

# Changes to Microsoft Pricing- Do you understand your Licensing agreement?

Submitted by: FAST Ltd

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Microsoft has announced important changes to their channel and direct licensing pricing structure. Microsoft is unifying the pricing policy across commercially available Volume Licensing programs in EU/EFTA countries.

Beginning on 1st July 2012, prices charged will be aligned to Euro pricing at the prevailing exchange rate. Due to sustained currency differences, some EU/EFTA countries will see changes to non-euro pricing as greater price consistency across Europe is established. Based on prevailing currency rates, we anticipate price adjustments for the British Pound on 1st July 2012, across volume licensing programmes. The exact extent of any price changes in July will be determined by future exchange rates between the British Pound and Euro.

What this means

Based on the current exchange rate between the British Pound and the Euro and assuming the rates do not change dramatically, we expect to see a rise of 20% - 35% on volume licensing SKU's from 1st July 2012 onwards. This will impact all non-academic volume licensing agreements. Exact price rises will be available from 1st June onwards however we will have some visibility in May as to what these are likely to be.

Transactional Licensing e.g. Select, Select Plus & Open:

Any licenses transacted on or after 1st July 2012 will be at the new unified pricing. If you are planning any purchases for ongoing projects you may wish to explore what options are available to help mitigate these changes prior to 1st July.

Direct Agreements with Microsoft e.g. Enterprise Agreement & Enterprise Subscription Agreements:

Customers with existing Enterprise Agreements or Enterprise Subscription Agreements (ESA) have pricing set for existing products at the point of signing for the term of the agreement. This means that on 1st July this pricing will not be affected. If you wish to add additional technologies to these agreements, in order to offer price protection you may wish to consider adding them prior to 1st July 2012 to mitigate the effect of the unified pricing. Existing EA or ESA customers may also wish to look at the timings of their agreements. This however will be considered on a case by case basis.

Customers looking to enter EA or ESA agreements are advised to understand the impact of these changes sooner rather than later.

Understanding agreements – EA, ESA, SELECT

There a selection of 'channels' that you can acquire a licence for Microsoft software products.

Depending on what sort of environment you wish to use the software, that is to say your home environment or a work/business environment, Microsoft provide a choice.

For home consumers, the popular choices are either purchasing software with a new machine or in a box. The Original Equipment Manufacturer (OEM) licence supplied by the system builder provides adequate software and usage rights that suit most households. The cost is attractive as well and some businesses have seen this as a way to license their computers. However, be aware that the use rights place certain restrictions on how the software can be used, and provide a nasty surprise for organisations looking to use OEM supplied applications in a terminal services environment.

Retail/boxed product licences provide easy-to-obtain software and licences, however this generally means for each licence there is a box – and those boxes will need to be stored. The use rights again vary in that there is no downgrade right for applications, so generally speaking, businesses only purchase limited use products through this channel.

Businesses are provided with a selection of agreements through which to acquire their licences. These are referred to as volume licence agreements and the most appropriate agreement for your organisation will be dependent on how you use your software; the size of your organisation; whether you wish to retain the right to upgrade to any new releases as and when they become available; whether you wish to 'own' the licences at the end of the agreement or just have the rights to use it for a specific timeframe; whether 'standardisation' across your estate is important to you; and whether you seek to enter into long term, or shorter term 'contracts'. Nowadays there is also a requirement to decide whether you wish the software to be 'on' or 'off' premise, as Microsoft now offer 'cloud' services whereby they can, and will, host the software for you.

"Pay-as-you-go" agreements are Open License and Select Plus. As and when you need licences you can purchase through these agreements and have the option to cover the licences with software assurance. Open License is for organisations with 5 or more PCs, whereas Select Plus would be more suitable for larger (>250) organisations.

Open Value, and Open Value Subscription agreements are for organisations that wish to standardise their infrastructure and come with software assurance as 'standard'. The subscription agreement only provides the rights to use the software during the term of the agreement, so the rules that apply when the agreement expires need to be clearly understood.

Larger organisations that wish to standardise their infrastructure have the option of entering into an Enterprise Agreement, or an Enterprise Subscription Agreement. These allow an organisation to license all devices within its infrastructure with a standard set of licences. An annual 'true up' process ensures all devices are licensed at each anniversary. Again the subscription type agreement means that when the agreement expires the rights to use the software are lost, so full understanding of the consequences should be understood.

If you're interested in finding out how your business can benefit more from any of the services or tools which FAST Ltd has to offer or information on the changes to Microsoft pricing then speak to one of our trusted advisors on 0844 815 5742.

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Notes to editors:

About FAST Ltd:

FAST Ltd is a leading UK authority in Software Asset Management and IT Compliance providing software, education, consulting and managed services. For over 24 years, FAST Ltd has helped over 8,000 organisations control their IT costs, mitigate risk and deploy best practice IT using expert impartial and independent advice.

The FAST Compliance Programme focuses on helping organisations achieve 'best practice' in IT and software compliance. The business supports its customers to reach and maintain The FAST Standard for Software Compliance (FSSC-1), a private Standard which was developed in collaboration with BSI. The FAST Standard also addresses a significant proportion of the requirements of ISO/IEC 19770-1, the International Standard for Software Asset Management.

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