

Licensing Microsoft 365

This brief applies to all Microsoft Licensing programs.

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Summary

This brief provides explanations on how to license Microsoft 365 Enterprise plans. It does not cover Microsoft 365 Business or Education plans. Microsoft 365 is a per user licensing option that includes Office 365, Windows 10 Enterprise and Enterprise Mobility + Security. Microsoft 365 is available in two options for Information Workers (IW), E3 and E5 and two options for Firstline Workers (FLW), F1 and F3. We're providing licensing flexibility in a single, per-user SKU, including cloud-first, on-premises capable licensing rights to use to help subscribers transition from on-premises environments. Microsoft 365 F1, F3, E3 and E5 will be available through the Enterprise Agreement, Enterprise Agreement Subscription, and Microsoft Products, Cloud Solution Provider program and Services Agreement for commercial and government customers.

Details

Today's cloud and mobile technology is enabling companies to reshape their business and capitalize on the digital transformation impacting us all. By taking advantage of the latest innovations, businesses can transform their products and services, engage their customers in completely new ways, and gain new efficiencies by modernizing operations. And, importantly, companies now have the most advanced technology at hand to empower their employees to achieve more.

The following included products and services together enable employees uncompromising productivity, collaboration, mobility, business insights and, perhaps most importantly, a secure experience.

Microsoft 365 F1	Microsoft 365 F3	Microsoft 365 E3	Microsoft 365 E5
Limited Office 365 services Enterprise Mobility + Security E3	Office 365 F3 Windows 10 Enterprise E3 Enterprise Mobility + Security E3	Office 365 E3 Windows 10 Enterprise E3 Enterprise Mobility + Security E3	Office 365 E5 Windows 10 Enterprise E5 Enterprise Mobility + Security E5

Office 365

- **Office 365 E3** provides your users with the latest full Office across most devices, plus a wide range of integrated collaboration services coupled with advanced compliance features and full IT power. Office 365 Enterprise includes Office 365 ProPlus for up to five PCs or Macs, five tablets, and five smartphones. It also includes Exchange Online, SharePoint Online, Lync Online, and Yammer Enterprise—along with access rights to equivalent on-premises server workloads. [Learn more about Office 365 E3.](#)
- **Office 365 E5** is a new suite offering that includes new features value across three categories of investments in Real-time Communications, Analytics, and Advanced Security. Features across the categories are listed below:
 - **Voice** – Cloud PBX, PSTN Conferencing, Skype Meeting Broadcast, and PSTN Calling as an add-on based on geo and channel availability
 - **Analytics** – Analytics with Power BI and Individual and Team Analytics with MyAnalytics
 - **Security** – Office 365 Advanced Security Management, safe attachments and safe URLs with Advanced Threat Protection, and access control and compliance with Advance Compliance

Windows 10 Enterprise

Editions

Windows 10 Enterprise E3 builds on Windows 10 Pro by adding more advanced features designed to address the needs of large and mid-size organizations. Examples include advanced protection against modern security threats, the broadest range of options for operating system deployment and update, and comprehensive device and app management. Customers with devices running Windows 10 Enterprise will be able to take advantage of the latest security and feature updates on an ongoing basis, while having the ability to choose the pace at which they adopt new technology. [Learn more about Windows 10 Enterprise.](#)

- **Windows 10 Enterprise E5** is the newest offer for customers who want to take advantage of everything in E3 with the addition of Windows Defender Advanced Threat Protection (Windows Defender ATP), a new service that helps enterprises detect, investigate, and respond to advanced attacks on their networks.

Building on the existing security defenses in Windows 10, Windows Defender ATP provides a new post-breach layer of protection to the Windows 10 security stack. With a combination of client technology built into Windows 10 and a robust cloud service, it can help detect threats that have made it past other defenses, provide enterprises with information to investigate the breach across endpoints, and offer response recommendations. [Learn more about Windows 10 Enterprise.](#)

Enterprise Mobility + Security (EMS)

EMS helps give users a more secure and integrated productivity experience with Microsoft's enterprise mobility solutions. Users can work anywhere, on any device, with easy and complete access to the apps—like Microsoft Office 365—and the data they need to be productive. Deliver all of this while giving IT peace of mind with tools that help secure company data. These tools also include integrated ways to manage the mobile workforce for user identity, devices, applications, and data. [Learn more about Enterprise Mobility + Security.](#)

Microsoft 365 provides the best value when you are buying cloud services by providing suite discounts versus purchasing each component separately. Microsoft 365 also allows Enterprise Agreement customers to license in a true per user licensing model, giving them a consistent productivity experience on any device and on any operating system. It also provides increased manageability and simplicity as you will no longer need to count devices for the Platform Enterprise Agreement and cloud services. You can move to the cloud without modifying your Enterprise Agreement while eliminating the need for Bridge CALs and True-ups.

On-premises server rights

The following rights are included with all Microsoft 365 E3 and E5 User Subscription License (USL):

- Exchange Server, SharePoint Server, Skype for Business Server
- Rights to install the server software on on-premises servers. Downgrade rights included
- Rights to access any licensed on-premises servers

The following rights are available for active Software Assurance customers when transitioning to Microsoft 365 using "From SA" USL:

- Office Professional Plus
 - One installation for the length of the Microsoft 365 subscription
- Copies of Office Professional Plus are available to Full User Subscription License (FUSL) users up to a 1:1 ratio of "From SA" USLs purchased
- For example: You purchase 500 "From SA" USLs and 500 FUSLs. In this case, all users could receive a copy of Office Professional Plus.
- Downgrade rights included

Note that all Microsoft 365 E3 and E5 USL license a user for access to Windows Server but does not include a license for the Windows Server product itself.

How to get Microsoft 365

Microsoft 365 F1/F3 and E3/E5 are available through the Enterprise Enrollment or Enterprise Subscription Enrollment as a full USL. E3/E5 are also available as an Add-on license, or a "From SA" USL. Here are the licensing options:

License	Who it's for	Orderable at
<p>Microsoft 365 Full USL</p>	<ul style="list-style-type: none"> • New Enterprise Agreement/Enterprise Agreement Subscription customers who want to license the Enterprise Platform as cloud services on a per user basis • Existing Enterprise Agreement/Enterprise Agreement Subscription customers who: <ul style="list-style-type: none"> • Are not currently licensed for Office Professional Plus, CAL Suites, and Windows 10 Enterprise (Enterprise Platform) and want to license it as cloud services on a per user basis; <i>or</i> • Want to license net new users for the Enterprise Platform as cloud services on a per user basis <p>Note: Alternatively, these customers may buy Licenses and Software Assurance (L+SA) for Office Professional Plus, CAL Suites, and Windows Enterprise Upgrade, and then add Microsoft 365 Add-on.</p>	<p>Mid-term, anniversary, or renewal</p>
<p>Microsoft 365 Add-on</p>	<p>Existing Enterprise Agreement/Enterprise Agreement Subscription customers who:</p> <ul style="list-style-type: none"> • Are currently paying for Licenses and Software Assurance (L+SA) for Office Professional Plus, CAL Suites, and Windows 10 Enterprise (Enterprise Platform), <i>and</i> • Want to license some or all existing users for the Enterprise Platform as cloud services on a per user basis before renewal, <i>or</i> • Want to maintain on-premise use rights for existing and new users for the Enterprise Platform 	<p>Mid-term, anniversary, or renewal</p>

License	Who it's for	Orderable at
Microsoft 365 "From SA" USL	Existing Enterprise Agreement/Enterprise Agreement Subscription customers who: <ul style="list-style-type: none"> • Have fully paid licenses for Office Professional Plus, CAL Suites, and Windows Enterprise Upgrade (Enterprise Platform), <i>and</i> • Are currently paying for Software Assurance only, <i>and</i> • Want to license existing users for the Enterprise Platform as cloud services on a per user basis 	Renewal (recommended) or anniversary

Customer scenarios

The following explains in more detail how to license Microsoft 365 in various customer scenarios.

Scenario 1: Moving from on-premises Enterprise Platform to cloud services on per-user basis with credit for existing investments

Situation

Litware has 8,000 Qualified Devices and 8,200 Qualified Users. They have an Enterprise Agreement that covers the Enterprise Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Enterprise CAL Suite). Enterprise CAL Suite is licensed per device. All of the licenses are now fully paid, so they are paying Software Assurance only.

Business goals

With an increasingly mobile workforce and proliferation of user-owned devices, Litware realizes that they have reached a tipping point and it's time to embrace the consumerization of IT. They want to stop counting devices and move to a user-centric licensing solution for 4,000 of their users, but they are concerned that they will need to start over with their licensing and lose the investments they have already made in device licenses.

Solution

Microsoft 365 provides the user-centric licensing solution to meet their needs for the 4,000 users. They have two solutions for those users: "From SA" USLs or Add-ons.

"From SA" USLs give them credit for the licenses they already own. At renewal, Litware can move to 4,000 Enterprise Desktop Software Assurance-only payments and 4,000 Microsoft 365 "From SA" USLs. Litware is able to purchase the "From SA" Microsoft 365 USLs because they moved from the Enterprise Desktop Platform to Microsoft 365 USL on a 1:1 basis.

Alternatively, they can keep making the 8,000 Enterprise Desktop Software Assurance-only payments (and thereby keep their on-premises licenses) and add 4,000 Microsoft 365 Add-ons.

Scenario 2: Customer needs to maintain some on-premises solutions as they transition fully or partly to the cloud

Situation

Margie's Travel is up for renewal of their platform Enterprise Agreement that covers their 1,400 Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite).

Business goals

Margie's Travel plans to move fully to the cloud but currently their systems require some workloads to stay on-premises.

Solution

While Microsoft 365 is a great solution for customers who want an entire user-licensed cloud solution, it also supports the customers with critical workloads that currently need to remain on-premises. All Microsoft 365 E3 and E5 licenses include unlimited rights to install server software on on-premises servers for Exchange Server, SharePoint Server, and Skype for Business Server. Customers that have active Software Assurance on Office Professional Plus and are transferring to Microsoft 365 through the "From SA" license receive one installation of Office Professional Plus for the length of the Microsoft 365 subscription.

Since Margie's Travel is at their renewal and already have active Software Assurance on Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite), it is recommended that they would use "From SA" licenses. They can renew their platform Enterprise Agreement covering all of their Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite) through purchasing combination of Microsoft 365 E3 and E5. For example, they may choose to license 1,000 of their users with Microsoft 365 E3 and Microsoft 365 E5 for the remaining 400 users.

Scenario 3: Enabling full "bring your own device" support for employees while maintaining central IT control

Situation

Trey Research has a platform Enterprise Agreement that covers their 1,000 Qualified Devices and 1,000 Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite). Core CAL Suite is licensed per user. They have piloted user-based cloud services by licensing 200 of their users with the Office 365 Enterprise E3 Add-on.

Business goals

Within the next two years, Trey Research wants to provide every employee with a full "bring your own device" (BYOD) freedom. To meet their security and manageability requirements, they need a comprehensive set of access control and data-protection capabilities.

Solution

Office 365 Enterprise E3 and Windows 10 Enterprise E3 provide users with BYOD freedom, while the Enterprise Mobility + Security E3 provides IT with the tools they need to manage all of the devices, applications, and user identities while protecting their data. Based on their experience with Office 365 Enterprise E3, they will expand the pilot to include Microsoft 365 for all 1,000 users, while keeping their on-premises licenses.

They will drop the 200 Office 365 Enterprise E3 Add-ons and add 1,000 Microsoft 365 Add-ons at their next agreement anniversary to accomplish this. When they renew their agreement the following year, they can continue with Software Assurance payments for the Professional Desktop and 1,000 Microsoft 365 Add-ons, or choose to transition fully to the cloud by dropping the Professional Desktop Software Assurance payments and buying 1,000 Microsoft 365 "From SA" USLs. After Microsoft 365 Add-ons or USLs are assigned to all employees, Trey Research may allow their employees to bring in additional Qualified Devices without the need to buy additional licenses.

Scenario 4: Moving from MPSA without Software Assurance to the cloud

Situation

Fourth Coffee has an MPSA agreement through which they have bought ad-hoc productivity server licenses and CALs without Software Assurance. They have an aging server infrastructure that requires too much time and money to update and manage. They have 2,500 users in various business units across the company who use approximately 3,000 PCs, all of which have been purchased with Windows 8.1 Pro or 10. Over the past few years, they have seen a growing demand by employees to be allowed to use their personal devices at work.

Business goals

Fourth Coffee wants to avoid the capital expenditures and IT overhead of updating and managing all of their own server infrastructure, so they have decided to move to the cloud. They also want to allow employees to use their own devices at work, but they need a licensing solution that will cover those devices without having to count and track the licenses on each device.

Solution

Fourth Coffee can meet all of their business goals by signing a new Enterprise Agreement with Microsoft 365 USLs for all of their 2,500 users. They replace their aging server infrastructure with cloud services and cover all of their employees' personal devices with a licensing solution that requires them to count only users. Fourth Coffee can transition to the cloud at their own pace without needing to buy additional CALs, even if they add net new users. Microsoft 365 provides the same access rights to on premises servers as CALs.

Scenario 5: Moving from Office Professional Plus and Core CAL Suite to cloud services on a per user basis

Situation

Contoso Pharmaceuticals has an existing Enterprise Agreement with Core CAL Suite licensed per user and Office Professional Plus. They have 1,500 Qualified Devices and 1,000 Qualified Users.

Business goals

Contoso Pharmaceuticals wants to move all users to Microsoft 365 to gain the inherent benefits and flexibility, including the ability for users to access Windows Enterprise from their personal devices. They would like to make this available to users as soon as possible.

Solution

Here's how Contoso Pharmaceuticals can meet their goals:

- 1) At any time (mid-term or anniversary), order 1,000 Office 365 Enterprise E5 Add-ons, 1,000 EMS Add-ons, and 1,000 Windows 10 Enterprise E5 Full USLs. (They do not qualify for the Windows 10 Enterprise E5 Add-on because they do not currently have Windows Enterprise Software Assurance on their Enterprise Agreement.)
- 2) At renewal, order 1,000 Microsoft 365 E5 USLs and drop Office Professional Plus, Core CAL Suite, Office 365 Enterprise E5 Add-ons, EMS Add-ons, and Windows 10 Enterprise E5 USLs.

Scenario 6: Addressing unique needs for different users

Situation

Tailspin Toys has an Enterprise Desktop Platform Enterprise Agreement for 1,750 Qualified Devices and 1,000 Qualified Users. The Enterprise CAL Suite is licensed per user. Seven hundred fifty of the users are in the sales team and they have two devices each. Two hundred fifty users work in the head office with a single device each. They anticipate the following changes over the next year:

- Issue iPads to 50 members of the sales team from which they can access a VDI Windows client desktop.
- Add 50 people to the sales team. These new employees will use their own devices, all licensed with Windows Pro (7 or later).
- Add 25 full-time employees to the head office team and issue each of them a new Windows 10 Pro device.
- Add 10 part-time employees to the head office team who will use their own devices to access VDI desktops.

Business goals

Tailspin Toys wants a licensing solution that meets the diverse needs of their users. In particular, this means providing the sales team with the flexibility to be productive anywhere from any device. For the 10 new part-time employees, they want the same access to productivity and collaboration tools, with central IT management, as provided to their other users.

Solution

Adding Microsoft 365 capabilities for the sales team is the first step toward meeting their goals, so they purchase 750 of Microsoft 365 Add-ons. With this move to user-based licensing, no additional licenses are required when they issue the 50 iPads. As they add new employees to the sales team, they will license those users with Microsoft 365 USLs.

At their agreement anniversary, they will True-up their Qualified Device and Qualified User counts to include the new full-time employees and Windows Pro (7 or later) devices. For now, they have determined that these users do not require the additional flexibility provided by Microsoft 365. If they change their mind in the future, they can simply purchase Microsoft 365 Add-ons for these users.

Because the 10 new part-time employees will not have primary work devices licensed for Windows Pro (7 or later), they will not qualify for Windows 10 Enterprise E3 and therefore will not qualify for Microsoft 365 USL. However, they can receive similar user benefits by licensing each user with Windows Virtual Desktop Access (VDA) per User, Office 365 Enterprise E3, and Enterprise Mobility + Security. Windows Virtual Desktop Access (VDA) per User gives each user the right to access a remote Windows Client VDI desktop from any device and to install Windows Enterprise on devices if they are licensed with Windows 7, 8, or 8.1 Pro.

Frequently asked questions

Q1: *Does Microsoft 365 require any Bridge CALs?*

A: Bridge CALs are not required when buying the entire Microsoft 365. If you choose to transition to only Office 365 Enterprise E3 "From SA" or only Enterprise Mobility + Security "From SA" at anniversary, you will need to buy the corresponding Bridge CAL to maintain coverage of your remaining CAL Suite components.

Q2: *How is Windows 10 Enterprise E3 different from Windows Enterprise Upgrade + Software Assurance?*

A: Windows Enterprise Upgrade + Software Assurance is licensed per device, and each device requires Windows Pro or another underlying qualifying operating system. The associated user rights (local install, VDI rights, Windows To Go) apply only to the licensed device.

Windows 10 Enterprise E3 is available for a primary user whose primary work device is already licensed with Windows Pro (7 or later) or Enterprise. The associated user rights (local install, VDI rights, Windows To Go) apply all of the licensed user's devices.

Q3: *What happens if the user does not have a primary device running Windows Pro (7 or later) or Enterprise?*

A: For customers who do not have primary users with primary devices running Windows Pro (7 or later) or Enterprise, the Windows VDA per User USL is available. Windows VDA per User does not require the primary device to have a qualified operating system nor does it require the user to be the primary user of a device. Windows VDA per User allows VDI or Windows To Go access on any device, and local install rights on any device the licensed user uses that is already licensed with Windows Pro (7 or later) or Windows Enterprise. The Windows 10 Enterprise E3 Add-on may also be assigned to the primary user of a primary device licensed with Windows VDA per device and gives the user all the rights of Windows VDA per User.

Q4: *What are the On-Premise capable rights for Microsoft 365?*

A: Microsoft 365 users receive On-Premise rights to Productivity Servers and Office Professional Plus, per the following:

- Not a license entitlement, but rights to install and use server and client software for the term of subscription
- Rights to use latest version or earlier versions of software
- On-premise rights are not a license and do not include Software Assurance Benefits

The Productivity Server Right includes:

- Unlimited server installs
- Access exclusive to Microsoft 365 users
- Only on customer dedicated hardware server deployments
- No rights to deploy on multi-tenant cloud

The Office Professional Plus Copy includes:

- One copy for local install per Microsoft 365 "From SA" USL purchased
- Rights to Microsoft 365 "From SA" users or those with pre-existing Software Assurance coverage
- Limited rights to Microsoft 365 new users—only up to the number of "From SA" users (1:1 ratio)
- No rights to deploy client on servers with RDS

Q5: *Will Microsoft 365 be available to Government and GCC (Government Community Cloud – US only) customers?*

A: Yes, Microsoft 365 E5 is planned to be available to Government customers worldwide at launch. However, the US Government Community Cloud version of Microsoft 365 E3 and E5 at launch will be released at a later date.

Q6: *Will Microsoft 365 be available to Education and Nonprofit customers?*

A: Microsoft 365 will be available for Education; the release date will be announced at a later date. There are currently no plans to launch Microsoft 365 for Non-profit customers at this time.

Q7: *Where can I find more resources on Microsoft 365?*

A: Learn more about [Microsoft 365](#).

Q8: *Through what channels will Microsoft 365 be available?*

A: Microsoft 365 F1/F3 and E3/E5 is available through the Enterprise Agreement, Enterprise Agreement Subscription, Microsoft Products and Services Agreement (MPSA) for commercial and government customers, and in the Cloud Solution Provider (CSP) program for customers with cloud-only deployments.

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