

Outsourcing Software Management

This brief applies to all Microsoft Licensing programs.

Summary

Microsoft permits its Commercial Licensing customers to run previously purchased software on servers managed by third parties (e.g., cloud servers). This is referred to as outsourcing. Outsourcing rights have evolved to support a shift of workloads from on-premises servers to the cloud. This Licensing Brief explains outsourcing rights and how recent policy updates affect customers' outsourcing options. The *Frequently asked questions* section of this brief specifically addresses Microsoft's October 2019 and October 2022 policy updates.

What is outsourcing?

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. 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 take 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.

Outsourcing options

Microsoft's Commercial Licensing customers have a few different options to use outsourcers, including:

- Deploying licenses to Authorized Outsourcers¹ servers; and
- Deploying licenses through License Mobility to Authorized Mobility Partners² servers.

¹An "Authorized Outsourcer" is any third party service provider that is not a Listed Provider and is not using Listed Provider as a Data Center Provider as part of the outsourcing service. "Listed Providers" include entities identified by Microsoft at <http://aka.ms/listedproviders>. "Data Center Providers" provide other service providers infrastructure and software services.

²An "Authorized Mobility Partner" is an entity identified at <https://www.microsoft.com/licensing/licensing-programs/software-assurance-license-mobility> and authorized by Microsoft to host customers' software on shared or dedicated servers.

Using Authorized Outsourcers

As noted above, 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.

- All software licenses, subscription or perpetual, with or without Software Assurance coverage, permit customers to use Authorized Outsourcers to host their workloads on servers *dedicated* to individual customers.
- Subscription licenses and licenses with active Software Assurance³ permit customers to choose between Authorized Outsourcers' *shared or dedicated* hardware under the Flexible Virtualization Benefit.

The terms of the Flexible Virtualization Benefit are contained within the Outsourcing Software Management clause found in the [Universal License Terms](#). There are no forms to fill out or required steps to follow. If customers satisfy the requirements of the Outsourcing Software Management clause, their use of the software is governed by the same terms and conditions that govern use on customers' own on-premises servers.

³ *Subscription licenses are valid only during the subscription period. Customers must renew a subscription license in order to keep using the software. Software Assurance is an optional benefits package that provides new version rights as well as other benefits for perpetual licenses. Software Assurance must be acquired at the same time as the licenses it covers, is valid for a fixed period, and must be renewed to continue coverage.*

For more information about using Authorized Outsourcers, including examples of terms governing product deployment under the Flexible Virtualization Benefit, refer to the [Flexible Virtualization Benefit Licensing Guide](#).

Using License Mobility

Customers with Software Assurance also 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. However, the License Mobility through Software Assurance rights apply only to specific server applications (such as SQL Server) and are not generally available to all software. Additionally, outsourcing providers must become "Authorized Mobility Partners" to offer this option. Using software on Authorized Mobility Partners' servers is subject to terms that are different than those governing outsourcing with Authorized Outsourcers. (More information about License Mobility through Software Assurance can be found [here](#).)

Frequently asked questions

What do the Product Terms, as updated in October 2019 and October 2022, allow under the Outsourcing Software Management clause?

The Product Terms preserve customers' historical right to deploy software licenses on *dedicated* hardware that is under the day-to-day management of a traditional outsourcer (i.e., an Authorized Outsourcer). The Product Terms, as updated in October 2019, specifically removed the option to deploy licenses without License Mobility rights on Listed Providers' servers. Listed Providers are identified in a link found in the Product Terms and include Alibaba, Amazon (including VMware Cloud on AWS), Google, and Microsoft. Prior to October 2022, outsourcing (outside of License Mobility) was not permitted on any third party's *shared* servers, including shared servers of both Authorized Outsourcers and Listed Providers. Under the [Flexible Virtualization Benefit](#) introduced in October 2022, outsourcing rights are expanded for customers with subscription licenses or licenses with active Software Assurance to include Authorized Outsourcers' *shared* servers. There was no change to terms governing the use of Listed Providers in October 2022.

How do the Outsourcing Software Management terms, as updated in October 2019 and October 2022, impact customers' choice of outsourcers?

All companies that are not Listed Providers, and not using a Listed Provider as a datacenter provider, are deemed Authorized Outsourcers, and Authorized Outsourcers may continue to provide outsourcing services as stipulated in Microsoft's outsourcing policy. Under the [Flexible Virtualization Benefit](#) introduced in October 2022, outsourcing rights are expanded for customers with subscription licenses or licenses with active Software Assurance to include Authorized Outsourcers hosting workloads on shared servers, in addition to hosting on dedicated servers.

Do the Outsourcing Software Management terms, as updated in October 2019 and October 2022, impact use of software under perpetual licenses acquired prior to October 2019?

Microsoft cannot change use rights for perpetual licenses sold in the past. However, benefits granted via Software Assurance or active subscriptions are subject to the terms of a customer's latest agreement. The October 2019 updates have no impact on perpetual software licenses acquired prior to October 2019. Customers 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, customers' 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 deploying on Listed Providers' servers, if customer updates their software to a version released after October 2019.

How do the Outsourcing Software Management terms, as updated in October 2019 and October 2022, impact customers' options to deploy on Azure?

The October 2019 outsourcing policy updates impacted all Listed Providers, including Microsoft. Customers who were using the Outsourcing Software Management clause prior to October 2019 to move workloads to Azure dedicated hardware no longer have that option except for perpetual licenses acquired prior to October 2019. While customers' 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.

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 bring 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.

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.

If a customer 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"), customers 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.

For customers who renew their Enrollment on or after October 1, 2019, use rights for all new licenses acquired after renewal, irrespective of the product release date or product version, are subject to the Listed Provider policy. Use rights, including Outsourcing Software Management terms, for existing perpetual licenses remain in effect even after a customer's enrollment is renewed.

May customers still move licenses acquired prior to October 2019 to a Listed Provider's dedicated servers, even if they have not previously deployed with that provider?

Yes, customers still have the option to move their pre-October 2019 perpetual licenses to a Listed Provider's dedicated servers. Use of software under perpetual licenses acquired prior to October 2019 are governed by the Product Terms in effect when customers acquired them. This means customers are still permitted to move their pre-

October 2019 perpetual licenses to a Listed Provider's dedicated servers without regard to where the licenses were previously deployed.

What if a customer has renewed its 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 deploy 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 subscription licenses or active Software Assurance may take licenses to Authorized Outsourcers' shared servers.

Do customers with subscription licenses or licenses with active Software Assurance have options to take their licenses to Listed Providers' data centers?

Yes, some licenses include License Mobility rights, that allow customers to run their 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, customers 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 deployment rights.

Can customers run Windows 11 on a Listed Provider's dedicated servers?

Yes, use of Windows 11 is permitted (1) 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.

What rights do customers have to take Windows 11 licenses to Authorized Outsourcers' data centers?

Customers with subscription licenses or licenses with active Software Assurance (including Windows device licenses) may run Windows desktop software on Authorized Outsourcers' shared or dedicated servers for access by their licensed users or users accessing from licensed devices.

May customers use their 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 a 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).

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.

Can customers bring 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. Please learn more about Azure Hybrid Benefit [here](#).

Additional resources

Licensing guides:

[Flexible Virtualization Benefit Licensing Guide](#)

Other resources:

[License Mobility Through Microsoft Software Assurance Overview](#)

[Microsoft Product Terms](#)

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