

Using software products under the Flexible Virtualization Benefit

This guide applies to all Microsoft Licensing programs.

Contents

Summary	2
The Flexible Virtualization Benefit	2
Using SQL Server under the Flexible Virtualization Benefit.....	3
Using Windows Server under the Flexible Virtualization Benefit	4
Using Microsoft 365 Apps and Windows 10/11 under the Flexible Virtualization Benefit	4
Frequently asked questions.....	5
Additional resources	7

Summary

This guide explains options to move 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 Assurance¹. Previously, customers deploying licenses under outsourcing software management rights were limited to Authorized Outsourcers' servers dedicated to a single customer's use. Now, customers also have the option to deploy eligible licenses on Authorized Outsourcers' shared servers. While the sections of this guide focus on use of a few products (SQL Server (per core), Windows Server, Microsoft 365 Apps and Windows 10/11), the Flexible Virtualization Benefit applies broadly to all software products. This includes desktop applications, developer tools and other server applications and license models not otherwise referenced in this guide. Provided the customer has subscription licenses or licenses with Software Assurance, the same terms that govern use on-premises apply to customers' use under licenses deployed under the Flexible Virtualization Benefit. Customers should refer to the [Product Terms](#) to determine when Flexible Virtualization benefit applies and how to exercise those rights.

The Flexible Virtualization Benefit

Microsoft updated its licensing policies in October 2022 to introduce new options for outsourcing software management for customers with subscription licenses or licenses with active Software Assurance. These new options are enabled under the Flexible Virtualization Benefit. The Flexible Virtualization Benefit expands current rights to deploy software on Authorized Outsourcers' servers that are dedicated to a single customer's use, to any Authorized Outsourcers' servers, shared or dedicated. Provided the customer has subscription licenses or licenses with Software Assurance, the same terms governing use of software in a customer's own data center apply to the use of software deployed under the Flexible Virtualization Benefit, as further explained in the sections that follow.

An **Authorized Outsourcer** is any outsourcer that is not a Listed Provider² or using a Listed Provider as a datacenter provider.

The Flexible Virtualization Benefit is similar to License Mobility through Software Assurance in that it permits deployment to shared servers in the cloud. However, it is different in that it applies to all software, including software that is not covered by License Mobility through Software Assurance (such as Windows Server and desktop products) and it is available to more customers through more cloud providers, without the requirement to fill out the License Mobility Form.

When customers use server products under the Flexible Virtualization Benefit and license (or deploy) by virtual machine, they can reassign their licenses to different servers in the Authorized Outsourcer's same server farm at any time as needed. (This license reassignment right was introduced at the same time as the Flexible Virtualization Benefit, but also applies to use on-premises subject to the same requirements). When customers use server products under the Flexible Virtualization Benefit, they also have access to disaster recovery rights and other rights granted under subscription licenses and Software Assurance coverage under the same terms and conditions that

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.*

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

would apply to 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. Terms for how an Authorized Outsourcer's hardware is allocated to a customer and how it is priced are determined by and between the outsourcer and the customer.

Using SQL Server under the Flexible Virtualization Benefit

This section of the guide explains how to license SQL Server by virtual machine under the Per Core license model while leveraging the Flexible Virtualization Benefit.

Use of SQL Server on an Authorized Outsourcer's servers under the Flexible Virtualization Benefit is generally subject to the same terms and conditions as use in a customer's own data centers (for example requirements to license by virtual machine are the same, as further explained below). The Flexible Virtualization Benefit allows customers to choose between an Authorized Outsourcer's shared or dedicated servers.

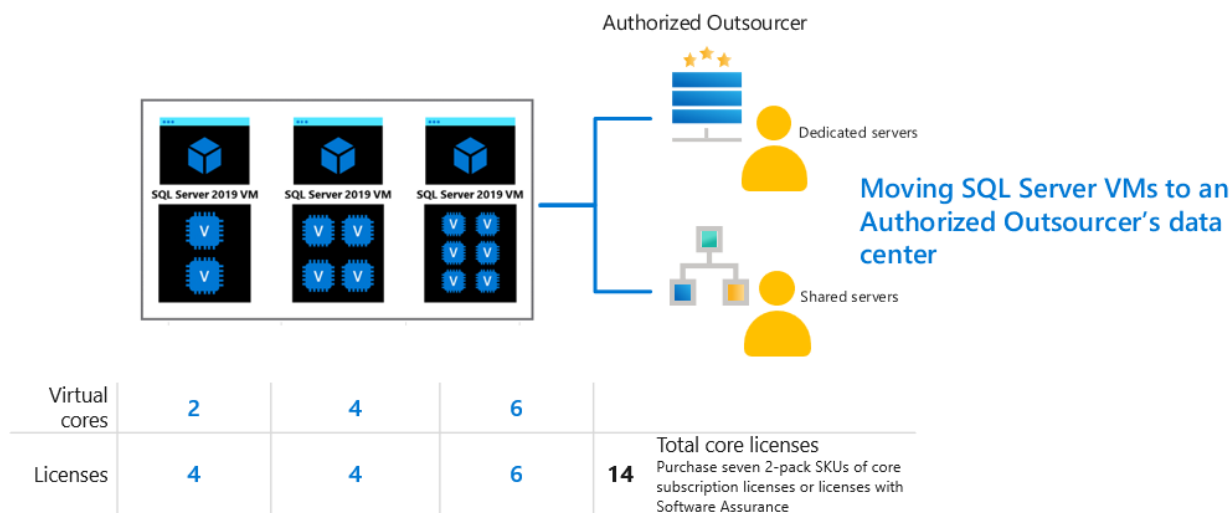


Figure 1: When licensing SQL Server Enterprise or Standard by virtual machine, customers must allocate a number of licenses equal to the number of virtual cores in the virtual machine (i.e., virtual operating system environment), subject to a minimum of four licenses per virtual machine. If any virtual core is at any time mapped to more than one hardware thread, a license is needed for each hardware thread to which it is mapped. All licenses must be subscription licenses or licenses with active Software Assurance. License requirements are the same on both dedicated and shared servers.

Using Windows Server under the Flexible Virtualization Benefit

This section of the guide explains how to license Windows Server by virtual machine under the Per Core/CAL license model while leveraging the Flexible Virtualization Benefit.

Use of Windows Server on an Authorized Outsourcer’s servers under the Flexible Virtualization Benefit is generally subject to the same terms and conditions as use in a customer’s own data centers (for example requirements to license by virtual machine are the same, as further explained below). The Flexible Virtualization Benefit allows customers to choose between an Authorized Outsourcer’s shared or dedicated servers.

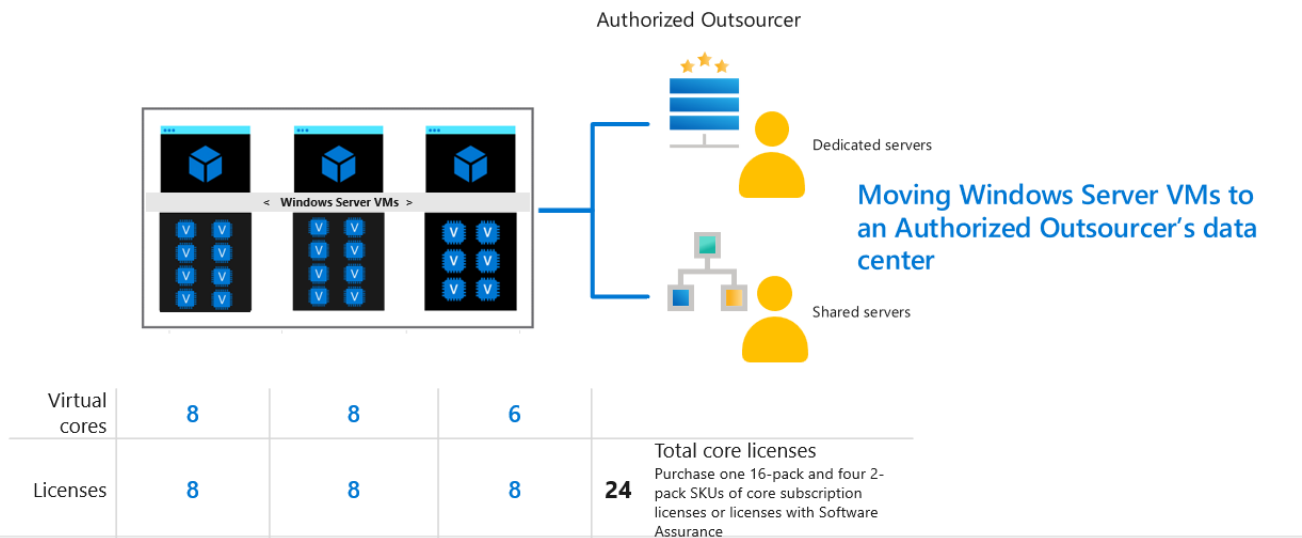


Figure 2: When licensing Windows Server Datacenter or Standard by virtual machine, customers must allocate a number of licenses equal to the number of virtual cores in the virtual machine (i.e., virtual operating system environment), subject to a minimum of eight licenses per virtual machine and 16 licenses per customer. In addition to licensing the virtual machine, customers must allocate Client Access Licenses (CALs) to users or devices accessing Windows Server running in the virtual machine. All licenses, including CALs, must be subscription licenses or licenses with active Software Assurance. License requirements are the same on both dedicated and shared servers.

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

This section of the guide explains how the Flexible Virtualization Benefit extends customers’ cloud deployment options for Microsoft 365 Apps and Windows 10/11.

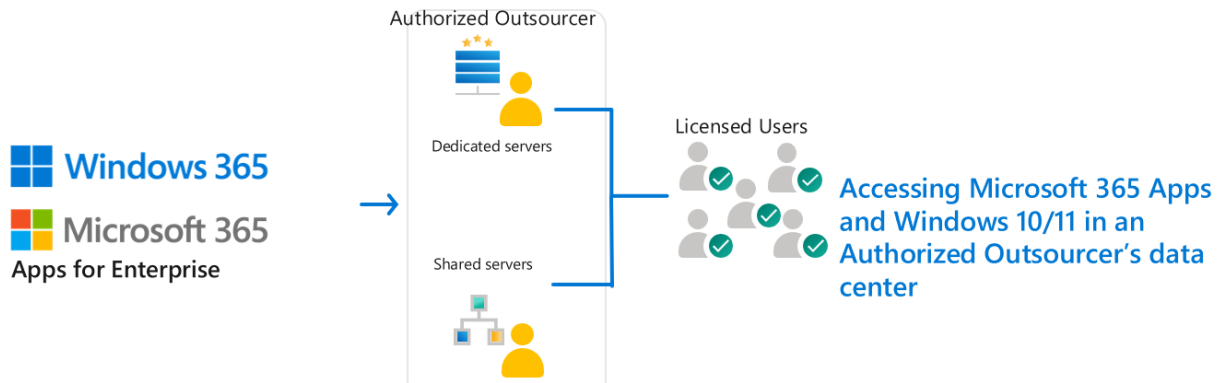


Figure 3: With the introduction of the Flexible Virtualization Benefit, customers' options for using Microsoft 365 Apps or Windows 10/11 outside their own data centers are expanded to include any Authorized Outsourcer's shared servers. The software may be accessed remotely by customers' licensed users or users on licensed devices. Only subscription licenses or licenses with active Software Assurance permit access to the software under the Flexible Virtualization Benefit. License requirements are the same on both dedicated and shared servers.

Note, Microsoft 365 Apps terms permit licensed users (or users on licensed devices) to activate the software for local or remote use on up to five concurrent operating system environments (OSEs). Requirements for activation on servers vary depending on where those servers are located and whether they are shared or dedicated. For more details, refer to the Licensing Brief on [Licensing Microsoft 365 Apps in Commercial Licensing](#).

Frequently asked questions

Which products are covered by the Flexible Virtualization benefit?

The Flexible Virtualization benefit applies to all software products that are 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. This also includes desktop products such as Windows 10/11, Office desktop applications and Microsoft 365 Apps.

How is the Flexible Virtualization benefit different from License Mobility through Software Assurance—do customers not already have these same rights?

The Flexible Virtualization benefit is similar to License Mobility through Software Assurance in that it permits deployment to the cloud. However, it is different in that it applies to many products that are not covered by License Mobility through Software Assurance (such as Windows Server and desktop products). It is also available to more customers. The Flexible Virtualization benefit permits customers to use any outsourcer that is an Authorized Outsourcer. License Mobility through Software Assurance requires customers to use Authorized Mobility Partners. Provided the customer has subscription licenses or licenses with Software Assurance, when they deploy under the Flexible Virtualization benefit, customers have the same use rights they have on-premises.

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. An Authorized Outsourcer is not required to have a separate agreement with Microsoft in order to serve as a customer's Authorized Outsourcer. Authorized Outsourcers are permitted to host any customer workload that is covered by the Outsourcing Software Management clause (e.g., servers (including 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. An Authorized Mobility Partner may host only workloads that are covered by License Mobility through Software Assurance rights (i.e., server products only (and excluding Windows Server)).

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

The Flexible Virtualization benefit applies to all software subscription licenses and licenses with active Software Assurance regardless of acquisition date. These rights do not apply when subscription licenses or Software Assurance expire(s).

Can Flexible Virtualization Benefit rights be used together with the updated Window Server rights to license by virtual machine and deploy in the cloud?

Under the Flexible Virtualization Benefit, use is generally governed by the same terms and conditions as use in customers' 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 also have the option to move eligible Windows Server licenses from one server to another server, as needed, within an Authorized Outsourcer's server farm. (Customers can move licenses to a different server farm or a different Authorized Outsourcer, but only after 90 days.)

How is licensing for desktop operating systems such as Windows 10/11 changing in October 2022?

Beginning October 2022, the Flexible Virtualization benefit is available for Windows 10/11 under subscription licenses and licenses with Software Assurance. Customers may now deploy desktop operating systems software on any Authorized Outsourcers' servers (shared or dedicated) for access by users or from desktops allocated subscription licenses or licenses with Software Assurance. Generally, customers who deploy on Authorized Outsourcers' shared servers must use Azure AD-based activation on supported editions when running the Windows 10 Creators Update or later version software. Also, when licensed as part of Microsoft 365 offerings, customers will no longer be required to limit remote access to primary users of desktops with a Qualifying Operating System. [Essentially, when licensed as part of Microsoft 365, the requirement to use VDA rights for remote access from desktops without Qualifying Operating Systems no longer applies.] The Qualifying Operating System requirement for remote use of Windows under Windows Enterprise E3 outside of Microsoft 365 is not changing.

How is licensing for Microsoft 365 Apps changing in October 2022?

Beginning October 2022, the Flexible Virtualization benefit is available for M365 Apps. Customers may now deploy M365 Apps software on any Authorized Outsourcers' servers (shared or dedicated) for access by users or from desktops allocated the corresponding M365 Apps licenses. The requirement to use shared computer activation applies when deploying on shared devices or servers. Microsoft 365 Apps for enterprise customers eligible to use Office Online Server may also deploy that software on any Authorized Outsourcers' servers (shared or dedicated), and Microsoft 365 E3 and E5 customers' rights to deploy Office Servers under Extended Use Rights now also include Authorized Outsourcers' shared servers.

Additional resources

Licensing guides:

- [Windows Server Licensing Guide](#)

[Windows Server Virtualization documentation](#)

Commercial Licensing briefs:

- [Licensing Microsoft server products in virtual environments](#)
- [Introduction to per core licensing and basic definitions](#)
- [Licensing Microsoft 365 Apps in Commercial Licensing](#)

[Microsoft License Advisor](#)

[Microsoft Product Terms](#)

© 2022 Microsoft Corporation. All rights reserved. This document is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS DOCUMENT. This information is provided to help guide your authorized use of products you license; it is not your agreement. Your use of products licensed under your volume license agreement is governed by the terms and conditions of that agreement. In the case of any conflict between this information and your agreement, the terms and conditions of your agreement control. Prices for licenses acquired through Microsoft resellers are determined by the reseller.