

Introduction to Microsoft's Agreement Structure

Microsoft Volume Licensing (VL) is the most cost-effective way to obtain Microsoft software and cloud services. The company has programs intended for large and small companies and one element they all have in common is that they can be very complex and confusing. The purpose of this document is to provide a brief overview of the contractual components of Microsoft Volume Licensing and the manner in which they relate to each other.

The first distinction Microsoft considers is the size of your organization. Historically, they have distinguished between those needing 5 to 250 licenses and those needing more than 250 licenses. That criteria remains in effect today, but on July 1, 2016, the entry threshold for the popular Enterprise Agreement (EA) will increase to those needing licenses for 500 devices or users, rather than 250 as it is today.

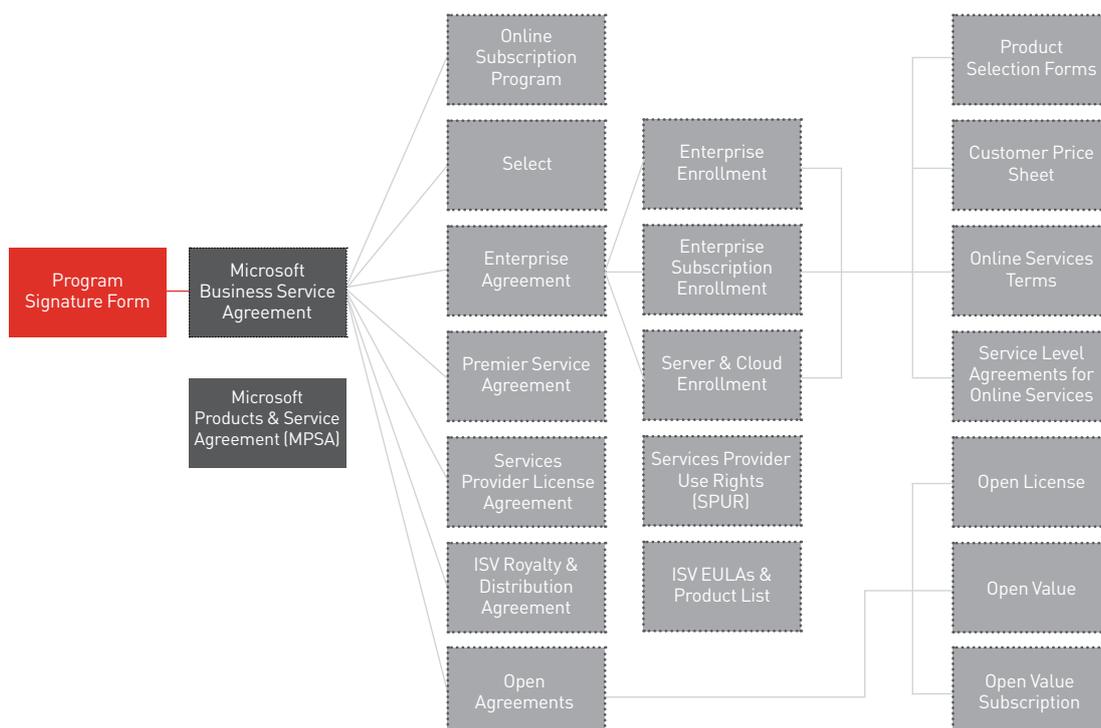
In addition to the size of the organization, Microsoft offers specialized programs and pricing for those in the government, education, healthcare and non-profit sectors.

When an organization purchases software licenses and services through the VL program, they no longer receive physical media such as CDs/DVDs or documentation. Volume Licensing customers receive the right to download and distribute products or access them in the cloud. Some VL programs include or offer Software Assurance (SA), which is a comprehensive collection of upgrade rights, product support, user training, partner services, and IT tools.

Volume Licensing customers may apply for financing through Microsoft Payment Solutions. Microsoft Payment Solutions terms are often more competitive than traditional financing sources and may also be applied to non-Microsoft IT expenses as long as Microsoft products and services represent at least ten percent of the total amount financed.

Agreement Structure

Product Terms Document Applies to all Agreements (except SPLA & ISV)



Program Signature Form

Volume Licensing agreements typically include or refer to multiple documents. Some of these documents, such as the Product Terms document, change on a regular basis and the licensee must agree to be bound by the terms of the document(s). The Program Signature Form is a single document which, when executed, serves as a signature page to other agreements and binding documents.

Microsoft Business and Services Agreement (MBSA)

The Business and Services Agreement defines terms and conditions that apply to all licensed products or contracted services. This includes use and ownership rights, confidentiality requirements, warranties, term and termination, country-specific provisions and other obligations that may apply to multiple Volume Licensing Agreements.

Product Terms

The Product Terms document contains all the terms and conditions for how organizations purchase and deploy licenses for software and online services through Microsoft Volume Licensing programs except the Microsoft Online Subscription and Cloud Solution Provider program, the ISV royalty program and SPLA (Service Provider License Agreement). It combines and replaces the previously used Product Use Rights (PUR) and Product List into a single document. It's important to note that just because it appears as a document, it is referenced in the MBSA and elsewhere and is a legally binding component of any Volume Licensing engagement with Microsoft. The Product Terms document is updated monthly and is available in approximately thirty-five languages.

Online Services Terms (OST)

The Online Services Terms document defines the terms and conditions required for the purchase and use of Microsoft Online Services. This includes general terms that apply to all online services as well as service-specific terms where applicable. The OST also contains privacy and security requirements. The OST is updated monthly.

Services Provider Use Rights (SPUR)

The Services Provider Use Rights (SPUR) provides details on how products acquired through the Microsoft Services Provider License Agreement (SPLA) may be used.

ISV EULAs and Product List

The Microsoft Independent Software Vendor (ISV) End User License Agreements (EULAs) and Product List provide details on the availability, discontinuations, migration paths, and use of software acquired through the Microsoft Independent Software Vendor Royalty license program. The ISV EULAs and Product List are updated quarterly.

Service Level Agreement for Online Services (SLA)

The Service Level Agreement for Online Services defines Microsoft's service level commitment for online services. If Microsoft fails to maintain the stated service levels, users may be eligible to receive a credit toward their monthly service fees. Service level commitments may change during the term of an agreement but the level which was in place at the beginning of the term will apply throughout. If the subscription is renewed, the SLA in effect at the time of renewal will then apply.

Enterprise Agreement (EA)

The Enterprise Agreement is the most common Volume Licensing Agreement. It is for organizations with at least 250 users or devices today but as previously noted, the entry threshold will increase to 500 on July 1, 2016. Enterprise Agreements may include on-premises and cloud based services. The term of the EA is a minimum three years and it typically offers discounts ranging from 15% to 45% less than Select Plus and MPSA pricing. While final pricing is typically negotiated, Enterprise Agreements offer discounts based upon the number of devices or users licensed and they are referred to as Levels A-D.

Level A – 250 to 2399

Level B – 2400 to 5999

Level C – 6000 to 14,999

Level D – 15,000+

While the Enterprise Agreement requires a minimum three year commitment, it is not necessary to predict specific usage requirements for the entire term. When new products are needed or as an organization grows, they may add and use additional products as needed. The terms and pricing are agreed upon when the original EA is signed, and the reconciliation and payment occurs as part of the True-up process. The True-up is an annual inventory of products, services, users and devices added during the year with charges retroactive for Software Assurance (SA). A primary benefit of Software Assurance is that it enables rights to the latest version of included products, but it also includes training, support, deployment and management tools.

Software Assurance Benefits Overview

Deployment and Management

Planning Services
 Microsoft Desktop Optimization Pack (MDOP)
 Windows Software Assurance per User Add-on
 Windows® Virtual Desktop Access Rights
 Windows RT Companion VDA Rights
 Windows To Go Use Rights
 Windows Roaming Use Rights
 Windows Thin PC

Training

Training Vouchers
 Online E-Learning

Windows Enterprise Sideload
 Enhanced Edition Benefits Windows/Windows Embedded
 Enterprise Source Licensing Program
 License Mobility Through Software Assurance
 Passive Secondary Instance for SQL Server
 Office Multi-Language Pack
 Office Roaming Use Rights

Support

24x7 Problem Resolution
 Extended Hotfix Support
 System Center Global Service Monitor
 Back-up for Disaster Recovery

Home Use Program

Another feature of the Enterprise Agreement is the right to upgrade from a lower level edition to a premium edition at a relatively low cost (Professional Edition to Enterprise, for example). The process is called a Step-up and the user only pays the price difference from that which they purchased before.

The Enterprise Agreement is available as a perpetual license or on a subscription basis.

Licensing use rights for the Enterprise Agreement are governed by the Product Terms document.

Enrollments

Within the Enterprise Agreement, Microsoft offers three product bundles which they refer to as "Enrollments".

Enterprise Enrollment

The Enterprise Enrollment enables users or devices to obtain perpetual licenses for Microsoft desktop products such as Windows Enterprise, Office Professional Plus and the Enterprise CAL Suites and additional products such as Visio®, Project and server products. These products may be deployed on-premises or in the cloud (using license mobility rights) or combined in a hybrid scenario.

Enterprise Subscription Enrollment

The Enterprise Subscription Enrollment is similar to the Enterprise Enrollment except that the user may only use the products during the three-year term of the agreement or as long as they continue to pay for the subscription. Another difference from the Enterprise Enrollment is that the Subscription Agreement allows users to increase or decrease the number of subscriptions during the term, whereas they may only maintain or increase under the terms of an Enterprise Enrollment.

Server and Cloud Enrollment (SCE)

The Server and Cloud Enrollment is available to organizations agreeing to a companywide commitment to one or more specific server and cloud technologies. The SCE consists of the following four components:

1. Core Infrastructure
2. Application Platform
3. Developer Platform
4. Microsoft Azure

SCE replaces the Enrollment for Application Platform (EAP), Enrollment for Core Infrastructure (ECI), and Enrollment for Azure™ (EWA).

Licensing use rights for the SCE agreement are governed by the Product Terms document.

Product Selection Form (PSF)

The Product Selection Form is available for Enterprise and Enterprise Subscription customers. When completed, it contains a summary of the initial order of Enterprise Products and Enterprise Online Services. The PSF includes quantities of applicable products and eligible price levels, but not specific pricing data. The Product Selection Form must be attached to a Program Signature Form to be valid.

Customer Price Sheet (CPS)

The Customer Price Sheet contains the initial order, pricing, product descriptions, SKU's, country of use, future price holds and step up pricing and payment obligations for enterprise and other products.

Microsoft Products and Services Agreement (MPSA)

The Microsoft Products and Services Agreement was the first deliverable under that which Microsoft refers to as Next Generation Volume Licensing (NGVL). The MPSA is intended for government, academic, or commercial organizations with 250 or more desktop PCs. This agreement may be used for on-premises or online services

and combines the terms of Select Plus, the Microsoft Business and Services Agreement, and Online Services purchasing terms into a single agreement. The MPSA allows customers to purchase from multiple partners in any quantity and apply the organizations volume discount to every purchase.

There is no minimum order requirement to begin acquiring licenses. A point value is applied to each license and the points are totaled to determine the appropriate discount level. As more points are accrued the customer receives greater discounts. Customers migrating from an existing EA, EAS, Select or Select Plus may count their previous licenses to determine the MPSA discount level.

MPSA discount levels are as follows:

Level A – 500 to 3,999 points – ~7% discount from Open pricing

Level B – 4,000 to 9,999 points – ~7% discount from Level A

Level C – 10,000 to 24,999 points – ~7% discount from Level B

Level D – 25,000+ points – ~7% discount from Level C

While there is no minimum order requirement, customers in Level A are required to obtain at least 250 cloud licenses or 500 points in a product pool (applications, systems and servers) per year. A compliance check is conducted on each anniversary date and if the customer fails to meet these requirements their account will be suspended until they place a single order for at least 250 cloud licenses or 500 points in a single pool.

Agreement Structure of the MPSA

- General Terms & Conditions
- Professional Services
- Purchasing Account Type terms
- Purchasing Account Type country terms

Licensing use rights for the MPSA agreement are governed by the Product Terms document.

Open Programs

Microsoft Open Programs are intended for organizations with fewer than 250 devices. There are three options for purchasing under Open licensing:

Open License

Open License is often referred to as a “pay as you go” program as it allows as few as five licenses and the customer may purchase additional licenses at any time during the two-year term of this agreement. They may purchase the licenses alone, licenses with Software Assurance, or Software Assurance renewals. Payment is due at the time of ordering and the software is downloaded from the Microsoft Volume Licensing Service Center.

Open Value

Open Value is intended for small to mid-sized organizations with fewer than 250 desktops. Open Value is different from Open License in that it has a three year term and all products include Software Assurance. Open Value customers also have the option to spread their payments over three equal payments during the course of the agreement. Additionally, Open Value offers a Company-wide option in which customers realize additional savings if they standardize all desktops on one or more Desktop Platform components.

Open Value Subscription

As the name suggests, this is similar to Open Value, but on a subscription (non-perpetual) basis. Open Value Subscription has a three year term. Open Value Subscription for Government is available with a one or three year term. At the end of the term, customers may extend the subscription another three years, buy the perpetual rights or discontinue using the products. Customers make one payment annually.

Licensing use rights for the Open programs are governed by the Product Terms document.

Select Plus

The Select Plus License is intended for organizations with 250 or more PCs and have mixed software requirements. Select customers must sign an MBSA to define the general terms of use while the Select License addresses terms which are unique to the Select Program. Microsoft offers Select programs for government, academic, and commercial organizations.

Select licensees have the option to add Software Assurance at the time of purchase. Select customers benefit from "pay as you go" purchasing and an option for annual payments when Software Assurance is included. They also have online access to the Microsoft Volume Licensing Service Center (VLSC). VLSC is a secure website containing purchase history, order confirmations, and other tools to help manage licenses from Microsoft.

Select pricing is the same as the MPSA but unlike MPSA, Select customers may forecast purchases and immediately purchase at the predicted levels. Microsoft will perform an annual review at which time they will adjust the level up or down based upon actual orders.

Level A – 500 to 3,999 points – 7% discount from Open pricing

Level B – 4,000 to 9,999 points – 7% discount from Level A

Level C – 10,000 to 24,999 points – 7% discount from Level B

Level D – 25,000+ points – 7% discount from Level C

Select customers also benefit from Cross Language Use Rights and Training and Evaluation licenses to enable training or evaluation prior to making a purchasing commitment. Select customers receive Downgrade Rights, Re-Imaging Rights, and Secondary Use Rights.

The Select agreement is being phased out and replaced by the MPSA.

Licensing use rights for the Select Plus agreement are governed by the Product Terms document.

Microsoft Online Subscription Program (MOSP)

The Microsoft Online Subscription Program is a subscription-based offering for organizations with five or more users wishing to add online services to their entitlements. The MOSP includes access to Office 365™, Windows Azure, Dynamics CRM Online, and Windows Intune®. MOSP is another "pay as you go" program with pricing as low as \$6 per user per month with monthly or annual payment options.

Licensing use rights for the MOSP are governed by the Product Terms document.

Services Provider License Agreement (SPLA)

The Services Provider License Agreement may best be described as a reseller agreement. With a SPLA, service providers and ISVs can license eligible Microsoft products and services to their customers. SPLA licensees must

enroll in the Microsoft Partner Network and select a SPLA reseller. The term of a SPLA is three-years and it requires an MBSA. Service providers that do not have an MBSA will be required to sign one upon renewal.

End user licenses acquired under a SPLA are monthly subscription licenses.

Licensing use rights for the SPLA are governed by the Services Provider User Rights document (SPUR).

There are three licensing models under the SPLA:

Per Subscriber: Each individual user or device must have a Subscriber Access License (SAL). SALs replace the need for the user to have a separate Server License when accessing products such as Exchange Server, Office, and Microsoft Dynamics CRM.

Per Processor: Each Processor License permits an unlimited number of users access to applicable products such as Windows Server or Dynamics ERP without obtaining a SAL.

Per Core: Each Core License allows an unlimited number of users to access core-licensed products such as SQL Server or BizTalk Server without a SAL.

ISV Royalty License and Distribution Agreement

The Independent Software Vendor (ISV) Royalty Licensing Program permits ISVs to integrate specific Microsoft products into a Unified Solution. The licensed ISV may bundle full or in some cases, run-time versions of applicable products, subject to terms of the program. Technical support is the responsibility of the ISV. The ISV must report sales to their ISV Royalty Distributor on a monthly basis. Royalty payments will be remitted to the ISV Royalty Distributor who will pay Microsoft on your behalf.

To participate in this program, ISVs are required to sign an MBSA and must include any applicable Microsoft license terms into their End Customer Agreement for the Unified Solution. They must also sign a three-year ISV Royalty License and Distribution Agreement and be a member of the Microsoft Partner Network.

Licensing use rights for the ISV agreement are governed by the ISV EULAs and Product List.

Order of Precedent

In the case of a conflict between any documents in this agreement that is not expressly resolved in those documents, their terms will control in the following order of descending priority: (1) the Master Agreement, (2) this Enterprise Agreement, (3) any Enrollment, (4) the Product List, (5) the Product Use Rights, (6) orders submitted under this agreement, and (7) any other documents in this agreement. Terms in an amendment control over the amended document and any prior amendments concerning the same subject matter.

Appendix

	Microsoft Products and Services Agreement	Microsoft Select Plus Agreement	Microsoft Online Subscription Agreement
Contract Term	No expiration	No expiration	No expiration
Target Organization size	250+ users	250+ users	5 users
Products available			
License	✓	✓	
License & Software Assurance	✓	✓	
Software Assurance	✓	✓	
Online Services	✓		✓
Microsoft Azure	✓		
On-premise software counts toward price level	User-licensed services	✓	
Online Services count toward price level	✓		✓
Price Level established by all purchases per account type	✓	✓	
Commercial Government and Academic customer types allowed under one Master Agreement	Yes, with separate Purchasing Accounts		
Multiple active partners under a single account	✓		
Product points pooled across like account types	✓	✓	
Software Assurance available	✓	✓	
Self-provision and use Online Services prior to ordering	✓		
Multi-year duration option for Online Services	✓		✓
Short term subscription option for Online Services	Coming soon		
Subscription term	35-36 months for Software Assurance up to 36 months for Online Services	35-36 months for Software Assurance	One month or one year
Microsoft Payment Solution	✓	✓	
Pricing and payment	Licensing Solutions Provider	Licensing Solutions Provider	Direct from Microsoft

Enterprise Agreements <https://www.microsoft.com/en-us/Licensing/licensing-programs/enterprise.aspx>

Open Programs <https://www.microsoft.com/en-us/Licensing/licensing-programs/open-license.aspx>

Online Services <https://www.microsoft.com/en-us/Licensing/product-licensing/online-services.aspx>

MPSA Program <https://www.microsoft.com/en-us/Licensing/MPSA/default.aspx>

Government <https://www.microsoft.com/en-us/Licensing/licensing-programs/licensing-for-industries.aspx#tab=1>

Education <https://www.microsoft.com/en-us/Licensing/licensing-programs/licensing-for-industries.aspx#tab=2>

Nonprofit <https://www.microsoft.com/en-us/Licensing/licensing-programs/licensing-for-industries.aspx#tab=4>

ISV Royalty Program <https://www.microsoft.com/en-us/Licensing/licensing-programs/isv-program.aspx>

Service Provider License Agreement (SPLA) <https://www.microsoft.com/en-us/Licensing/licensing-programs/spla-program.aspx>

Microsoft Product Use Rights <https://www.microsoft.com/en-us/licensing/product-licensing/products.aspx>

Licensing Briefs <https://www.microsoft.com/en-us/Licensing/learn-more/volume-licensing-briefs.aspx>

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- Our track record speaks for itself: with over 1,000 contracts and audits mitigated, Emerset saves clients about 30% of their licensing costs. We are extremely proud of our 90% client retention as the best expression of our success.
At Emerset, we tailor a specific package for each client, reducing overspend and focusing on properly supporting each business's needs. Up to date on global pricing terms and industry standards, we are well versed in the complexities of the issues you face and can help you plan your software acquisition as well as prepare for audits and compliance issues.
- Our proficiencies include Licensing Optimization, Software Discovery, Financial Analysis, Market Intelligence, and Negotiation Assistance

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