

Updated licensing terms for dedicated hosted cloud services

Frequently asked questions

Overview

Microsoft has modified our licensing terms related to outsourcing rights and dedicated hosted cloud services.

Our past outsourcing terms gave on-premises customers the option to deploy Microsoft software on hardware leased from and managed by traditional outsourcers. The emergence of dedicated hosted cloud services has blurred the line between traditional outsourcing and cloud services and has led to the use of on-premises licenses on cloud services. As a result, we've updated the outsourcing terms for Microsoft on-premises licenses to clarify the distinction between on-premises/traditional outsourcing and cloud services and create more consistent licensing terms across multitenant and dedicated hosted cloud services. This change affects licenses acquired after October 1, 2019.

See the full announcement on the Microsoft [licensing blog](#) and talk with your Microsoft Account Manager or partner about how these changes might affect your organization.

What are the changes to the licensing terms related to outsourcing rights?

Beginning October 1, 2019, on-premises licenses purchased without Software Assurance and mobility rights can't be deployed with dedicated hosted cloud services offered by the following public cloud providers: Microsoft, Alibaba, Amazon (including VMware Cloud on AWS), and Google. They will be referred to as "Listed Providers."

How can I license Microsoft products with a Listed Provider once the changes are in place?

We want to minimize the impact of these changes on our customers, so we will also support the following scenarios for licensing Microsoft products on dedicated hosted cloud services from the Listed Providers:

- Microsoft licenses with [License Mobility through Software Assurance](#) can be used on dedicated hosted cloud services from any Listed Provider who is also an [Authorized Mobility Partner](#).
- Microsoft licenses with Software Assurance can be used with the updated [Azure Hybrid Benefit](#), including on the newly launched [Azure Dedicated Host](#).
- Microsoft software is available to you through Listed Providers that participate in the [Services Provider License Agreement](#) (SPLA) program and through Microsoft Azure offerings where the licenses are included in the cost of cloud services.

These changes will not apply to licenses purchased before October 1, 2019, so you can continue to deploy licensed software in dedicated hosted cloud services from Listed Providers.

What are dedicated hosted cloud services?

Dedicated hosted cloud services are offered by major public cloud providers typically with elastic, on-demand, pay-as-you-go resources, like their multitenant cloud services.

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What are some examples of dedicated hosted cloud services from the Listed Providers?

Some examples include Azure Dedicated Host, Amazon EC2 Dedicated Hosts, VMware Cloud on Amazon Web Services (AWS), and single tenant nodes from Google.

Where will the Listed Providers be identified?

A link to the Listed Providers will be included within the Product Terms starting in October 2019 when the changes are effective.

What products are included in this licensing change?

All on-premises software available through Microsoft volume licensing as of October 1, 2019, are included in the outsourcing terms change.

Is this just for new licenses or existing licenses without Software Assurance?

The changes affect only net new licenses purchased on or after October 1, 2019. Any rights you have today still apply in the future to your use of existing versions under licenses purchased *before* the October 1, 2019, effective date.

If you want to upgrade to a new product version released after October 1, 2019, or purchase a new license after that date, you have to follow the updated outsourcing terms.

What is Microsoft Azure Dedicated Host?

Azure Dedicated Host is a new Azure service that enables organizations to host one or more Azure virtual machines on physical servers that are dedicated to their organization. The server capacity is not shared with other customers and your organization has access to a single tenant dedicated hardware. See the [announcement](#).

How do the October 2019 Product Terms updates affect my option to outsource management of my software?

The October 2019 Product Terms updates generally preserve your historical right to deploy software licenses on hardware that is under the day-to-day management of a traditional outsourcer (“Authorized Outsourcer”). The updates specifically remove the option to deploy licenses without Software Assurance and mobility rights purchased on or after October 1, 2019 on dedicated hosted cloud services through the Listed Providers. These Listed Providers are identified in a link found in the Product Terms and include Alibaba, Amazon (including VMware Cloud on AWS), Google, and Microsoft.

When do I have to make a change with the Listed Providers?

You can continue to use existing versions of software on Listed Providers’ dedicated hosted cloud services under your existing licenses. Only new licenses acquired or new versions released on or after October 1, 2019, are impacted by the changes.

If you’re using software under subscription licenses you’re bound to the new terms on the earlier of renewal of your subscription or an upgrade to a version of software made available on or after October 1, 2019.

If I have an active Enterprise Enrollment do these changes take effect on October 1, 2019 or at renewal?

For new and renewal enrollments with an effective date prior to October 1, 2019, you’ll be subject to the Product Terms in effect on that earlier date. The changes won’t apply to licenses acquired prior to October 1, 2019, nor to licenses for existing product versions acquired on or after October 1, 2019 under true-up

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rights. Product versions first made available on or after October 1, 2019, will be subject to the updated Outsourcing Software Management terms.

Use rights, including Outsourcing Software Management terms, for perpetual licenses remain in effect even after a customer's enrollment is renewed. Use rights for subscription licenses are based on the use rights in effect at renewal.

Can I still move my existing licenses to a Listed Provider's dedicated hosted cloud services after October 1, 2019, if I did not have licenses previously deployed with that provider?

Use of existing versions under licenses acquired prior to October 1, 2019 continue to be governed by the Product Terms in effect when you acquired them. The updates to the Outsourcing Software Management clause apply only to licenses acquired or new versions released on or after October 1, 2019.

What happens when we renew our Software Assurance or upgrade to new versions after October 1, 2019?

Software Assurance renewal doesn't affect your perpetual use rights for existing versions. If you upgrade to a new version released on or after October 1, 2019, you must deploy that new version under the updated outsourcing terms.

What if we are running on a cloud provider other than these Listed Providers?

These changes don't apply to deployment and use of licenses outside of a Listed Provider's datacenter.

Do the changes apply to third-party offerings on a dedicated hosted cloud service?

Yes, the changes apply to both first- and third-party offerings on a dedicated hosted cloud service from a Listed Provider.

Do the updates to the Outsourcing Software Management clause affect my rights to deploy licenses with an Authorized Mobility Partner?

License Mobility through Software Assurance rights will be expanded to permit deployment of licenses with License Mobility coverage with Listed Providers' dedicated hosted cloud services for those Listed Providers who are Authorized Mobility Partner. Rights to deploy licenses on Authorized Mobility Partners' shared servers are not impacted by the outsourcing update.

How does the expansion of the [Azure Hybrid Benefit](#) terms affect our options to run workloads on Azure? Will these updates impact our current Azure workloads?

There is no change to Azure Hybrid Benefit for workloads running on Azure shared servers, other than an expansion of the workload migration right for Windows Server Standard from 31 to 180 days. The updates to the Azure Hybrid Benefit primarily address the option to run workloads on a new Azure offering—Azure Dedicated Host.

How do Azure Hybrid Benefit rights differ between workloads running on Azure shared servers and Azure Dedicated Host?

For SQL Server Standard and Windows Server Standard, there's no difference in Azure Hybrid Benefit rights on Azure shared servers and Azure Dedicated Host. Licensing requirements for moving workloads from one environment to the other will be the same.

For SQL Server Enterprise and Windows Server Datacenter, there are options to license workloads on Azure Dedicated Host either by virtual machine or physical host. Licensing requirements to license

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workloads on Azure Dedicated Host by virtual machine will be the same as licensing workloads on Azure shared servers. If you alternatively choose to license Azure Dedicated Host at the host level, you'll be required to allocate a number of core licenses equal to the number of physical cores available to you on the Azure Dedicated Host. In turn, you'll have the option to run any number of virtual machines on the Host (subject to technical limitations of the host itself).

You have 180 days to migrate SQL Server and Windows Server workloads to Azure Dedicated Host. There isn't an Azure Hybrid Benefit dual deployment option (i.e., running workloads simultaneously in Azure and on-premises) for Windows Server Datacenter when applying Azure Hybrid Benefit on Azure Dedicated Host at the host level.

Do we need Software Assurance to deploy volume licensing products on dedicated hosted cloud services (for example Azure Dedicated Host)?

Products licensed on or after October 1, 2019 are subject to the updated Outsourcing Software Management clause, and aren't eligible for use on Listed Providers' servers, except as otherwise permitted under the product-specific Use Rights. Examples of product-specific Use Rights that permit use on Listed Providers' dedicated hosted cloud services include Azure Hybrid Benefit (Azure only) and License Mobility through Software Assurance (Azure or Authorized License Mobility providers). These licenses require Software Assurance. Alternatively, customers can use software hosted by Listed Providers participating in the Services Provider License Agreement program or Microsoft Azure through license included offerings.

Use of existing versions of products licensed before October 1, 2019 are subject to the Product Terms in effect when those licenses were acquired. Licensing use on Listed Providers' dedicated hosted cloud services in these cases is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone.

Licensing updates by product

Can we run Windows Enterprise on a Listed Provider's dedicated hosted cloud services? Is Software Assurance required?

For Windows Enterprise licenses acquired on or after October 1, 2019, use on Listed Providers' dedicated hosted cloud services isn't permitted except under (1) Windows VDA E3/E5 user licenses on any Listed Provider's dedicated hosted cloud services or (2) Windows 10 E3/E5 user licenses on Azure or a Qualified Multitenant Hosting Partner's dedicated hosted cloud services.

As an exception, customers renewing Windows Enterprise SA coverage or E3/E5 subscriptions between October 1, 2019 and October 1, 2020 will have until October 1, 2020, to move their existing Windows Enterprise workloads off Listed Providers' dedicated hosted cloud services.

Can we run Office Professional Plus on a Listed Provider's dedicated hosted cloud services? Is Software Assurance required?

For an Office Professional Plus license acquired on or after October 1, 2019, use on Listed Providers' dedicated hosted cloud services isn't permitted with or without Software Assurance. Unlike Exchange, SharePoint or Skype for Business, Office Professional Plus has no License Mobility through Software Assurance.

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For an Office Professional Plus license acquired prior to October 1, 2019, use on Listed Providers' dedicated hosted cloud services is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone.

Can we run Exchange, SharePoint or Skype for Business Server on a Listed Provider's dedicated hosted cloud services? Is Software Assurance required?

For licenses acquired on or after October 1, 2019, use on Listed Providers' dedicated hosted cloud services isn't permitted unless you have Software Assurance or equivalent subscription rights, and you use your License Mobility through Software Assurance rights. Alternatively, you can use software hosted by Listed Providers who participate in the Services Provider License Agreement program.

For licenses acquired prior to October 1, 2019, use on Listed Providers' dedicated hosted cloud services is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone.

Can we run Windows Server on a Listed Provider's dedicated hosted cloud services? Is Software Assurance required?

Windows Server doesn't have license mobility. For Windows Server licenses acquired on or after October 1, 2019, use on Listed Providers' dedicated hosted cloud services isn't permitted whether or not you have Software Assurance, with the exception of Azure Dedicated Host. Use on Azure Dedicated Host is permitted under Azure Hybrid Benefit. Only customers with Software Assurance for Windows Server or equivalent subscription rights are eligible for Azure Hybrid Benefit. Another option for customers who want to use Windows Server in dedicated hosted cloud services is to use license-included services from Azure or Listed Providers that participate in the Services Provider License Agreement program.

For Windows Server licenses acquired prior to October 1, 2019, use on Listed Providers' dedicated hosted cloud services is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone. If you have Software Assurance or equivalent subscription rights for Windows Server, you can alternatively leverage Azure Hybrid Benefit rights for these licenses.

If I have licenses purchased prior to October 1, 2019, why would I want to use the Azure Hybrid Benefit?

The Azure Hybrid Benefit provides the option to license by virtual machine (Datacenter or Standard), or to license by physical host, but allocate core licenses only for the number of cores available to you (Datacenter only). On-premises licensing has no option to license by virtual machine and requires you to license all physical cores on the server. Furthermore, if you use Windows Server on Azure Dedicated Host under Azure Hybrid Benefit rights, your use is governed by the Online Services Terms (OST) and does not require base CALs. On-premises licensing requires base CALs for user or device access. The Azure use rights under the OST also permit you to host solutions on Azure for access by your customers.

Can we run SQL Server on a Listed Provider's (other than Azure) dedicated hosted cloud services? What if we have Software Assurance?

For SQL Server licenses acquired on or after October 1, 2019, use on Listed Providers' dedicated hosted cloud services isn't permitted unless you have Software Assurance or equivalent subscription rights, and you invoke your License Mobility through Software Assurance rights. Alternatively, you can use SQL Server hosted by Listed Providers who participate in the Services Provider License Agreement program through license included offerings.

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For SQL Server licenses acquired prior to October 1, 2019, use on Listed Providers' dedicated hosted cloud services is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone. On-premises licensing requires you to license all physical cores on the server or license by virtual machine (minimum of four licenses per virtual machine).

Can we run SQL Server on an Azure Dedicated Host? What if we have Software Assurance?

For SQL Server licenses acquired on or after October 1, 2019, use on Azure Dedicated Hosts isn't permitted unless you have Software Assurance or equivalent subscription rights, and you invoke your Azure Hybrid Benefit rights. Alternatively, you can use SQL Server hosted on Azure through license included offerings.

For SQL Server licenses acquired prior to October 1, 2019, use on Azure Dedicated Hosts is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone. If you have Software Assurance or equivalent subscription rights for SQL Server, you can alternatively leverage Azure Hybrid Benefit rights. This provides the options either to license by virtual machine (Enterprise or Standard), or to license by physical host, but allocate core licenses only for the number of cores available to you (Enterprise only). On-premises licensing also provides the options either to license by virtual machine (Enterprise or Standard), or to license by physical host, but requires you to license all the physical cores on the server when licensing by physical host.

What Software Assurance rights apply if I use the Azure Hybrid Benefit to allocate licenses to Azure Dedicated Hosts?

The Azure Hybrid Benefit terms and conditions provide the equivalent of on-premises fail-over rights for SQL Server, and in the case of SQL Server Enterprise Core licensed at the host level, the equivalent of on-premises unlimited virtualization rights. Both SQL Server and Windows Server are eligible for Disaster Recovery Rights and new version rights.

Will I receive unlimited virtualization on Listed Providers' dedicated hosted cloud services?

For SQL Server or Windows Server licenses acquired after October 1, 2019, you won't have unlimited virtualization rights on Listed Providers' dedicated hosted cloud services.

For SQL Server licenses acquired prior to October 1, 2019, with Software Assurance you can get unlimited virtualization with SQL Server Enterprise Edition on Listed Providers' dedicated hosted cloud services. You must assign core licenses for all the physical cores on the servers you use.

For Windows Server licenses acquired prior to October 1, 2019, you can get unlimited virtualization with Windows Server Datacenter edition on Listed Providers' dedicated hosted cloud services. You must assign core licenses for all the physical cores on the servers you use.

Does Azure Hybrid Benefit apply to the licenses that we purchased before October 1, 2019?

The Azure Hybrid Benefit applies to any Windows Server Standard/Datacenter licenses or SQL Server Standard/Enterprise Core licenses with Software Assurance coverage or subscription licenses with equivalent rights. [Learn more](#) about Azure Hybrid Benefit.

Can we run Visual Studio on Listed Providers' dedicated hosted cloud services?

For licenses acquired on or after October 1, 2019:

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The existing option for customers with current Visual Studio subscriptions to deploy on Azure multitenant services will also apply to Azure Dedicated Host.

Use of Visual Studio with other Listed Providers' dedicated cloud services will be permitted using software hosted by Listed Providers who participate in the Services Provider License Agreement program.

For licenses acquired prior to October 1, 2019, use on Listed Providers' dedicated hosted cloud services is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone.

Can we run Microsoft Dynamics software on a Listed Provider's dedicated hosted cloud services? Is Software Assurance required?

For licenses acquired on or after October 1, 2019, use on Listed Providers' dedicated hosted cloud services isn't permitted except in the case of Microsoft Dynamics 365 Operations Server with Software Assurance or equivalent subscription rights, when you use your License Mobility through Software Assurance rights. For other Microsoft Dynamics products, and as an alternative for Operations Server, you can use software hosted by Listed Providers who participate in the Services Provider License Agreement program.

For licenses acquired prior to October 1, 2019, use on Listed Providers' dedicated hosted cloud services is generally consistent with licensing use on your own on-premises hardware or traditional outsourcers' hardware dedicated to your organization alone.