

Microsoft Updates Server Licensing to Enable Virtualization

Alvin R. Park, Brian Gammage

Microsoft will update licensing for its server products to accommodate growing use in virtual machines (VMs). To benefit from these changes, customers must move to Windows Server 2003 R2, Enterprise Edition.

NEWS ANALYSIS

Event

On 10 October 2005, Microsoft announced changes to its server software licensing to accommodate the licensing of server software in VMs. These changes are effective 1 December 2005 and aim to promote use of all Microsoft server products in VM environments.

Analysis

Server virtualization is moving into the mainstream, but software licensing terms and conditions have lagged behind. Most licenses assume a direct one-to-one link between hardware and software, which makes compliance challenging. Microsoft is changing the licensing framework for companies running its server software in a range of virtualization deployment scenarios. Per Gartner inquiries, production deployment is low; less than one-quarter of enterprises use VMs. However, more than 70 percent say they plan to test them in the near future.

Summary of updates:

- Server software will be licensed by the number of instances running on a server, not the number of installations or copies stored.
- Microsoft defined short-term as "less than 90 days," and clarified rules for the reassignment of licenses from one device or user to another to a minimum 90-day period from the previous assignment.
- Windows Server 2003 R2, Enterprise Edition is the only edition that will allow the customer to run one instance in a physical operating system (OS) environment and up to four instances in virtual OS environments for one license fee. Customers should take this into consideration when choosing the Windows Server Edition (Standard vs. Enterprise) that meets their computing requirements.
- Per-processor licensed software will be licensed by virtual processor when used in a virtual OS environment and by physical processor when run in physical OS environments. This will cut costs for customers running fewer VMs than the number of physical processors in the server, but can increase costs for organizations that oversubscribe and choose to assign the software to more virtual processors than the number of physical processors in the server.
- SQL Server 2005 customers can run an unlimited number of instances in a VM for all editions of the product.
- Customers of Microsoft Operations Manager, System Management Server and System Center Data Protection Manager can manage any number of VMs on a managed device with one management license.
- Only one external connector license for a particular product will be required per server.

Recommendations for Microsoft customers requiring VM technology:

- Maintain Software Assurance on your Windows Server 2003 Enterprise Edition licenses to ensure rights to Windows Server 2003 R2.
- Investigate step-up licenses to the Enterprise Edition of Windows Server 2003 R2 if you have rights to the Standard Edition with Software Assurance.

- Recognize that these arrangements are "trust based" today and that Microsoft lacks measurement tools to track changes.

Analytical Sources: Alvin Park and Brian Gammage, Gartner Research

Recommended Reading and Related Research

- "Microsoft Simplifies Its Licensing Models, but Cost Predictability Remains an Issue" — These changes are positive, but Microsoft must address cost unpredictability in version-specific use rights. **By Alvin Park and Alexa Bona**
- "Guide to Choosing Virtual Machines for Windows Servers" — Corporate buyers should choose a virtualization technology that will deliver rapid returns. **By Thomas Bittman**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

REGIONAL HEADQUARTERS

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters

Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters

Gartner do Brazil
Av. das Nações Unidas, 12551
9º andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509