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System Center 2012
Licensing & Pricing

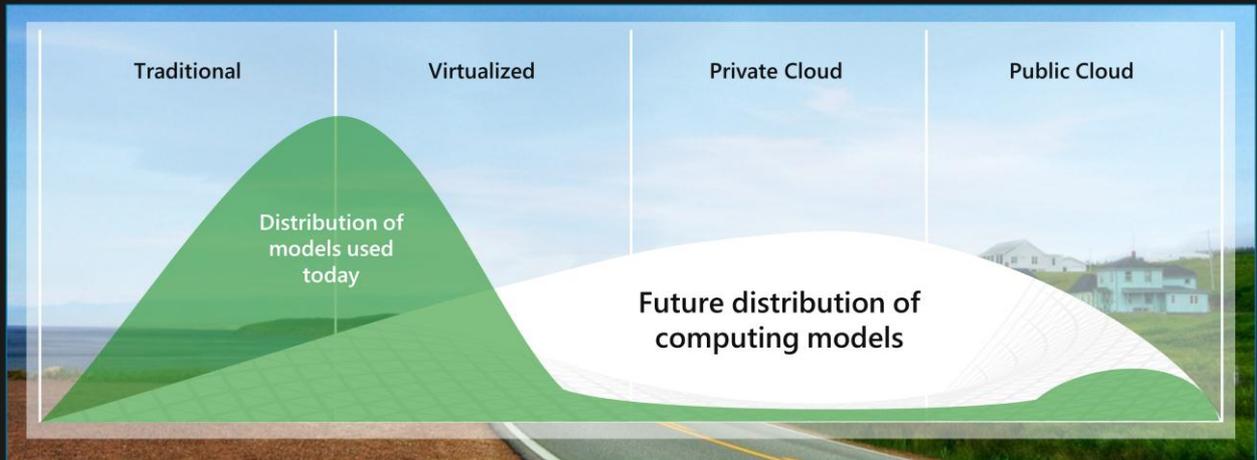
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Management – Business
Planning

Microsoft

Agenda

- Private cloud context
- System Center 2012 server management licensing and migration
- ECI update
- System Center 2012 client licensing

Data Center Computing Evolution



Microsoft is committed to be with you on your journey to the cloud, on your terms. At Microsoft, we recognize your “hybrid” reality—we understand you will likely want to invest in physical, virtual, private, and public cloud computing models. With Microsoft® System Center 2012, we offer one common management toolset that spans across the computing models of traditional, virtualized, private cloud, and public cloud. We provide tremendous value with one integrated cloud and data center management offer.

Your cloud

System Center 2012 cloud and data center management solutions empower you to deliver and consume private and public cloud computing on your terms, with common management experiences across your hybrid environments.

Flexibility with delegation and control

Construct and manage clouds across multiple customer data centers, multiple infrastructures (such as Microsoft and VMware), and service providers (such as the Windows Azure® technology platform). Provide delegated authority and tools to enable self-service flexibility.

Common console across clouds

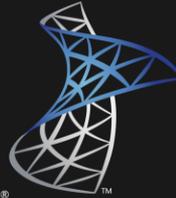
System Center 2012 cloud and data center management solutions empower your application and service owners with a common self-service experience across private cloud and public cloud computing models. We give you full visibility and control of your private and public cloud applications and services, so you can confidently adopt Windows Azure.

Physical, virtual, and cloud management

System Center historically has been known for physical and virtual management in the data center. However, you can also use the familiar on-premises System Center 2012 - Operations Manager to monitor your Windows Azure applications, thus extending your common management experience to the cloud. We provide you with a single pane of glass with self-service flexibility and control for your application owners to manage their applications and services across private and public clouds (Windows Azure).

We believe “hybrid” environments will be common in the coming years. A common management toolset with integrated physical, virtual, infrastructure as a service (IaaS), and platform as a service (PaaS) management will help you optimize return on investment (ROI).

Private Cloud Platform



Microsoft®
System Center 2012

- App Controller
- Operations Manager
- Service Manager
- Orchestrator
- Virtual Machine Manager
- Data Protection Manager
- Configuration Manager
- Endpoint Protection

The combination of the Windows Server® 2008 operating system and System Center enables you to build a private cloud. System Center 2012 is being delivered as an integrated private cloud management solution.

Licensing for Private Cloud Solutions

Maximizes your private cloud value while
simplifying purchasing

Microsoft licensing programs achieve this through:



Private cloud value:
Maximizing cloud
capacity with
unlimited virtualization



Simple licensing:
Delivering a consistent
model that is easier to
manage



Consistent capabilities:
Including all the private
cloud features in every
license

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The System Center licensing model was designed to deliver private cloud licensing value and a simplified purchasing experience. The model is anchored on three design points:

- **Private cloud value**, through unlimited virtualization that allows the customer to accrue the value of an increase in virtual machine density.
- **Simplified licensing**, based on consistency in the pricing model.
- **Consistent capabilities**, delivering what customers need to build and manage their private cloud.

System Center 2012 Private Cloud and Datacenter Licensing

Key Licensing Changes

Two System Center 2012 editions



Two processors, unlimited OSEs

High density virtualization



Two processors, two OSEs

Low density or no virtualization

Two editions

Comprehensive private cloud management solution

Differentiated on virtualization

Available exclusively with Software Assurance

All the features, all the time

Customers can manage any workload with both editions

Management software and SQL Server runtime included

Processor-based licensing

Two-processor license targets most common hardware configuration

Microsoft

System Center 2012 is moving to a model with two editions of the Server Management License (Server ML), which is the license assigned to managed servers:

- System Center 2012 Datacenter edition is optimized for high-density virtualized servers and provides for unlimited virtual operating system environment (OSE) management.
- System Center 2012 Standard edition is optimized for low density, or non-virtualized, servers and provides for the management of two virtual OSEs.

Under the previous licensing model, you had to track whether or not you were managing a basic workload like file and print or an advanced workload like Microsoft SQL Server® database software or Microsoft Exchange. The new Server MLs will provide the right to run the management server software as well as the supporting SQL Server Standard Edition runtime. This is in contrast with the previous System Center licensing model, which separately licensed the management software and SQL Server.

Thus, you look at the inventory of servers you want to manage and license them with the appropriate edition of the Server ML, depending upon the virtualization level for the managed servers. You now have the right to manage any type of workload, and you have the right to deploy the management server software and the supporting SQL Server runtime to support the deployment of System Center 2012.

Another major change is aligning on a processor-based licensing model. Each Server ML will cover up to two physical processors; this applies to both editions of System Center 2012. System Center 2012 Datacenter will cover two processors and provide unlimited virtualization, and System Center 2012 Standard will cover two processors per license and allow the management of two virtual OSEs per license.

With System Center 2012, both editions of the Server ML:

- Include the same set of System Center 2012 components.
- Cover up to two physical processors per license.
- Allow you to manage any type of workload.
- Provide the right to run the management server software and a supporting SQL Server Standard Edition runtime.

With System Center 2012, you need to only license your managed servers with the appropriate edition of the Server ML. Workload differentiation in licensing has been removed.

System Center 2012 Private Cloud and Datacenter Licensing

All the components included in each edition

Two System Center 2012 editions



Two processors, unlimited OSEs

High density virtualization



Two processors, two OSEs

Low density or no virtualization

Components included

Identical components across editions

- Operations Manager
- Configuration Manager
- Data Protection Manager
- Service Manager
- Virtual Machine Manager
- Endpoint Protection (*new*)
- Orchestrator
- App Controller (*new*)

Components available only in System Center 2012 Standard and System Center 2012 Datacenter editions

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All System Center 2012 components are included in both editions of the System Center 2012 Server Management Licenses.

Both System Center 2012 Datacenter and System Center 2012 Standard provide the right to all server management capabilities. Those components include Operations Manager and System Center 2012 Configuration Manager, for example, as well as new components such as System Center 2012 Endpoint Protection and System Center 2012 - App Controller.

Individual System Center components are not sold on a stand-alone basis; they are only included in the integrated Server ML. Products under the previous model become component of the integrated System Center 2012 licenses.

Server ML Requirement Examples

		System Center 2012 Standard licenses required	or	System Center 2012 Datacenter licenses required
Example 1: Two one-processor servers, non-virtualized		2	or	2
Example 2: One four-processor server, non-virtualized		2	or	2
Example 3: One two-processor server and three virtual OSEs		2	or	1
Example 4: One two-processor server and eight virtual OSEs		4	or	1

 Indicates the most economical edition for each example

Here are four licensing examples for server management.

Example 1: Two physical servers, each having one physical processor, and these are non-virtualized servers. Each server device will need its own Server ML. The concept illustrated here is that even though a single Server ML covers up to two physical processors, an individual license may not be spread across multiple devices. In this example, these two servers could each be licensed with Standard edition or Datacenter edition. But because these are non-virtualized servers, it will be more economical to license these with Standard edition.

Example 2: A single server device that is a four-processor server and that is not virtualized, and thus running one OSE. In this case the server will require two Server MLs. The concept illustrated here is that all of the physical processors on a managed server must be licensed. As each Server ML covers two physical processors, this server will require two Server MLs. In this case because the server is not virtualized, the more economical choice will be Standard edition.

Example 3: A single physical server that has two processors and is running three virtual OSEs. In this case, to license with Standard edition you need to assign two Server MLs to this server in order to manage the third OSE. Each Standard edition Server ML covers up to two virtual OSEs, and you can stack two Standard edition licenses on the same server to gain the right to manage that third virtual machine. This is the most economical choice in this example. If you increase your virtual machine density in the future, you may elect to license the server with just a single Datacenter edition license, which would be sufficient for the two-processor server in the example. The Datacenter edition license will cover the two processors and allow for an unlimited number of virtual OSEs.

Example 4: A single physical server that has two processors, with eight virtual OSEs. You could stack four Standard edition licenses, but it would be more expensive than licensing the Datacenter edition. You would need only one Datacenter Server ML, then you could manage an unlimited number of OSEs. This will allow you to grow the number of virtual machines in your environment without incurring additional costs.

Important points to note:

- While each Server ML covers up to two physical processors, an individual license cannot be spread across multiple devices.
- All the physical processors in a server device need to be licensed.
- Customers may stack multiple System Center 2012 Standard Server MLs to increase the number of virtual OSEs (that is, virtual machines) they may manage.
- System Center 2012 Datacenter is the best choice for high-density virtualized servers because it includes unlimited virtual OSE management.

System Center Server Management License Transition

Customers with Software Assurance coverage on current System Center licenses when System Center 2012 becomes generally available will receive a license migration grant



Software Assurance customers will be granted perpetual rights to the new product

- Continue paying existing L&SA / SA through the end of their current agreement
- Renew System Center 2012 Server MLs at the end of their agreement

Take advantage of cloud optimized capabilities today

- Deploy additional product components
- Manage more OSEs and all workloads
- Make the most of the software they own through deployment planning and other benefits

Microsoft

Here are the details of the license migration plan with System Center 2012:

- Customers with active Software Assurance coverage on their pre-System Center 2012 licenses when System Center 2012 becomes generally available (that is, appears in the product list) will receive a license migration grant to one of the System Center 2012 Server MLs.
- Qualifying customers will have access to the System Center 2012 software once it is generally available, through the volume licensing service center.
- Qualifying customers will continue to pay for their original qualifying license through the end of their agreement, at which time they will have the option to renew Software Assurance on the System Center 2012 license they were granted.
- There will be a window of time between general availability of the software and your Software Assurance renewal period to deploy additional System Center components, manage additional OSEs, and take advantage of Software Assurance benefits such as deployment planning services, to give you value from System Center 2012 through the grant right away.

SA License Migration for Server Management Suites

Grant		Customer benefits
Current license 	Grant conversion ratio 2 → 1*	<ul style="list-style-type: none"> ✓ New component features ✓ New components ✓ Potential to license additional servers through SMSE grant
System Center 2012 license 		
	1 → 2	
System Center 2012 license 		

* System Center 2012 Datacenter covers up to two processors per license, whereas SMSD only covers one processor per license.



Server Management Suite Datacenter (SMSD) grant: It is important to understand that while the absolute license quantity is decreasing through the grant, customer use rights are not being reduced. SMSD is a per-processor license in which one license covers one physical processor. Customers will trade in two SMSD licenses and receive one System Center 2012 Datacenter Server ML, which will still cover two physical processors and unlimited virtual OSE management. Even though the number of licenses you receive is declining, your usage rights remain the same. You are still covering two processors with the single System Center 2012 Datacenter license, receiving unlimited virtualization use rights, as well as receiving the new, additional System Center components. The new components you receive with System Center 2012 include Endpoint Protection—formerly Microsoft Forefront® Endpoint Protection—as well as App Controller.

Server Management Suite Enterprise (SMSE) grant: Customers with SMSE today have a per-device license that provides for the management of up to four virtual OSEs. Therefore, we are granting two System Center 2012 Standard Server MLs to keep their virtual OSE management rights the same. If the SMSE is assigned to a server device with two or fewer physical processors and two or fewer virtual OSEs, the second granted System Center 2012 Standard Server ML will not be needed for the originally licensed server and may be reassigned to another server.

SA License Migration for Standalone Server MLs

Grant		Customer benefits
<p>Current license</p> <p>Any single Enterprise Server Management License</p>	<p>Grant conversion ratio</p> <p>1 → 1</p>	<ul style="list-style-type: none"> ✓ New component features ✓ New components ✓ Manage an additional OSE ✓ Manage all types of workloads (Standard Server MLs)
<p>System Center 2012 license</p> <p>Microsoft System Center 2012 Standard</p>	<p>Microsoft System Center 2012 Standard</p>	
<p>Any single Standard Server Management License</p>	<p>1 → 1</p>	
<p>Microsoft System Center 2012 Standard</p>	<p>Microsoft System Center 2012 Standard</p>	



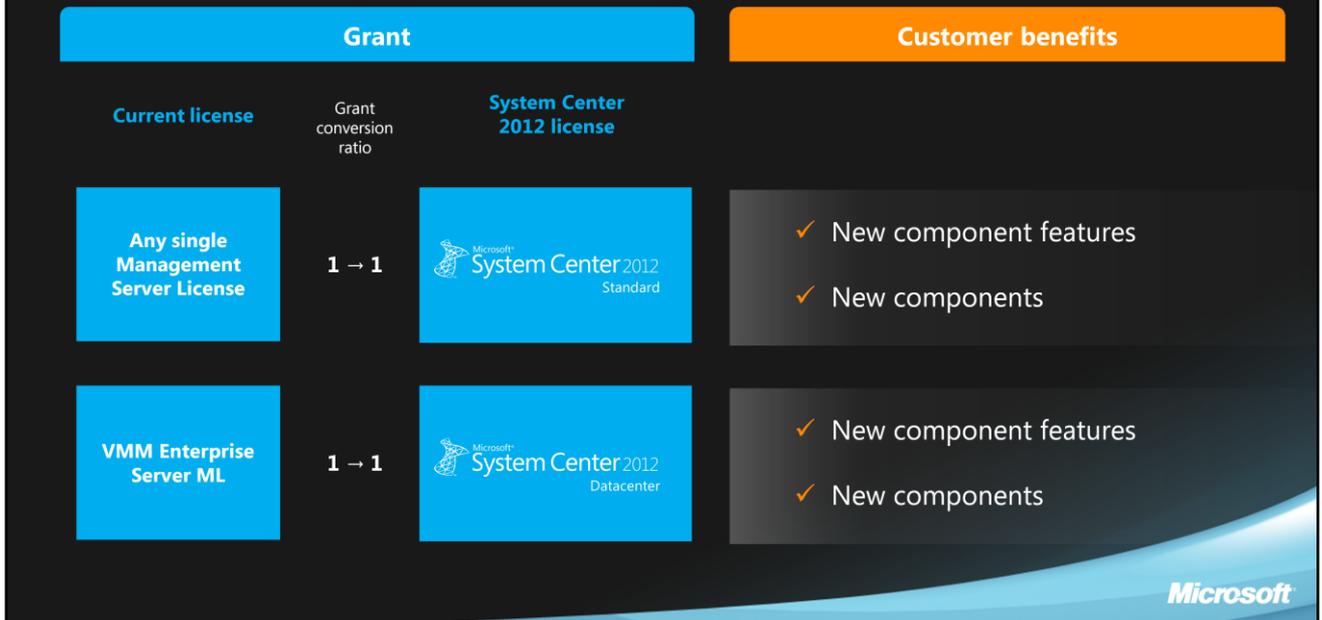
Today with System Center 2010, for each product Microsoft typically offers an Enterprise Server ML to provide the right to manage advanced workloads such as SQL Server or Exchange, and we offer a standard Server ML for basic workloads such as file and print. Through the transition to System Center 2012, each existing standalone Server ML will grant to one System Center 2012 Standard license. Thus, if you own 10 Operations Manager Enterprise Server MLs and 10 Configuration Manager standard Server MLs, for each of those licenses you will receive one System Center 2012 Standard license, for a total of 20 System Center 2012 Standard licenses.

This license migration grant will provide new value. The first benefit will be the new component features in the System Center 2012 product. Most significantly, you'll have access to all of the System Center 2012 components in your System Center 2012 Standard license. Thus, if you originally purchased Operations Manager, you will now have access to the other seven components in the System Center 2012 product.

In addition, your current standalone Server ML only allows you to manage one virtual OSE. With the Standard edition licenses in 2012, you will now have the right to manage two virtual OSEs. Furthermore, if you currently own a standard Server ML, you only have the ability to manage basic workloads. By transitioning to System Center 2012 Standard, which has no workload differentiation, you will now have the right to manage any type of workload, including advanced workloads such as SQL Server and Exchange.

Both the standard and Enterprise Server ML editions in the previous model will grant to System Center 2012 Standard. Customers will receive new value through access to components they didn't previously own, the ability to manage an additional OSE, and for standard Server ML customers the ability to manage any type of workload.

SA License Migration for Other Licenses



In the current System Center 2010 model, you needed to purchase a management server license for each instance of the management server software you wanted to deploy. Thus, if you wanted to deploy three instances of Operations Manager, you needed to buy three Operations Manager management server licenses.

The licenses for the individual software components go away in the new 2012 model. You just license the managed servers with Server MLs, and then you can deploy the management server software.

As customers have invested in existing licenses and Software Assurance, management server licenses have been removed from the System Center 2012 licensing model. However, to honor the investment customers made in these licenses with Software Assurance, Microsoft is granting System Center 2012 standard Server MLs. Through this grant, you will get the original components that you originally purchased as well as the new components with System Center 2012.

The existing Virtual Machine Manager Enterprise Server ML is a per-device license that provides for the management of an unlimited number of virtual OSEs. To preserve customers' virtualization use rights, we are granting System Center 2012 Datacenter licenses.

Enrollment for Core Infrastructure Licensing

The diagram illustrates the Enrollment for Core Infrastructure (ECI) licensing model. It is divided into two editions based on virtualization density: 'Low density or no virtualization' (Standard) and 'High density virtualization' (Datacenter). To the right, three green callouts highlight key features: 'Two editions' (differentiated by virtualization rights), 'All the features, all the time' (enabling any private cloud workload), and 'Processor-based licensing' (covering up to two physical processors with a 25-license minimum purchase).

Low density or no virtualization

High density virtualization

Enrollment for Core Infrastructure Standard

Enrollment for Core Infrastructure Datacenter

Two editions Complete private cloud solution offered in two editions differentiated only by virtualization rights

All the features, all the time Editions provide all the features and capabilities to enable any private cloud workload*

Processor-based licensing Each license covers up to two physical processors; ECI requires a 25-license minimum initial purchase

* ECI Standard customers can choose to run Windows Server 2008 R2 Standard edition or Windows Server 2008 Enterprise edition

Microsoft

Enrollment for Core Infrastructure (ECI) is a Microsoft license offering that includes both Windows Server and System Center server management. From a licensing perspective, this is effectively a private cloud offering from Microsoft. ECI is most economical and simple way to purchase Windows Server and System Center together.

ECI will be updated for the changes in the System Center 2012 licensing. The ability to manage any type of workload, the ability to run the management server software, and the supporting SQL Server runtime, all flow through to the ECI licenses as well.

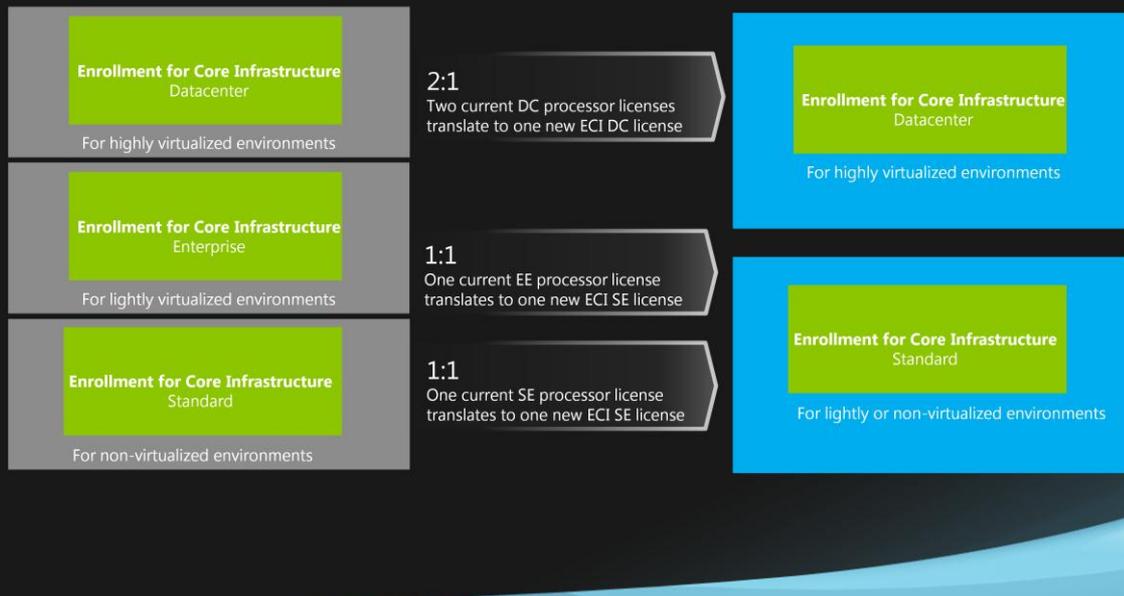
ECI will be updated to a two-edition model, just like System Center. The licensing updates reflect the principles of simplifying and optimizing for the private cloud. There will be two editions based on the virtualization differences—Standard, with up to two OSEs, and Datacenter, with unlimited OSEs.

Therefore all you need to do is license ECI for the servers on which you want to run and manage Windows Server, and then you will have the ability to both run Windows Server and manage it with System Center 2012.

Common concepts:

- Similar to System Center, ECI will be moving to a processor-based licensing model. Currently ECI only supports one physical processor; with System Center 2012 licensing updates, ECI will align to the System Center changes, as each license will cover up to two physical processors.
- Editions are differentiated by virtualization rights only.
- Management server console software is included with Server MLs and Client MLs.
- Both product editions include multiple System Center components.
- Malware protection is included.

Enrollment for Core Infrastructure Migration



ECI Datacenter grant: It is important to understand that while the absolute license quantity is decreasing through the grant, customer use rights are not being reduced. The current ECI for enterprise is a per-processor license that covers two instances. Microsoft will grant you one of the updated ECI Datacenter edition licenses, which covers two processors and two instances, thus keeping your instance account the same.

ECI Standard grant: The ECI Standard edition today is a per-processor license that only includes basic System Center management, including three products, and only provides the right to manage basic workloads. Microsoft will grant you one of the new updated ECI standard edition licenses, which covers an additional processor, allows you to run and manage an additional instance, and provides the advantages of all the capabilities in System Center 2012 and the ability to manage any type of workload. Thus, there is a lot of new value with ECI Standard edition licenses.

Cloud & Data Center Management Summary

Maximize the value of private cloud while easing purchasing

Editions		License Type	Capabilities	Virtual Rights	Virtual Rights
Private cloud technology offered in two simple editions (Standard, Datacenter) differentiated only by virtualization rights		Each license covers up to two physical processors	Provide all to enable any private cloud workload	Two OSEs	Unlimited
Standard Low virtualization density private cloud	 Enrollment for Core Infrastructure Standard	✓	✓	✓	
Datacenter High virtualization density private cloud	 Enrollment for Core Infrastructure Datacenter	✓	✓		✓

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To summarize, System Center and ECI are moving to a consistent model where:

- Each edition covers up to two physical processors.
- Each edition delivers the same set of capabilities with respect to management.
- Editions differ based only on virtualization use rights.

Across System Center on a standalone basis as well as in the ECI offering, we are moving to a two-tier, two-edition model in which Standard edition is optimized for low density or non-virtualized private cloud servers, and Datacenter edition provides for unlimited virtualization and is optimized for high-density virtualized servers.

Both editions cover two physical processors each, both editions include all of the same capabilities and the ability to manage any type of workload, the only difference between Standard edition and Datacenter edition is the virtualization rights. Standard edition covers up to two virtual OSEs, Datacenter edition covers an unlimited number of OSEs.

Client Management Licensing Overview

Included with Core CAL



Configuration Manager
Virtual Machine Manager



Included with Enterprise CAL



Service Manager
Operations Manager
Data Protection Manager
Orchestrator

- Three Client Management Licenses (Client MLs) differentiated by components included
- The System Center 2012 family of products includes Endpoint Protection
- Virtual Machine Manager Client OSE management rights in Configuration Manager Client ML (VDI)
- Client MLs include the right to run management software and SQL Server runtime
- CAL suites provide licensing vehicles for investing in key Microsoft technologies through a single license agreement

Microsoft

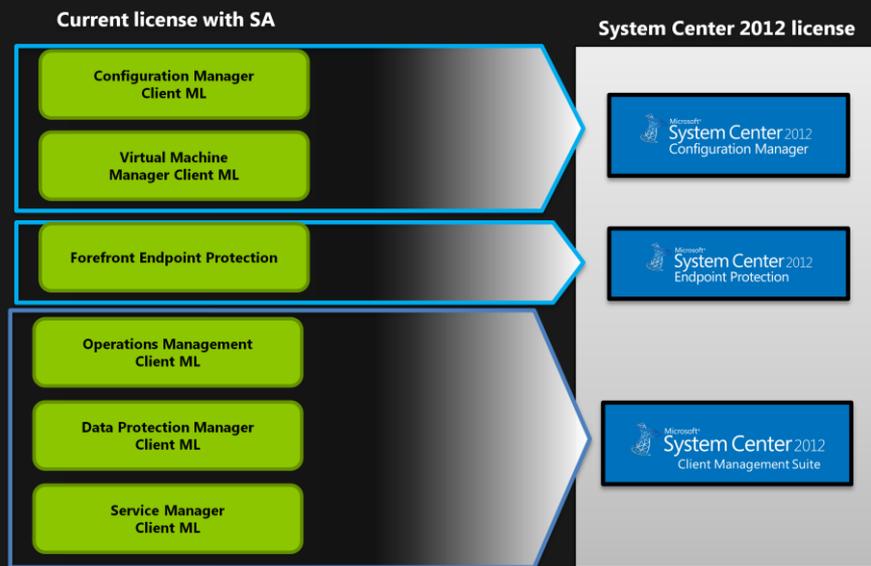
There are three Client ML licenses available in the System Center 2012 model. Client MLs are only for the management of client OSEs (not server OSEs), and are available in per-OSE and per-user offerings.

- The System Center 2012 Configuration Manager Client ML now includes the Virtual Machine Manager component in addition to the Configuration Manager component. This license continues to be included in Core Client Access License (CAL).
- Forefront Endpoint Protection becomes System Center 2012 Endpoint Protection. This license continues to be a subscription license on a stand-alone basis and is included in Core CAL.
- System Center 2012 Client Management Suite becomes an integrated license that includes four System Center 2012 components.

Up to today, the Client Management Suite included the standalone Client MLs for Service Manager, Operations Manager, and Data Protection Manager. Going forward, the System Center 2012 Client Management Suite is an integrated product license that includes the four components of Service Manager, Operations Manager, Data Protection Manager, and Orchestrator, which are only available through this offering and not on a standalone basis. The Client Management Suite is included in the Enterprise CAL today and will continue to be with the 2012 release.

Client MLs, like Server MLs, always include the right to run the management server software components and a supporting SQL Server Standard edition runtime to solely support the System Center 2012 management server software. We will continue to offer Client MLs on a per-OSE basis as well as on a per-user basis when they are purchased standalone. When you are purchasing through Core CAL or Enterprise CAL, those are available on a per-device and a per-user basis.

Migrate to System Center 2012 Client Management



All Client ML transition grants are one to one. Customers will receive one of the System Center 2012 licenses shown on the right side of the slide for each of the corresponding licenses they own under the current licensing model.

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