

A woman wearing a blue jacket and a blue cap is holding a large bundle of bare, brown branches. The background is a soft-focus outdoor setting with trees and a light-colored building.

A licensing simplification guide for the

Voluntary Sector

Helping you buy and license Microsoft software
at a special price for the voluntary sector

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Acknowledgement

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Foreword

The purchasing, licensing and on-going management of software is becoming more important across the voluntary sector, but it can bring big challenges. That is why this guide has been compiled. It is designed to act as a handy reference tool to help you resolve any questions or uncertainties you may have when considering what licensing option will best suit your circumstances.

Written in clear, straightforward language, it is based on input from a range of sources, including customers, software suppliers and others who understand what you face in terms of licensing complexities.

It doesn't set out to be a comprehensive guide to everything you need to know about licensing, but it describes the main characteristics of the range of programmes, the options available, and offers hints and tips on how to work more effectively with your software supplier. It also suggests the questions to ask and where to go for further help.

Charity Logistics supports Microsoft's efforts to explain licensing more clearly. Making the right choices about Information Communication Technology (ICT) investments affects not only your organisation today, but also how well it will cope with future scenarios.

George Cook, Managing Director,
Charity Logistics



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A young boy with short dark hair, wearing a white polo shirt with blue and green stripes, is looking down at a clear glass jar. The jar is filled with coins and has a yellow label with the word "Giving" written on it in red. The boy is holding a coin in his right hand. The background is a blurred outdoor setting with warm lighting.

About this guide

How to get best value-for-money
from your software expenditure

Microsoft

About this guide

How to get best value-for-money from your software expenditure if you are responsible for Information Technology in your organisation.

Some of the challenges you may be facing are:

- It is becoming increasingly difficult to control and manage your organisation's ICT assets
- The range of options for buying software seems bewilderingly complex
- Budgets are tight and you need to get as much as you can for your expenditure
- Your organisation has to show progress against many priorities, targets and initiatives
- Given these demands, you have little time to spend becoming an expert in software licensing

Buying software can seem both complex and confusing and that is why we have produced this guide. We wish to simplify and explain our software licensing to help you understand the basics, learn about the licensing options available and make sound decisions about the best options for your organisation.

Whilst this guide has been written around Microsoft's licensing schemes, we hope it will also be of value in decision-making in the licensing of other software company's products.

As well as describing the main elements of Microsoft's licensing schemes, this guide will suggest some of the questions you should be asking about the software component of your organisation's strategy for ICT, such as:

- Are you clear what you want to do with software, in terms of your organisation's ICT objectives?
- What do you need to know to make the right choices?
- How do you manage your software assets to meet your longer-term objectives as well as your immediate needs?

This guide will also highlight sources of further information and assistance. It covers the following:

- An explanation of licensing options to help you achieve maximum value-for-money
- A more detailed look at particular licensing programmes to determine best fit for your organisation's requirements
- How and where to buy licences, plus further sources of help
- The legal considerations





Basic concepts of licensing

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Basic concepts of licensing

Software licensing aims to give you, the customer, fair value according to your organisation's needs. That is why it is important to consider the different options available when deciding what will best suit your organisation. Offering customers a range of options for buying and running our software creates flexibility for our customers, and helps them to match closely their software investment with their organisation's requirements.

What is a licence?

A software licence is an agreement that gives you the right to use the software.

You are not buying the software programme and you do not own it.

The benefit of a licence is that it makes your rights and your software supplier's rights clear to both parties. However, it also imposes obligations on both parties.

What type of licence can you buy?

You can buy licences in three fundamentally different ways:

- Singly with the software CD in a box
- With the software already installed on a new PC
- Through a volume licensing programme – available when you buy five or more licences

Buying from a retailer

When you buy Microsoft software off the shelf, either through a retail outlet or by mail order, you are buying what we call Full Packaged Product (or FPP). You receive a copy of the licence (ie. the right to use the software), known as the End User Licence Agreement (EULA) and also the means by which to exercise that right, including the CD used for installation and instructions.

This is typically the most expensive way to purchase Microsoft software, although its price can be discounted. Educational users including the voluntary sector, for example, have access to discounts on the full price of some Full Packaged Products and these products are called Academic Edition Full Packaged Product. There is also an academic retail version of Office which is available to eligible academic customers such as students and teachers.

Licensing for software loaded onto a new PC (known as OEM licences)

An OEM (Original Equipment Manufacturer) builds new PCs and installs the software on the PCs for its customers.

When you buy a new PC with software already loaded onto it, you will still receive a licence. However this OEM licence will not be the same as the Full Packaged Product version.

This can be the cheapest option. However, you should bear in mind that there are a number of restrictions surrounding an OEM licence. For example, it is not accompanied by free support, nor can you remove the software from one PC and put it onto another, as you can with Full Packaged Product.

Volume licensing programmes

Volume licensing is what it says it is. You receive discounts for buying larger 'volumes' of licences and these discounts are available from as few as five licences. In addition, there are a number of different programmes within volume licensing to offer the flexibility to deal with different needs, which is why we are sometimes told our programmes are 'complex'. The more complex, the more choice and vice-versa. It will always be a challenge for us to get the right balance.

With this level of choice available you will need to base your decision on your strategy as a whole, for instance where do you want to be – in terms of PC growth, ICT infrastructure, financial conditions and the role ICT plays in supporting you and your organisation's needs.

Perpetual licences

There are two perpetual programmes available to Voluntary Sector customers:

- For smaller organisations, there is Academic Open Licence where you can purchase as few as five or more perpetual software licences. The agreement, which lasts two years, gives you perpetual use rights and enables you to add more licences throughout the term of the agreement attracting the same rates of discount as the original order.
- Academic Select Licence Agreement is aimed at organisations with 250 or more PCs and which have mixed product and purchasing requirements. The agreement runs for three years and can be extended. As the volume of purchases under this agreement is higher, the discounts are greater than those under Academic Open Licence.

Buy the right number of licences

One additional point – it is important to ensure that you buy the right number of licences. Failure to do so is often the underlying cause for confusion about your licensing situation, because sometimes the way a product is used will determine how many licences you need.

This is something to bear in mind when you discuss options with whoever is selling you the licences.

What about upgrading?

Software Assurance

We have simplified the upgrade options on our Volume Licence programmes by creating one upgrade path – Software Assurance (SA). SA provides the rights to install the latest product releases during the term of your agreement.

Software Assurance (SA) works in the following way:

- For perpetual licence types, such as Academic Open and Academic Select, you can choose to buy it or not. If you do, it gives you the right to upgrade your software to the latest version during the term of your agreement. The cost is 29% of the initial licence per annum for desktop software and 25% per annum for server software.
- You can buy Software Assurance for newly purchased PCs installed with the latest Microsoft® Windows® Professional or Server software within 90 days of purchase of the PC.
- You can also buy Software Assurance for Microsoft Windows Professional and Server software bought in retail stores as Full Packaged Product within 90 days of purchase of the PC.

Ask yourself the following questions when deciding if you want Software Assurance:

- Are you looking to keep up-to-date with new versions as they come out?
- Will carrying on with older versions meet your needs for the foreseeable future?
- Will your staff and business partners insist that you upgrade to the latest version of the software when it is released?

The next section offers a more detailed look at how to get the maximum value from your Microsoft investment.

Programme Quick Reference Chart

This chart covers the various licensing options available to you:

	Full Packaged Product (bought from a retailer)	OEM (bought with PC)	Academic Open Licence	Academic Select Licence Agreement
Suited to	Organisations who want to buy one or two licences	Organisations buying new PCs	Small organisations wanting a flexible, simple, buy as much as you need purchasing option. Also provides discounts for 5 or more licences	Larger organisations who wish to purchase a large volume of perpetual licences
Entry level	No entry level	No entry level	5 licences	250 PCs
Contract Term	n/a	n/a	2 years	3 years
Payment Type	Paid for in full at time of purchase	Paid for with the PC	Paid for in full at time of purchase	Paid for in full at time of purchase
Product Technical Support Level	Depends on the product – check at purchase	PC vendor will advise	None	None
Upgrading products	Some upgrades available	Upgrades available through FPP and Volume Licensing programmes	Optional purchase (Software Assurance)	Optional purchase (Software Assurance)
Do I own the rights to use the software when the contract ends?	Yes	Yes	Yes	Yes

For further information please see

www.microsoft.com/uk/education/how-to-buy/edu-licensing



Other considerations

Other considerations

Making the best decision for your organisation involves a few key steps and considerations. The rest of this guide helps you to understand this process.

Audit your IT infrastructure

Keeping an up-to-date and accurate record of your hardware and software benefits your organisation in several ways. You will have the right information should you require ICT support or need details for insurance purposes. It is also the basis of a robust ICT asset management strategy.

Your audit can be as detailed as you need for your organisation. However, we recommend recording as a minimum:

- Device (e.g. desktop PC, laptop PC, server, personal digital assistant, mobile phone)
- Date of purchase
- Serial number
- Operating System (e.g. Microsoft® Windows® XP)
- Software packages (e.g. Microsoft® Office XP)

To ensure that you have the right number of licences you should match this audit against your records of the software you have bought. Licences could have been bought from a retailer, pre-installed on a piece of hardware or as part of a Volume Licence agreement. To be correctly licensed you should have a record of a licence for each software package identified in your audit.

Consider your organisation's requirements

After auditing the software you are using, and evaluating your current licence requirements, you should consider how your ICT infrastructure will change over the next few years.

Your evaluation should take account of:

- 1 The number of employees you expect your organisation to have?
- 2 Whether your employees will be using a single computer, desktop or laptop, or whether they will be using multiple computers, for example, if they work from home?
- 3 Any projects which may have an impact on your software use – for example, you may be thinking of hosting a website for your organisation?
- 4 Whether you are upgrading your software?
- 5 Whether you are considering replacing hardware or buying new hardware?

Having this information to hand will make it easier for you to structure your software purchase, and by taking into account your requirements, ensure that you get the best deal for the longer term.

Examine the options

The final step to getting the maximum value from your software investment is to weigh up the options available to you as far as the different Volume Licensing programmes are concerned. The Programme Quick Reference Chart located on page 10, in the Making the Right Choice section, is a summary of the Volume Licence programmes we offer. Overlay this information with your organisation requirements before you make a decision.

So far we have given you the basic information on licensing for your organisation.

Some general terms which you may encounter (although there are exceptions to these examples) are:

Client device

For client devices, such as desktop PCs and laptop PCs, we typically licence each device.

This makes it easy to determine the number of licences you require.

Servers

Server software tends to be more complex than client software, so there are a number of models for licensing. For example, licences can be purchased according to the number of processors in the server, by the number of devices attached to the server, or by the number of users attached concurrently.

Take the next step

We hope that this section has given you the information needed to ensure you are making informed decisions. The next section helps you look at where to go to buy your licences and importantly, what questions to ask.



Buying software licences

Buying software licences

As a company we specialise in developing software. To complement this specialism we have an extensive range of software suppliers who provide broader support services and advice. We understand that your needs vary and therefore we sell software through a wide variety of organisations, ranging from independent consultants to shops to large software suppliers offering extensive support and services.

There are three basic issues to address when buying licences:

- First, you have to know what questions to ask to ensure you get the right programme for you, which this guide is designed to help you to do.
- Secondly, you need to find a software supplier who is able to understand your issues and therefore help you obtain the right licences, giving you the best fit at the best price.
- Finally, you have to buy the correct number of licences to be legally compliant. Furthermore, you should make sure that any software supplier you choose is offering you software that is genuine and legal. You can read more about this in the next section.

A question we often get asked is what price a buyer should pay. This is impossible to answer because we don't sell software licences directly. This means that you should shop around for not just the best price, but the most effective total solution for your organisation, including any additional value added services you may wish to buy.

Who's who?

If you are buying off the shelf, from a retailer, remember that good software suppliers will have the following characteristics:

- First, and most importantly, they will have specialist licensing expertise, or access to someone who does. This is critical to making the best decision. Our partners are able to take advantage of an online training tool which enables them to become accredited as a Microsoft Licensing Sales Specialist (MLSS) and ensures they can offer expert, up-to-date advice. It is recommended that you ask your reseller if they have MLSS accreditation.
- They should be able to understand your organisation's challenges.
- They should be able to offer you a variety of ways in which to buy licences, and recommend one which best suits your requirements.
- They may have access to customer case studies to show you.
- They will have no hesitation in providing you Microsoft part numbers so that you can check with us that the software is genuine and legal.

Ask questions

We recommend that your reseller purchases their software from an authorised source in Europe, or originating from an authorised source in Europe. Listed below are the authorised UK distributors and contact numbers for your information.

Microsoft Authorised Distributors



01908 260 160



08700 603 344



01279 822 822



0208 286 5000

If your reseller says they buy from a broker, for example, in order to offer better savings and service, be careful and probe further. There is a risk they may be dealing in counterfeit or illegally imported products knowingly or unknowingly.

Examine the Options

The final step to getting the maximum value from your software investment is to be aware of the options that you can take advantage of. The Programme Quick Reference Chart on page 10, gave a summary of all the programme options.

You should examine the effect of these decisions on your software usage and costs and take into account your ICT audit and the expected growth of your organisation. Your reseller will be able to advise on the prices for these choices, in relation to the options listed on the Programme Quick Reference Chart on page 10.

For a comprehensive list of resources and sources of help, see the section entitled 'Finding Help'.

Whilst there is considerable variation, typical scenarios and decision processes may be:

Scenario – you are fully licensed with Full Packaged Product or OEM (pre-installed software) and are not expecting a growth in software requirements.

Recommended decision – keep with current licensing arrangements and buy products off the shelf or through Academic Open as necessary. You can also buy upgrades through retail outlets.

Scenario – you need to buy further licences to be fully licensed or are looking to grow your software infrastructure, but not intending to move to all the latest products. You would prefer to pay when additional software is needed, rather than budget over a period of time. You want the licences to be perpetual.

Recommended decision – depending on the number of licences, buying the full product from a reseller, entering into an Academic Open Licence or Academic Select Licence Agreement for larger organisations will be most effective. In addition, Academic Open Licence and Academic Select Licence Agreement allows you downgrade rights so that you can use previous available versions that you want.

The Programme Quick Reference Chart will give you more details of each of these options.



The legal picture

The legal picture

Individuals within an organisation have a certain amount of responsibility to understand the law on software use and copying. They also need to know what to look for and how to judge whether software is legal and genuine.

What to look out for

One of the most common types of software piracy is the illegal copying of software by individuals and organisations that don't have the right licences to do so.

This type of software piracy also includes:

- The installation of software on more desktop PCs and laptops than its licences allow
- Informal disk-swapping amongst friends and colleagues

Another common type of piracy is high quality counterfeit software, which can be hard to recognise. Counterfeit software can bring increased risk of viruses, no technical support, no warranty protection and, of course, no legal right to use the product.

We recommend that you buy your software from an authorised source in your local country, or originating from an authorised source in Europe.

Please take a look at the list of UK Authorised Distributors and familiarise yourself with the built-in security features of Microsoft software.

[see www.howtotell.com/uk]

Checklist

Microsoft Authorised Distributors



01908 260 160



08700 603 344



01279 822 822



0208 286 5000

The following quick checklist can help you to make sure you are fully compliant:

- Establish the number of PCs, laptops and servers your organisation has in use and the type of software on each machine
- Compare this information against the number of legal software licences your organisation owns
- Account for any licence deficiencies and buy additional licences to bring your institution into compliance

We have a number of resources that can help you get started. See the next section 'Finding help' for more details.



Finding help

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Tools to track licence purchases

We cannot record customer information when licences are bought through Full Packaged Product or pre-installed on a PC. However, we have two tools that can help you assess what software you have installed and whether your operating system software is genuine.

How to Tell

The 'How to Tell' website illustrates the anti-counterfeiting features that you find on all genuine Microsoft products.

www.howtotell.com/uk/

MSIA (Microsoft Software Inventory Analyser)

Proper software asset management can help you to avoid the risks posed by non-compliance. Our Software Inventory Analyser helps small and medium-sized organisations to list their Microsoft software. The tool is free of charge, easy to use and works whether you have a single computer or are part of a networked environment.

www.microsoft.com/msia

We hope that this guide has made licensing more straightforward. The following two sections contain Frequently Asked Questions which may help and also a Glossary of Terms which have been provided to assist you.



Frequently asked questions



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Frequently asked questions

GENERAL

How do I get a holistic view of all my licences?

Microsoft only has records of licences bought through Volume Licence Agreements.

Therefore in order for you to keep track of all of your licences you need to have in place a process that records those licences you have acquired pre-installed on new PCs or through Full Packaged Product (FPP).

- Pre-installed licences need to be recorded as part of your PC purchases. You will need to check every single PC for the Certificate of Authenticity (COA) label, which is stuck on the chassis of the PC, the original CDs and the documentation that accompanied the CDs as proof that you have a legal licence. If you have PCs older than 3 years, you will probably not have these COA labels affixed to the chassis of the PC but rather you should have COAs on the manual covers or even separate COA documents (if the software is older than 4 or 5 years).

Check the How To Tell website for further details www.howtotell.com/uk

- Full Packaged Product must also be recorded as part of your purchasing histories. For software bought in this way, you have to retain your original invoice, the End User Licence Agreement, the COA label that will be found on the box top label (since the release of Microsoft® Windows® XP) or on the side of the box (for earlier products) and all the other contents of the box as proof that you have a legal licence.

Check the How To Tell website for further details www.howtotell.com/uk

- Licences acquired through any of the Microsoft Volume Licence agreements are recorded by Microsoft, and reports can be accessed by contacting your reseller.

How do I know I am paying a fair price for my software?

You will need to compare the prices offered to you from different sources to assess if you are getting a competitive quote, as you would with other purchasing decisions. Always bear in mind that if the price sounds too good to be true, it probably is. Microsoft is often asked to supply a price. We cannot do this, as we do not sell software direct to customers. We sell through third parties and our software suppliers sell at a price they choose, which we cannot legally influence.

That is why, as with any purchasing decision, we strongly recommend that you get as much information as you can.

So can I buy directly from Microsoft?

No, we sell through authorised software suppliers on whom we rely to provide advice and support to our customers. Microsoft does not operate a direct selling model.

How long does Software Assurance (SA) last?

What happens when I purchase a licence with Software Assurance on an existing Volume Licence Agreement?

Software Assurance is linked to the term of your Volume Licence Agreement. SA provides the rights to install the latest product releases during the term of the agreement. You can then choose to renew the SA when the agreement ends.

If you choose to buy SA within an existing Academic Select Licence Agreement you only pay for SA for the remaining term of the agreement. If you buy SA within an existing Academic Open Licence Agreement the upfront cost is two years, regardless of the term remaining.

Therefore if you are buying licences with SA in an Academic Open Licence programme, we recommend you start a new Academic Open Licence Agreement so you can capitalise on a full two-year coverage term.

Can I get an extra discount if an affiliated organisation has a Microsoft licensing agreement?

Affiliated organisations may qualify for larger discounts within Volume Licence Agreements.

The affiliate rules can be geographically bound and you should ask your reseller to check the agreement terms and conditions to clarify.

If I purchase an Operating System Upgrade (Windows Upgrade) through Volume Licensing, do I need to have an existing Operating System licence on the system?

Yes you do, as an Operating System Upgrade licence only allows you to UPGRADE from an existing Operating System already installed on the PC.

LEGAL

If my system crashes and I have no back-up, what do I do?

Whenever you purchase a new PC one of the following options will apply:

- If you have bought from one of the large OEMs (e.g. hardware suppliers such as Dell, HP) they will have provided:
 - a BIOS locked recovery CD or
 - a back-up copy of the OS on a partitioned section of the hard disk or
 - nothing – in which case, they will still have responsibility to support you
- If you have bought from any other PC reseller or manufacturer they will have supplied a CD with a Microsoft Operating System (OS)

Be careful: absence of a recovery CD may indicate that your system is not legally licensed. Check the How to Tell website (www.howtotell.com/uk) for further information.

If you lose the recovery CD or the Microsoft OS CD and your system crashes you will have to buy the OS again. If you have bought a PC from Dell, HP etc then you might be able to get another recovery CD direct from them.

If you are able to reboot and are running Microsoft Windows XP, you can restore the system to its previous running state using the System Restore feature. Otherwise, you may have to reinstall the operating system using the supplied recovery media (either a Windows CD or disc supplied by your equipment manufacturer). If you do not have any such media, you should contact the manufacturer of your system immediately.

What documentation should I receive with my product, and how do I tell if it's correct?

- With pre-installed software (i.e. where you have bought a new PC with software pre-loaded on it), you can expect the following:
 - There should be a sticker known as the Certificate of Authenticity (COA) stuck on the PC chassis. If you have PCs older than 3 years, you will probably not have the COA labels affixed to the chassis of the PC but rather you should have COAs on the manual covers or even separate COA documents if the software is older than 4 or 5 years
 - Secondly, there should always be a manual supplied and either a recovery disk(s) or in the case of some large PC suppliers the hard disk will be partitioned
- With Full Packaged Products sold by software suppliers, there will be a COA incorporated in the box top label and an End User Licence Agreement (EULA) in the box for most products (in some cases there may be an online EULA)

You should also ensure that you obtain and keep safe legal documentation of purchases, such as invoices, from your reseller.

How do I know if I am legally licensed?

Proof of licensing will depend on the type of licence acquired.

For Full Packaged Product you should retain and be able to produce all of the following categories of proof:

- All physical media supplied when you bought the software, such as the CD-ROM
- The accompanying physical documentation:
 - The End User Licence Agreement (EULA), if supplied in hard copy
 - The Certificate of Authenticity (COA). This used to be found on the side of the Full Packaged Product but is now found on the COA label at the top of the box
 - Your invoice showing details of the software supplied to you. The invoice for genuine software will usually list the software title, the SKU (stock keeping unit) number and full details of the software supplied to you

Frequently asked questions

For pre-installed software licences, you should produce all of the following categories of proof:

- The physical documentation:
 - The End User Licence Agreement (EULA) if supplied in hard copy
 - The Certificate of Authenticity (COA). With pre-installed products, we suggest you check the How to Tell website (www.howtotell.com/uk) for instructions on how to find the COA, since this has changed several times over the past few years
 - Your invoice showing details of the software supplied to you. The invoice for genuine software will usually list the software title, the SKU (stock keeping unit) number and full details of the software supplied to you

For volume licences, you should be able to produce the Licence Agreement and:

- Licence Confirmation document
- The original invoice, which sets out in detail what software was ordered under the Agreement

What happens if the reseller/manufacture that supplied my PC goes out of business?

If you had a house built for you by a builder who subsequently went out of business but you had a warranty agreement with them, the legal responsibility to come and repair faults with the house would not rest with the manufacturer of the building materials but with the builder. Likewise, if the reseller/manufacture goes out of business, Microsoft is not responsible or liable to fulfil any warranty or agreement other than its own warranties under the terms of its software licence. This is why it is important to select a reputable reseller. Unfortunately at the time of writing there is no regulatory body (like ABTA for the travel industry) that covers IT software suppliers. You need to apply some commercial judgement to your individual transaction.

Because the OEM (Original Equipment Manufacturer) often customises Microsoft software for the specific computer system, we require our OEMs to provide technical support for the software that they have installed.

Therefore the responsibility to offer support lies with the system builder (OEM). If they go out of business, Microsoft is not legally obliged to offer support. There are some options you can pursue if you find yourself in this situation.

- Use Microsoft's self help resources on the Technical Support website
<http://support.microsoft.com/>
- Buy assisted technical support from Microsoft
- Obtain technical support from a Microsoft Certified Partner

Who are the Business Software Alliance (BSA)? What is their remit? And what is Microsoft's relationship with them?

Business Software Alliance (BSA)

The BSA is a non-profit making organisation committed to educating the public about software copyrights and cyber security, advocating public policy that fosters innovation and expands trade opportunities and combating software piracy.

Microsoft is a member of the BSA globally. We encourage people to seek information and advice from the BSA on legal software and compliance and how to avoid software licensing problems.

Sources: www.bsa.org/uk/

What happens if my PC is stolen and/or I lose my End User Licensing Agreement?

This again depends on the type of software licence you had originally acquired.

If the software is pre-installed, it is tied to that PC and your only course of action is to claim against your insurance to replace the PC and software.

If you have a Full Packaged Product licence and still have all the original documentation and CDs proving legal ownership, you have the right to re-install this on a new PC. If you have lost the documentation/CDs or if these have been stolen, you will need to claim against your insurance.

If the licence was purchased via a Volume Licensing Agreement, your licence rights enable you to reinstall the software onto a new PC.

What happens if my Certificate of Authorisation (COA) is damaged or has to be replaced?

You will need to go back to the reseller/manufacturer or place that you purchased the PC and request a new COA. The old COA will need to be peeled off the PC (even if it is in little bits) because it will have to be sent back to Microsoft before the replacement can be ordered. The replacement COA will then be sent back to the reseller/manufacturer or place of purchase. They will then stick it back on the chassis of your PC.

What is re-imaging, and what are my rights?

Re-imaging is the practice of creating a standard image of the software (generally the OS) for you to copy over a network and deploy on multiple machines.

Re-imaging rights are only available to those organisations that have Microsoft Volume Licensing's Select or Open Licence Agreements, and are not granted if a product is acquired through OEM or FPP.

Customers are not entitled to Microsoft support as a result of re-imaging using Microsoft volume licensing media and should discuss any impact to their existing warranty and support coverage with their current warranty and support provider. For example, pre-installed, Full Packaged Products which include some support, are no longer supported once the Volume Licensing image has replaced the original installation.

PRODUCT

What are work at home rights? When do they apply?

Work at home rights grant usage of software for staff on a laptop or PC that he or she owns or leases.

Work at home rights do not exist on all Microsoft software. They only exist for specific Microsoft application software e.g. Microsoft Office. You will need to check your End User Licence Agreement (EULA) to make sure that work at home rights exist for your particular Microsoft application software. Work at home rights do not exist for full version Operating Systems or Server products.

This rule applies to Full Packaged Products and Volume Licences. This is not applicable to pre-installed software.

Developer Tools

For each licence acquired you must designate one individual within your organisation. The designated user may install copies of the software on any number of computers provided that the individual is the only person who uses each such copy of the software.

Note: The MSDN Library is an exception. It is not a single-user licence and can be freely shared within an organisation. You need to purchase the MSDN Library, but the information on the Library is available for use by anyone in your organisation

Can you move software from one PC to another? (Transfer rights)

Again, this will depend on the type of licence:

Pre-installed

If the software is pre-installed, then the software lives and dies with the PC and therefore can never be transferred to another PC.

Full Packaged Product

For boxed products bought from software suppliers you can transfer the software to another PC as long as it is uninstalled from the first PC, and everything is transferred with it i.e. the EULA, the COA, CD etc.

You can transfer the boxed product licence outside the organisation so long as it is complete with discs and documentation, and the software is uninstalled from the original PC.

Volume Licences

For Microsoft Volume Licensing programmes you can transfer the software from one PC to another as long as you have uninstalled it from the other PC, and you only use the permitted number of copies of each licensed product you have purchased.

If you have acquired an Operating System (OS) upgrade through your Volume Licence Agreement, you can transfer this upgrade from one PC to another, provided you remove it from the first PC, but you must have a full Operating System on the PC before you deploy the upgrade licence.

What is Product Activation?

Microsoft Product Activation is an anti-piracy technology designed to verify that the product has been legitimately licensed.

Product Activation works by validating that the software's product key, required as part of product installation, has not been used on more PCs than is allowed by the software's End User Licence Agreement (EULA).

What software is Product Activation required for?

If you buy Full Packaged Product or a new PC from an original equipment manufacturer (OEM) with pre-installed software you will be required to activate the software. The software on a new PC from a reseller/manufacturer may be activated in the factory. Product activation is not required for licences acquired through one of Microsoft's volume licensing programmes.

There is sometimes confusion between Product Activation and Volume Licence Keys. Volume Licence Keys are supplied to enable multiple installations using volume licence CDs. The key is supplied on the Licence Confirmation letter.

How many times can I activate my PC with Product Activation?

You can activate as many times as you like as long as you have a genuine reason for doing so.

Frequently asked questions on Product Activation and reactivation can be found at www.microsoft.com/piracy/basics/activation/mpafaq.asp

How many components can I change before I have to reactivate my PC with Product Activation?

It really depends on the components in question and the time period over which the changes are made. Product Activation is able to tolerate a certain degree of change in a hardware configuration. As a result, you can change hardware without the PC requiring reactivation, or being classed as a different PC.

Common changes to hardware such as upgrading a video card, adding a second hard disk drive, adding RAM or upgrading a CD-ROM device will not require the system to be reactivated.

If you completely overhaul the hardware by making substantial hardware changes (even over long periods of time), reactivation may be required. In this case, you may need to contact a Microsoft customer service representative by telephone to reactivate.

The free phone number for UK is 0800 018 8354.

Am I entitled to run old versions of software if I have the latest version (downgrade rights)?

This depends on the type of product and the type of licence you have.

All licences bought through a Volume Licence programme can be downgraded to a prior version.

With pre-installed and Full Packaged Product, downgrade rights are not common.

You should check your EULA for confirmation.

If you have bought your PC with Microsoft Windows XP Professional you are legally entitled to downgrade to the three following OS:

1. Microsoft® Windows® 98 SE
2. Microsoft® Windows NT® Workstation
3. Microsoft® Windows® 2000 Professional

Note: Not to Microsoft® Windows® 95.

Can you simplify/explain server licensing to me?

What is Server Licensing?

A server licence gives you the right to run Microsoft software on a single server. A separate licence is required for each server running the software. It can be bought as an OEM licence, on a one-off basis as Full Packaged Product, or as part of a volume licensing agreement.

What is Per Processor Licensing?

Some server products have the option to license each server processor, which removes the need to license each individual desktop or device accessing the server. This means unlimited users can access the server and although it is priced considerably higher than the other options, it can prove to be a more cost effective alternative if you need a high number of client access licences.

If Per Processor licensing isn't available or does not suit you, there are many other ways to license the users accessing the server software.

What is Client Access Licensing?

A Client Access Licence (CAL) gives you the right to connect a PC to a server running Microsoft software. It is needed whatever operating system is being used on the PC – Microsoft, Apple or anything else. The number of CALs you need per PC will depend on the server licences you have. A CAL can be included with OEM server software, bought on a one-off basis as a boxed product, or as part of a volume licensing agreement.

No separate software is provided with a CAL, it is simply the right to connect to a server.

When should I purchase server per processor licences?

When you count the CALs required and the total cost is more than the cost of per processor licence option.

This is called the break-even point. For example, say you have 120 sales people accessing a server with four processors. You can pay £80 a user or £7000 per processor (the figures are for illustration only). Per user would cost £9,600, while per processor would cost £28,000, making the former option more cost effective.

Can I purchase a full licence for a Microsoft operating system (e.g. Windows XP Professional) under a Volume Licence Agreement?

No. Full Windows operating systems are only available if pre-installed on a new PC (OEM) or as Full Packaged Product. You can buy an upgrade through Volume Licensing, but the PC must already have an underlying operating system installed on it.



Glossary

Please note, this Glossary gives you an overview of general licensing terms. Not all the terms listed are used within this guide.

Academic Open Licence

The Open Licence programme is a volume licensing programme under which the customer may purchase licences at a discount based on the size of its initial order (starting with a minimum order of five licences). The customer may submit re-orders under the same Open Authorisation number at the established price level anytime during the two years following the initial order. An Open Licence agreement is entered into with each order placed. The Open Licence is designed for customers who want easy transactions and the flexibility of acquiring licences from a broad software supplier channel that only requires an initial purchase of as few as five licences.

Academic Select Licence Agreement

The Academic Select Licence is an agreement under which the customer and its qualifying affiliates may purchase licences at a volume discount based on forecasted purchases over three years. The Academic Select Licence is designed for customers whose purchasing is decentralised, and who want the flexibility of purchasing software products on a per licence or ad hoc basis.

Affiliate

Any legal entity that owns, is owned by, or under common ownership with the customer.

Authorisation number

The number assigned to the customer by Microsoft after initiating an Open Licence account. This number allows for re-orders at the same discount level for two years.

Authorised Education Reseller

An authorised software supplier whom Microsoft permits to resell licences to education eligible customers, including the Voluntary Sector, through Volume Licensing programmes.

Certificate of Authenticity (COA)

This is an integral part of all legally licensed Microsoft software. With retail/boxed products, there will be a COA on the box. With pre-installed software the COA sticker will be stuck on the PC chassis.

Client Access Licence (CAL)

A licence required for devices accessing certain Microsoft server products.

Distributor

An organisation authorised by Microsoft to distribute Microsoft product licences to software suppliers.

Downgrade Rights

The right to use the latest version of software and be licensed to run a previous version of the software in place of the current version. This is available for software acquired through volume licensing programmes.

Education Large Account Reseller (Ed LAR)

An authorised software supplier whom Microsoft permits to resell licences to education eligible customers including the Voluntary Sector through Volume Licensing programmes.

Effective date

The date on which the term of an agreement commences. (Typically the date on which Microsoft accepts the agreement in the case of Academic Select Licence Agreement).

End User Licence Agreement (EULA)

This accompanies software bought either pre-installed or as a boxed product from a reseller. A genuine EULA is proof that the software is legal and also provides the terms and conditions of use of the software.

Enrolment

A Microsoft agreement used to enrol a customer under an Academic Select Licence Agreement to facilitate software licence acquisitions.

Enrolment number

The number assigned by Microsoft to a particular enrolment.

Full Package Product (FPP)

A retail/boxed software product bought through a reseller or retailer.

Licence

Licence, in the context of this guide, means any one of those offerings identified in the Product List (including standard licences and upgrades for desktop operating systems) that provides the right to use a version of a particular product.

Licence & Software Assurance (L&SA)

L&SA means Licence and Software Assurance for any product ordered.

Licence Number

When used in reference to Open Licences is the number given to a licence purchased under the Authorisation number. A customer can have multiple licence numbers under one Authorisation number. This is not a part number.

Media

The CDs used to install software

MSIA (Microsoft Software Inventory Advisor)

A free downloadable tool to help list the software loaded either on a single PC or across a network.

Microsoft Platform

The standard platform of products includes all of the following:

- Microsoft® Windows® Desktop Operating System Upgrade
- Microsoft® Office Professional

(The current version consists of the following: Microsoft® Word, Microsoft® Excel, Microsoft® PowerPoint® presentation graphics programme, Microsoft® Outlook® messaging and collaboration client and Microsoft® Access)

- Microsoft Core Client Access Licence

(The current version consists of Client Access Licences for the following:

Microsoft® Windows® 2000 Server, Microsoft® Exchange Server, Microsoft® Systems Management Server and Microsoft® SharePoint™ Portal Server).

Organisation

A charitable organisation which operates on a not-for-profit basis whose aim is:

- the relief of poverty
- the advancement of education
- the advancement of social welfare
- the advancement of culture
- the advancement of the natural environment

Original Equipment Manufacturer (OEM)

Refers to large organisations that manufacture PCs and install software onto the PCs before selling through retailers or software suppliers. The software installed by OEMs often differs slightly to software sold through boxed products or volume licensing programmes.

Per-Processor Licence

A software licence that is available for certain server products. Each processor within a server must be licensed and this removes the requirement for Client Access Licences (CAL).

Perpetual Licence

A right to use the software in perpetuity.

Pre-installed Software

Software that is already installed when a new PC is purchased.

Product Activation

This is an anti-piracy technology designed to verify that the software has been legally licensed and is only required for pre-installed or boxed products.

Product List

A document listing all Microsoft products available under the volume licensing programmes.

Product Pool

Microsoft products are categorised in three pools: applications, systems and server products.

Re-imaging

This is the practice of creating a standard image of the software (generally the operating system) for copying over a network and deploying on multiple machines.

Server

A computer specifically designated to perform centralised data processing, file and print services etc. A server licence is the licence to install and run a specific Microsoft product on a particular server.

SKU

Stock Keeping Unit – the term used by Microsoft in reference to a product part number.

Software Assurance (SA)

Software Assurance refers to the right to install the latest version of any licensed product during the term of a customer's volume licence agreement. Microsoft will make the latest version of the product available to the customer during the term of their agreement. Software Assurance replaces the complexity of one-time upgrades (VUP, PUP, CUP, LUP) and Upgrade Advantage (UA).

Software Supplier

An entity selling Microsoft products and licences to an end-user/customer.

System Builder

System builders are PC manufacturers and assemblers who build, sell and support customer-branded systems.

Units

The points awarded to each product under a volume licensing agreement are totalled up and this is the unit count for that organisation.

Volume Licence Keys (VL Keys)

A VL Key is a code that is required when installing software using Volume Licence CD's. The VL Key can be found on the licence confirmation sent to the customer.

Work at home rights

Rights under Volume Licensing programmes to allow staff to use software on a PC that is owned or leased by them.