Challenges of Microsoft Server-Client Licensing

By Christopher Barnett

The basic model for licensing Microsoft server software – both for operating systems and for applications – is to purchase a license permitting the installation of the software on a server and a number of client-access licenses (CALs) equal to the number of users or devices that will be accessing that software over a network. Most IT teams are familiar with the basic server + CAL model. However, there are a number of complicating factors to keep in mind when analyzing licensing needs for these products in order to ensure that licensing requirements are met without overspending.

First, it is important to keep in mind the great exception to the server + CAL model that applies for certain Microsoft server applications (notably, SQL Server): per-processor licensing. For products that are available on a per-processor basis, businesses can choose between pursuing the server + CAL model or, instead, purchasing a number of processor licenses for the product equal to the number of physical processors running on the server or servers where the software will be installed. Processor licenses are much more expensive than server licenses, but they allow for an unlimited number of client connections. However, when calculating the "break-even" client count for each server – where it becomes more efficient to license on a per-processor basis rather than a server + CAL basis – it is important to account for all of the relevant variables: the number of clients connecting to a server, the number of processors running on that server, and the edition of the application in question all will change the outcome of the analysis. In addition, if a business already owns CALs for a number of users accessing a particular product, those CALs will permit access to an unlimited number of servers running the same version and edition of the software (along with earlier versions, in some cases). In those cases, therefore, it may be possible to forego additional client licensing. (More on that is available here.)

For server operating systems, on the other hand, it is important to keep in mind the fact that Microsoft does not offer any unlimited-client processor licenses. A business typically always must purchase a number of operating system CALs sufficient for all of the server clients on its network. However, in some cases, it may be possible instead to purchase an External Connector (EC) license. In a limited sense, an EC acts a bit like a processor license for operating systems. However, it is purchased per server, not per processor, and it allows only an unlimited number of connections by "external" users – non-employees who access system resources outside of a commercial hosting relationship. For the majority of systems, however, ECs are inapplicable and CALs are mandatory. This is true even for certain operating systems that are licensed on a per-processor basis. Windows Server Enterprise and Datacenter editions are available under per-processor licenses for purposes related to the deployment of virtual servers on physical systems; however, those licenses do not permit unlimited client access.

Server licensing often can be a complex undertaking. For complex environments, it usually makes sense to work closely with a knowledgeable licensing consultant or attorney familiar with these issues.

About the author Christopher Barnett:

Christopher represents clients in a variety of business, intellectual property and IT-related contexts, with matters involving trademark registration and enforcement, software and licensing disputes and litigation, and mergers, divestments and service transactions. Christopher's practice includes substantial attention to concerns faced by media & technology companies and to disputes involving new media, especially the fast-evolving content on the Internet.

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