



Department  
for Education

# **Microsoft memorandum of understanding**

## **Education Cloud Transition Agreement**

**January 2016**

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# Key features and benefits overview

## 1. Summary

- Schools should carefully plan their future ICT direction up to and beyond July 2018 to get best value from the MoU.
- In planning future provision, schools should consider the role that free to use software might play in meeting identified needs and also recognise that there are a number of suppliers offering cloud related services to schools.
- Schools may wish to consider moving to cloud services for productivity and infrastructure requirements.
- Schools with existing perpetual Microsoft licenses may wish to consider whether moving to a subscription licensing agreement such as OVS-ES or EES would better enable potential cost efficiencies.
- Schools with a current OVS-ES or an EES agreement expiring prior to 1<sup>st</sup> July 2018 may wish to renew their agreements with discounted pricing for up to 3 years
- Schools considering moving to a new OVS-ES or EES agreement will get the best terms if they do so prior to the 1<sup>st</sup> July 2016
- To achieve best value and access to the agreed MoU benefits, schools should ensure they obtain a minimum of three supplier quotes for their software licensing requirements.

## 2. Introduction

The new Memorandum of Understanding (MoU) with Microsoft which commenced 1st January 2016 enables all schools in the UK (that wish to do so) to take advantage of specific discounts and better licensing terms across a wide range of Microsoft's academic software programmes.

The new MoU is entitled "Education Cloud Transition Agreement". Microsoft has agreed a period of time up until 2018 when schools will be able to benefit from UK specific discounts and preferential terms, but Microsoft have also made it clear that their future investment in products for schools will be linked to cloud services ("cloud" refers to services that are provided over the internet rather than downloaded by customers onto local servers).

## 3. Planning for change

Schools will be able to benefit from preferential pricing and terms linked to traditional on-premise licensing for agreements entered into during the next 2½ years. During this

period, schools should be reviewing their future ICT strategy as, with effect from July 1<sup>st</sup> 2018, the terms of this agreement will end. Up until July 1<sup>st</sup> 2018 schools will be able to renew their Microsoft subscription licensing agreement with discounted pricing locked for up to three years e.g. a school with an OVS-ES agreement which expires in June 2018 can renew their agreement (if they wish) with discounted pricing for a further 3 years.

This new MoU is therefore focused on enabling schools to have sufficient time and resource to carefully plan their future ICT direction and take the necessary steps to ensure that teaching and learning outcomes can continue to be effectively supported by ICT up to and beyond July 2018.

In planning future provision, schools should consider the role that free to use software (such as Microsoft Office 365 for Education) might play in meeting identified needs and also recognise that there are a number of alternative suppliers offering cloud related services to schools.

The following overview of how the MoU operates across the range of licensing types and software programmes will help schools who choose to use Microsoft software to assess how they can best benefit from the main features of the new agreement. This overview is not intended to be used as a comprehensive guide for schools. When determining their licensing needs, schools that choose to use Microsoft products can access full details on Microsoft's website [here](#)

### **“Factory-gate pricing”**

All the MOU discounts referred to below relate to “factory-gate” pricing i.e. the wholesale price at which Microsoft makes its products available to its suppliers. To achieve best value and access to the agreed MoU benefits, schools should ensure they market-test their requirements across a number of suppliers.

#### Note on legal compliance

Through the new MoU, the Department has reached agreement with Microsoft whereby schools are able to significantly reduce the cost of licensing Microsoft software products.

In an often complex environment, it is important that schools take care to ensure the appropriate licensing to ensure legal compliance. By the same token, schools should also ensure that they are not over-licensing and paying for unnecessary products or services.

Re-sellers are best placed to advise on correct licensing requirements.

## 4. Types of software licence

### 4.1 Subscription licences

The vast majority of UK schools who license Microsoft software do so using a subscription agreement. With a subscription licence, the customer enters into an agreement to make regular payments in return for access to the software. This subscription payment will typically also cover updates and the rights to install new versions of the software released during the subscription period.

Schools considering the adoption or renewal of a subscription agreement should consider if it offers the most cost effective licensing solution available, or whether some use of perpetual licensing might be appropriate.

This MoU applies to the following subscription licences:

- Enrolment for Education Solutions (EES)
- Open Value Subscription Agreement for Education Solutions (OVS-ES)
- School Agreement

### 4.2 Perpetual licences

With perpetual (also known as “transactional”) Volume Licensing programs, schools pay a once-only fee for the licence (meaning the school has a perpetual, everlasting licence).

This MoU applies to the following perpetual licences:

- Academic Select Agreement
- Academic Select Plus Agreement

(The Academic Select Plus licensing programme replaced the Select programme and is aimed at providing perpetual licences typically for institutions with more than 250 desktop PCs. Schools that do not themselves meet the minimum threshold to qualify under Select Plus should be able to gain access to the programme via consortia, approved buying organisations or some other form of aggregation).

- Academic Open Licence Agreement

This programme allows schools with as few as five computers to license Microsoft software under a volume licensing agreement. You simply order the number of licences required through an Authorised Education Reseller. There are no specific Academic Open discounts in this MoU as Microsoft has confirmed that the previous MoU discounts have been permanently incorporated into the relevant price list. There are usually more cost effective alternatives to the use of Open Licensing eg Select Plus.

Schools that are considering the purchase of any perpetual licences might want to consider if they are likely to achieve better value by purchasing under a subscription programme.

## 5. Special pricing

Microsoft and the DfE have agreed special pricing and terms that shall apply to Eligible Licence Agreements taken out by Eligible Schools. This special pricing applies to the “factory-gate” pricing that Microsoft provides to its resellers.

Microsoft operates an indirect model with UK schools. As such, the actual pricing will be provided to the Eligible School by a Microsoft reseller who may make additional charges to support the services they provide. It is therefore best practice to obtain more than one quote when procuring licences.

Special pricing does not apply to Microsoft Online Services, although Microsoft commits to continuing to provide its O365 for Education Plan free for Eligible Schools for the duration of this MoU.

The following tables detail the phased pricing timetable offered to eligible Schools during the term of this agreement. Please contact your Microsoft licensing reseller for specific pricing details.

### Enrolment for Education Solutions (EES):

	Discount			
	1st Jan 2016 – 30th June 2016	1st July 2016 – 30th June 2017	1st July 2017 – 30th June 2018	1st July 2018 onwards
New EES customers	MoU 2013 discounts carried forward	Discounts reduced to approximately half their current level.	Discounts reduced to about a quarter of their current level.	Discounts removed
Renewing EES customers	MoU 2013 discounts carried forward			Discounts removed

### Open Value Subscription for Education Solutions (OVS-ES):

	Discount			
	1st Jan 2016 – 30th June 2016	1st July 2016 – 30th June 2017	1st July 2017 – 30th June 2018	1st July 2018 onwards
New OVS-ES	MoU 2013 discounts carried	Discounts reduced to	Discounts reduced to about	Discounts removed

customers	forward	approximately half their current level.	a quarter of their current level.	
Renewing OVS-ES customers	MoU 2013 discounts carried forward			Discounts removed

### Academic Select Plus:

Discount		
1 <sup>st</sup> Jan 2016 – 30 <sup>th</sup> June 2016	1 <sup>st</sup> July 2016 – 30 <sup>th</sup> June 2017	1 <sup>st</sup> July 2017 onwards
MoU 2013 discounts carried forward	Discounts reduced to approximately two thirds of their current level.	Discounts removed

Schools may wish to consider moving any perpetual license purchases across to a subscription licensing agreement such as OVS-ES in order to take advantage of the potential cost efficiencies or consider moving to Cloud services for productivity and infrastructure requirements.

Should schools wish to consider cloud services for some or all of their requirements, the Department has produced some useful data protection guidance together with supplier commitments. This can be found at <https://www.gov.uk/government/publications/cloud-software-services-and-the-data-protection-act>.

### School Agreement:

Discount		
1 <sup>st</sup> Jan 2016 – 30 <sup>th</sup> June 2016	1 <sup>st</sup> July 2016 – 30 <sup>th</sup> June 2017	1 <sup>st</sup> July 2017 onwards
MoU 2013 discounts carried forward	Discounts reduced to approximately 40% of their current level	Discounts removed

See section 6.4 for details of special terms available for expiring Microsoft School agreement customers renewing into an OVS-ES subscription licensing agreement.

## Applicability of Pricing Terms

The pricing provisions set out above will apply with the following exceptions:

- **Online Services.** The above pricing discounts do not apply to Microsoft's Online Services (as set out in the Microsoft Product List). Eligible School's price level for Online Services are therefore based on Microsoft's standard pricing model for education customers;
- **Promotions.** The pricing discounts do not apply to any promotional pricing provided by Microsoft.

## Rectifying non-compliance

Note that none of the pricing terms above shall apply in the case where purchases are made in order to rectify non-compliance in an Eligible School's software licensing estate; such purchases must be purchased in accordance with the terms of that Eligible School's agreement.

## 6. Special Terms

Campus and School Agreement - Enrolment for Education Solutions (EES) and Open Value Subscription for Education Solutions (OVS-ES)

### 6.1 Defining Institution's Organization

A school may choose not to include any departments or other defined user groups where the Qualified Desktops in that department or user group only utilise non-Microsoft software or where all utilised Microsoft software is fully licensed under an alternative licence agreement. The Eligible School must define such departments or user groups in their enrolment agreement.

Where the school chooses not to enrol defined user groups, any faculty and staff in such user groups (who are not counted under the Enrolment) may still access Qualified Desktops and run the licensed software under the Enrolment to fulfil administrative or teaching obligations in other departments or where they act as temporary cover in such department.

Where such Faculty and Staff's **use** of Qualified Desktops is for teaching purposes, it must not exceed **200 hours per year**.

Non-teaching staff whose role requires only infrequent use of the Qualified Desktops would be permitted to access the Qualified Desktops and run the licensed software for the purpose of administration. Administration includes the use of the school management information system, the school virtual learning environment, the school email system and or the school intranet/internet access systems.



**Infrequent use** is defined as less than 20% of that person's time requiring use of the technology on a shared device which is not assigned to them. For the avoidance of doubt, non-teaching staff using an assigned device (i.e. a device specifically allocated to an identified member of staff and not licensed under other arrangements) will need to be counted if they are to run the licensed software.

## **6.2 “True Down”**

Eligible Schools with a 3-year Enrolment have the option to “true down” the number of Faculty and Staff covered in their Enrolment at each anniversary (i.e. reduce the number of Faculty and Staff under their Enrolment in-line with any reductions to the actual number of Faculty Staff in the Eligible School).

“True Down” is available when:

- the new Faculty and Staff count is the correct representation of the qualifying Faculty and Staff in the Institution (as defined in the Enrolment);
- the new Faculty and Staff count figure does not fall below the programmatic minimum for the Enrolment (currently 5 Faculty and Staff in OVS-ES enrolments and 1000 Faculty and Staff in EES enrolments); and
- the request to true down under this concession is provided to Microsoft (via the channel partner) in writing no less than 60 days in advance of the anniversary date of the Enrolment.

## **6.3. Buy-out**

Where an Eligible School chooses to place a buy-out order for Desktop Platform Products it must buy-out sufficient licences to meet its on-going requirements. The minimum buy-out quantity is equal to the minimum programmatic numbers required to enter into the Enrolment. Eligible Schools will be permitted to buy-out at a discount of 10% from the prevailing pricelist. The request to buy-out under this concession must be provided to Microsoft (via the channel partner) in writing no less than 60 days in advance of the expiry date of the Enrolment.

## **6.4 School Agreement renewal into EES or OVS-ES (where applicable)**

Where an Eligible School wishes to move from a Microsoft School Agreement into a new OVS-ES or EES licensing agreement, Microsoft will offer the prevailing OVS-ES or EES ‘renewing customer’ discounts available for such program as per section 5 above - “Special Pricing”.

## **7. Microsoft Office 365**

Under the Microsoft cloud computing service, the Microsoft Office 365 Education programme is free to schools. As part of the new agreement, Microsoft has committed to keeping this service free to schools for the full term of the MoU.



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