

Outsourcing Software Management

Licensing guidance

Summary

In the context of licensing, outsourcing refers to customers' right to use software outside their own data centers. Microsoft's licensing policy defines where outsourcing of Microsoft software is permitted, and which licenses allow outsourcing.

This document provides an overview of Microsoft's licensing policies for outsourcing software management. It explains that Microsoft allows its Commercial Licensing customers to run previously purchased software on third-party managed servers, including cloud servers, under specific conditions. The document details the different outsourcing options available, such as using Authorized Outsourcers and License Mobility through Software Assurance. It also covers the impact of policy updates from October 2019 and October 2022 on customers' outsourcing rights. Additionally, the document addresses frequently asked questions about the use of software licenses on third-party servers, including those of Listed Providers like AWS and Azure. Finally, it provides guidance on the Flexible Virtualization Benefit and other resources for further information.

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Applicable terms and conditions

The terms and conditions governing outsourcing appear in the [Universal License Terms section of the Product Terms](#). Terms and conditions governing product-specific options to redeploy licenses to the cloud are addressed in the individual product sections of the Product Terms. Customers remain responsible for ensuring compliance with the terms and conditions of their

Commercial Licensing agreement with Microsoft for all uses of Microsoft software and services. The Product Terms, as updated in October 2019 and October 2022, preserve customers' historical right to redeploy software licenses on dedicated hardware that is under the day-to-day management of a traditional outsourcer (i.e., an Authorized Outsourcer). The updates specifically removed the option to redeploy licenses without License Mobility rights on Listed Providers' servers.

Outsourcing options

As a Microsoft Commercial Licensing customer, you have a few different options for using outsourcers, including redeploying licenses to Authorized Outsourcers' servers and redeploying licenses through License Mobility to Authorized Mobility Partners' servers. Under the Flexible Virtualization Benefit introduced in October 2022, outsourcing rights are expanded for customers with active subscription licenses or licenses with active Software Assurance to include Authorized Outsourcers' shared servers.

Using Authorized Outsourcers

An Authorized Outsourcer is any entity that is not a Listed Provider nor using a Listed Provider for data center resources. Rights to use Authorized Outsourcers apply broadly across Microsoft software products. All software licenses, subscription or perpetual, with or without Software Assurance coverage, permit you to use Authorized Outsourcers to host your workloads on servers dedicated to individual customers.

Active subscription licenses and licenses with active Software Assurance permit you to choose between Authorized Outsourcers' shared or dedicated hardware under the Flexible Virtualization Benefit. The terms of the Flexible Virtualization Benefit are contained within the [Outsourcing Software Management clause found in the Universal License Terms](#). Refer to the [Flexible Virtualization Benefit licensing guidance](#) for additional information.

Using License Mobility

If you have Software Assurance, you also have the right to move covered licenses to Authorized Mobility Partners' clouds under License Mobility through Software Assurance. These rights cover use on both shared and dedicated servers. However, the License Mobility through Software Assurance rights apply only to specific server applications (such as SQL Server) and are not generally available to all software. There was no change to License Mobility through Software Assurance rights in the October 2022 policy updates.

Frequently asked questions

1. How do the Outsourcing Software Management terms, as updated in October 2019 and October 2022, impact my choice of outsourcers?

All companies that are not Listed Providers and not using a Listed Provider as a Data Center Provider are deemed Authorized Outsourcers. Authorized Outsourcers may continue to provide outsourcing services as stipulated in Microsoft's outsourcing policy. Under the [Flexible Virtualization Benefit](#) introduced in October 2022, your outsourcing rights are expanded if you have active subscription licenses or licenses with active Software Assurance to include Authorized Outsourcers hosting workloads on shared servers, in addition to hosting on dedicated server.

2. Do the Outsourcing Software Management terms, as updated in October 2019 and October 2022, impact my use of software under perpetual licenses acquired prior to October 2019?

Microsoft does not change use rights for perpetual licenses sold in the past. However, benefits granted via active Software Assurance or active subscriptions are subject to the terms of your latest agreement. The October 2019 updates have no impact on perpetual software licenses acquired prior to October 2019. You may still use software under those licenses on Listed Providers' dedicated servers under the pre-October 2019 Outsourcing Software Management clause. The October 2022 updates likewise have no bearing on perpetual licenses acquired prior to October 2019. Conversely, your use of software under subscription licenses or Software Assurance coverage renewed since October 2019 is subject to the current Outsourcing Software Management clause, including the prohibition against redeploying on Listed Providers' servers, if you update your software to a version released after October 2019.

3. How do the Outsourcing Software Management terms, as updated in October 2019 and October 2022, impact my options to redeploy on Azure?

The October 2019 outsourcing policy updates impacted all Listed Providers, including Microsoft. If you were using the Outsourcing Software Management clause prior to October 2019 to move workloads to Azure dedicated hardware, you no longer have that option except for perpetual licenses acquired prior to October 2019. While your rights under the general Outsourcing Software Management clause changed, some products have product-specific use rights to run on Azure in limited cases. Please see the product-specific sections of the Product Terms for more details.

4. What impact do the current Outsourcing Software Management terms have on using License Mobility on Listed Providers' data centers?

There was no change to License Mobility through Software Assurance rights—which allow Software Assurance customers to redeploy certain server products (like SQL Server) to Listed Providers who are Authorized Mobility Partners. The October 2022 policy updates have no impact on License Mobility through Software Assurance.

5. When did the Listed Providers outsourcing policy go into effect?

This change took effect on October 1, 2019, but did not impact existing perpetual licenses. The policy applies to all licenses acquired on or after October 1, 2019. It also applies to all product versions released on or after October 1, 2019, regardless of the acquisition date. Customers may continue to use perpetual licenses that are not subject to this policy on Listed Providers' dedicated servers.

6. If I had an Enterprise Enrollment before October 1, 2019, does the Listed Provider policy apply?

The Listed Provider policy doesn't apply to licenses acquired prior to October 1, 2019. For all enrollments with an effective date prior to October 1, 2019 ("Existing Enrollments"), you are subject to the Product Terms in effect on that earlier date. True-up licenses acquired under Existing Enrollments after October 1, 2019, for any product version released prior to October 1, 2019, are also exempt. Product versions first made available on or after October 1, 2019, are subject to the Listed Provider policy, irrespective of the effective date of the Enrollment.

7. May I still move licenses acquired prior to October 2019 to a Listed Provider's dedicated servers, even if I have not previously redeployed with that provider?

Yes, you still have the option to move your pre-October 2019 perpetual licenses to a Listed Provider's dedicated servers. Use of software under perpetual licenses acquired prior to October 2019 is governed by the Product Terms in effect when you acquired them. This means you are still permitted to move your pre-October 2019 perpetual licenses to a Listed Provider's dedicated servers without regard to where the licenses were previously redeployed.

8. What if I have renewed my Software Assurance or upgraded to new versions released since October 2019?

Software Assurance renewal does not affect a customer's underlying perpetual use rights for existing versions. However, if that customer upgraded to a new version released on or after October 1, 2019, or it acquired new licenses after its coverage renewal, the customer must redeploy that new version and those new licenses under the Outsourcing Software

Management terms (including the Listed Provider policy), as updated in October 2019. Upon the first renewal on or after October 1, 2019, all Software Assurance based use rights are also subject to the updated terms. Customers with subscription licenses or Software Assurance who renewed their licenses or coverage also have access to expanded Outsourcing Software Management rights. Under the [Flexible Virtualization Benefit](#) introduced in October 2022, customers with active subscription licenses or active Software Assurance may redeploy licenses to Authorized Outsourcers' shared servers.

9. Do I have options to redeploy my licenses to Listed Providers' data centers if I have active subscription licenses or licenses with active Software Assurance?

Yes, some licenses include License Mobility rights, which allow you to run your software on Listed Providers that are Authorized Mobility Partners. As Microsoft announced in October 2019, the updated Outsourcing Software Management clause prohibits use on Listed Providers' servers, except as otherwise permitted under License Mobility through Software Assurance rights and certain subscription license or Software Assurance-related product-specific use rights. License Mobility through Software Assurance permits use on Listed Providers who are Authorized Mobility Partners. Further, some products have product-specific use rights that allow use on Listed Providers. As an alternative to using License Mobility through Software Assurance rights or product-specific use rights, you can use software hosted by Listed Providers participating in the Services Provider License Agreement program or by Microsoft Azure through license-included offerings. The October 2022 updates have no impact on License Mobility through Software Assurance or product-specific Azure redeployment rights.

10. Can I run Windows 11 on a Listed Provider's dedicated servers?

Yes, use of Windows 11 is permitted on Listed Providers' *dedicated* servers with Windows VDA E3/E5 user licenses. Windows 11 is also permitted on Azure servers with certain Windows Enterprise and Microsoft 365 licenses. These entitlements are stipulated in the product-specific use rights for Windows Enterprise. See the [Windows License Terms](#) for details on permitted use.

11. What rights do I have to redeploy Windows 11 licenses to Authorized Outsourcers' data centers?

If you have active subscription licenses or licenses with active Software Assurance (including Windows device licenses), you may run Windows desktop software on Authorized Outsourcers' shared or dedicated servers for access by your licensed users or users accessing from licensed devices.

12. Can I use my Office LTSC licenses on a Listed Provider's servers?

No, use of Office LTSC is not permitted on Listed Providers' servers. Unlike Exchange, SharePoint or Skype for Business which have License Mobility through Software Assurance, Office LTSC does not have License Mobility through Software Assurance. However, customers can use Office LTSC software hosted by Listed Providers who participate in the Services Provider License Agreement program (SPLA).

13. Does SQL Server with License Mobility include unlimited virtualization rights?

There are no SQL Server unlimited virtualization rights under License Mobility through Software Assurance.

Note for customers with SQL Server licenses acquired prior to October 1, 2019: After agreement renewal, customers with perpetual licenses can continue to run on Listed Providers' dedicated servers (i.e., subject to the Product Terms in effect when those licenses were acquired and without unlimited virtualization); however, their Software Assurance rights (including unlimited virtualization rights) reset to the current Product Terms in effect at the time of their renewal, and therefore unlimited virtualization is not permitted.

14. Can I use licenses to Azure through the Azure Hybrid Benefit?

Azure Hybrid Benefit is not an outsourcing benefit. Instead, Azure Hybrid Benefit is a pricing benefit that provides a discount on new license-included services purchased on Azure. When customers use the Azure Hybrid Benefit, they are not outsourcing their formerly licensed software on Azure. Instead, they are purchasing new services through Azure at a discount, through a benefit provided to customers with existing Software Assurance or subscription licenses. Learn more about Azure Hybrid Benefit.

15. Are Microsoft customers permitted to redeploy their Windows Server licenses to AWS's cloud or other Listed Provider's clouds?

No, there is no current option for Microsoft customers to redeploy their Windows Server licenses to AWS's cloud or other Listed Provider's clouds, as further explained below. Customers choosing to run Windows Server workloads in AWS's cloud or other Listed Provider's clouds must use a license-included offering (in which case, AWS or other Listed Providers hosts Windows Server on behalf of its customers under the Microsoft Services Provider License Agreement Program).

The option to redeploy licenses to the cloud under the Outsourcing Software Management clause in Product Terms is not available to customers choosing to use AWS's cloud or other Listed Providers' clouds*. The Outsourcing Software Management clause applies to

Authorized Outsourcers only. Authorized Outsourcers include only entities that are not Listed Providers. AWS and other Listed Providers are not Authorized Outsourcers. [Refer to the Outsourcing Software Management terms.](#)

Additionally, License Mobility through Software Assurance, an option available to customers choosing to redeploy certain server application licenses with Software Assurance to an Authorized Mobility Partner's data center (for example, AWS), is not available for Windows Server licenses. Refer to the Software Assurance Table in the Windows Server Product Entry and the License Mobility clause on the Software Assurance Benefits page in the Product Terms.

Finally, the Flexible Virtualization Benefit, a newer option available to customers choosing to redeploy subscription licenses or licenses with Software Assurance (such as Windows Server) to a hoster's data center, is not available to customers choosing to use AWS's cloud or other Listed Provider's clouds to host their server workloads. This is because the Flexible Virtualization Benefit is available only to customers using Authorized Outsourcers. Authorized Outsourcers include only entities that are not Listed Providers. AWS and other Listed Providers are not Authorized Outsourcers. Refer to the [Refer to the Outsourcing Software Management terms](#) and the [Flexible Virtualization Benefit licensing guidance](#).

16.Are Microsoft customers permitted to redeploy their Windows Server licenses acquired prior to October 1, 2019 to AWS's cloud for use on AWS's dedicated server offerings, Dedicated Host and Dedicated Instance?

Customers may redeploy their Windows Server licenses acquired prior to October 1, 2019 (and have not upgraded these licenses until today) to AWS's cloud for use on AWS's Dedicated Host offering*. While licenses acquired prior to October 1, 2019 are not subject to outsourcing limitations related to Listed Providers, customers are still required to comply with the license reassignment clause and other license terms applicable to Windows Server. The license reassignment clause requires that customers assign licenses to a particular server and prohibits reassigning those licenses sooner than 90 days. See the [License Reassignment clause](#) in the Universal License Terms for Software in the Microsoft Product Terms.

Note, License Mobility across Server Farms, a right which allows customers to reassign licenses with Software Assurance from one Server to another in the same Server Farm as needed, is not applicable to Windows Server licenses (other than External Connector licenses). Refer to the [Software Assurance Table](#) in the Windows Server Product Entry and the [License Mobility clause](#) on the Software Assurance Benefits page in the Product Terms.

*This assumes that the AWS Dedicated Host offering allows customers to comply with the license reassignment clause. Customers should review the current features of the offering before redeploying licenses.

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