

Microsoft's Indecision Signals Lack of Virtualization Strategy

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Microsoft has canceled plans to relax restrictions on consumer use of Windows Vista in virtual machines. Customers should still push for such changes from Microsoft, which appears to lack a clear strategy.

Event

On 19 June 2007, a CNET News report revealed that Microsoft had made — and then canceled — plans to announce this week that it would remove certain restrictions on the installation and use of Windows Vista Home Basic and Windows Vista Home Premium in virtual machines (VMs), and that it would allow Windows Vista features such as digital rights management (DRM) and Windows BitLocker Drive Encryption to be used in VM installations. Under Microsoft's current policy, only Windows Vista Business or Ultimate can be installed in a VM, and DRM and BitLocker cannot be used in such installations. The news report revealed that Microsoft had privately briefed journalists and analysts on these planned changes in advance of a scheduled announcement — then canceled the announcement at the last minute, stating that it had decided not to make the changes after all.

Analysis

Gartner believes that Microsoft's licensing terms for Windows Vista running in VMs are unjustified; in addition, these terms are widely perceived as being designed to delay market adoption of competitive virtualization software. Microsoft's restrictions have spurred customer complaints, negative publicity and renewed interest in open-source and competitive alternatives, and therefore they pose a real risk of causing long-term damage to Microsoft's dominant operating system (OS) market position.

The changes originally planned for announcement this week would have represented a concession by Microsoft regarding the use of virtual machine monitor (VMM) software to virtualize Windows installations. (Most virtualized Windows installations run on non-Microsoft VMMs.) Gartner believes that the last-minute cancellation of these plans was a bad move on Microsoft's part, and that this internal second-guessing underscores Microsoft's lack of a coherent approach to virtualization.

We expect Microsoft to release a hypervisor for Windows Vista by mid-2009, which would lead to a rapid increase in the number of virtualized installations. To accommodate this change, Microsoft will need to make a number of adjustments to Windows licensing and product use rights. Making these adjustments before its hypervisor is ready, however, could provide some market advantage to competitors such as VMware; therefore, Microsoft has a strong motivation to delay. The end-user license agreement for Windows Vista contains significant restrictions on the use of Vista in VMs, and these restrictions are widely perceived to be delaying market adoption of VMM software. The restrictions on DRM and BitLocker directly affect enterprise customers. The tethering of Windows licenses to hardware also affects emerging enterprise Windows client deployment scenarios such as portable personalities. Enterprises should not expect this licensing-related barrier to be lifted before Microsoft's Windows hypervisor is released.

The fastest-growing market for PC VMMs during 2006 involved running Windows XP in a VM on the Mac OS. (Unlike Vista, Windows XP is not subject to any VM-related restrictions.) SWsoft reportedly achieved significant sales of its Parallels Desktop for the Mac OS, and VMware released a similar product on 11 June 2007. The Vista virtualization restrictions directly impact such usage, because Windows Home versions are generally preferred by consumers installing VMs on the Mac OS. The removal of these restrictions, if Microsoft had gone through with that move as planned, had the potential to increase sales of Windows Vista.

Microsoft originally cited security risks as the justification for prohibiting the consumer versions of Vista from being virtualized. However, Gartner believes that this issue is overblown and the risks

are fundamentally no different than those posed by consumers running Windows as "administrators" today. In Gartner's view, Microsoft should not dictate to consumers in this area — instead, it should inform them what the risks are and let them decide for themselves. In general, we believe the right to choose when, if and how an OS is virtualized should belong to OS users and not be controlled by OS vendors — and that the enterprise restrictions on Microsoft's OS licensing in a virtualized environment are unreasonable and should be modified.

RECOMMENDATIONS

- Consumers interested in running Windows in a VM should use consumer versions of Windows XP, which are not subject to virtualization restrictions — and which will be supported with security fixes for consumers through at least YE2011, and for enterprises through at least YE2013.
- Enterprises should pressure Microsoft to remove the virtualization restrictions on BitLocker and DRM, and to provide "commercially reasonable" support for all enterprise licensees, not just Premier subscribers. They should also push Microsoft to enable virtualization to be used in innovative scenarios, by giving access to Windows licenses that are "untethered" (that is, not tied to the hardware device on which Windows is first run). Such licenses should be offered to customers with Enterprise Agreements or Software Assurance on Windows, to create a framework of licensing compliance for enterprise VMs running on non-company-owned PCs, or for portable VMs used on multiple devices.
- Enterprises dissatisfied with Microsoft's virtualization licensing restrictions and support policies for desktops and servers should investigate the longer-term feasibility of removing their dependency on Windows and Office, and of ensuring browser-neutrality in all Web-enabled applications.

RECOMMENDED READING

- "Windows Licensing in PC Virtual Machines Must Adapt" — Users should pressure Microsoft to offer alternative licensing models for the client operating system. **By Brian Gammage, Alexa Bona and Alvin Park**
- "Redefining the PC: The Slow Path to a Hypervisor" — The PC industry is awaiting the emergence of a hypervisor standard, but much depends on resolving conflicts between Microsoft's and Intel's objectives. **By Brian Gammage**

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