

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.*

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.

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.

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

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 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

See [FAQ page](#).

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