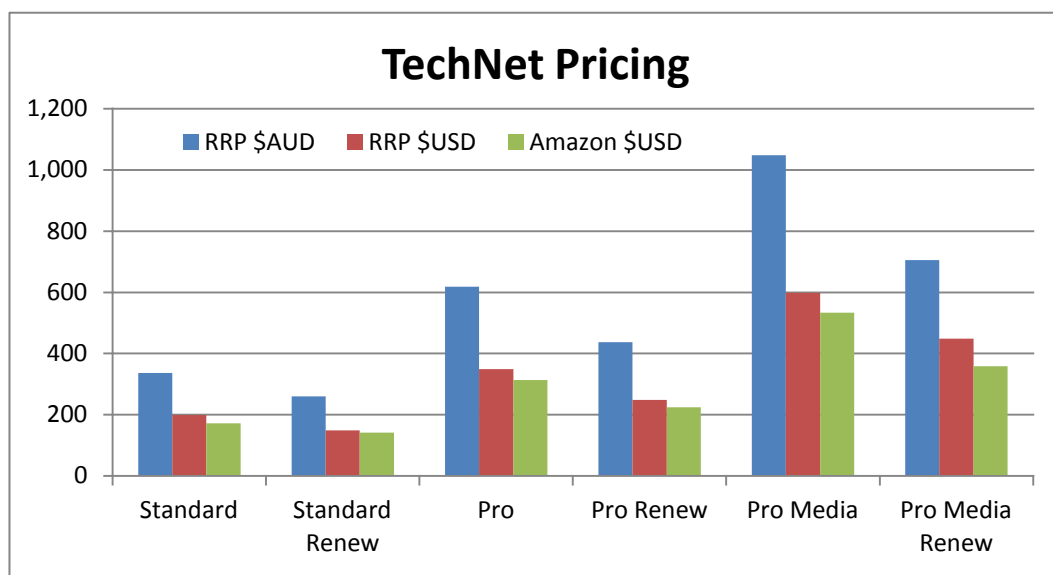



Figure 3: TechNet Price Comparison Graph

## Appendix 3: MSDN and Visual Studio prices from Microsoft's website

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Buy an MSDN Subscription Select your location <sup>1</sup>:








Subscription Levels	MSDN Operating Systems	Visual Studio Professional with MSDN Embedded	Visual Studio Professional with MSDN	Visual Studio Test Professional with MSDN	Visual Studio Premium with MSDN	Visual Studio Ultimate with MSDN
						
	<b>\$699.00</b>	<b>\$1,199.00</b>	<b>\$1,199.00</b>	<b>\$2,169.00</b>	<b>\$5,469.00</b>	<b>\$11,899.00</b>
	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>
	\$499.00 Renewal	\$799.00 Renewal	\$799.00 Renewal	\$899.00 Renewal	\$2,299.00 Renewal	\$3,799.00 Renewal

Figure 4: MSDN USA Website

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Subscription Levels	MSDN Operating Systems	Visual Studio Professional with MSDN Embedded	Visual Studio Professional with MSDN	Visual Studio Test Professional with MSDN	Visual Studio Premium with MSDN	Visual Studio Ultimate with MSDN
						
	<b>\$1,220.00</b>	<b>\$2,084.00</b>	<b>\$2,084.00</b>	<b>\$3,769.00</b>	<b>\$9,530.00</b>	<b>\$20,775.00</b>
	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>	<a href="#">Buy Now</a>
	\$872.00 Renewal	\$1,391.00 Renewal	\$1,391.00 Renewal	\$1,565.00 Renewal	\$4,010.00 Renewal	\$6,649.00 Renewal

Figure 5: MSDN Australia Website