



Understanding Microsoft Licensing in a Hosted Environment

This month's article is another one of our OTG value added services. We like to keep our friends and clients up to date on; emerging technology solutions, services and in this case "Understanding Microsoft Licensing in a Hosted Environment".

ASP's (Application Service Providers) such as OTG providing Remote Office and Hosted Services have been categorized into a special class of licensee by Microsoft. The Microsoft requirements state that Application Service Providers may no longer rent or make available for use to third parties, licenses which are in the Application Service Providers name. This will affect how we license. To conform to these changes we have outlined below the options available to your organization.

Microsoft offers two basic licensing options for Application Service Providers to continue to provide hosting and licensing services:

Option 1:

SPLA (Service Provider License Agreement) licensing option whereby the Application Service Provider rents licenses from Microsoft on your behalf. On a monthly basis the Application Service Provider report to you the license usage and you are billed monthly for the license usage.

Advantages:

There are no upfront costs, only a monthly charge. You can increase or decrease the quantities in use on a monthly basis and as new Microsoft software releases become available you will have access to them immediately. (For example: when the next MS Office release comes out you can upgrade instantly).

Disadvantages:

You will never own the license and when you stop paying the rental fee your right to use the software ends.

Option 2:

Customers may purchase their own licenses under a MS OPEN license path. You would own and maintain the correct number of licenses and provide the Application Service Provider with copies of your licensing agreements in the event of a Microsoft audit review.

Advantages:

Purchase the licenses and own them. As long as you continue to maintain SA (Software Assurance) on the products you will have an asset in your name that has no further payments except for maintenance payments and will always be at the latest Software level. There are several options on how to buy with varying terms of length.

Disadvantages:

Capital cost to purchase. However there are options for 3 year payment plans where you spread the costs with three annual payments. With user increases you will need to manage and adjust license count as needed.

For our Hosted Clients we recommend the SPLA licensing path, here's a quick example of why. Users with email hosted by an Application Service Providers will be required to have a SPLA license for Exchange hosting. This is much more economical than purchasing this license in your own name. If you purchase this in your own name, you will need to buy; Exchange server licenses and Exchange Client Access Licenses (CAL's) which will be much more expensive than the SPLA cost.

As always please feel free to contact us anytime and we will be happy to review and assist you through the licensing options.

Oxford Technology Group, Inc.

35 Perry St, Suite 2 Woodstock, Ontario Canada N4S 3C4

www.OTGRO.com | sales@OTGRO.com | 1-855-711-5139, Opt 7

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