Licensing Microsoft Exchange

Audience: MSP's and SPLA Providers

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Licensing Microsoft Exchange Online, SPLA, and Volume Licensing
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Microsoft Exchange does not have to be complex. In this document, we will look at licensing Microsoft Exchange, best practices, and compliance concerns.

Exchange for SPLA

Product Availability (SPLA):

Microsoft Exchange in the SPLA program is a family of 5 products, each with its own functionality. These include:

Exchange Basic – Outlook Web Access features that enable: E-Discovery, Exchange anti-spam, and Multi-Mailbox Search; Messaging and personal folder access; Internet mail protocol (SMTP, POP, IMAP) and Web browser access via any client; Personal Mail Folders, Address List, Calendar and Tasks (not shared with other users); Support for a single, second level domain for a single user or user organization; and Global Address List *(source: Microsoft SPUR; July 2017 Page:18)*

Exchange Standard - Functionality associated with Basic SAL; Support for a multiple, second level domains for a single user or user organization; Outlook Web Access features that enable: MAPI network protocol; Shared Folders, Address List, Contacts, Tasks and Calendar; Public Folders; Group scheduling, including viewing free/busy times of others; Mobile Notification, Browse and Synchronization; Unified Messaging *(source: Microsoft SPUR; July 2017 Page:18)*

Exchange Standard Plus- All functionality in Exchange Standard plus the use of Outlook.

Exchange Enterprise - Functionality associated with the Basic and Standard SALs; Compliance Management; Data Loss Prevention; and In-Place Holds and Archive. *(source: Microsoft SPUR; July 2017 Page:18)*

Exchange Enterprise Plus - All the functionality of Enterprise plus the use of Outlook.

The "Plus" SKU's includes the use of Outlook. This means you can make Outlook downloadable for your clients on their end devices. As part of your signed SPLA agreement, you will be required to have the end customer review the "End License Terms" which you should make available to your end customers to follow specifically page 1 section 3 *"USE OF CLIENT SOFTWARE"*

When looking at a SPLA pricelist, you may see products with "SAL for SA" in the description. You can find out more about SAL for SA in the whitepaper "Datacenter Outsourcing" In short, SAL for SA is a discounted line item in the SPLA pricing guide to allow end customers the ability to leverage their investments in licenses they already purchased. The following on premise licenses qualify for SAL for SA.

2. SALs for SA qualifying CALs

SAL for SA	Qualifying CALs
Hosted Exchange Standard SAL	Exchange Server 2016 Standard CAL
	Core CAL Suite
	Enterprise CAL Suite
Hosted Exchange Enterprise SAL	Exchange Server 2016 Standard CAL and Exchange Server 2016 Enterprise CAL
	Core CAL Suite and Exchange Server 2016 Enterprise CAL
	Enterprise CAL Suite

Source: July 2017 Service Provider Use Rights

Licensing Exchange (SPLA)

When licensing through the SPLA program, each user that has access to the server software will need to be licensed. Remember, there are no server licenses with SPLA. You must track each user that has access, not who does access the server. Secondly, there is no option to license by device as there is with volume licensing.

Like volume licensing, Exchange through SPLA is licensed by the features accessed. As an example, if a service provider decides to install Exchange Enterprise but only provide a user access to the features of Exchange Standard, they should license Exchange Standard. Similarly, they can license a mix of Standard and Enterprise on the same server.

Best Practices (SPLA)

- Remember that Exchange is licensed per user not per mailbox.
- Please check out the SAL Waiver in the July,2017 SPUR
  ### 3. SAL Waiver – All editions
  - Customer does not need SALs for any End User's user or device that accesses Instances of the server software without being directly or indirectly authenticated by Active Directory or Exchange Server
- Be sure to remove users from AD who are no longer with the organization
- Have end user licensing agreements for any software that end customers may install without your authorization (IaaS providers)

Exchange Online

How to Purchase

Exchange Online can be purchased through various Volume Licensing programs and through the Cloud Solution Program (CSP). It is available with Exchange Online Plan 1, Exchange Online Plan 2, and Exchange Online Kiosk. It is also included through the Office 365 plans as part of a bundled package along with other Microsoft applications.

Exchange Online – Licensing

Exchange Online is licensed by user only. Each user that is subscribed to the solution would need a User Subscription License (USL).

Product Availability

	Exchange Kiosk	Exchange Online Plan 1	Exchange Online Plan 2	SPLA STD	SPLA ENT	SPLA Basic
Mailbox Size	2GB	50GB	100GB	N/A	N/A	N/A
License Type	USL	USL	USL	SAL/User	SAL/User	SAL/User
Outlook Support	X	X	X	X	X	OWA Only
Shared Calendar	X	X	X	X	X	
In-place Archive		X	X		X	
DLP			X		X	
Voicemail			X		X	
Full Outlook Client				Plus, SKU's Only	Plus, SKU's Only	

Exchange for On Premise

Exchange on premise can be purchased through various licensing programs and is based on a Server + CAL licensing model. There are two CAL's an organization can purchase – Standard and Enterprise. An Enterprise CAL is an additive license to Standard (like SharePoint for SPLA providers). This means to properly license a user who requires Exchange Enterprise, the user would need an Enterprise CAL + Standard CAL. Unlike SPLA, CAL's in volume licensing can be licensed per user or per device, depending on the organizations requirements.

The Exchange Server license does not need be aligned to the type of CAL purchased. In other words, if an organization purchased an Exchange Enterprise CAL, they do not need an Exchange Server Enterprise license. The same is true for SPLA. If an end user is licensed with Exchange Enterprise, the service provider does not need to install Enterprise. Exchange is licensed by the features accessed. For list of features available I encourage you to read https://products.office.com/en-us/exchange/microsoft-exchange-server-licensing-licensing-overview

The biggest difference between Exchange Standard and Enterprise Server edition is the number of mailboxes supported. For smaller deployments, Standard will allow up to 5 mailboxes, where Enterprise can support up to 100 (per server).

Virtualization

An Exchange Server license must be assigned to a server which permits the license to run on physical server or virtual instance. When deploying license mobility, software assurance is required for both the server and CAL's. In addition, the licenses will be reassigned to a virtual instance in a third-party shared server environment.

Other Licensing Considerations for On Premise Deployments

- Exchange Server requires a Windows Server.
- Exchange CAL is not the same as a mailbox. In some cases, a user could have multiple mailboxes but would only require 1 CAL for that user. On the flip side, if three users share the same mailboxes, they would need three CALs (unless they licensed per device).
- Conference rooms do not require a separate license.
- External Connectors – There is no External Connector licenses with the release of Exchange 2010. The server license covers basic functionality. If users require additional features you would need to assign that user Standard/Enterprise CAL.
- Standardization – Organizations can have a mix of Enterprise and Standard CALs. There are also bundles (ECAL and Core CAL) customers can purchase instead of individual CAL's. Complete list of these features https://www.microsoft.com/en-us/licensing/product-licensing/client-access-license.aspx#tab=3

Leveraging Microsoft Exchange licenses to another datacenter:

When using another datacenter provider, your organization is allowed to transfer your Exchange licenses to their datacenter environment. If you purchased the licenses with Software Assurance, you can leverage License Mobility which allows you to transfer your licenses over to a third-party shared environment (such as Azure). You must have active SA in order to be compliant. (both server and CAL's).

If your organization does not have active SA, you can still leverage another datacenter provider but they are required to isolate the hardware to your organization. Amazon Web Services offers this today (2017) but Azure does not.

If your company purchased Office 365 Exchange Online USL licenses and would like to use another datacenter provider, you can under the Product Terms. A USL license is equivalent to a CAL with SA. You would be required to purchase is the Server with SA to enable license mobility use rights.

Unfortunately, you cannot leverage an end customer's Exchange Online USL licenses and report Exchange SAL for SA.

Conclusion:

Each program has its own benefits and drawbacks. In either situation, Exchange is not based on concurrent licensing nor is it based on individual mailboxes. Secondly, remember to license the features you make available (not what was accessed).

I love SAL for SA for Disaster Recovery scenarios. Your customers can leverage the investment in Exchange, and use your datacenter as a backup to their on-premise solution. Unfortunately, Exchange Online does not qualify for SAL for SA. Please pay attention to the SAL for SA chart as to which products do qualify.

Additional Reading

Have a question? Use our Forum: https://mscloudlicensing.com/forum/

Document Library: "The Software Audit"

MS Cloud Documents and Use Rights: Product licensing guide