

Microsoft 365 Enterprise

Licensing guidance

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Summary

This guide can help Microsoft Commercial Licensing customers understand how Microsoft Commercial Licensing programs license Microsoft 365 Enterprise plans. It does not cover Microsoft 365 Business or Education plans. This guide is for informational purposes and does not supersede or replace any documentation covering Microsoft 365 licensing. The Microsoft Commercial Licensing Product Terms site and the Microsoft Commercial Licensing agreement under which customers acquire Microsoft 365 define the specific license terms. This licensing guide does not serve as a legal use rights document. Microsoft may change program specifications and business rules. For complete details and information on licensing, refer to the Product Terms site.

Introduction to Microsoft 365

Today's cloud and mobile technology enables companies to reshape their business and capitalize on the digital transformation impacting us all. By taking advantage of the latest innovations, businesses can transform their products and services, engage their customers in completely new ways, and gain new efficiencies by modernizing operations. And, importantly, companies now hold the most advanced technology at hand to empower their employees to achieve more.

Microsoft licenses Microsoft 365 per user and, depending on which suite license you choose, includes Microsoft software and services products such as Office 365, Windows 11 Enterprise, and Enterprise Mobility + Security. Microsoft offers Microsoft 365 in two options for Information Workers (IW), E3 and E5, and two options for Firstline Workers (FLW), F1 and F3. The following included software and services products together enable employees uncompromising productivity, collaboration, mobility, business insights and, perhaps most importantly, a secure experience.

Microsoft 365 F1	Microsoft 365 F3	Microsoft 365 E3	Microsoft 365 E5
Enterprise Mobility + Security E3 Limited Office 365 services	Enterprise Mobility + Security E3 Office 365 F3 Windows 11 Enterprise E3	Enterprise Mobility + Security E3 Office 365 E3 Windows 11 Enterprise E3 Windows Autopatch Microsoft Clipchamp Standard Microsoft Loop Microsoft Defender for Endpoint Plan 1	Enterprise Mobility + Security E5 Office 365 E5 Windows 11 Enterprise E5 Windows Autopatch Microsoft Clipchamp Standard Microsoft Loop Additional Microsoft 365 E5 Security and Compliance value

Microsoft 365 Components

Office 365

Office 365 E3 provides a cloud-based suite of productivity apps and services and includes information protection and compliance capabilities. [Learn more about Office 365 E3.](#)

- **Productivity apps** – Install Office desktop apps on up to five PCs or Macs, and Office mobile apps on up to five tablets, and five smartphones.

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- **Information protection** – Protect information with message encryption, rights management, and data loss prevention for email and files. Safeguard corporate data by allowing more secure access to company resources and enabling safe sharing of sensitive information inside and outside your organization.
 - **Compliance** – Facilitate legal compliance and email archiving with eDiscovery and mailbox hold.

Office 365 E5 provides a cloud-based suite that includes and builds on Office 365 E3 with advanced voice, analytics, security, and compliance services. [Learn more about Office 365 E5.](#)

- **Advanced Voice** – Make, receive, and transfer business calls from anywhere, using any device.
- **Analytics** – Make informed decisions with data analytics and visualization.
- **Compliance and Security** – Assess your compliance risks, govern and protect sensitive data, and effectively respond to regulatory requirements. Safeguard your organization against malicious threats posed by email messages, links (URLs), and collaboration tools.

On-premises server rights

The following rights are included with all Microsoft 365 E3 and E5 User Subscription License (USL) when purchasing through an EA/EAS Enrollment (Microsoft does not include these use rights when customers purchase through the Microsoft Customer Agreement or Web Direct.):

- Exchange Server, SharePoint Server, Skype for Business Server
- Rights to install the server software **on** on-premises servers. Downgrade rights included
- Rights to access any licensed on-premises servers

Office Professional Plus rights

Active Software Assurance customers receive the following rights when they transition to Microsoft 365 using “From SA” USLs:

- Office Professional Plus
 - Customers may install one copy for the length of the Microsoft 365 subscription.
- Microsoft provides copies of Office Professional Plus to Full User Subscription License (FUSL) users added to the same volume license agreement, up to a 1:1 ratio based on the number of “From SA” USLs purchased.

For example: You purchase 500 “From SA” USLs and 500 FUSLs. In this case, all users could receive a copy of Office Professional Plus.

- Microsoft includes downgrade rights for Office Professional Plus software

Note that all Microsoft 365 E3 and E5 USL license a user for access to Windows Server but does not include a license for the Windows Server product itself.

Windows 11 Enterprise

Editions

Windows 11 Enterprise E3 builds on Windows 11 Pro by adding more advanced features that help large and mid-size organizations meet their needs. These features include advanced protection against modern security threats, a broad range of options for operating system deployment and updates, and comprehensive device and app management. Customers who run Windows 11 Enterprise on their devices can take advantage of the latest security and feature updates on an ongoing basis and control the pace at which they adopt new technology. [Learn more about Windows 11 Enterprise.](#)

Windows 11 Enterprise E5 serves customers who want to take advantage of everything in E3, along with Microsoft Defender for Endpoint, which helps enterprises detect, investigate, and respond to advanced attacks on their networks.

Building on the existing security defenses in Windows 11, Microsoft Defender for Endpoint provides a post-breach layer of protection to the Windows 11 security stack. With a combination of client technology built into Windows 11 and a robust cloud service, it can help detect threats that have made it past other defenses, provide enterprises with information to investigate the breach across endpoints, and offer response recommendations. [Learn more about Windows 11 Enterprise.](#)

Enterprise Mobility + Security (EMS)

EMS helps give users a more secure and integrated productivity experience with Microsoft's enterprise mobility solutions. Users can work anywhere, on any device, with easy and complete access to the apps—like Microsoft 365 apps for enterprise—and the data they need to be productive. Deliver all of this while giving IT peace of mind with tools that help secure company data. These tools also include integrated ways to manage the mobile workforce for user identity, devices, applications, and data. [Learn more about Enterprise Mobility + Security.](#)

Microsoft 365 provides the best value when you are buying cloud services by providing suite discounts versus purchasing each component separately. Microsoft 365 also allows Enterprise Agreement customers to license in a true per user licensing model, giving them a consistent productivity experience on any device and on any operating system. It also provides increased manageability and simplicity as you will no longer need to count devices for the Platform

Enterprise Agreement and cloud services. You can move to the cloud without modifying your Enterprise Agreement while eliminating the need for Bridge CALs and True-ups.

Additional Microsoft 365 E3 value

The following additional value is available to users licensed with a Microsoft 365 E3 plan:

- Windows Autopatch
- Clipchamp Standard
- Loop
- Defender for Endpoint Plan 1

Additional Microsoft 365 E5 value

The following additional value is available to users licensed with a Microsoft 365 E5 plan:

- Windows Autopatch
- Clipchamp Standard
- Loop
- Machine Learning-based sensitivity labels and retention
- Endpoint Data Loss Prevention (DLP)^[1]
- Insider Risk Management^[2]
- Application Guard for Office 365^[3]
- Safe Documents^[3]
- Defender for Endpoint Plan 2^[3]

[1] Requires Microsoft 365 E5, Microsoft E5 Compliance, or Microsoft 365 E5 Information Protection & Governance

[2] Requires Microsoft 365 E5, Microsoft E5 Compliance, or Microsoft 365 E5 Insider Risk Management

[3] Requires Microsoft 365 E5 or Microsoft E5 Security

Feature Comparison

For a full comparison of Microsoft Enterprise plans see the [Microsoft 365 Enterprise plans and pricing](#) page. For additional details including optional add-on subscriptions, refer to the available full comparison table (PDF) from that page.

How to License

Microsoft licenses Microsoft 365 on a per User Subscription License (USL) basis. Each user who accesses Microsoft 365 services and/or software must have an assigned USL. Your organization can use any combination of Microsoft Enterprise plans if you meet the prerequisites (prerequisites vary by plan).

How to Buy

Program availability

Licensing programs provide channels where you can buy Microsoft 365. You can license Microsoft 365 through Microsoft Volume Licensing (VL), the Cloud Solution Provider program (CSP), and/or Web Direct (MOSP) programs. In Volume Licensing, Microsoft offers Microsoft 365 to commercial customers through:

- Enterprise Agreement (EA)
- Enterprise Agreement Subscription (EAS)
- Microsoft Products and Services Agreement (MPSA)

Additional channels:

- Microsoft Customer Agreement (via CSP)
- Microsoft Online Subscription Program (Web Direct/MOSP)

You can license Microsoft 365 F1/F3 and E3/E5 through the Enterprise Enrollment or Enterprise Subscription Enrollment as a full USL. Microsoft also offers E3/E5 as a Cloud Add-on license to certain on-premises software licenses with active Software Assurance. Here are the licensing options:

License	Who it's for	Orderable at
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Microsoft 365 Full USL	<p>New Enterprise Agreement/Enterprise Agreement Subscription customers who want to license the Enterprise Platform as cloud services on a per user basis</p> <p>Existing Enterprise Agreement/Enterprise Agreement Subscription customers who:</p> <ul style="list-style-type: none"> ○ Are not currently licensed for Office Professional Plus, CAL Suites, and Windows 11 Enterprise (Enterprise Platform) and want to license it as cloud services on a per user basis; <i>or</i> ○ Want to license net new users for the Enterprise Platform as cloud services on a per user basis <p>Note: Alternatively, these customers may buy Licenses and Software Assurance (L+SA) for Office Professional Plus, CAL Suites, and Windows Enterprise Upgrade, and then add Microsoft 365 Add-on.</p>	Mid-term, anniversary, or renewal
Microsoft 365 Cloud Addon	<p>Existing Enterprise Agreement/Enterprise Agreement Subscription customers who:</p> <p>Are currently paying for Software Assurance (SA) for Office Professional Plus, CAL Suites, and Windows 11 Enterprise (Enterprise Platform), <i>and</i></p> <p>Want to license some or all existing users for the Enterprise Platform as cloud services on a per user basis before renewal, <i>or</i></p> <p>Want to maintain on-premise use rights for existing and new users for the Enterprise Platform</p>	Mid-term, anniversary, or renewal

For more information on Microsoft 365 licensing channels and segment availability, refer to the [Product Terms site](#).

Participating in a Volume Licensing program typically involves signing an agreement and/or enrollment, meeting a minimum purchase requirement, and ordering licenses through a Microsoft Reseller. Visit the [Microsoft Volume Licensing website](#) to learn more about how to buy through Volume Licensing, find a reseller partner, and more helpful information.

Licensing Scenarios

Scenario 1: Transforming business to digital everything and the need to work remotely and stay secure.

Situation: Alpine Ski House recently renewed their platform Enterprise Agreement that covers all 1,400 users for Professional Desktop (Windows Enterprise E3, Office Professional Plus, and Core CAL Suite).

Business goals: Due to the current events, a large portion of their users must now work remotely from home. Company x needs a cost-effective productivity solution to ensure all users have the ability to effectively collaborate with others and securely access any necessary company applications and data.

Solution: Microsoft 365 is a cost-effective cloud solution for real-time collaboration and secure work from anywhere. It includes Microsoft Teams, cloud storage, and familiar Office apps like

Word, Excel, PowerPoint, and Outlook, with advanced security options. People can use it to chat, call, host online meetings, and collaborate in real time for remote and onsite work. It helps people and businesses get work done and stay connected.

Alpine Ski House can easily transition their on-premises Professional Desktop licensed users to Microsoft 365 E3 by purchasing 1400 Microsoft 365 E3 Add-ons. At their next enrollment renewal, they can renew Microsoft 365 E3 and remove the Professional Desktop licenses.

Scenario 2: Moving from on-premises Enterprise Platform to Cloud services on per-user basis with credit for existing investments.

Situation: Litware has 8,000 Qualified Devices and 8,200 Qualified Users. They have an Enterprise Agreement that covers the Enterprise Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Enterprise CAL Suite). Enterprise CAL Suite is licensed per device. All the licenses are now fully paid, so they are paying Software Assurance only.

Business goals: With an increasingly mobile workforce and proliferation of user-owned devices, Litware realizes that they have reached a tipping point and it's time to embrace the consumerization of IT. They want to stop counting devices and move to a user-centric licensing solution for 4,000 of their users, but they are concerned that they will need to start over with their licensing and lose the investments they have already made in device licenses.

Solution: Microsoft 365 provides the user-centric licensing solution to meet their needs for the 4,000 users. They can keep making the 8,000 Enterprise Desktop Software Assurance-only payments (and thereby keep their on-premises licenses) and add 4,000 Microsoft 365 Add-ons.

Scenario 3: Customer needs to maintain some on-premises solutions as they transition fully or partly to the cloud.

Situation: Margie's Travel is up for renewal of their platform Enterprise Agreement that covers their 1,400 Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite).

Business goals: Margie's Travel plans to move fully to the cloud but currently their systems require some workloads to stay on premises.

Solution: While Microsoft 365 is a great solution for customers who want an entire user-licensed cloud solution, it also supports the customers with critical workloads that currently need to remain on-premises. All Microsoft 365 E3 and E5 licenses include unlimited rights to install server software on on-premises servers for Exchange Server,

SharePoint Server, and Skype for Business Server. Customers that have active Software Assurance on Office Professional Plus and are transferring to Microsoft 365 through the “Full USL” license receive one installation of Office Professional Plus for the length of the Microsoft 365 subscription.

They can renew their platform Enterprise Agreement covering all their Qualified Users for the Professional Desktop

(Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite) through purchasing combination of Microsoft 365 E3 and E5. For example, they may choose to license 1,000 of their users with Microsoft 365 E3 and Microsoft 365 E5 for the remaining 400 users.

Scenario 4: Enabling full “bring your own device” support for employees while maintaining central IT control.

Situation: Trey Research has a platform Enterprise Agreement that covers their 1,000 Qualified Devices and 1,000 Qualified Users for the Professional Desktop (Windows Enterprise Upgrade, Office Professional Plus, and Core CAL Suite). Core CAL Suite is licensed per user. They have piloted user-based cloud services by licensing 200 of their users with the Office 365 Enterprise E3 Add-on.

Business goals: Within the next two years, Trey Research wants to provide every employee with a full “bring your own device” (BYOD) freedom. To meet their security and manageability requirements, they need a comprehensive set of access control and data-protection capabilities.

Solution: Office 365 Enterprise E3 and Windows 11 Enterprise E3 provide users with BYOD freedom, while the Enterprise Mobility + Security E3 provides IT with the tools they need to manage all the devices, applications, and user identities while protecting their data. Based on their experience with Office 365 Enterprise E3, they will expand the pilot to include Microsoft 365 for all 1,000 users, while keeping their on-premises licenses.

They will drop the 200 Office 365 Enterprise E3 Add-ons and add 1,000 Microsoft 365 Add-ons at their next agreement anniversary to accomplish this. When they renew their agreement the following year, they can continue with Software Assurance payments for the Professional Desktop and 1,000 Microsoft 365 Add-ons or choose to transition fully to the cloud by dropping the Professional Desktop Software Assurance payments and buying 1,000 Microsoft 365 “Full” USLs. After Microsoft 365 Add-ons or USLs are assigned to all employees, Trey Research may allow their employees to bring in additional Qualified Devices without the need to buy additional licenses.

Scenario 5: Moving from MPSA without Software Assurance to the cloud.

Situation: Fourth Coffee has an MPSA agreement through which they have bought ad-hoc productivity server licenses and CALs without Software Assurance. They have an aging server infrastructure that requires too much time and money to update and manage. They have 2,500 users in various business units across the company who use approximately 3,000 PCs, all of which have been purchased with Windows 8.1 Pro or 10/11. Over the past few years, they have seen a growing demand by employees to be allowed to use their personal devices at work.

Business goals: Fourth Coffee wants to avoid the capital expenditures and IT overhead of updating and managing all their own server infrastructure, so they have decided to move to the cloud. They also want to allow employees to use their own devices at work, but they need a licensing solution that will cover those devices without having to count and track the licenses on each device.

Solution: Fourth Coffee can meet all their business goals by signing a new Enterprise Agreement with Microsoft 365 USLs for all their 2,500 users. They replace their aging server infrastructure with cloud services and cover all their employees' personal devices with a licensing solution that requires them to count only users. Fourth Coffee can transition to the cloud at their own pace without needing to buy additional CALs, even if they add net new users. Microsoft 365 provides the same access rights to on-premises servers as CALs.

Scenario 6: Moving from Office Professional Plus and Core CAL Suite to cloud services on a per user basis.

Situation: Contoso Pharmaceuticals has an existing Enterprise Agreement with Core CAL Suite licensed per user and Office Professional Plus. They have 1,500 Qualified Devices and 1,000 Qualified Users.

Business goals: Contoso Pharmaceuticals wants to move all users to Microsoft 365 to gain the inherent benefits and flexibility, including the ability for users to access Windows Enterprise from their personal devices. They would like to make this available to users as soon as possible.

Solution: Here's how Contoso Pharmaceuticals can meet their goals:

- 1) At any time (mid-term or anniversary), order 1,000 Office 365 Enterprise E5 Add-ons, 1,000 EMS Add-ons, and 1,000 Windows 11 Enterprise E5 Full USLs. (They do not qualify for the Windows 11 Enterprise E5 Addon because they do not currently have Windows Enterprise Software Assurance on their Enterprise Agreement.)
- 2) At renewal, order 1,000 Microsoft 365 E5 USLs and drop Office Professional Plus, Core CAL Suite, Office 365 Enterprise E5 Add-ons, EMS Add-ons, and Windows 11 Enterprise E5 USLs.

Scenario 7: Addressing unique needs for different users.

Situation: Tailspin Toys has an Enterprise Desktop Platform Enterprise Agreement for 1,750 Qualified Devices and 1,000 Qualified Users. The Enterprise CAL Suite is licensed per user. Seven hundred fifty of the users are in the sales team and they have two devices each. Two hundred fifty users work in the head office with a single device each. They anticipate the following changes over the next year:

- Issue iPads to 50 members of the sales team from which they can access a VDI Windows client desktop.
- Add 50 people to the sales team. These new employees will use their own devices, all licensed with Windows Pro (7 or later).
- Add 25 full-time employees to the head office team and issue each of them a new Windows 11 Pro device.
- Add 10 part-time employees to the head office team who will use their own devices to access VDI desktops.

Business goals: Tailspin Toys wants a licensing solution that meets the diverse needs of their users. This means providing the sales team with the flexibility to be productive anywhere from any device. For the 10 new part-time employees, they want the same access to productivity and collaboration tools, with central IT management, as provided to their other users.

Solution: Adding Microsoft 365 capabilities for the sales team is the first step toward meeting their goals, so they purchase 750 of Microsoft 365 Add-ons. With this move to user-based licensing, no additional licenses are required when they issue the 50 iPads. As they add new employees to the sales team, they will license those users with Microsoft 365 USLs.

At their agreement anniversary, they will True-up their Qualified Device and Qualified User counts to include the new full-time employees and Windows Pro (7 or later) devices. For now, they have determined that these users do not require the additional flexibility provided by Microsoft 365. If they change their mind in the future, they can simply purchase Microsoft 365 Add-ons for these users.

Because the 10 new part-time employees will not have primary work devices licensed for Windows Pro (7 or later), they will not qualify for Windows 11 Enterprise E3 and therefore will not qualify for Microsoft 365 USL. However, they can receive similar user benefits by licensing each user with Windows Virtual Desktop Access (VDA) per User, Office 365 Enterprise E3, and Enterprise Mobility + Security. Windows Virtual Desktop Access (VDA) per User gives each user the right to access a remote Windows Client VDI desktop from any device and to install Windows Enterprise on devices if they are licensed with Windows 7, 8, or 8.1 Pro.

Frequently asked questions

Question 1: Does Microsoft 365 require any Bridge CALs?

Answer: Bridge CALs are not required when buying the entire Microsoft 365.

Question 2: How is Windows 11 Enterprise E3 different from Windows Enterprise Upgrade + Software Assurance?

Answer: Windows Enterprise Upgrade + Software Assurance is licensed per device, and each device requires Windows Pro or another underlying qualifying operating system. The associated user rights (local install, VDI rights, Windows To Go) apply only to the licensed device.

Windows 11 Enterprise E3 is available for a primary user whose primary work device is already licensed with Windows Pro (7 or later) or Enterprise. The associated user rights (local install, VDI rights, Windows To Go) apply all of the licensed user's devices.

Question 3: What happens if the user does not have a primary device running Windows Pro (7 or later) or Enterprise?

Answer: For customers who do not have primary users with primary devices running Windows Pro (7 or later) or Enterprise, the Windows VDA per User USL is available. Windows VDA per User does not require the primary device to have a qualified operating system nor does it require the user to be the primary user of a device. Windows VDA per User allows VDI or Windows To Go access on any device, and local install rights on any device the licensed user uses that is already licensed with Windows Pro (7 or later) or Windows Enterprise. The Windows 11 Enterprise E3 Add-on may also be assigned to the primary user of a primary device licensed with Windows VDA per device and gives the user all the rights of Windows VDA per User.

Question 4: What are the On-Premise capable rights for Microsoft 365?

Answer: Microsoft 365 users receive On-Premise rights to Productivity Servers and Office Professional Plus, per the following:

- Not a license entitlement, but rights to install and use server and client software for the term of subscription
- Rights to use latest version or earlier versions of software
- On-premise rights are not a license and do not include Software Assurance Benefits

The Productivity Server Right includes:

- Unlimited server installs
- Access exclusive to Microsoft 365 users
- Only on customer dedicated hardware server deployments
- No rights to deploy on multi-tenant cloud

The Office Professional Plus Copy includes:

- One copy for local install per Microsoft 365 "From SA" or "Full" USL purchased
- Rights to 1) Microsoft 365 "From SA" users, 2) Microsoft 365 "Full User SL" users who used a device licensed with SA for the Windows Desktop Operating System, Core/Enterprise CAL Suite, and Office Professional Plus before being assigned a Microsoft 365 E3/E5 User SL, or 3) those with pre-existing Software Assurance coverage
- Limited rights to Microsoft 365 new users—only up to the number of "From SA" users or "Microsoft 365
- E3/E5 User SL" users, which have been transformed from SA and initially covered under the agreement (1:1 ratio)
- No rights to deploy client on servers with RDS

Additional Resources

Resource	Link
Product Terms site	https://www.microsoft.com/licensing/terms
Microsoft 365 Enterprise plans and pricing	https://www.microsoft.com/microsoft-365/compare-microsoft-365https://www.microsoft.com/microsoft-365/compare-microsoft-365-enterprise-plansenterprise-plans
Microsoft 365 for Frontline workers	https://www.microsoft.com/microsoft-365/enterprise/frontline
Microsoft 365 E5 Compliance	https://www.microsoft.com/microsoft-365/business/e5-compliance

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