



Software Licensing
Advisors

Microsoft Server & Cloud Enrollment

Review by Software Licensing Advisors
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Software Licensing Advisors Senior Consultant: Paul DeGroot

- **Senior Consultant, Software Licensing Advisors, consulting and writing on Microsoft Licensing topics for over a decade.**
 - Author of “Microsoft Licensing Concepts”
- **Guest speaker at industry and Microsoft events**
- **World-renowned expert on Microsoft product licensing and volume licensing strategies.**
- **Developer of the Microsoft Licensing Workshop, the most complete training course on Microsoft licensing**
- **Negotiated ~\$65 million in savings for customers over the last two years**

Services from Software Licensing Advisors

- **Enterprise Agreement Negotiations Assistance**
- **Software Asset Optimization**
- **Audit Defense**
- **Microsoft Licensing Advisory Services**
- **Microsoft Licensing Workshops**
 - Public
 - On-site

Background

- **Microsoft business customers typically purchase software through “volume agreements” that provide discounts, easier licensing management, and other benefits**
- **These agreements change over time to reflect Microsoft's priorities and market conditions**
- **Microsoft has announced the Server and Cloud Enrollment**
 - Contract language released Nov. 1, 2013
- **This contract replaces three other agreements**
 - Enrollment for Core Infrastructure
 - Enrollment for Application Platform
 - Enrollment for Windows Azure

Enrollment for Application Platform

- **Microsoft's application platform includes**
 - SQL Server
 - Visual Studio
 - SharePoint
 - BizTalk
- **The EAP offers fixed payments over a three-year period, but substantial licensing growth is assumed**
 - 20% to 30% over a “baseline”
- **The EAP provides 40% discounts on “premium” license purchases, 15% on other licenses, no discount on Software Assurance**
 - Premium are Enterprise or Ultimate editions
- **All instances of the software, even purchased previously, are covered by SA**
 - At the end of the agreement, licenses that were not previously covered must be bought out or the customer must revert to the edition in place at the start of the EAP
- **Frequently seen: EAPs that consist mostly of SA—on which there is no discount**

Enrollment for Core Infrastructure

- **The ECI is two products bundled as a Core Infrastructure Server Suite**
 - Windows Server
 - System Center
- **Designed for servers used as hosts for virtual machines**
 - When purchased in an ECI, offers 20% discounts on new licenses and SA
 - When CIS is purchased outside of an ECI, a 5% discount

Windows Server 2008 R2 and earlier

- Core Infrastructure Suite Datacenter (unlimited VMs)
- Core Infrastructure Suite Enterprise (2 VMs)
- Core Infrastructure Suite Standard (1 VM)

Windows Server 2012 and later

- Core Infrastructure Suite Datacenter (unlimited VMs)
- Core Infrastructure Suite Standard (2 VMs)

Server and Cloud Enrollment Product

- **Most closely resembles EAP**
 - Baseline includes ALL instances of any product the customer includes in the agreement
- **No built-in growth, as in EAP, but customers are required to purchase a minimum of new licenses**
- **Four Baselines in two categories**
 - Existing Baseline Licenses
 - Existing licenses with SA
 - Existing licenses without SA
 - New Baseline Licenses
 - New Subscription licenses
 - New licenses with SA
- **15% discounts on all servers, 5% on SA**
- **ECI contribution is the addition of the Core Infrastructure Suite**
 - As bundle or as individual Windows Server and System Center products
- **SCE also includes Azure as an option**

Server and Cloud Enrollment Product Families

Product Family	Product	Product Family	Product
SQL Server	SQL Server Enterprise Per Core	Visual Studio	Visual Studio Ultimate with MSDN
	SQL Server Business Intelligence Server		Visual Studio Premium with MSDN
	SQL Server Standard Per Core		Visual Studio Test Professional with MSDN
	SQL Server Standard Server		Visual Studio Team Foundation Server CAL
	SQL Server CAL		MSDN Platforms
SQL Parallel Data Warehouse	SQL Server Parallel Data Warehouse Per Core		Visual Studio Deployment Standard
BizTalk Server	BizTalk Server Enterprise Per Core		Visual Studio Deployment Datacenter
	BizTalk Server Standard Per Core		CIS Datacenter
	BizTalk Server Branch Per Core	CIS Standard	
SharePoint Server	SharePoint Server	Core Infrastructure Suite	Windows Server Datacenter
Azure	Azure Monetary Commitment		System Center Datacenter
			Windows Server Standard
			System Center Standard

Minimum Purchase Requirements

- **Minimum purchase requirements must be maintained throughout the agreement**
- **SQL Server will likely be required as a second minimum for most customers**
 - Implementing SQL Server per core will cost a minimum of \$330,000 over 3 years (EA D)

Product Family	Minimum Initial Order
SQL Server	50 licensed cores OR 5 SQL Server with 250 CALs
SQL Server Parallel Data Warehouse*	32 Cores. PDW cores apply toward the SQL core minimums.
BizTalk Server*	24 Cores from any Biztalk Server Editions
Visual Studio	20 Licenses of Visual Studio Ultimate with MSDN and/or Visual Studio Premium with MSDN
SharePoint Server*	5 Servers
Core Infrastructure Suites (CIS)	All Windows Server deployments must be licensed with a Core Infrastructure Suite SKU, with a minimum of 25 licenses for 50 processors
* Also requires selection of the SQL Server Product Family	

New Features: Include All Licenses or Else...

- **Selection of any product family requires inclusion of all running instances, of any version, purchased by any means, in the Baseline count**

- EAP had this language for SQL and SharePoint. SCE extends it to Windows Server as well

“Baseline Licenses” means Existing Baseline Licenses and New Baseline Licenses, collectively.

“Existing Baseline Licenses” means all Licenses in use by any Affiliate in the Enterprise for the selected Server and Tools Products that were obtained under any Baseline Agreement before this Enrollment.

“New Baseline Licenses” means the quantity of Licenses for Server and Tools Products ordered under this Enrollment in excess of the Existing Baseline Licenses.

- Any instance that the customer does not want to include must be turned off

- 2) **Existing Baseline Licenses.** When ordering Server and Tools Products, Enrolled Affiliate must identify all Existing Baseline Licenses for at least one Server and Tools Product Family. Perpetual Licenses owned by Enterprise but not identified as Existing Baseline Licenses in the selected Product Family (or Families) at the start of this Enrollment may not be used during this Enrollment term.

Counting the Baseline: Product Selection Form

Product Selection Form					
Product selection		Baseline Licenses			
		<u>Existing Baseline Licenses</u>		<u>New Baseline Licenses</u>	
		Existing Licenses with Software Assurance	Existing Licenses without Software Assurance	New Subscription Licenses	New Licenses with Software Assurance
Product Family	Product				
SQL Server*	SQL Server Enterprise Per Core	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	SQL Server Business Intelligence Server	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	SQL Server Standard Per Core	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	SQL Server Standard Server	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	SQL Server CAL	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
SQL Server	SQL Server Parallel				

Payment for Existing Licenses without SA

- **Standard SA purchase rules**

- SA can only be added to a license at the time the original license is purchased
- If you want SA on a product after the purchase date, or wanted to renew SA if it had lapsed you must purchase a new license and add SA to that

- **The EAP created an exception to this rule**

- All licenses had to have SA, but in the case of licensed that did not have, or no longer had SA, SA could be added without license repurchase

- **The SCE does not continue the exception**

- Options for licenses that must be included in the baseline but do not have current SA
 - Repurchase the licenses and add SA
 - Purchase a subscription license for the product
 - 42% more expensive than SA, but less expensive over the first 3 years than purchasing a license and adding SA

All Windows Servers Must be CIS Servers

- **Core Infrastructure Suite combines a System Center Suite and Windows Server**
 - Core Infrastructure Suite Datacenter (unlimited VMs)
 - Core Infrastructure Suite Standard (2 VMs)
- **In the SCE, all existing Windows Servers and System Center Suites must be paired**
 - “Without” SKUs enable matching of uneven quantities

Existing Product	Becomes This Product	Type
Core Infrastructure Suite Standard w. SA	Core Infrastructure Suite Standard	SA
Core Infrastructure Suite Datacenter w. SA	Core Infrastructure Suite Datacenter	SA
Windows Server + System Center w. SA (same editions, DC or Standard)	Core Infrastructure Suite Datacenter or Std	SA
Windows Server Standard	Core Infrastructure Suite Standard w/o Server License	License and SA
Windows Server Datacenter	Core Infrastructure Suite Datacenter w/o Server License	License and SA
System Center Standard	Core Infrastructure Suite Datacenter w/o System Center License	License and SA
System Center Datacenter	Core Infrastructure Suite Standard w/o System Center License	License and SA

Change in True-Up Counting

- **Enterprise Agreement**

- f. True-up Requirements.**

- (i) True-up order.** Enrolled Affiliate must submit an annual true-up order that accounts for changes since the initial order or last true-up order, including: (1) any increase in Licenses, including any increase in Qualified Devices or Qualified Users and Reserved Licenses; (2) Transitions (if permitted); or (3) Subscription License quantity reductions (if permitted).

- **SCE**

- (ii) True-up order.** Enrolled Affiliate must determine the maximum number of Products used since the latter of the initial order, the last true-up order, or the Enrollment's prior anniversary and submit a true-up order that accounts for any increase. For Subscription Licenses for Products other than Online Services, the true-up order must indicate the initial use date(s) for each additional Subscription License ordered.

The SCE in Practice

- **Only customers with a high proportion of products that already have SA and with significant purchases of additional licenses with SA are likely to see net discounts**
 - The cost of adding SA or subscriptions to licenses on which the customer has dropped or never had SA in the first place will result in a large initial bill and discounts on new licenses will not overcome that
- **Microsoft's own calculations:**
 - A customer with an ECI agreement who has SA on 70% of servers and 45% of System Center suites will see costs **rise** 61% in the SCE
 - A customer with an EAP in which just 10% of the SQL Server Enterprise Edition licenses did not have current SA at the start of the EAP would pay about 2% more in the SCE if they wanted that 10% to have permanent licenses at the end
 - They would save 1% if they purchased subscriptions instead, but would not get permanent licenses

Why?

- **Too many customers have questions about the value of SA**
- **Common Scenario:**
 - SA customer has migrated to Windows 7 and Office 2010
 - Is entitled to Windows 8 and Office 2013 licenses but is not using them currently
 - Moving to SharePoint 2013, Exchange 2013, Lync 2013, which they own today, by 2015
 - About the time the 2015 versions will come out. They won't be deployed until 2017 or later
 - Most Windows and SQL Servers still on 2008 R2 editions, although they own 2012 editions
 - Only came out three years ago, so have another 2-5 years of useful life
- **90% of EA is for SA**
- **Their question: what will I lose if I drop SA on Windows, Office, and Servers?**
 - No plans to install anything they don't already own in the next three years, so may even skip the 2015 versions
- **Microsoft must hammer customer to renew, repurchase SA to keep the lights on**

Typical SCE Sales Pitch

- **You've been purchasing Windows Server through the ECI and SQL Server through the EAP**
 - And maybe Azure through the EWA
- **We're bringing these together in the SCE, which has better discounts, and a simpler agreement**
- **Just sign the signature form and we'll roll those licenses over**

- **The pitch ignores**
 - All the licenses that don't have SA. They've seen your true up so they know how many you have in total
 - They've seen your current EA so they know how many of the total do and don't have SA on them
 - Discounts for ECI customers change very little, will go down in some cases
 - 40% discount on some EAP licenses is now 15%

Big payday coming if they get you to sign the SCE

- Account rep gets extra bonus for SCE and Azure spending
- Microsoft is rolling in the SA again

Upcoming Licensing Workshops

- **Toronto, Ontario, Feb. 25-12**
- **Seattle, Washington, Apr. 8-10**
- **Register at <http://msftadvisors.com/workshops.html>**

Day 1	Day 2	Day 3
Licensing Concepts	Virtualization Concepts	Software Asset Management and Audits
Software Assurance	Virtual Desktop Licensing	Enterprise Agreement in depth
Essential Resources	Virtual Server Licensing	Negotiating the EA
Windows Desktop	Volume Licensing Concepts	EA Strategies for 2013
Desktop Applications	Essential Resources	Developer Tools and MSDN
Windows Server	Open and Open Value	Tablets and Mobile Licensing
SQL Server	Select/Select Plus	Hosted and Online Services
Exchange Server	Enterprise Agreements	System Center and Forefront Licensing
SharePoint Server	Open Value & Enterprise Subscriptions	

Lync Server