

Microsoft 365 Enterprise licensing guidance

Summary

This guide can help Microsoft Commercial Licensing customers understand how Microsoft Commercial Licensing programs license Microsoft 365 Enterprise plans. It does not cover Microsoft 365 Business or Education plans. This guide is for informational purposes and does not supersede or replace any documentation covering Microsoft 365 licensing. The Microsoft Commercial Licensing Product Terms site and the Microsoft Commercial Licensing agreement under which customers acquire Microsoft 365 define the specific license terms. This licensing guide does not serve as a legal use rights document. Microsoft may change program specifications and business rules. For complete details and information on licensing, refer to the Product Terms site.

Introduction to Microsoft 365

Today's cloud and mobile technology enables companies to reshape their business and capitalize on the digital transformation impacting us all. By taking advantage of the latest innovations, businesses can transform their products and services, engage their customers in completely new ways, and gain new efficiencies by modernizing operations. And, importantly, companies now hold the most advanced technology at hand to empower their employees to achieve more.

Microsoft licenses Microsoft 365 per user and, depending on which suite license you choose, includes Microsoft software and services products such as Office 365, Windows 11 Enterprise, and Enterprise Mobility + Security. Microsoft offers Microsoft 365 in two options for Information Workers (IW), E3 and E5, and two options for Firstline Workers (FLW), F1 and F3. The following included software and services products together enable employees uncompromising productivity, collaboration, mobility, business insights and, perhaps most importantly, a secure experience.

Microsoft 365 F1	Microsoft 365 F3	Microsoft 365 E3	Microsoft 365 E5
Enterprise Mobility + Security E3 Limited Office 365 services	Enterprise Mobility + Security E3 Office 365 F3 Windows 11 Enterprise E3	Enterprise Mobility + Security E3 Office 365 E3 Windows 11 Enterprise E3 Windows Autopatch Microsoft Clipchamp Standard Microsoft Loop Microsoft Defended for Endpoint Plan 1	Enterprise Mobility + Security E5 Office 365 E5 Windows 11 Enterprise E5 Windows Autopatch Microsoft Clipchamp Standard Microsoft Loop Additional Microsoft Defender and Purview Suite value

Microsoft 365 components

Office 365

Office 365 E3 provides a cloud-based suite of productivity apps and services and includes information protection and compliance capabilities. [Learn more about Office 365 E3.](#)

- **Productivity apps** – Install Office desktop apps on up to five PCs or Macs, and Office mobile apps on up to five tablets, and five smartphones.
- **Information protection** – Protect information with message encryption, rights management, and data loss prevention for email and files. Safeguard corporate data by allowing more secure access to company resources and enabling safe sharing of sensitive information inside and outside your organization.
- **Compliance** – Facilitate legal compliance and email archiving with eDiscovery and mailbox hold.

Office 365 E5 provides a cloud-based suite that includes and builds on Office 365 E3 with advanced voice, analytics, security, and compliance services. [Learn more about Office 365 E5.](#)

- **Advanced Voice** – Make, receive, and transfer business calls from anywhere, using any device.
- **Analytics** – Make informed decisions with data analytics and visualization.
- **Compliance and Security** – Assess your compliance risks, govern and protect sensitive data, and effectively respond to regulatory requirements. Safeguard your organization against malicious threats posed by email messages, links (URLs), and collaboration tools.

Extended Use Rights for Microsoft 365 E3/E5

When purchased through an Enterprise or Enterprise Subscription enrollment (EA/EAS), certain Microsoft 365 E3/E5 User Subscription Licenses provide extended rights to run Office Servers and Office desktop software. Refer to the [Product Terms](#) for details.

Windows 11 Enterprise

Editions

Windows 11 Enterprise E3 builds on Windows 11 Pro by adding more advanced features that help large and mid-size organizations meet their needs. These features include advanced protection against modern security threats, a broad range of options for operating system deployment and updates, and comprehensive device and app management. Customers who run Windows 11 Enterprise on their devices can take advantage of the latest security and feature updates on an ongoing basis and control the pace at which they adopt new technology.

Windows 11 Enterprise E5 serves customers who want to take advantage of everything in E3, along with Microsoft Defender for Endpoint, which helps enterprises detect, investigate, and respond to advanced attacks on their networks.

Building on the existing security defenses in Windows 11, Microsoft Defender for Endpoint provides a post-breach layer of protection to the Windows 11 security stack. With a combination of client technology built into Windows 11 and a robust cloud service, it can help detect threats that have made it past other defenses, provide enterprises with information to investigate the breach across endpoints, and offer response recommendations.

Enterprise Mobility + Security (EMS)

EMS helps give users a more secure and integrated productivity experience with Microsoft's enterprise mobility solutions. Users can work anywhere, on any device, with easy and complete access to the apps—like Microsoft 365 apps for enterprise—and the data they need to be productive. Deliver all of this while giving IT peace of mind with tools that help secure company data. These tools also include integrated ways to manage the mobile workforce for user identity, devices, applications, and data.

Microsoft 365 provides the best value when you are buying cloud services by providing suite discounts versus purchasing each component separately. Microsoft 365 also allows Enterprise Agreement customers to license in a true per user licensing model, giving them a consistent productivity experience on any device and on any operating system. It also provides increased manageability and simplicity as you will no longer need to count devices for the Platform Enterprise Agreement and cloud services. You can move to the cloud without modifying your Enterprise Agreement while eliminating the need for Bridge CALs and True-ups.

Additional Microsoft 365 E3 value

The following additional value is available to users licensed with a Microsoft 365 E3 plan:

- Windows Autopatch
- Clipchamp Standard
- Loop
- Defender for Endpoint Plan 1

Feature comparison

For a full comparison of Microsoft Enterprise plans see the [Microsoft 365 Enterprise plans and pricing](#) page. For additional details including optional add-on subscriptions, refer to the available full comparison table (PDF) from that page.

Additional Microsoft 365 E5 value

The following additional value is available to users licensed with a Microsoft 365 E5 plan:

- Windows Autopatch
- Clipchamp Standard
- Loop
- Machine Learning-based sensitivity labels and retention
- Endpoint Data Loss Prevention (DLP) [1]
- Insider Risk Management [2]
- Application Guard for Office 365 [3]
- Safe Documents [3]
- Defender for Endpoint Plan 2 [3]

[1] Requires Microsoft 365 E5, Microsoft Purview Suite, or Microsoft 365 E5 Information Protection & Governance

[2] Requires Microsoft 365 E5, Microsoft Purview Suite, or Microsoft 365 E5 Insider Risk Management

[3] Requires Microsoft 365 E5 or Microsoft Defender Suite

How to license

Microsoft licenses Microsoft 365 on a per User Subscription License (USL) basis. Each user who accesses Microsoft 365 services and/or software must have an assigned USL. Your organization can use any combination of Microsoft Enterprise plans if you meet the prerequisites (prerequisites vary by plan).

Licensing scenarios

Scenario 1: Transforming business to digital everything and the need to work remotely and stay secure.

Situation: Alpine Ski House recently renewed their platform Enterprise Agreement that covers all 1,400 users for Professional Desktop (Windows Enterprise E3, Office Professional Plus, and Core CAL Suite).

Business goals: Due to the current events, a large portion of their users must now work remotely from home, and they need a cost-effective productivity solution to ensure all users have the ability to effectively collaborate with others and securely access any necessary company applications and data.

Solution: Microsoft 365 is a cost-effective cloud solution for real-time collaboration and secure work from anywhere. It includes Microsoft Teams, cloud storage, and familiar Office apps like Word, Excel, PowerPoint, and Outlook, with advanced security options. People can use it to chat, call, host online meetings, and collaborate in real time for remote and onsite work. It helps people and businesses get work done and stay connected.

Alpine Ski House can easily transition their on-premises Professional Desktop licensed users to Microsoft 365 E3 by purchasing 1400 Microsoft 365 E3 Cloud Add-ons to SA. At their next enrollment renewal, they can renew Microsoft 365 E3 and remove the Professional Desktop licenses.

Scenario 2: Moving from on-premises Enterprise Platform to Cloud services on per-user basis with credit for existing investments.

Situation: Litware has 8,000 Qualified Devices and 8,200 Qualified Users. They have an Enterprise Agreement that covers the Enterprise Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Enterprise CAL Suite). Enterprise CAL Suite is licensed per device. All the licenses are now fully paid, so they are paying Software Assurance only.

Business goals: With an increasingly mobile workforce and proliferation of user-owned devices, Litware realizes that they have reached a tipping point and it's time to embrace the consumerization of IT. They want to stop counting devices and move to a user-centric licensing solution for 4,000 of their users, but they are concerned that they will need to start over with their licensing and lose the investments they have already made in device licenses.

Solution: Microsoft 365 provides the user-centric licensing solution to meet their needs for the 4,000 users. They can keep making the 8,000 Enterprise Desktop Software Assurance-only payments (and thereby keep their on-premises licenses) and add 4,000 Microsoft 365 Cloud Add-ons to SA.

Scenario 3: Customer needs to maintain some on-premises solutions as they transition fully or partly to the cloud.

Situation: Margie's Travel is up for renewal of their platform Enterprise Agreement that covers their 1,400 Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite).

Business goals: Margie's Travel plans to move fully to the cloud but currently their systems require some workloads to stay on premises.

Solution: While Microsoft 365 is a great solution for customers who want an entire user-licensed cloud solution, it also supports the customers with critical workloads that currently need to remain on-premises. All Microsoft 365 E3 and E5 licenses include unlimited rights to install server software on on-premises servers for Exchange Server, SharePoint Server, and Skype for Business Server. Customers that have active Software Assurance on Office Professional Plus and are transferring to Microsoft 365 through the "Full USL" license receive one installation of Office Professional Plus for the length of the Microsoft 365 subscription.

They can renew their platform Enterprise Agreement covering all their Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite) through purchasing combination of Microsoft 365 E3 and E5. For example, they may choose to license 1,000 of their users with Microsoft 365 E3 and Microsoft 365 E5 for the remaining 400 users.

Scenario 4: Enabling full "bring your own device" support for employees while maintaining central IT control.

Situation: Trey Research has a platform Enterprise Agreement that covers their 1,000 Qualified Devices and 1,000 Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite). Core CAL Suite is licensed per user. They have piloted user-based cloud services by licensing 200 of their users with the Office 365 Enterprise E3 Cloud Add-on to SA.

Business goals: Within the next two years, Trey Research wants to provide every employee with a full "bring your own device" (BYOD) freedom. To meet their security and manageability requirements, they need a comprehensive set of access control and data-protection capabilities.

Solution: Office 365 Enterprise E3 and Windows 11 Enterprise E3 provide users with BYOD freedom, while the Enterprise Mobility + Security E3 provides IT with the tools they need to manage all the devices, applications, and user identities while protecting their data. Based on their experience with Office 365 Enterprise E3, they will expand the pilot to include Microsoft 365 for all 1,000 users, while keeping their on-premises licenses.

They will drop the 200 Office 365 Enterprise E3 Cloud Add-ons to SA and add 1,000 Microsoft 365 Cloud Add-ons to SA at their next agreement anniversary to accomplish this. When they renew their agreement the following year, they can continue with Software Assurance payments for the Professional Desktop and 1,000 Microsoft 365 Cloud Add-ons to SA or choose to transition fully to the cloud by dropping the Professional Desktop Software Assurance payments and buying 1,000 Microsoft 365 "Full" USLs. After Microsoft 365 Cloud Add-ons to SA or USLs are assigned to all employees, Trey Research may allow their employees to bring in additional Qualified Devices without the need to buy additional licenses.

Scenario 5: Moving from MPSA without Software Assurance to the cloud.

Situation: Fourth Coffee has an MPSA agreement through which they have bought ad-hoc productivity server licenses and CALs without Software Assurance. They have an aging server infrastructure that requires too much time and money to update and manage. They have 2,500 users in various business units across the company who use approximately 3,000 PCs, all of which have been purchased with Windows 8.1 Pro or 10/11. Over the past few years, they have seen a growing demand by employees to be allowed to use their personal devices at work.

Business goals: Fourth Coffee wants to avoid the capital expenditures and IT overhead of updating and managing all their own server infrastructure, so they have decided to move to the cloud. They also want to allow employees to use their own devices at work, but they need a licensing solution that will cover those devices without having to count and track the licenses on each device.

Solution: Fourth Coffee can meet all their business goals by signing a new Enterprise Agreement with Microsoft 365 USLs for all their 2,500 users. They replace their aging server infrastructure with cloud services and cover all their employees' personal devices with a licensing solution that requires them to count only users. Fourth Coffee can transition to the cloud at their own pace without needing to buy additional CALs, even if they add net new users. Microsoft 365 provides the same access rights to on-premises servers as CALs.

Scenario 6: Addressing unique needs for different users.

Situation: Tailspin Toys has an Enterprise Desktop Platform Enterprise Agreement for 1,750 Qualified Devices and 1,000 Qualified Users. The Enterprise CAL Suite is licensed per user. Seven hundred fifty of the users are in the sales team and they have two devices each. Two hundred fifty users work in the head office with a single device each. They anticipate the following changes over the next year:

- Issue iPads to 50 members of the sales team from which they can access a VDI Windows client desktop.
- Add 50 people to the sales team. These new employees will use their own devices, all licensed with Windows Pro (7 or later).
- Add 25 full-time employees to the head office team and issue each of them a new Windows 11 Pro device.
- Add 10 part-time employees to the head office team who will use their own devices to access VDI desktops.

Business goals: Tailspin Toys wants a licensing solution that meets the diverse needs of their users. This means providing the sales team with the flexibility to be productive anywhere from any device. For the 10 new part-time employees, they want the same access to productivity and collaboration tools, with central IT management, as provided to their other users.

Solution: Adding Microsoft 365 capabilities for the sales team is the first step toward meeting their goals, so they purchase 750 of Microsoft 365 Cloud Add-ons to SA. With this move to user-based licensing, no additional licenses are required when they issue the 50 iPads. As they add new employees to the sales team, they will license those users with Microsoft 365 USLs.

At their agreement anniversary, they will True-up their Qualified Device and Qualified User counts to include the new full-time employees and Windows Pro devices. For now, they have determined that these users do not require the additional flexibility provided by Microsoft 365. If they change their mind in the future, they can simply purchase Microsoft 365 Cloud Add-ons to SA for these users.

Because the 10 new part-time employees will not have primary work devices licensed for Windows Pro, they will not qualify for Windows 11 Enterprise E3 and therefore will not qualify for Microsoft 365 USL. However, they can receive similar user benefits by licensing each user with Windows Virtual Desktop Access (VDA) per User, Office 365 Enterprise E3, and Enterprise Mobility + Security. Windows Virtual Desktop Access (VDA) per User gives each user the right to access a remote Windows Client VDI desktop from any device and to install Windows Enterprise on devices if they are licensed with Windows 7, 8, or 8.1 Pro.

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