

# Outsourcing Software Management

## Licensing guidance

## Summary

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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

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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

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As a Microsoft Commercial Licensing customer, you have a few different options for using outsourcers, including redeploying licenses to Authorized Outsourcers' servers, Cloud Solution Provider-Hosters, 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 and may include hosting your workloads on dedicated or shared servers.

### Hosting on dedicated servers

All software licenses, whether 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. This means you can use your licenses on dedicated hardware managed by Authorized Outsourcers, which provides enhanced security and performance as resources are not shared with other customers. Additionally, this option is available for all Microsoft software products, and you remain responsible for ensuring compliance with

Microsoft's licensing terms. You have the flexibility to choose any Authorized Outsourcer that meets your specific needs and requirements. [\[View related Product Terms\]](#)

### **Example scenario:**

Lamna Healthcare Company wants to outsource the management of their SQL Server and Windows Server software to an Authorized Outsourcer, Relecloud, to focus on their core business activities and ensure compliance with healthcare regulations.

Lamna Healthcare Company selects Relecloud, an Authorized Outsourcer, to manage their IT infrastructure. Relecloud provides dedicated servers exclusively for HealthTech Solutions, ensuring compliance with healthcare data privacy regulations. Lamna Healthcare Company's licenses for SQL Server and Windows Server allow them to use these software products on the dedicated hardware managed by Secure IT Services. Relecloud installs and manages the SQL Server and Windows Server software on the dedicated servers, handling all aspects of server management, including updates, security patches, and monitoring.

## **Hosting on shared servers with the Flexible Virtualization Benefit**

The Flexible Virtualization Benefit allows you to use your own licenses on shared hardware provided by Authorized Outsourcers, which can help reduce costs associated with dedicated hardware. The Flexible Virtualization Benefit enables you to scale your IT resources up or down based on your needs, allowing you to add or remove virtual machines without worrying about the underlying physical hardware, and provides you with the flexibility to choose between using dedicated hardware or shared hardware based on your specific requirements and budget. This benefit applies to all software products available under subscription licenses or licenses with active Software Assurance, including server products, desktop applications, developer tools, and other software applications. Refer to the [Flexible Virtualization Benefit licensing guidance](#) for additional details. [\[View related Product Terms\]](#)

### **Example scenario:**

Lucerne Publishing wants to transition from their on-premises Exchange Server and Windows Server workloads to an Authorized Outsourcer to reduce the capital and operational costs of purchasing and maintaining their own server hardware and to take advantage of the enhanced security provided by a partner's experts and protocols. They select Fabrikam, Inc., an Authorized Outsourcer, to host their workloads on virtual machines (VMs) running on shared hardware. Thanks to the Flexible Virtualization Benefit, Lucerne Publishing can use their Exchange Server and Windows Server licenses with active Software Assurance for these workloads and their corresponding Client Access Licenses (CALs) with Software Assurance to allow their users and

devices to access the server software running on Fabrikam's servers. Fabrikam sets up the VMs on their shared physical servers and installs the Exchange Server and Windows Server software. Lucerne Publishing can access and manage these VMs as needed.

## Using Cloud Solution Provider-Hosters

A Cloud Solution Provider-Hoster (CSP-Hoster) is a third-party provider authorized by Microsoft to host and manage software on their own devices for customers who have subscription licenses or active Software Assurance. [\[View related Product Terms\]](#)

CSP-Hoster partners offer customers pre-built hosted desktop and server solutions, and the required license may be purchased from the CSP (referred to as "license-included services") or customers may use license they've purchased separately (referred to as "bring-your-own-license" or "BYOL").

### ***CSP-Hoster license-included services***

With CSP-Hoster license-included services, you purchase the necessary licenses directly from the CSP-Hoster, which includes all required licensing for accessing and using the software on the provider's devices.

### **Example scenario:**

Woodgrove Bank selects Proseware, Inc., a Cloud Solution Provider-Hoster, to manage their intranet IT infrastructure. They opt for the license-included services model, where Proseware, Inc. includes all the necessary licenses for SharePoint Server and Windows Server. Proseware, Inc. installs and manages the software on their own hardware, which Woodgrove Bank can access remotely.

### ***CSP-Hoster bring-your-own-license (BYOL)***

With the CSP-Hoster BYOL model, you use your own licenses to access and use the software on the CSP-Hoster's devices, and the CSP-Hoster verifies that you have the required licenses. This option is enabled by the Flexible Virtualization Benefit and requires that you have subscription licenses or licenses with Software Assurance, including for any Client Access License (CAL) requirements for accessing server software.

### **Example scenario**

Wide World Importers wants to transition their Exchange Server workloads to a CSP-Hoster. They select Fabrikam, Inc. which offers a solution build on Exchange Server running on Windows Server virtual machines (VMs). Fabrikam, Inc. verifies that Wide World Importers has separately

purchased the appropriate subscription licenses or licenses with Software Assurance to cover the Exchange Server and Windows Server instances and access by their users or devices.

## Using License Mobility

If you have Software Assurance, you 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, but they apply only to specific server applications like SQL Server, Exchange Server, and SharePoint Server. This flexibility allows you to deploy your server applications in the cloud without purchasing additional licenses. However, you must ensure that your Software Assurance is active and that you comply with Microsoft's licensing terms. The third-party cloud provider must also be an Authorized Mobility Partner. License Mobility is particularly useful for hybrid cloud scenarios or when migrating workloads to the cloud. [\[View related Product Terms\]](#)

### **Example scenario:**

Lakeshore Retail has decided to move their on-premises SQL Server to the cloud for better scalability and cost efficiency. They have Software Assurance for their SQL Server Enterprise licenses and CALs, allowing them to deploy on shared servers using License Mobility. They chose Adatum Corporation, an Authorized License Mobility Partner. By migrating their SQL Server workloads to Adatum's infrastructure, Lakeshore benefits from enhanced scalability, improved performance, and reduced operational costs without needing to purchase new licenses.

# Frequently asked questions

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## **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.

Additionally, it's important to note that 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.

Customers should review the current features of the AWS Dedicated Host offering to ensure compliance with the license reassignment clause before redeploying licenses.

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