

Microsoft 365 suites for enterprises licensing guidance

Summary

This guide can help Microsoft Commercial Licensing customers understand how Microsoft 365 Enterprise plans are licensed through Microsoft Commercial Licensing programs. It does not cover Microsoft 365 Business, Education, or Government plans. This guide is for informational purposes and does not supersede or replace any documentation covering Microsoft 365 licensing. Specific license terms for Microsoft 365 are defined in the Microsoft Commercial Licensing Product Terms site and the Microsoft Commercial Licensing agreement under which it was acquired. This licensing guide is not a legal use rights document. Program specifications and business rules are subject to change. For complete details and information on licensing, refer to the [Product Terms](#).

Microsoft 365 licensing model: User Subscription Licenses

Microsoft 365 plans are licensed on a user subscription basis. Assign a separate User Subscription License to each account from which a user accesses or benefits from the product. [\[View related Product Terms\]](#)

If the product license includes access to any cloud-based applications, the user may access the applications from any device using the login credentials for their licensed account.

Any device-based provisions included with the User Subscription License—such as protecting, managing, or installing desktop client apps on the user's devices—may be applied to the licensed user's personal devices or devices provided by your organization. Such provisions are typically limited to five devices. Refer to the [Product Terms](#) for any applicable exceptions or clarifications.

Licensing requirements and technical enforcement

You must appropriately license the use of a product regardless of technical enforcement. Some products check for a license before granting access or allow you to restrict access to licensed users via your admin portal. Other products may not enforce this yet but could in the future. Ensure you are properly licensed regardless of what technical enforcement is currently available. For products that are enabled for all users by default and lack the ability to restrict access, license every user you intend to benefit from the product.

Multiplexing

You must properly license any user or device that directly or indirectly accesses, uses, or otherwise benefits from a product. Using any method (such as hardware, software, or automations) to pool connections, reroute or indirectly access information, and/or reduce the number of devices or users that directly access or use a product reduce the number of users or devices accessing or being managed by the product (often referred to as "multiplexing") does not reduce the number of licenses you need. For additional information, refer to the [Microsoft Multiplexing Overview](#). [\[View related Product Terms\]](#)

Reassigning licenses

You can reassign a User Subscription License, but not within 90 days of its last assignment unless the user is absent (for example has left your organization or is on leave). Likewise, you can reassign a Device Subscription License, but not within 90 days of its last assignment unless the device is unavailable (for example, it's been taken out of service or is under repair). If you reassign a Subscription License within 90 days of the last assignment for any other reason, that reassignment must be for the remaining duration of the subscription term. When reassigning, block access and remove related software from the previous device or user's device(s). [\[View related Product Terms\]](#)

Outsourcing software management

All licenses permit you to run the software on servers dedicated to your organization's use and provide access to your licensed users or from your licensed devices. This includes dedicated servers in your own datacenter or hosted by an Authorized Outsourcer. (An Authorized Outsourcer is any outsourcer that is not a [Listed Provider](#) or using a Listed Provider as a datacenter provider.) With the Flexible Virtualization Benefit provided by subscription licenses and licenses with active Software Assurance, you can also run and access the software hosted on an Authorized Outsourcer's shared servers. [\[View related Product Terms\]](#)

You'll find more information in the [Outsourcing Software Management licensing guidance](#) and [Flexible Virtualization Benefit licensing guidance](#).

Comparison of Microsoft 365 suites for enterprises

Information Worker Plans			Frontline Worker Plans ^[1]	
Microsoft 365 E3	Microsoft 365 E5	Microsoft 365 E7	Microsoft 365 F1	Microsoft 365 F3
- Enterprise Mobility + Security E3 - Office 365 E3 - Windows 11 Enterprise E3 - Windows Autopatch - Microsoft Clipchamp Standard - Microsoft Loop - Microsoft Defender for Endpoint Plan 1	- Enterprise Mobility + Security E5 - Office 365 E5 - Windows 11 Enterprise E5 - Windows Autopatch - Microsoft Clipchamp Standard - Microsoft Loop - Machine Learning-based sensitivity labels and retention - Endpoint Data Loss Prevention (DLP) - Insider Risk Management - Application Guard for Office 365 - Safe Documents - Defender for Endpoint Plan 2	- Microsoft 365 E5 - Microsoft 365 Copilot - Microsoft Agent 365 - Microsoft Entra Suite	- Enterprise Mobility + Security E3 - Limited Office 365 services	- Enterprise Mobility + Security E3 - Office 365 F3 - Windows 11 Enterprise E3

[1] Refer to the [Product Terms](#) for eligibility criteria.

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.

Extended Use Rights for Microsoft 365 E3/E5/E7

When purchased through an Enterprise Enrollment or Enterprise Subscription Enrollment (EA/EAS), certain Microsoft 365 E3/E5/E7 User Subscription Licenses provide extended rights to run Office Servers and Office desktop software. Refer to the [Product Terms](#) for details.

Licensing scenarios

Scenario 1: Moving from Copilot pilots to enterprise-wide, governed agents

Situation: Contoso Manufacturing has 6,200 employees and is currently licensed for Microsoft 365 E5 across the organization. They've also purchased Microsoft 365 Copilot for a subset of users to run early AI productivity pilots. As those pilots expand, they are now planning to deploy AI agents (built across Microsoft 365 and their line-of-business systems) to automate repeatable work and support frontline decision-making.

Business goals: Contoso wants to scale from "AI experimentation" to AI adoption at enterprise scale while staying secure and compliant. Specifically, they need: (1) AI embedded in day-to-day work (email, docs, meetings, apps) for broad employee impact, (2) strong identity and access controls as agents begin acting on behalf of users and systems, and (3) a centralized way to discover, govern, and manage agents with visibility and policy controls—without stitching together multiple disconnected add-ons.

Solution: Microsoft 365 E7 (the Frontier Suite) delivers one integrated solution that combines:

- **Microsoft 365 E5** for secure productivity, compliance, and foundational security,
- **Microsoft Entra Suite** for identity and access control at scale,
- **Microsoft 365 Copilot** to bring AI into the flow of work, and
- **Agent 365** as the control plane to govern and scale agents.

This unified approach helps Contoso operate AI—and agentic workloads—under consistent identity, security, and governance controls, while enabling employees to use Copilot and agents directly inside the tools they already use every day. They can purchase the appropriate Microsoft 365 E7 SKUs or Step-up SKUs aligned to their current licensing path (e.g., from existing Microsoft 365 E5 + Copilot investments) to transition users into the full Microsoft 365 E7 suite.

Scenario 2: 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 3: 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 4: 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 5: 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 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 licensed with Windows Pro.

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