

Flexible Virtualization Benefit

Licensing guidance

Summary

This guide explains your options for moving workloads to the cloud under the Flexible Virtualization Benefit—an expansion of the outsourcing software management right for customers with subscription licenses or licenses with active Software Assurance^[1]. Previously, you could only use Authorized Outsourcers' servers dedicated to a single customer's use when deploying licenses under outsourcing software management rights. Now, you also have the option to deploy eligible licenses on Authorized Outsourcers' shared servers. While this guide focuses on using a few products (SQL Server (per core), Windows Server, Microsoft 365 Apps, and Windows 10 and 11), the Flexible Virtualization Benefit broadly applies to all software products. This includes desktop applications, developer tools, and other server applications and license models not specifically referenced in this guide. If you have subscription licenses or licenses with Software Assurance, the same terms that govern on-premises use also apply to your use of licenses deployed under the Flexible Virtualization Benefit. You should refer to the [Product Terms](#) to determine when the Flexible Virtualization Benefit applies and how to exercise those rights.

[1] Subscription licenses are valid for a fixed term (e.g., one month, one year, etc.) and typically provide rights to the latest version of a product. Customers must renew a subscription license in order to keep using the software. Software Assurance is coverage that is acquired at the same time as a license, that provides new version rights as well as other benefits (e.g., special use rights). Software Assurance coverage is valid for a fixed term (usually three years). Customers must renew coverage in order to retain ongoing new version rights and other benefits. Ongoing use of the software under base terms depends on whether the underlying license is perpetual or not.

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The Flexible Virtualization Benefit

In October 2022, Microsoft updated its licensing policies to introduce new options for outsourcing software management if you have subscription licenses or licenses with active Software Assurance. These new options are available under the Flexible Virtualization Benefit. The Flexible Virtualization Benefit expands your existing rights to deploy software on Authorized Outsourcers’ servers—whether dedicated to a single customer or shared. If you have subscription licenses or licenses with Software Assurance, the same terms that govern software use in your own data center also apply to software deployed under the Flexible Virtualization Benefit, as explained in the following sections.

Any Outsourcer that is not a Listed Provider^[2] or does not use a Listed Provider as a datacenter provider qualifies as an Authorized Outsourcer.

The Flexible Virtualization Benefit allows you to deploy software on shared servers in the cloud, similar to License Mobility through Software Assurance. However, it differs because it applies to all software, including products not covered by License Mobility through Software Assurance (such as Windows Server and desktop products). It also offers more customers access through more cloud providers without requiring you to complete the License Mobility Form.

[2]“Listed Provider” means entities identified by Microsoft at <http://aka.ms/listedproviders>.

You can reassign your licenses to different servers within the Authorized Outsourcer's same server farm at any time when you use server products under the Flexible Virtualization Benefit and license or deploy by virtual machine. Microsoft introduced this license reassignment right along with the Flexible Virtualization Benefit and also applied it to on-premises use under the same requirements. When you use server products under the Flexible Virtualization Benefit, you also gain disaster recovery rights and other rights that subscription licenses and Software Assurance coverage provide, following the same terms and conditions that govern licenses deployed on-premises. For more information, see the license model terms (for special license reassignment rights) and Software Assurance Benefits sections of the Product Terms (for [disaster recovery rights](#) and other Software Assurance related use rights).

Just as with outsourcing to dedicated environments, customers outsourcing to Authorized Outsourcers' shared servers remain responsible for ensuring compliance with the terms and conditions of their agreements with Microsoft. The license terms for outsourcing under the Flexible Virtualization Benefit are documented in the [Universal License Terms for all Software](#) in the Product Terms. The Authorized Outsourcer and the customer determine how the outsourcer's hardware is allocated and priced.

Using SQL Server under the Flexible Virtualization Benefit

This section of the guide explains how you can license SQL Server by virtual machine under the Per Core license model while leveraging the Flexible Virtualization Benefit. When you use SQL Server on an Authorized Outsourcer's servers under the Flexible Virtualization Benefit, you must follow the same terms and conditions that apply to your own data centers—for example, you must still license by virtual machine, as explained below. The Flexible Virtualization Benefit lets you choose between an Authorized Outsourcer's shared or dedicated servers.

When you license SQL Server Enterprise or Standard by virtual machine, you must allocate a number of licenses equal to the number of virtual cores in the virtual machine (i.e., virtual operating system environment), with a minimum of four licenses per virtual machine. If any virtual core maps to more than one hardware thread at any time, you must assign a license for each hardware thread to which it maps. You must use either subscription licenses or licenses with active Software Assurance. These license requirements apply to both dedicated and shared servers.

Using Windows Server under the Flexible Virtualization Benefit

This section explains how you can license Windows Server by virtual machine under the Per Core/CAL license model while leveraging the Flexible Virtualization Benefit. When you use Windows Server on an Authorized Outsourcer's servers under this benefit, you must follow the same terms and conditions that apply to your own data centers. For example, you must continue to license by virtual machine, as described below. The Flexible Virtualization Benefit lets you choose between deploying on an Authorized Outsourcer's shared or dedicated servers.

For example, when you license Windows Server Datacenter or Standard by virtual machine, you must allocate a number of licenses equal to the number of virtual cores in the virtual machine (i.e., virtual operating system environment). You must assign at least eight licenses per virtual machine and at least 16 licenses per customer. In addition to licensing the virtual machine, you must allocate Client Access Licenses (CALs) to users or devices that access Windows Server running in the virtual machine. You must use either subscription licenses or licenses with active Software Assurance for both core licenses and CALs. These licensing requirements apply to both dedicated and shared servers.

Using Microsoft 365 Apps and Windows 10 and 11 under the Flexible Virtualization Benefit

This section explains how the Flexible Virtualization Benefit expands customers' cloud deployment options for Microsoft 365 Apps and Windows 10 and 11. With this benefit, customers deploy these applications outside their own data centers on any Authorized Outsourcer's shared or dedicated servers. Customers' licensed users or users on licensed devices remotely access the software. However, only subscription licenses or licenses with active Software Assurance allow customers to use the software under this benefit. Customers follow the same licensing requirements whether they deploy on dedicated or shared servers. Under Microsoft 365 Apps terms, customers' licensed users (or users on licensed devices) activate the software for local or remote use on up to five concurrent operating system environments (OSEs). The activation requirements reflect where customers host the servers and whether they use

shared or dedicated servers. For more details, refer to the [Microsoft 365 Apps Licensing Guidance](#).

Frequently asked questions

1. Which products does Flexible Virtualization Benefit cover?

The Flexible Virtualization Benefit covers all software products available under subscription licenses or licenses with Software Assurance coverage. This includes server products such as Windows Server, SQL Server, Exchange Server, SharePoint Server, System Center, and others. It also includes desktop products such as Windows 10 and 11, Office desktop applications, and Microsoft 365 Apps.

2. How does the Flexible Virtualization Benefit differ from License Mobility through Software Assurance? Don't customers already have these rights?

The Flexible Virtualization Benefit expands customers' ability to deploy software in the cloud, similar to License Mobility through Software Assurance. However, customers gain additional flexibility because this benefit applies to many products that License Mobility through Software Assurance does not cover, such as Windows Server and desktop products. The Flexible Virtualization Benefit also supports more customers by allowing them to choose any Authorized Outsourcer, whereas License Mobility through Software Assurance requires customers to use Authorized Mobility Partners. When customers deploy software under the Flexible Virtualization Benefit, they maintain the same use rights as they have for on-prem deployments, as long as they use subscription licenses or licenses with Software Assurance.

3. What is the difference between an Authorized Outsourcer and an Authorized Mobility Partner?

An Authorized Outsourcer is any service provider that is not a Listed Provider. Microsoft does not require an Authorized Outsourcer to sign a separate agreement to serve as a customer's Authorized Outsourcer. An Authorized Outsourcer can host any customer workload covered by the Outsourcing Software Management clause, including servers (such as Windows Server) and desktop products. An Authorized Mobility Partner is a service provider who has entered into a separate agreement with Microsoft in order to serve as an outsourcer. Authorized Mobility Partners can host only workloads covered by License Mobility through Software Assurance rights, which include server products but exclude Windows Server.

4. Does Flexible Virtualization benefit apply to existing licenses for software products?

The Flexible Virtualization Benefit covers all software subscription licenses and licenses with active Software Assurance, no matter when customers acquired them. These rights expire when subscription licenses or Software Assurance expire(s).

5. Can customers use Flexible Virtualization Benefit rights together with the updated Windows Server rights to license by virtual machine and deploy in the cloud?

Under the Flexible Virtualization Benefit, customers follow the same terms and conditions that apply to use in their own data centers. In the case of Windows Server, this means that customers with subscription licenses or licenses with active Software Assurance can license by virtual machine and deploy their virtual machines to an Authorized Outsourcer's servers, whether shared or dedicated. Customers with subscription licenses or licenses with Software Assurance can also move eligible Windows Server licenses between servers within an Authorized Outsourcer's server farm whenever needed. If customers want to move licenses to a different server farm or a different Authorized Outsourcer, they must wait 90 days before making the change.

6. How did licensing for desktop operating systems such as Windows 10 and 11 change in October 2022?

In October 2022, Microsoft updated the Flexible Virtualization Benefit to allow customers to use Windows 10 and 11 under subscription licenses or licenses with Software Assurance. Since then, customers have been able to deploy desktop operating system software on any Authorized Outsourcer's servers (shared or dedicated) and allow users to access it from desktops with subscription licenses or licenses with Software Assurance. When customers deploy on Authorized Outsourcers' shared servers, they must use Azure AD-based activation on supported editions if they run Windows 10 Creators Update or later versions. Additionally, since October 2022, when customers license Windows 10 and 11 as part of Microsoft 365 offerings, they no longer need to limit remote access to primary users of desktops with a Qualifying Operating System. When customers license Windows as part of Microsoft 365, they also no longer need to use VDA rights for remote access from desktops that do not have a Qualifying Operating System. However, the Qualifying Operating System requirement for remote use of Windows under Windows Enterprise E3 (outside of Microsoft 365) has stayed the same.

7. How did Microsoft change licensing for Microsoft 365 Apps in October 2022?

Back in October 2022, Microsoft introduced the Flexible Virtualization Benefit for Microsoft 365 Apps. This change allowed customers to deploy Microsoft 365 Apps software on any Authorized Outsourcers' servers (shared or dedicated) and enable access from users or desktops with corresponding Microsoft 365 Apps licenses. At the time, Microsoft also required customers to use shared computer activation when deploying on shared devices or servers. Additionally, enterprise customers eligible to use Office Online Server gained the ability to deploy that software on any Authorized Outsourcers' servers, while Microsoft 365 E3 and E5 customers saw an expansion of their Extended Use Rights, which began allowing them to deploy Office Servers on Authorized Outsourcers' shared servers.

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