

Table of contents

The Microsoft ISV Royalty Licensing and Distribution Program	2
Program eligibility and requirements	3
Solution development.....	4
Program benefits.....	4
Joining the program	5
Additional program details	5
Embedded Maintenance	6
Royalties, pricing, and monthly reporting.....	6
Product support.....	7
End-user requirements	8
For more information	9

Microsoft Volume Licensing

The Microsoft ISV Royalty Licensing and Distribution Program

The Microsoft ISV Royalty Licensing Program offers Independent Software Vendors (ISVs) a convenient way to license Microsoft Products and integrate them into a Unified Solution. ISVs then replicate the business solution and distribute a fully licensed solution to their end users (“users”).

See the [ISV Royalty Program Guide](#) for complete program details.

What is an ISV?

An ISV (independent software vendor) develops and sells custom software products that run on one or more computer hardware or operating system platforms. Some ISVs focus on developing software or custom applications that focus on a particular operating system, and other ISVs specialize in a particular application area. At least 30 percent of their overall revenue comes from the sales of those solutions.

Who can join the program?

The ISV Royalty Licensing Program is open to Microsoft partners who meet the qualification requirements and develop software or software solutions. The program operates globally and is open to all ISV partner segments.

How do I integrate Products in a solution?

You can integrate eligible Microsoft licensed Products (“Products”) into your Unified Solution by including one or more Products along with the software for your Unified Solution and distributing the solution by either:

- ▶ Copying onto physical media, which is labeled and packaged as your Unified Solution

OR

- ▶ Pre-installing, by you, on a computer system for distribution as part of your Unified Solution.

The Microsoft ISV Royalty Licensing Program is a worldwide software licensing program for solutions partners that qualify as an ISV.

What Products are included in the program?

The ISV Royalty Program includes a wide range of Microsoft server and application software, such as Microsoft SQL Server, Microsoft Office SharePoint Server, Microsoft BizTalk Server, and Microsoft Exchange Server. The full list of Products included in the ISV Royalty Program is available through ISV Royalty Product List provided by your ISV Royalty Distributor partner or downloaded from www.microsoftvolumelicensing.com/DocumentSearch.aspx?mode=1 (under **Document Type**, select **ISVR Product List**).

Are downgrade rights available?

Yes, an ISV may downgrade to a prior version as long as the following requirements are met:

- ▶ Report and pay the royalty for:
 - the version of the Product as included in the present Product List, or
 - the version of the product that is still within the extended distribution period.
- ▶ You will be invoiced the price of the reported version as indicated in the price list even if you are downgrading to a prior version. Downgrade rights does not mean that you will be paying the prior version prices.
- ▶ You must license the solution under the terms and conditions of the current version that has to be reported. You cannot license the solution under the terms and conditions of the prior version to which you are downgrading. You can find the most recent Product List to determine the current versions under

Microsoft Volume Licensing

the ISVR program and what products are within the extended distribution period at www.microsoftvolumelicensing.com/DocumentSearch.aspx?mode=1.

- ▶ Microsoft support must remain in effect for the prior version of the Product. You can check the products with active support at <https://support.microsoft.com/gp/lifeselect>.
- ▶ You can order the media (disk kit) or digital download SKU for the old version if the disk kit is available in the price list and in stock. If the disk kit or the digital download SKU for older media is not available in the price list or is not in stock, Microsoft is not obligated to provide a SKU or disk kit for older versions.

How do downgrade rights work?

As an example, say you want to offer Microsoft SQL Server 2008 R2 as part of your Unified Solution. You will report Microsoft SQL server 2014 or Microsoft SQL Server 2012—distributed under the extended distribution period—and downgrade and install a prior version of SQL Server 2008 R2. You will license the solution under the use rights and business model of SQL server 2014 or SQL Server 2012.

If you have a disk kit of Microsoft SQL Server 2008 R2, you can downgrade and distribute the solution with this version as long as you report and pay the royalty for the version of the product that is either in the present product list, Microsoft SQL Server 2014, or, within the extended distribution period, Microsoft SQL Server 2012. Because the 24-month extended distribution period for Microsoft SQL Server 2008 R2 has expired, you may no longer report SQL 2008R2; you must report SQL Server 2014 or SQL Server 2012.

Program eligibility and requirements

Program eligibility

What are the eligibility requirements for membership?

To participate in the ISV Royalty Program, you must develop a Unified Solution. A Unified Solution is the software product that you license to your users that includes one or more Products, adds significant and primary functionality to the Products so that your solution is not primarily a substitute for the Product, and may include third-party software.

You must also be a member of the Microsoft Partner Network (MPN) to enroll in the ISV Royalty Program. For more information on MPN, see <https://mspartner.microsoft.com>.

Where do I get the ISV Royalty Agreement?

ISVs acquire licenses through a relationship with a Microsoft Authorized Independent Software Vendor Distributor (“distributor”). You can choose a local distributor to offer dedicated local support for your program needs. Find a list of [Authorized ISV Royalty distributors](#).

Does every ISV that signs an agreement have to enroll in the Microsoft Partner Network?

The ISV that signs the Master Agreement needs to join the Microsoft Partner Network. For details and enrollment information, visit <https://partner.microsoft.com>.

Program requirements

What are the main program requirements for the ISV Royalty Program?

Aside from creating a Unified Solution and joining the MPN, the primary requirements are that you:

- ▶ Provide technical support for all Products included in the Unified Solution.
- ▶ Incorporate any applicable Microsoft license terms into the End Customer Agreement for the Unified Solution.

Microsoft Volume Licensing

- ▶ Provide monthly reporting on all Products that are included in the solution that you and your affiliates distribute to users. If there are no sales of the solution during a month, you submit a zero royalty report.

See the full list of program requirements in the [ISV Royalty Program Guide](#).

Solution development

Can ISVs in the ISV Royalty Licensing Program distribute Products as stand-alone products?

No. With the ISV Royalty Licensing Program, you can distribute Products only as part of a Unified Solution.

Can I integrate only a portion of the Product with my business solution?

No. Integration of a Product with your Unified Solution must include the entire Product, not just a portion of the Product. Based on your solution's functionality, certain features might not be used (for example, development tools), but the entire Product must be integrated.

Can I disable features of the product if my application does not use them?

No. Microsoft does not allow you to disable any Product features so that users receive fully functional Product. In addition, disabling certain features might affect other parts of the Product that would be detrimental to the software. However, you may configure the software in accordance with its software documentation.

Program benefits

How may the ISV Royalty Licensing Program help me increase sales?

The program helps ISVs create solutions that address important IT and business issues faced by their users. The widespread presence of Products in the market makes it very likely that the ISV solution will integrate well with a user's existing IT systems, easing deployment and management of the solution. At the same time, the user does not have to deal with separate processes of purchasing and licensing the Products needed to make the ISV's solution work. This can save users time and money. Users also appreciate the fact that they can turn to the ISV for their support needs. The result is that ISVs can build a reputation as a reliable, "one-stop shop" for their users' IT systems, which can help increase and close sales.

How may the ISV Royalty Licensing Program help increase my profits?

In addition to potentially boosting sales, program participants can obtain Products at the same attractive partner pricing, regardless of a partner's business volume. ISVs can establish the margins that they feel are appropriate for their solutions and the embedded Products. Many program participants also create additional revenue streams directly or indirectly through the support they provide for Products.

How do my users benefit from the ISV Royalty Program?

Your users benefit from the added value of being able to obtain a complete software solution from one source, including the Products and licenses. The ability to receive product support and upgrades from you significantly increases the value for your users as well.

Are there other benefits?

Yes. For example, you can sell licenses for the previous version of a Product as integrated in your Unified Solution for up to 48 additional months after Microsoft removes the Product from the Product List. This helps you plan for regular upgrades, and provides assurance for users that the ISV solution they purchased will not become quickly outdated. There are some exceptions, which can be found in the Product List. The Products with exceptions have 24 months of extended distribution period from the time the product is removed from the Product List.

Also, ISV Royalty Licensing Program participants can distribute their solutions worldwide and can also use the Products to provide solutions on a trial basis to users for up to 120 days.

Microsoft Volume Licensing

Joining the program

What documents am I required to sign?

The Microsoft Volume Licensing agreement structure makes it easy to negotiate the terms and conditions of multiple agreements. An ISV Royalty agreement has two components: the agreement itself and the Microsoft Business and Services Agreement (MBSA).

- ▶ **ISV Royalty License and Distribution Agreement.** This agreement enrolls your organization in the Volume Licensing program so that you can license Products and services at volume discount prices.
- ▶ **Microsoft Business and Services Agreement (MBSA).** The MBSA is a perpetual agreement between the customer and Microsoft. It contains high-level terms and conditions that are applicable to all agreements signed under it, such as use and ownership, confidentiality, and warranties. It must be signed either with or prior to the effective date for the ISV Royalty License Agreement.

How do I participate in the program?

To enroll in the ISV Royalty Licensing Program, follow these steps:

1. Complete the Microsoft ISV Royalty License and Distribution Agreement and MBSA if you do not already have one in place. To obtain these documents, contact your distributor.
2. Submit these documents with the signed signature form to your distributor.

After Microsoft has received your Microsoft ISV Royalty License and Distribution Agreement from the distributor, you will receive a welcome letter that contains an agreement number.

If you think you qualify to enroll with a direct agreement, contact your Microsoft Partner Account Manager.

Additional program details

Can I deliver my Unified Solutions to users in other countries?

The ISV Royalty Licensing Program allows for worldwide distribution of the Unified Solution, subject to US export laws and subject to certain agreement provisions. Because Microsoft does not exercise control over who you distribute the Unified Solution to, you are required to have agreements with all third-party business entities that you directly provide the Unified Solution to for distribution (and not for sublicense), directly or indirectly, to users.

What is the agreement term?

The agreement term is three (3) years. If you change distributors during the agreement term, the three-year term commitment must still be met.

If you want to continue in the ISV Royalty Licensing Program after the three-year term expires, you need to re-enroll by signing a new agreement.

What if I want to deliver software services?

If you would like to provide your Unified Solution as software service, you need to sign a Microsoft Services Provider License Agreement (SPLA). Details about the SPLA are available at www.microsoft.com/licensing/licensing-options/spla-program.aspx.

Who is the licensor to the user under the ISV Royalty Licensing Program?

Under the ISV Royalty Licensing Program, Microsoft licenses the Products to you, the ISV, not to the user. You are the sub-licensor of the Microsoft software applications licensed to users as part of your Unified Solution.

Microsoft Volume Licensing

When can I start redistributing Products?

After Microsoft approves the ISV Royalty License and Distribution Agreement, you can begin distributing Products in the Unified Solution as outlined in the agreement. Microsoft sends a welcome letter that includes an agreement number and other important information.

Will I need Volume License Keys (VLKs)?

Some Products require Volume License Keys (VLKs) to complete installation. The product key is assigned to a company or organization and must be used for desktop PC or administrator installations of Products. To obtain an ISV Volume License Key, and for a list of Products that require VLKs, contact your ISV Royalty distributor.

Embedded Maintenance

What is Embedded Maintenance?

ISVs can give users the option of upgrading to future Product versions by acquiring Embedded Maintenance for a fee. Only new product versions released during the Embedded Maintenance coverage period are included. Licenses must be enrolled in Embedded Maintenance when the license is originally acquired, and distribution rights apply to Embedded Maintenance as well as to the Products within the Unified Solution. Coverage must be renewed annually during the agreement's term.

When can licenses be enrolled in Embedded Maintenance?

Licenses can be enrolled in Embedded Maintenance only:

- ▶ When the user acquires the Unified Solution or an upgrade to the Unified Solution; or
- ▶ As an annual renewal of coverage without lapse in coverage.

When are royalties for Embedded Maintenance paid?

Royalties are due for Embedded Maintenance at the time the license is enrolled then annually as renewal each subsequent year. Embedded Maintenance (both new and renewals) is reported on the monthly royalty report along with all other license redistributions.

Can I offer Embedded Maintenance to users just for the Product?

No. The ISV Royalty Licensing Program allows you to sell and distribute Embedded Maintenance to your users for the Unified Solution.

How do users with licenses enrolled in Embedded Maintenance get the upgrade Product?

You supply the upgrade Product to your users as part of an upgrade to the Unified Solution.

If a user decides not to enroll their licenses in Embedded Maintenance, how can they obtain the next version when it releases?

Users with licenses not enrolled in Embedded Maintenance who want to upgrade are required to purchase a new license.

Royalties, pricing, and monthly reporting

How does the ISV Royalty Licensing Program work after I enroll?

After successfully enrolling in the ISV Royalty Licensing Program, the following are key steps for participation:

- ▶ Obtain master copies of software application(s) through your distributor.

Microsoft Volume Licensing

- ▶ Integrate any of the Products available through the program into your application to create a Unified Solution.
- ▶ Ensure that the required Microsoft license terms are provided to and agreed on by your users.
- ▶ Sell licenses and optional Embedded Maintenance for the Unified Solution to users.
- ▶ Submit a monthly royalty report to your distributor identifying the number of Product licenses distributed to users.

How do I find out what price I'm being charged for the products?

To find out the price you are charged for each Product offered through the ISV Royalty Licensing Program, contact your distributor.

How does the distributor know what to charge me?

As a Microsoft ISV Royalty partner, you are required to submit either a monthly royalty report or a zero royalty report in the timeframe required by your distributor on all Products that you and your affiliates distributed to your users.

Must I submit a monthly royalty report for each calendar month?

Yes. You need to submit a monthly royalty and distribution report for each calendar month as long as you have an active agreement. You need to submit this report even if you did not distribute any Products that month or if no royalties are due for that month (called a "zero royalty report").

To comply with the ISV Royalty Agreement (2013 version only), any end customer who generates more than US\$8,000 (or the equivalent in the applicable currency as of the effective date) per month in revenue to Microsoft must be reported under a separate End Customer Enrollment. For any earlier agreement versions, the individual reporting threshold remains at \$1,000.

What if I don't have any Product distribution in a month?

If your organization did not distribute any Products to your users during the previous calendar month, you need to submit a zero royalty report.

Are future versions of the products guaranteed to be priced the same as the current version?

The ISV Royalty Licensing Program does not guarantee that future versions of the Products will be priced the same as the current version. Microsoft cannot guarantee pricing for software applications that do not yet exist because we do not know what additional features they may include or what those applications may comprise. Microsoft must be able to price new versions of Products according to the functionality offered. Microsoft does not set distributor prices.

Product support

Why must I provide support for Products that are part of a Unified Solution?

As the ISV, you are in the best position to understand your users support needs, including how the Products function within a solution. Providing support for the integrated Products enables you to serve as a single source for a user's needs.

Why am I required to include the Product help files in my Unified Solution?

Microsoft requires you to provide the help files with the Unified Solution so that the users receive the complete Product package. Users should receive the same Product no matter where they acquire it or who they acquire it from.

Microsoft Volume Licensing

Can I modify the Product help files?

You have the right to create technically accurate documentation for the Unified Solution based on the information contained in the help files. However, the help files contained in the Product may not be modified.

How does an ISV benefit by supporting Microsoft Products?

Users want to focus their resources on their core business, not on their information technology. By providing comprehensive support—for the integrated Products as well as for your portion of the solution—you become a single source for the user's needs. This can help build good will and strong relationships between you and your users. In turn, you can build on those strong user relationships to provide other products, services, and solutions, which can lead to increased sales and profitability.

Why does Microsoft not warrant its products to the ISV?

Because the ISV Royalty program permits you to integrate Products with your software to create a Unified Solution, Microsoft is unable to test and evaluate the compatibility of its Product as part of the Unified Solution. The performance of the Product varies depending on what hardware platform it is installed on, the interactions with other software applications, and its configuration. Microsoft asks you to test and verify the appropriateness of the Products as integrated in your Unified Solution. You are in the best position to determine whether the Product meets the level of quality and performance necessary to use in the Unified Solution.

End-user requirements

Why do I need to accept full responsibility for an act by a user? Why does Microsoft not hold the user responsible for their actions?

Under the ISV Agreement, Microsoft does not have any relationship with the user of your Unified Solution and as such, cannot directly compel the user to comply with the agreement requirements. As a result, Microsoft asks you to pass through certain requirements in its user agreements, as you are in the best position to address such issues.

What is indemnity? Are the parties equally situated? Why or why not?

An indemnity is a promise to make good a loss that someone has suffered because of another's act or default. The parties are not equally situated. Microsoft has significantly greater indemnity obligations. Generally, the company must indemnify Microsoft only for its breach of the agreement, while Microsoft will defend, but not indemnify, the company for infringement claims of third parties, including all defense and settlement costs.

Limitations on Liability: Microsoft has a cap of \$5,000 on any and all damages that an ISV can pursue, for any reason. Why is this not mutual?

This limitation only applies to products that Microsoft provides royalty-free. For Product that is subject to royalties, Microsoft has unlimited liability for IP infringement.

Can the users download Products from my website?

You may not distribute your Unified Solution by Internet download except as explicitly noted in the Product List (effective with the 2010 Agreement).

What types of licenses are used in the program?

The default is the ISV License, which is a "full use" license that gives your user the ability to use the underlying Products with other applications as long as they are still licensed for your application. Some Products are also offered with an ISV Run-Time License, which has more restrictive use rights—the user can use the Products only with your solution and cannot use the Products to run any other application or solution independent of your solution with which the Products were acquired.

Microsoft Volume Licensing

For more information

ISV Royalty Licensing Program

Additional information on the ISV Royalty Licensing Program

www.microsoft.com/licensing/licensing-options/isv-program.aspx

Contact your Microsoft ISV Royalty Distributor for assistance with renewal or program questions.

Microsoft Partner Network

For details about the requirements, benefits, and resources in the Microsoft Partner Program

<https://mspartner.microsoft.com>

Partner Support Community – Online Forum

For ISVs looking for programmatic support on the ISV Royalty Program

<https://partnersupport.microsoft.com/en-us?auth=1>

Technical Presales and Advisory Services

For ISVs with Gold Competency Level looking for programmatic support on ISV Royalty Program

<https://partner.microsoft.com/en-us/Support>

Microsoft Volume Licensing Programs

Information on what software licensing can do for your organization

www.microsoft.com/licensing/default.aspx

© 2017 Microsoft Corporation. All rights reserved. v0817

This document is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS DOCUMENT. This information is provided to help guide your authorized use of products you license; it is not your agreement. Your use of products licensed under your volume license agreement is governed by the terms and conditions of that agreement. In the case of any conflict between this information and your agreement, the terms and conditions of your agreement control. Prices for licenses acquired through Microsoft resellers are determined by the reseller.