

Microsoft Server Licensing – Shared Resources for Internal and External Users

By Andrew Martin

When it comes to Microsoft licensing, we are frequently asked how to license for a situation where a Microsoft server resource is to be accessed both by internal company employees and external non-employee affiliates. Our typical legalese answer to this perfectly reasonable question: “It depends.” The correct answer (read: most-cost-effective-while-still-being-compliant answer) requires an examination of the circumstances surrounding the required access (number of users, manner of access, specific server products implicated) and a grasp of company’s current licensing environment with Microsoft.

In most cases, the threshold question to answer is this: “Are my affiliates paying me for access to the Server resource?” If the answer is yes, then we will generally suggest to our clients to engage with Microsoft in a Service Provider License Agreement, or SPLA. Though designed for use by “hosting or application service providers,” the SPLA can be used for other organizations as well. Essentially, the non-hosting/service providing company will form an affiliate entity that licenses the software from Microsoft under a SPLA, then turns around and provides software services to both internal employees and external affiliates. It’s a fairly straightforward process, but it does increase the transaction costs somewhat. In the right situation, however, the benefits gained from licensing in this manner will outweigh any upfront costs.

On the other hand, if the answer to the “paying for access” question is “no,” then factors such as the number of users and the nature of the required access will determine the best course of action. One model is to purchase user CALs for each employee and affiliate user who will be accessing the resource. Another option is to purchase CALs for internal users, and an External Connector license for those outside the organization. In other cases, a processor license along with an external connector license becomes the more economical choice, from both licensing spend and licensing management perspectives.

The point is, there is no one “right way” to license for this usage environment. The model that is right for a given organization requires thoughtful examination of the facts. To make matters more complicated, it has been our experience that resellers, and many times Microsoft representatives themselves, do not completely understand the intricacies of these licensing schemes, and sometimes inadvertently give technically or financially bad advice because of it. However, our experience is that once you break through the first or second levels of licensing discussion and talk directly with Microsoft’s licensing experts, they are willing to work with you to find the optimal solution.



About the author Andrew Martin:

As an associate attorney with extensive prior experience advising information technology start-ups, Andrew’s practice focuses on finding solutions for his clients’ intellectual property issues. Due to his extensive experience in the software and technology industries, Andrew understands both the practical and legal issues involved in IP licensing agreements and disputes. In addition to licensing, Andrew helps his clients find new ways to use existing technologies to assist his clients in areas such as data privacy compliance. Andrew uses his diverse background which includes founding a record label and working for a world-wide concert promoter when counseling the firm’s entertainment clients.

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