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Featuring research from

Gartner

NAME	DESCRIPTION	SOFTWARE LIFECYCLE
24x7 Problem Resolution Support	Enhances existing Premier Support agreements by providing around-the-clock incident support	<i>Deploy, Maintain</i>
"Cold" Backups for Disaster Recovery	Helps maintain IT operating efficiency and protect mission-critical solutions	<i>Maintain</i>
E-Learning	Offers self-paced interactive training designed for end-users and IT Professionals	<i>Deploy, Use</i>
Employee Purchase Program	Contributes to employee satisfaction by providing reduced rates on Microsoft products	<i>Deploy, Use</i>
Enterprise Source Licensing Program	Provides access to Microsoft Windows source code for internal development and support	<i>Deploy, Maintain</i>
Extended Hotfix Support	Reduces support costs and makes it easier for customers to get the support needed	<i>Maintain, Transition</i>
Home Use Program	Increases productivity by giving employees licensed copies of Microsoft Office programs for their home computer	<i>Deploy, Use</i>
Microsoft Desktop Optimization Pack (MDOP)	Increases desktop manageability, reduces total cost of ownership, and enables delivery of applications as services	<i>Deploy, Maintain</i>
Microsoft Office Multi-Language Pack	Enables IT to deploy a single Office 2007 image with support for 37 languages	<i>Deploy, Use</i>
New Version Rights	Provides new software version releases so you can have access to the latest technology	<i>Plan, Deploy</i>
Packaged Services	Delivers structured engagements to assist with planning and deployment including Desktop, SharePoint, Exchange, and Business Value Planning Services	<i>Plan, Deploy</i>
Spread Payments	Helps reduce initial costs and forecast annual software budget requirements	<i>Plan</i>
Step-Up License Availability	Enables you to migrate your software from a lower-level software edition to a higher-level edition of certain products	<i>Plan, Deploy, Use</i>
TechNet Benefits Through Software Assurance	Gives IT staff easy access to experts and technical information	<i>Deploy, Maintain</i>
Training Vouchers	Provides in-depth technical classroom training for IT professionals and developers	<i>Deploy, Use, Maintain</i>
Windows Fundamentals for Legacy PCs	Reduces the costs of owning legacy PCs, while improving their management and security	<i>Deploy, Transition</i>
Windows 7 Enterprise	Helps organizations lower costs, reduce risks, and stay connected	<i>Deploy, Use, Maintain</i>

Source: Microsoft

Read the following research from Gartner, Inc. to learn more about the value of Software Assurance for Windows Client.

From the Gartner Files

Quantifying the Value of Software Assurance for Windows Client, 2009-2010 Update

Microsoft made a special effort to increase the value of Software Assurance (SA) beyond new version rights and to encourage the adoption of SA for Windows Client. Here, we update our framework to analyze and quantify the benefits to enable organizations to decide whether it's worth the annual fee.

Key Findings

- Most organizations will need to find value from at least three SA benefits to justify SA financially. Most benefits will be valuable to only a subset of users in an organization.
- The Multilingual User Interface (MUI) is a benefit that's available in volume only through SA. It has different value based on how it's used.
- Organizations with users that require additional Windows licenses (for example, for PC virtualization) will always find SA cost-effective for those users.
- Organizations that require any of the Windows 7 Enterprise (W7E) features or want to use Microsoft Desktop Optimization Pack (MDOP) will need to license those PCs with SA. Organizations that require access to hosted virtual desktops (HVDs) will need SA on their PCs to license the less-expensive Windows Virtual Enterprise Centralized Desktop (VECD) for SA or will need to purchase the higher-priced VECD.

Recommendations

- Most organizations should move to each new version of Windows only as new PCs are purchased, which reduces the value of SA because new version rights aren't used.
- Quantify the value of each feature and the percentage of users that will take advantage of it, and multiply the value by the percentage to calculate the average benefit per user.
- Consider buying Windows Client SA for a subset of users, if that's more appropriate than buying it for everyone, but understand that this may require more administration.

ANALYSIS

This document was revised on 3 December 2009. For more information, see the Corrections page on gartner.com.

Microsoft sales representatives struggle to persuade customers to buy SA, Microsoft's software maintenance program, for the Windows Client (the desktop operating system [OS]), because new PCs arrive preloaded with the current version of Windows Client. SA is important to Microsoft, and the company is striving to increase its attach rate. SA gives Microsoft a large, predictable revenue base, and Microsoft believes that enterprises that sign up for SA will remain loyal customers. Customers that already own licenses for new versions of products based on an SA agreement are more likely to deploy them, and, in turn, to perceive value from them and renew their SA agreements.

1.0 Benefits and Features of SA on Windows Client

Microsoft sought to improve the uptake of SA by including exclusive content. With the release of Windows Vista products, for example, Microsoft incorporated features into the client OS that are exclusively available to clients covered by SA. Microsoft also introduced two subscription services that require SA on the Windows Client as a prerequisite for subscription. All the benefits and prerequisites of SA continue with Windows 7.

Organizations should examine each benefit and should assign a value per user, based on the number of users that will take advantage of the benefit. To justify the purchase, organizations should determine the value of the benefits, then compare that value with the cost of SA.

1.1 Methodology

Organizations can estimate the value of a particular feature or function in several ways. In this research, the primary methodology we use is to look at other products on the market that provide a similar function, and use the typical prices organizations pay for those products to approximate the value of the feature in Windows SA. In cases where no similar products are available, we will use other methods to assess the value like any reduction in hardware, software or labor enabled by the feature.

Organizations could decide to use a value-based methodology, which could include a direct and specific comparison of the features included in Windows client SA to those in third-party products. In this research, we do not evaluate how well the

Microsoft feature compares to each specific competitor, and organizations may find that alternative products provide more or less value, or are more or less appropriate for their needs than the Microsoft features.

1.2 Pricing and Payments

Depending on a user's volume license program and price level, SA generally costs from \$95 to \$162 per PC over a three-year agreement, or about \$32 to \$54 annually. The ability to spread out payments is one of the basic benefits of SA, and organizations may want to include the time value of money as part of their benefits. We are not including it in our estimates.

1.3 New Version Upgrade Rights

SA conveys rights to new versions of the covered product. In the case of the client OS, the value of this benefit has been questioned by many customers, because they still must purchase new PCs with licensed copies of Windows, and can only use new version rights for PCs purchased with an older release of Windows installed. Although some organizations have negotiated with Microsoft for the right to upgrade from consumer-level, stock-keeping units (SKUs) so that they can buy lower-cost PCs, most are required to buy PCs that are licensed for the more-expensive Business/Professional SKUs from their OEMs.

For organizations that plan to move to new client OSs through hardware attrition, this benefit has no value. Organizations that plan to upgrade all of their PCs to Windows 7 will need licenses for some, but not all, users. This is because PCs purchased starting on 22 October 2009 are already licensed for their target OSs. Upgrade rights can also be obtained by purchasing a Windows Professional Upgrade (WPU), which costs approximately \$150 per user.

To estimate a per-user value for this benefit, multiply your cost for a WPU (based on your Select level minus any other discounts available from your reseller) by the percentage of users you are likely to upgrade from a prior version. For example:

- Move to new OS by PC hardware attrition: Value = \$0 per user
- Plan a forklift upgrade to Windows 7 starting 2011, but bought new PCs preloaded with Windows 7 for 10% of users in 2009 and 25% of users in each of 2010, and 2011: Value = $\$150 \times 0.4$ (representing the 40% of PCs that were bought prior to 22 October 2009 without Windows 7 licenses and will be upgraded) = \$60 per user

Remember that OEM Windows 7 Professional licenses may only be downgraded to Windows XP until Windows 7 SP1 ships (or 18 months, whichever comes first; see "Microsoft's Limited

Windows 7 Downgrade Rights Will Cost Many XP Organizations Money"), which may mean that some new PCs purchased in 2010 will need SA or upgrades to allow them to initially run Windows XP and later be migrated to Windows 7. Having SA covers the downgrade to XP and upgrade back to Windows 7 for new PCs purchased after Windows 7 SP1 ships. The quantity of PCs purchased after SP1 ships that will need to run Windows XP and will later need to be upgraded back to Windows 7 should be included in the number that will get benefit from new version rights.

1.4 W7E

This is a special Windows 7 SKU available only to users with SA. W7E has features unique to that version (Windows 7 Ultimate [W7U] also has these features, but is a consumer SKU, which does not include reimaging rights or volume activation and may not be suitable for enterprise use — future research will examine this issue). It may be installed and run on a PC that was covered by SA even after SA expires; however, it cannot be moved to a replacement PC if SA is not in effect.

1.5 MUI Language Packs and Switching

Windows 7 inherently supports multiple languages, and users may switch between them, but only W7E and W7U include the extra language packs that enable these features to be used. This allows all languages that Windows 7 is available in to be included in a single image, and enables the user to switch languages. Previously, OEMs sold Windows XP MUI for a \$10 to \$15 premium/PC over the English version, but that is no longer allowed.

Most organizations that use MUI use it to enable them to create a single system image for worldwide use. The ability to switch languages and let one PC run in different languages for different workers (for example, for shift workers who speak different languages) is arguably a more valuable benefit, but it's required by fewer users (often depending on which country the PC is deployed in). The controversy about MUI concerns the fact that organizations now have to buy SA to get MUI with its language-switching feature, even if users only want to select one language and erase the rest. Ironically, this is how many OEMs ship PCs to regions where multiple languages are spoken (for example, PCs shipped to Canada usually offer English and French preloaded), but enterprises don't have the right to replicate this function in their custom images.

Some clients will consider the cost per user they paid their OEMs for Windows XP MUI when they assign a value to this benefit. Another method is to estimate the cost of going back to a multiple image situation. Based on Gartner research, the annual cost for image maintenance and creation in our model

was \$13,000 per image per year. To estimate the benefits per user, we suggest multiplying the annual cost of creating and maintaining one image by the total number of images needed minus one, and dividing by the total number of users.

For organizations that deploy most of their PCs in one language, consider the possibility of building two images: one in the primary language, and the other with MUI for all other users (see Table 1). This would require the purchase of SA only for the number of users who don't use the primary language. Multiply the annual cost of creating and maintaining one image by the total number of images needed minus two, and divide by the total number of users who don't use the primary language.

Benefits for users who need to switch languages could be significantly higher, perhaps also allowing more flexibility of resource use or reduced PC purchasing. For these users, this benefit alone would be high enough to justify SA.

1.6 BitLocker and BitLocker To Go Drive Encryption

BitLocker could be used for two purposes. First, by relying on hardware support — Trusted Platform Module (TPM) 1.2 chip or Universal Serial Bus (USB) key — it enables protection of the PC and hard drive in the case of loss or theft. BitLocker To Go provides encryption for removable devices, like USB drives. Second, it can secure data during PC disposal by destroying the key. However, this doesn't adhere to the overwrite process described by the Department of Defense (DoD) 5520.22M standard, which is often corporate policy. Ensure that auditors or security personnel deem this method acceptable before you use it.

Companies should quantify the value of BitLocker for each purpose they use. For disk and removable drive encryption, based on the cost of third-party, independent software vendor (ISV) offerings, we assign a value of \$50 per PC in our ex-

amples. For disposal, a three-pass overwrite data sanitization performed by a service provider would cost about \$20 per PC and would meet the DoD 5520.22M standard. Assuming other vendors that sell encryption software could eventually make the disposal claim, a company that would buy one solution for security and disposal purposes should assign only the value of that product to BitLocker.

1.7 AppLocker

AppLocker allows organizations to allow or prevent applications from running based on digital signature, vendor, application name or other metadata. AppLocker competes with a category of software we call "application control" software, which allows organizations to build blacklists or whitelists, and apply rules on application use to different groups of users. Such products often cost in the range of \$10 to \$15 per user. Many provide prepopulated whitelists and blacklists at an extra cost for the subscription, but Microsoft's AppLocker has no such option. The three-year cost for software (only) from a third-party vendor would be \$14 to \$21.

1.8 BranchCache (BC)

BC is supposed to improve performance for W7E users in branch offices (locations with few users) by caching data read by users on a local server, or even on a user's PC to allow organizations to reduce the number of servers in the enterprise while improving performance for branch office users and reducing bandwidth, as multiple requests for the same data can be retrieved from the cache. However, BC doesn't overcome the issues of chatty Common Internet File System (CIFS), and larger offices would require a BC server and would not be able to use a user's PC.

Table 1. The Value of Using Two Images

Number of Users	50,000	5,000	5,000
Number of users who don't use primary language	15,000	1,500	1,500
Total number of languages/images required	20	20	5
Cost per image per year	\$13,000	\$13,000	\$13,000
Cost per image over the three-year SA term	\$39,000	\$39,000	\$39,000
Benefit per user to get to one image	\$15.00	\$148.00	\$31.00
Benefit per user to get to two images*	\$47.00	\$468.00	\$78.00
*A higher benefit, but based on buying SA only for users that need an alternative language			
Source: Gartner (December 2009)			

Compared to BC, WAN Optimization Controllers (WOCs) cache many additional kinds of traffic. WOCs do link encryption, spoof CIFSs, Messaging APIs (MAPIs) and Notes; optimize TCP for XP clients and servers; pipeline HTTP(S) requests; cache byte patterns from any sort of traffic; and reduce the time for remote backups by 80% to 98%. Furthermore, the benefit of a WOC would extend to users of any OS, while BC only helps users running W7E and W7U. For a small office doing mostly local processing and some Web/browser-based applications, BC could provide as much value as a soft WOC client (100%, assuming all users ran W7E). However, for someone in an office doing lots of document creation and saving to a remote CIFS share, there may be little benefit (near 0%). To assign a value to BC, organizations can consider the cost of a WOC and the average percentage of WOC functionality BC will provide (from 0% to 100%) their branch offices.

WOC solutions are generally priced by concurrent user, and have software and costs that must be absorbed at the central site as well, which often double the cost of the solution. The cost per concurrent user generally runs \$150 to \$200, so if we select \$175 as a sample cost, double it to reflect the cost at the central site, and add 18% maintenance for Year 2 and Year 3, we get a cost per concurrent user of \$476 over three years. We would then multiply that by the percentage of the WOC benefit BC provides. For example, if you expect BC to provide 25% of the value of a WOC, it would be \$476 times 0.25 = \$119 over three years, or \$40 per user per year. The organization then needs to multiply this benefit by the percentage of users who would receive the benefit (the number of users in branches divided by the total number of users covered by SA). If the organization will have fewer concurrent users than total branch users, it should base the WOC cost on the number of concurrent users.

1.9 DirectAccess

DirectAccess eliminates the need for a virtual private network (VPN) client on a Windows 7 PC. This feature will not eliminate the need for a VPN, unless the organization has no other clients besides Windows 7, so a VPN will still need to be purchased and maintained. Benefits could include a reduction in help desk costs due to problems with VPNs and VPN passwords, and an improvement in overall security, as endpoint security software could be updated on a more regular basis for clients that would rarely log on to the VPN.

Organizations should consider how many service desk calls per month, on average, they get for issues with the VPN, or security problems that would have been eliminated had the user been able to receive regular updates and multiply that by their average cost. We will assume the benefit to be reduced help desk

calls per year (at an average of \$23 each) for mobile PCs, which typically constitute about 30% of the PC fleet, which equates to about \$7 per user per year (\$23 multiplied by 0.3).

In the longer term, there will also be a benefit for Microsoft, as a lack of updated VPN clients was a factor that slowed adoption of Windows Vista, and some VPNs have been slow to support Windows 7.

1.10 Additional Windows Licenses

PCs that will use dual-boot or PC virtualization software (such as VMware Workstation or Microsoft Virtual PC) will need additional Windows licenses. There's no way to buy full Windows licenses on any volume license agreement (only upgrades are available), so without SA, full retail versions at \$200 to \$300 must be purchased. The SA benefit includes the ability to run up to four additional copies of Windows on each PC. For the small number of users who typically need PC virtualization (such as developers, technical sales and help desk), SA is automatically justified.

1.11 Subsystem for Unix-Based Applications (SUA)

The next generation of Microsoft's Portable Operating System Interface (also known as Posix) subsystem that formerly shipped with Windows Services for Unix 3.5, SUA enables some Unix applications to be run on Windows. It eases the integration between Windows and Unix/Linux by creating a Unix environment directly on top of the Windows kernel. We estimate its value to be from \$86 to \$110 per seat for the small percentage of users who will need it.

2.0 Other Benefits of SA

2.1 Windows Fundamentals for Legacy PCs (WinFLP)

Available only with SA, this is a trimmed version of Windows XP (not yet on Vista or Windows 7) for use on older PCs that are not powerful enough to run Windows XP. The main purpose of WinFLP is to enable users running old PCs to replace unsupported versions of Windows with a supported release of Windows XP. Microsoft will support a limited number of applications running locally; others will need to be run from terminal servers. Because WinFLP is Windows-XP-based and Microsoft has not yet announced the future of this feature, its value is currently dubious. There could be value for organizations that need it, but it is not very attractive in its current state and we did not assign it a value in this research.

2.2 Hosted Virtual-Machine (VM) Licensing

A VECD for SA subscription must be purchased in addition to SA to enable a user device that's licensed for Windows (has a Windows certificate of authenticity [COA]) to access a VM running Windows on a host, usually from a server in a data center. Microsoft does not license the VMs. Instead, VECD for SA is used to license the endpoint devices accessing the VMs. Each client may access up to four host sessions with one VECD license. This license is nonperpetual, and host VM use must cease if a client VECD for SA or if SA expires on the client. The cost of VECD for SA is typically \$23 per user per year for rich-client devices (devices with a COA). For a more detailed explanation of VECD licensing, see "It Pays to Understand the VECD License."

SA is not required to access a HVD. For devices without Windows or without SA, VECD would be purchased instead of VECD for SA. VECD includes the cost of Windows and SA and typically costs \$110 per device per year. Therefore, the value of SA for devices that access a HVD would be the difference in cost between VECD and VECD for SA, or \$110 minus \$23 = \$87.

VECD is also now required to stream an OS to a diskless PC. This requirement is new for Windows 7. Previously, a PC with a valid Windows license only required SA for OS streaming.

2.3 Training Vouchers

Open Value users who subscribe to SA for Windows will receive a one training-day voucher for every 50 licenses they keep under SA, with a maximum of five days (value \$500 per day; total \$500 to \$2,500). Select customers will get anywhere from one day per 25 Windows clients under SA (250 licenses) to one day per 857 licenses they have under SA (for an organization with 600,000 licenses under SA) based on a sliding scale.

2.4 24/7 Telephone Support

For every \$200,000 spent on SA for Windows Client (or Microsoft Office), the customer will get one free support call (an approximate value of \$750 to \$1,000). The calls must be used during the SA period. They can be converted to Premier Support calls; however, then they might expire sooner, because Premier Support agreements generally run for one year, while SA runs for three years.

2.5 Extended Support

When an OS enters the extended phase of support (usually five years after release), extended support enables the customer to pay for nonsecurity fixes. The support contract fee of \$50,000 is waived for SA customers, as is the requirement to subscribe within 90 days of the product entering the phase. However, all fixes will be charged; paying the fee entitles the organization to one fix, which costs about \$30,000, so the value is about \$20,000 for Year 1. Both annual and per-fix fees increase each year. Windows 2000 is currently in the extended phase, but few customers have the need for nonsecurity fixes. Consider this a benefit if you think you would take advantage of it.

2.6 MDOP

This additional set of product benefits is offered exclusively to SA subscribers at additional cost. (For more information on MDOP benefit quantification, see "Quantifying the Value of Microsoft's Desktop Optimization Pack, 2009-2010 Update").

Windows client SA benefits are summarized in Table 2. We have included a Gartner-assigned dollar value, but assign your own values as you like. Multiply the value per user by the percentage of paid SA users that will get the benefit. (All values are expressed as per user per year.)

Note 1. Application Streaming Defined

Application streaming enables users to run applications locally without a full installation; applications can be stored on a server and launched while additional functionality streams to the machine in the background. Applications can also be kept up to date using streaming, which sends down new or updated components whenever available. This does not imply concurrency for Microsoft licensing: Microsoft desktop applications are still licensed on a "per device" basis, so any device using a Microsoft desktop application needs a license for that application.

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