

Windows Licensing Changes Enable New PC Deployment Scenarios

Brian Gammage, Michael A. Silver

Microsoft's latest licensing changes for the Windows client operating system will enable broader enterprise use of virtual machine technology. This is an important step in decoupling Windows licenses from PC hardware.

NEWS ANALYSIS

Event

On 3 September 2008, Microsoft announced two additional licensing options under its Vista Enterprise Centralized Desktop (VECD) program that will enable broader use of PC virtual machines (VMs):

- One permits portability of a VM between machines covered under VECD for \$23 per PC per year. It also allows a VM to occasionally be run on a home PC (such as from a USB stick, or connected to a hosted virtual desktop).
- The other permits deployment of a Windows VM to a PC owned by somebody else (for example, an employee or contractor) and costs \$110 per user per year.

Both options will be available from 1 January 2009. Though the product's name, VECD, includes "Vista," XP can be run with downgrade rights.

Analysis

These changes create licensing-compliant frameworks for PC virtualization usage scenarios that were previously challenging or cost-prohibitive to implement. In explicitly citing the use of employee-owned and contractor-owned notebooks for work, Microsoft is legitimizing a usage model that has interested many Gartner clients since 2005. Such deployments will remain relatively expensive (over a three-year lifetime of use, licensing for a corporate Windows VM on a non-company-owned machine will be \$330) but they will allow the license to be moved after it has been installed for at least 90 days — which will be useful for licensing consultants and temporary workers.

This option is highly significant in the evolution of Windows client operating system (OS) licensing: For the first time, enterprises can deploy a corporate Windows OS that is not permanently tied to a single physical device. We expect that, over time, Microsoft will continue to increase the flexibility of license and devices. By offering this option through VECD, which is only available to Software Assurance customers, Microsoft also signals a continued commitment to its strategy of gradually enabling new virtualization usage models.

Gartner predicted this change in early 2006. We view it as an initial step in a longer-term process of decoupling Windows OS licenses from PC hardware. Although many customers will eventually benefit from the change, Microsoft will need to carefully manage the evolution of Windows licensing, as the additional complexities created by each change will exacerbate challenges some users experience in interpreting license terms.

Enabling the portability of Windows VMs will encourage more innovation in that market, but limiting portability to PCs covered by VECD may still be an issue. Although enabling occasional use of hosted virtual desktops and portable VMs from home PCs is a step in the right direction, these terms may not be broad enough to meet some users' needs.

RECOMMENDATIONS

Enterprises:

- Implement appropriate policies to ensure the license requirements are observed. Licensing issues are most likely to appear on employee-owned Macs when an employee

violates the license by using the license from his or her company-owned Windows machine to create a Windows VM.

- Consider whether network security would be improved by requiring employees and contractors using their own PCs to run a VM controlled by the organization instead of natively joining the network.
- Evaluate users' work-from-home needs for portable VMs and hosted virtual desktops and decide if it constitutes "occasional" home use or if it might require the more expensive VECD license option for an employee-owned machine.

RECOMMENDED READING

- "Key Elements of an Employee-Owned Notebook Program" — Some organizations have introduced programs to accommodate the increasing number of employees that have asked to use personal notebook PCs for work. **By Leslie Fiering and Brian Gammage**
- "The Virtual Machine Approach to Employee-Owned Notebooks" — Gartner provides guidance on the key steps and considerations for enterprises that plan to use virtualization technology to encapsulate a corporate software image on employee-owned notebooks. **By Brian Gammage and Leslie Fiering**

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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