Welcome! This Service Provider Licensing Agreement (SPLA) Compliance Overview is designed to help you and other Microsoft hosting Service Providers understand Microsoft’s licensing program so that you can report usage accurately and maintain compliance with product rules. DXC Software Licensing and Management Solutions (SLMS) has compiled this document to help you assess and quantify licensing requirements for specific solutions and scenarios under the SPLA. It is intended to be used with:

- Microsoft’s Service Provider Use Rights (SPUR) document – which governs the use of Microsoft software products and is the only complete, up-to-date and legal source of SPLA licensing information.

- The Service Provider’s signed SPLA agreement with Microsoft.

Note: As a Service Provider, you are responsible for reporting your SPLA usage to DXC SLMS by the 10th of every month that you have used licensed products.
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Licensing Types under SPLA

What different licensing models exist for Service Providers?

There are different ways you can license Microsoft products to offer them to your customers. Under your SPLA, you can acquire non-perpetual or subscription licenses to use during the term of your agreement.

The following licensing models are available:

- **Per Subscriber:** A Subscriber Access License (SAL) is required for each unique individual user (or device, if permitted in the SPUR) that is authorized to access or otherwise use the software product, regardless of the actual usage. With the SAL option, subscribers can access any number of servers; separate server / processor / core licenses are not needed.

- **Per Processor:** Each Processor License (PL) allows an unlimited number of users to access the software that is installed on that processor for products licensed through a per processor model. SALs are not needed in conjunction.

- **Per Core:** Each Core License (CL) allows an unlimited number of users to access the server software installed on the server with a determined number of physical cores for products licensed through a per-core model.

- **Per Guest/Host Licensing Model:** The Host/Guest licensing model requires both host licenses and guest licenses. Host licenses are required for your “host fabric,” a collection of physical and virtual operating system environments (OSEs) that are configured and operated as a unit to provide virtualization, networking, management, website, and file services. Guest licenses are required for guest virtual OSEs.
  - Per Processor for Host: License the hardware per processor for the host fabric in which an instance can run.
  - Per Instance for Guest: License each virtual instance that runs on the host.
With some Microsoft software products, you may need other software to create a solution stack (i.e., if you license Product A which requires Product B, then Product B will need to be licensed also). Service Providers need to know what products are required to deploy a solution and ensure all these products are licensed appropriately.

Microsoft publishes a Software Licensing Dependency Reference Guide. While designed for volume licensing programs, it provides useful information on software dependencies from a purely technical perspective. SPLA can have additional licensing requirements in addition to technical dependencies so Service Providers should always consult the SPUR or contact DXC SLMS for advice.

Here are some examples:

- **SQL requires Windows**: This means that if you report SQL licenses, you also need to report Windows licenses covering the Operating System.

- **SharePoint requires Windows and SQL**: This means that if you report SharePoint licenses, you also need to report Windows licenses covering the Operating System and SQL licenses covering the server(s) on which SQL is installed.

- **Hosted Exchange requires Windows**: This means that if you report Exchange licenses, you also need to report Windows licenses covering the Operating System.

- **Dynamics NAV requires Windows and SQL**: This means that if you report Dynamics NAV licenses, you also need to report Windows licenses covering the Operating System and SQL licenses covering the server(s) on which SQL is installed.
Windows Server 2016 Standard and Datacenter Editions Licensing Models

How are licensing requirements changing for the 2016 editions?

The licensing of Windows Server 2016 Standard and Datacenter editions has shifted to be based on physical cores, whereas the prior licensing model was based on processors. Use the Datacenter Edition for highly virtualized private and hybrid cloud environments. Use the Standard Edition for non-virtualized or lightly virtualized environments.

Licensing Summary:

- Each physical processor needs a minimum of 8 core licenses.
- Core Licenses are sold in packs of 2.
- Both Windows Server Standard and Datacenter Editions provide support for unlimited Windows Server containers.
- Windows Server Standard Edition requires all physical cores to be licensed to run 1 Windows Hyper-V container (or Virtual Machine).
- Windows Server Datacenter Edition requires all physical cores to be licensed to run unlimited Windows Hyper-V containers (or Virtual Machines).

What about disaster recovery?

Microsoft has changed disaster recovery rules. In the past, SQL Servers had active/passive rights which meant that you only had to license the active server in a cluster. Windows Server did not have these rights, so you had to license both active and passive servers. That is no longer the case. If you are using Hyper-Visor as the virtualization technology for Windows Server 2016, then it qualifies as an active server.
What are the different licensing options available?

SQL 2016 is available in four main editions under SPLA: Enterprise Edition (licensed by Core only), Business Intelligence (licensed by SAL only), Standard Edition (licensed by Core or SAL), and Web Edition (licensed by Core only).

With Core licensing for SQL 2016, there are two options available to a Service Provider:

- Physical Server Licensing: License all physical cores on hardware. There is a minimum of 4 core licenses per physical processor required. Core licenses are sold in 2-core packs.

- License by Virtual Machine: License only the virtual cores deployed for each Virtual Machine. There is a minimum of 4 virtual cores per VM required.

Unlimited virtualization is available for the Enterprise Edition when the Service Provider licenses all Cores on the physical hardware.

Please refer to the SPUR for full details on down-edition rights per edition.

Fail-Over

Please refer to the SPUR for full details on fail-over rights.

Clustering

You will need to assess any 'clustering' in the server architecture where Virtual Machines float between servers in a server farm.
As with System Center 2012 R2, the 2016 editions are differentiated by virtualization rights only. Licenses are required only for the endpoints being managed. No additional licenses are needed for the management server or SQL Server runtime.

The licensing of System Center 2016 is now based on physical cores. The core-based licensing will align with Windows Server 2016 model to provide a consistent licensing metric for managed VMs.

Here’s how to license System Center 2016 server management licenses by physical cores:

- There is a minimum of 8 core licenses required for each processor.
- Core licenses will be sold in packs of two that are ¼ the price of the corresponding 1 proc 2012 R2 edition.

Core Infrastructure Server (CIS) Suites

Core Infrastructure Server (CIS) Suites become an option when a Service Provider is:

- Deploying Windows Server 2016 to deliver an Infrastructure as a Service (IaaS) solution to end customers
- Also managing/monitoring this environment using System Center 2016

Remember that CIS is only licensed by CORE under SPLA and that ‘License Mobility within Server Farms’ does not exist. System Center Client Management Licenses are not included and would need to be licensed separately.

CIS Datacenter PL = Windows Server 2016 Datacenter + System Center 2016 Datacenter. Licensing CIS Datacenter currently offers savings to a Service Provider compared to paying for Windows Server Datacenter and System Center Datacenter parts separately. See details on how Windows Server 2016 and System Center 2016 are licensed in the SPUR.

Microsoft Exchange Server 2016

Q
What editions are available and how are servers installed?

A
Exchange Server 2016 is available in Basic, Standard, Standard Plus, Enterprise, and Enterprise Plus editions. The two “Plus” SALs include Outlook.

Functionality differences between all Exchange Server 2016 editions are covered in detail in SPUR. Exchange software is server software and is installed by the Service Provider, while Outlook software is client software installed by the client. With the exception of “Client Software,” outlined in SPUR, no software licensed through SPLA can be installed on the end-user’s device or hardware.

A Subscriber Access License (SAL) is required for each unique individual user that is authorized to access or otherwise use the software product, regardless of the actual usage. The number of mailboxes does not impact the license requirement for the product under SPLA.

Skype for Business Server

Q
How is the solution licensed and assigned?

A
Skype for Business Server is licensed by Subscriber Access License (SAL) and is available in Standard, Enterprise, Plus, and Enterprise Plus editions. Functionality differences between all Skype Server editions are covered in detail in the SPUR.

Service Providers have the option of acquiring and assigning SALs to either (i) users or (ii) devices. Each user SAL permits one user, using any device, to access instances of the server software on your servers. Each device SAL permits one device, used by any user, to access instances of the server software on your servers.
Microsoft SharePoint Server 2016

**Q** How should I report usage and maintain compliance?

**A** SharePoint 2016 Standard and Enterprise editions are available as user SALs under SPLA. If you are licensing the Standard edition, then only Standard SALs need to be reported. SALs are additive when licensing Enterprise editions, which means that Service Providers must also report usage for Standard SALs if they are licensing Enterprise SALs.

When licensing a mix of SharePoint Standard and Enterprise, Service Providers need to ensure that users with only Standard SALs do not have any access to Enterprise features to maintain licensing compliance. In an audit situation, you must be able to present a clear trail, otherwise you may be censured for under-licensing solutions. SharePoint 2016 Standard and Enterprise is available in user SALs (intranet). SharePoint Hosting is available in Processor Licenses (internet) models under SPLA. Some customers may require a mix of SALs and Processor Licenses if both intranet and extranet solutions are needed.

**Microsoft Productivity Suite**

**Q** What are the benefits of licensing the entire suite?

**A** Productivity Suite SAL provides cost savings as a suite over buying component SALs separately. It provides rights equivalent to Exchange 2016 Standard SAL, Skype Server 2015 Enterprise SAL & SharePoint Server 2016 Standard SAL. It is licensed per user SAL only.
Remote Desktop Services, AD Rights Management Services & App Virtualization for RDS

What do I need to know about licensing solutions for Remote Desktop Services?

Read everything you need to know below.

Remote Desktop Services SAL

Under SPLA, Service Providers must report a Remote Desktop Services Subscriber Access License (SAL) for every user authorized to access the Windows Server 2016 RDS functionality, regardless of actual access. Service Providers must also acquire a Windows Server Remote Desktop Services SAL for each user that is authorized to directly or indirectly access Windows Server 2016 Remote Desktop Services or Windows Server 2016 to host a graphical user interface (using the Windows Server 2016 Remote Desktop Services functionality or other technology).

Active Directory Rights Management Services SAL

Service Providers must acquire a Windows Server 2016 Active Directory Rights Management Services SAL for each user that is authorized to directly or indirectly access the Windows Server 2016 Active Directory Rights Management Services functionality.

Application Virtualization for Remote Desktop Services

Service Providers must acquire a Windows Server 2016 Remote Desktop Services SAL for each user that is authorized to directly or indirectly access the Microsoft Application Virtualization for Remote Desktop Services functionality. Application Virtualization SAL is only available for Service Providers to stream any non-Microsoft application to the end-user’s device with the exception of Dynamics NAV.

Microsoft Office 2016

How can I license and host productivity software?

There are two ways that a Service Provider can license Office software to deliver a hosted solution under SPLA. The first option involves hosting on Windows Server and having users connect to it using Remote Desktop Services. The second option is to host on rented/managed PCs where Office SALs need to be reported.

A similar approach is taken to license other desktop productivity software such as Visio 2016 (Standard & Enterprise) or Project 2016 (Standard and Enterprise).
Microsoft Dynamics 365

What benefits does this solution provide companies?

Microsoft Dynamics 365 is the next generation of intelligent business applications that enable organizations to grow, evolve, and transform. These applications provide CRM capabilities to help engage customers, empower employees, and reinvent products and business models. Microsoft Dynamics 365 helps customers accelerate their digital transformation initiatives to meet changing customer needs and capture the new business opportunities. Dynamics 365 includes: Sales, Customer Services, and Team Members SALs.

Dual Use Rights

What do I need to know about Dual Use Rights?

The product terms related to Dual Use Rights allow a partner to host software that a customer may obtain via dual use rights when purchasing Dynamics 365 (Online) SKUs. It should be noted that the rights to this software remain only as long as the subscription is active. Please refer to the SPUR for further clarification.

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Using Microsoft Windows Azure as a Data Center Provider

How can I offer the Azure platform to my customers?

The Microsoft Windows Azure Services platform is considered a “Data Center Provider” and can be used by Service Providers to deliver Software Services under the same terms as those governing the use of other Data Center Providers. Use of Products on Windows Azure is subject to Microsoft’s verification under the terms of the Service Provider’s SPLA. Windows Azure is not available through the SPLA. It can be purchased either directly at www.windowsazure.com or via a Microsoft Volume Licensing Enterprise Agreement.

Multiplexing

What does multiplexing mean?

Multiplexing (sometimes referred to as “pooling”) means hardware or software you use to:

- Pool connections
- Reroute information
- Reduce the number of devices or users that directly access or use the product
- Reduce the number of operating system environments (or OSEs), devices or users the product directly manages

Please note that multiplexing does not reduce the number of licenses of any type that you need.
Downgrade Rights

What should I do if I want to downgrade solutions?

Under SPLA rules, Service Providers license the most current version and are entitled to apply
downgrade rights to install previous versions. There are generally no restrictions on prior versions.
However, some specific rules come into play, particularly for SQL. This extract covering downgrade
downgrade rights is taken from Microsoft’s Service Provider Use Rights SPUR.

Rights to Use Other Versions

What do I do if I want to copy solutions or run other instances?

License terms for products permit use of one or more copies or instances at a time. For all these
products, for any permitted copy or instance, you may create, store and run in place of the version
licensed, a copy or instance of a:

• Prior version

• Different permitted language version

• Different available platform version (for example, 32-bit or 64-bit)

You may not use different versions of different components, such as server software and additional
software, unless the license terms for the product expressly permit you to do so.
License Mobility through Software Assurance

How do I support end users who have their own licenses?

In a shared environment, License Mobility through Software Assurance enables a Service Provider to leverage an end-user’s Microsoft software licenses that are under active Software Assurance coverage (procured through their own volume licensing agreement) to provide hosted software services to that same end customer. License Mobility is a Software Assurance benefit under Volume Licensing.

Some Microsoft software products are ‘License Mobility through Software Assurance’ eligible: Others are not. Exchange Server Skype for Business, SharePoint Server and SQL are all ‘License Mobility through Software Assurance’ eligible. However, Windows Server 2012 R2 is not eligible as it is consumed as part of the IaaS infrastructure software tier.

There are also a number of terms and conditions that must also be satisfied, and approvals must be obtained from Microsoft. Service Providers that want to offer ‘License Mobility through Software Assurance’ are required to sign the Mobility Addendum to the SPLA Agreement. There is also a simple license validation process for end-users that requires them to choose an authorized partner for ‘License Mobility through Software Assurance’ and fill out a License Verification Form (available on Microsoft’s Volume Licensing Software Assurance page). Microsoft will then verify that the licenses are eligible for ‘License Mobility through Software Assurance.’

End customers can assign application server licenses to run server instances on shared hardware in a Service Provider’s datacenter. However, despite sharing hardware, such server instances must be dedicated to a single customer, and cannot be shared with other customers.
Internal Use

**What rules govern my use of Microsoft software?**

Internal use of software licensed by a Service Provider under SPLA is permitted. However, there is a 50% rule that must be adhered to on a product-by-product basis. The full conditions associated with ‘Internal Use’ are covered in the following extract from the Service Provider License Agreement (SPLA) between Microsoft and Service Provider. Note ‘Customer’ = Service Provider.

**Internal use. Customer may use Products for its internal use, so long as:**

1. Customer reports use in its monthly use report and pays for this use;
2. Customer’s use is less than 50% of the total use of such Products by all of its End Users (calculated on a product-by-product basis) each month; and
3. the SPUR does not restrict internal use for the Product at issue.

Dedicated Hosting – Customer-Owned Licenses

**How do I help customers who operate a physically dedicated environment?**

End customers can outsource their solutions to a Service Provider to be managed in a physically dedicated environment. Here, the end customer could use their own licenses – this can include Microsoft OS (Windows Server) and application software – regardless of whether they are under Software Assurance coverage or not. The Service Provider could license additional infrastructure products through SPLA, if so desired.

An Extract from Product Use Rights (PUR), which governs Microsoft volume licensing programs, states:

“Outsourcing software management: You may install and use permitted copies of the software on Servers and other devices that are under the day-to-day management and control of third parties, provided all such Servers and other devices are and remain fully dedicated to your use. You are responsible for all of the obligations under your volume licensing agreement regardless of the physical location of the hardware upon which the software is used.”
**Virtual Desktop Infrastructure (VDI) - Streaming - Desktop as a Service (DaaS)**

**Q** What should I do if I want to offer DaaS services?

**A** Virtual Desktop Infrastructure (VDI) or streaming are not supported under SPLA rules. There are two options available to Service Providers to provide Desktop as a Service (DaaS), if this is something they wish to explore:

**Internal use. Customer may use Products for its internal use, so long as:**

- **(A)** Sessions based via Remote Desktop Services
- **(B)** Rental Device / Desktops
Glossary

**Access License Requirement:** Indicates whether or not a Server or Desktop Application Product requires SALs for access by users and devices or Managed OSEs.

**Additional Software:** Software that a Customer is permitted to use on any device in conjunction with their use of server software.

**Client Software:** Indicates components of a Product that are licensed as Client Software, as that term is defined in Customer’s SPLA.

**Date Available:** The date a Product is first available, designated as month/year.

**DCP Eligible:** Permits Customer to use Data Center Providers in the delivery of Software Services to End Users, as described in the SPLA.

**Disaster Recovery:** Rights available to Customer to use software for conditional disaster recovery purposes. Refer to *Universal License Terms, Disaster Recovery*, for details.

**Down Editions:** Permitted lower editions corresponding to specified higher editions. Customer may use the permitted lower edition in place of a licensed higher-level edition, as permitted in the *Universal License Terms*.

**Fail-Over Rights:** Permits Customer to run passive fail-over Instances of the Product in conjunction with software running on the Licensed Server, in anticipation of a fail-over event. Passive fail-over Instances may be run in either a separate OSE on the Licensed Server or on a different Server dedicated to Customer’s use. Fail-Over Rights apply only if the number of Licenses that otherwise would be required to run the passive fail-over Instances does not exceed the number of Licenses required to run the corresponding production Instances.

**Included Technologies:** Indicates other Microsoft components included in a Product. Refer to the Included Technologies section of *Universal License Terms* for details.

**License Mobility:** Permits License reassignment from one of Customer’s Servers to another one of Customer’s Servers in the same Server Farm during the same calendar month.

**License Terms:** Terms and conditions governing deployment and use of a Product.

**Prerequisite:** Indicates that certain additional conditions must be met in order to purchase Licenses for the Product.

Notices: Identifies the notices applicable for a Product. Refer to the Notices section of the Universal License Terms for details.

Product-Specific License Terms: Indicates that Product-Specific terms and conditions govern deployment and use of the Product.

Definitions

Capitalized terms used but not defined in the SPUR will have the definition provided in the SPLA. The following definitions also apply:

Client OSE means an OSE running a client operating system.

Core Factor means a numerical value associated with a specific Physical Processor for purposes of determining the number of Licenses required to license all of the Physical Cores on a Server.

Data Center Provider means an entity that provides Software Services, usually infrastructure services to another Services Provider, using Products licensed from Microsoft through their own SPLA.

ERP Solution means the components of the software that control Customer’s End user’s users and financial reporting units.

External Users means users that are not either Customer’s, End User’s, or its Affiliates’ employees, or its or its affiliates’ onsite contractors or onsite agents.

Hardware Thread means either a Physical Cores or a hyper-thread in a Physical Processor.

Host Fabric means a collection of Physical OSE and Virtual OSEs that are configured and operated as a unit to provide virtualization, networking, management and file services.

Hyper-V Container is a feature of Windows Server that utilizes a virtual operating system environment. Each Hyper-V Container is considered to be one Virtual OSE.

Instance means an image of software that is created by executing the software's setup or install procedure or by duplicating an existing Instance.
License means the right to download, install, access, and use a Product.

Licensed Device means a single physical hardware system to which a License is assigned. For purposes of this definition, a hardware partition or blade is considered to be a separate device.

Licensed Server means a single Server to which a License is assigned. For purposes of this definition, a hardware partition or blade is considered to be a separate Server.

Licensed User means the single person to whom a License is assigned.

Manage OSE means to solicit or receive data about, configure, or give instructions to the hardware or software that is directly or indirectly associated with the OSE. It does not include discovering the presence of a device or OSE.

Operating System Environment (OSE) means all or part of an operating system Instance or all or part of a virtual (or otherwise emulated) operating system Instance. OSE enables separate machine identity (primary computer name or similar unique identifier) or separate administrative rights, and instances of applications, if any, that are configured to run on the operating system Instance or parts identified above. A physical hardware system can have one Physical OSE and/or one or more Virtual OSE.

Physical Core means a core in a Physical Processor.

Physical OSE means an OSE that is configured to run directly on a physical hardware system. The operating system Instance used to run hardware virtualization software or to provide hardware virtualization services is considered part of the Physical OSE.

Physical Processor means a processor in a physical hardware system.

Running Instance means an Instance of software that is loaded into memory and for which one or more instructions have been executed. (A customer “runs an Instance” of software by loading it into memory and executing one or more of its instructions.) Once running, an Instance is considered to be running (whether or not its instructions continue to execute) until it is removed from memory.

SAL means Subscriber Access License, which may be assigned by user or device, as appropriate. A user SAL allows access to the corresponding software from any device by one user or management of any Client OSE used by one user. A device SAL allows access to the corresponding software from one device by any user. One OSE SAL permits management of one OSE accessed by any user. A Student SAL may be assigned to Qualified Educational End Users as defined in the Qualified Educational Customer Addendum.
**SALs for SA** means SALs that may be acquired and assigned to users who have also been assigned a qualifying Client Access License (or CAL) with active Software Assurance (or SA) acquired under a Microsoft Volume Licensing Program or who uses a device to which a qualifying Device CAL with SA has been assigned. The right to assign a SAL for SA to a user or device expires when the SA for the qualifying CAL expires. SALs for SA may only be reassigned, and must be reassigned, when and as the qualifying CAL is reassigned.

**Server** means a physical hardware system capable of running server software.

**Server Farm** means a single data center or two data centers each physically located either in time zones not more than four hours apart and/or within the European Union (EU) and/or European Free Trade Association (EFTA). A data center can be moved from one Server Farm to another, but not on a short-term basis.

**Suite** means a Product that is comprised of components that are also licensed separately. A Suite is licensed under a single License that is assigned to a single user or device, and allows use of all of its components on the single device or by a single user to which it is assigned. The components of the Suite may not be separated and used on separate devices or by separate users.

**Virtual Core** means the unit of processing power in a virtual hardware system. A Virtual Core is the virtual representation of one or more Hardware Threads.

**Virtual OSE** means an OSE that is configured to run on a virtual hardware system.

**Windows Server Container** is a feature of Windows Server software.