

Microsoft® OEM System Builder

Licensing Guide



This guide will provide you, the OEM System Builder, with the information you'll need to successfully understand and manage Microsoft System Builder software licenses. It will explain the ways System Builders can acquire genuine Microsoft software, how that software can be distributed, and the value of pre-installing genuine Microsoft software. It will also answer common questions concerning licenses.

Microsoft OEM System Builder Channel

Who are System Builders? A System Builder is an original equipment manufacturer (OEM), assembler, refurbisher, or pre-installer of software on computer systems who sells the system to an end user or third party. For Office licensing, a System Builder only refers to an original equipment manufacturer (OEM) or assembler.

Microsoft offers operating system, application, and server software specifically for System Builders to pre-install on the systems they build and sell. The Microsoft OEM System Builder Channel is designed to make it easy for System Builders to acquire and distribute genuine Microsoft software. The flow of Microsoft software through the channel is as follows:



Authorized OEM Distributors

Authorized OEM Distributors have an agreement with Microsoft to distribute OEM System Builder software packs. They are an assured source of genuine Microsoft software. See a listing of Authorized OEM Distributors at http://oem.microsoft.com/authorized_distributor



System Builders

System Builders are OEMs who manufacture computer systems, pre-install Microsoft software onto those systems, and sell the systems to end users.



End-Users

End-users acquire computer systems from System Builders, and accept the Software License Terms, which detail how the software can and cannot be used.



Microsoft Licensing Programs

From a software licensing perspective, there are generally two types of licensing relationships with an end user:

- **OEM software licensing:** between an OEM and an end user
- **Microsoft software licensing:** between Microsoft and an end user

OEM software licensing is available to PC manufacturers. Windows software versions must be pre-installed on new PC hardware. Windows Server software may be pre-installed or distributed inside the Customer System package. OEMs are responsible for providing support for OEM software.

There are two types of OEMs:

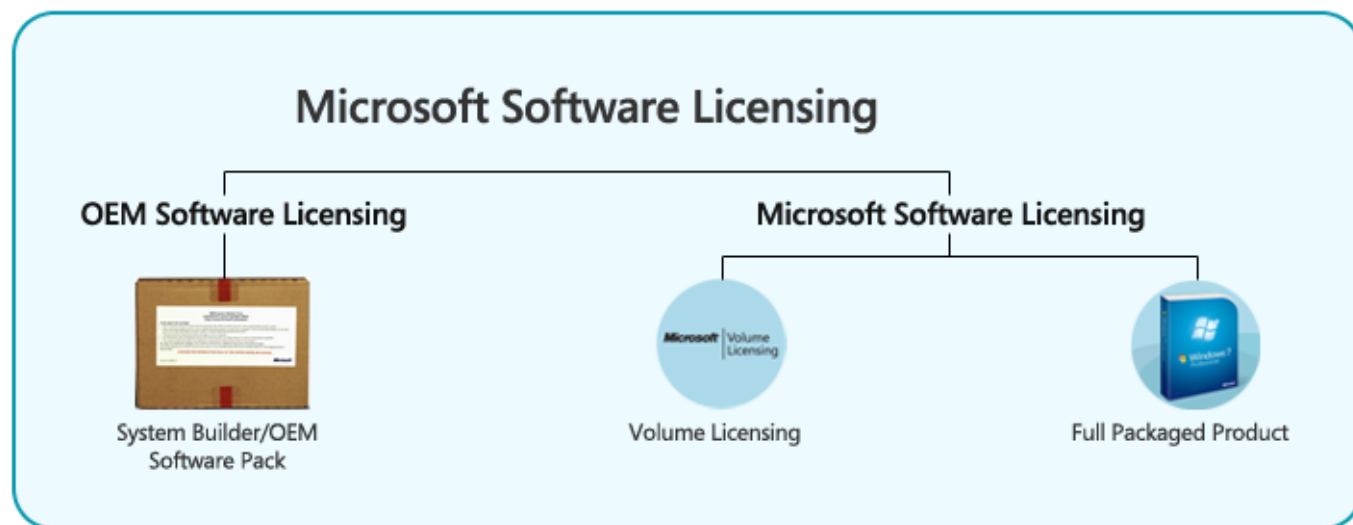
- **System Builders:** Purchase Microsoft software indirectly (through Authorized OEM Distributors or Resellers)
- **Direct OEMs:** Have a direct licensing relationship with Microsoft and purchase Microsoft software directly from Microsoft

In contrast, licensing for Microsoft's retail and volume licensing software does not require new hardware with the purchase of the software license. This software does not have to be preinstalled and support for this software is provided by Microsoft.

There are two types of Microsoft software licensing:

- **Full Packaged Product (FPP):** Provides the full-version or upgrade retail software license
- **Volume Licensing (VL):** Offers software to businesses associated with a volume purchase, and for Windows Client software, includes only upgrades to licenses; not the full license that is required prior to upgrade

It is important to understand that Microsoft Volume Licensing programs cover Windows upgrades only and do not provide a full Windows desktop license. Full Windows desktop licenses can only be acquired either pre-installed on a new PC or purchased as a FPP "full version" product.



How do System Builders and Direct OEMs differ?

System Builders and Direct OEMs, while similar, also have key differences:

- **Direct OEMs** have a signed direct agreement with Microsoft to pre-install Microsoft software on the branded PCs and Servers they sell.
- **System Builders** do not have a direct agreement with Microsoft and obtain Microsoft software from Microsoft Authorized OEM Distributors. System Builders manufacture computer systems, preinstall Microsoft Software onto those systems, and sell the systems to end users. The terms of the OEM System Builder license come affixed to the software box. The System Builder accepts the terms by breaking-the-seal of the software box. For System Builders, the flow of Microsoft software thru the channel starts with Microsoft Authorized OEM Distributors. Microsoft Authorized OEM Distributors have an agreement with Microsoft to distribute OEM System Builder software packs. They are an assured source of genuine Microsoft software.

Software Distribution Rights vs. Software Use Rights

There are important differences between the OEM System Builder License and the end user software license. The System Builder license defines the System Builder's right to distribute software. The end user's software license terms define an end users right to use that software. Below we have outlined the important differences between the two types of license terms.



OEM System Builder License







End User Software License Terms

LICENSE IS BETWEEN	Microsoft and System Builder	System Builder and end-user
LOCATION OF LICENSE	Affixed to the side of the OEM System Builder pack or to the OEM Pre-installation Kit (OPK). System Builders accept this license upon opening the pack.*	Typically displayed when the user first runs the software. End-user must accept the Software License Terms before running the software.
RIGHTS	Covers <i>System Builder rights</i> to distribute the software, their obligation to provide support, and other rights and obligations of the System Builder, including the certificate of authenticity (COA) label, product activation, pre-installation using the OPK, and recovery solutions.	Covers <i>end-user rights</i> in how they can use the software, whether it can be transferred, down- grade rights, and other end-user rights and restrictions as they relate to using the software.

*For Office 2010, the OEM Pre-installation kit (OPK) and System Builder license is available through download at the OEM Partner Center website.

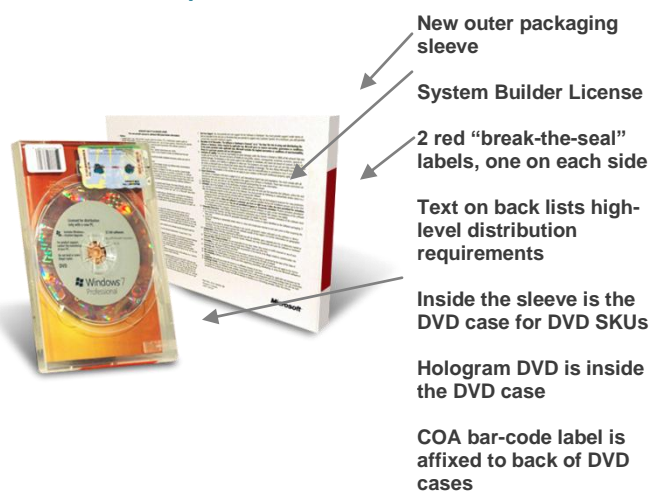
Windows Client OEM Software Licensing

The scenarios below will help you understand the different licensing rules that relate to the distribution of Windows software packs.

1	 <p>Opened Pack:</p> <p>When you open the pack, you agree to the System Builder license terms and must pre-install the license for Windows desktop software onto a fully assembled PC's hard drive using the OPK prior to distributing the system. The individual software license – located in the pack – must be given to the customer. Individual licenses may include a COA, media, and manual</p>	2	 <p>Unopened Pack:</p> <p>If you don't open the pack, you can deliver the unopened pack to another System Builder only within the authorized territory referenced within the System Builder license.</p>
3	 <p>End-user Distribution:</p> <p>System Builder software packs must not be distributed to end users. System Builder Windows software must be preinstalled onto a new PC and the individual software license within the pack must be given to the customer. The individual software license may include a COA label, media, end user license terms, and documentation. This pre-installation requirement does not apply to Server software. Instead, Server software may be distributed inside the Customer System package.</p>	4	 <p>System Builder software cannot be used for legalization:</p> <p>System Builder software cannot be used to legalize unlicensed Windows software on existing PCs. The Get Genuine Kit for Windows is the proper legalization solution for existing PCs. You can acquire Get Genuine Kits for Windows from an Authorized OEM Distributor.</p>

Windows 7 Packaging

Windows 7 1-pack:



Windows 7 Packaging Options:



1-pack



3-pack



30-pack

Windows Server OEM Licensing

Unlike Windows desktop software, Server software does not require a hard drive and separate power supply. Nor does it have a pre-installation requirement. It may be pre-installed or distributed inside the Customer System package. Windows Server Software includes any Microsoft software media, documentation, COA label, license terms and security devices. For Windows Server operating system licenses, the System Builder who assembles the server is to affix the COA label to the outside of the fully assembled server in a visible, easily accessible area.

The OPK Tools DVD in each software pack may not be distributed to customers. Server software may include more than one platform version of the Software - such as 32-bit or 64-bit. You may only preinstall one version but must distribute both options to the customer.

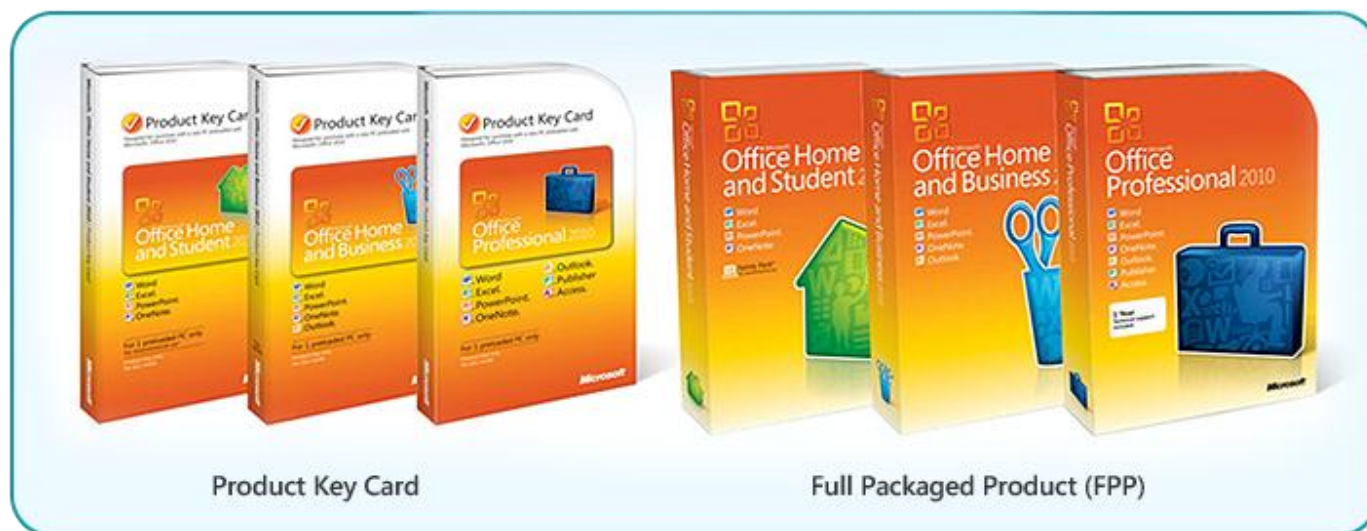
Microsoft Windows server software is available in a 1 pack including a base number of Client Access Licenses (CALs). Additional CAL's are available separately, where needed.

Windows Server packaging has the same components as Windows 7 packaging.

Office 2010 OEM Licensing

There are three Office 2010 Suites available:

- Office Home and Student
- Office Home and Business
- Office Professional



For System Builders, Office 2010 is available as a **Product Key Card** or in a traditional disc version (sometimes referred to as **Full Packaged Product or FPP**), that includes media.

The **Product Key Card** is only intended for new PCs that have been preloaded with Office 2010. It is used to activate preloaded Office 2010 software and does not include media. End users who purchase the Product Key Cards are provided with instructions on how to obtain backup software direct from Microsoft.

- The Product Key Card is licensed for one device only and is non-transferable, meaning you cannot use the license on another PC.

The **traditional disc or FPP version** of Office 2010 software includes media. This license is transferable which means you can uninstall it on one PC and then load it onto another PC.

- Traditional disc versions of Office Home and Student allow for installation of up to three PCs within the same household.
- Traditional disc versions of Office Home and Business and Office Professional allow for installation of up to two PCs, if the PCs are used by the same individual.
- As a reminder, in contrast, an Office Product Key Card allows for installation on only one PC.

Both Product Key Cards and traditional disc versions are available for all the Office 2010 suites and both consumer license types may be used to activate a preloaded Office 2010 image.

How to sell Office 2010

Office 2010 simplifies how System Builders sell Office with a new PC.

1. Download the free Office 2010 OEM Preinstallation Kit (OPK) through the Microsoft OEM Partner Center. The OPK is only available to System Builders who manufacture their own PCs. Resellers of PCs are not eligible to download or use the OPK.
2. Pre-load Office 2010 onto a new PC that you are building using the instructions provided with the OPK.
3. When selling the new PC, always ask the customer if they want to purchase Microsoft Office 2010. If they say yes, then sell them either the Product Key Card (PKC) or the traditional disc version that corresponds to the Office suite your customer wants. If your customer is not interested in purchasing an Office 2010 suite at that time, be sure to offer them Office Starter 2010. To obtain Office Starter 2010 licenses, see the section below.

Unlike Windows desktop and Windows Server software, where support is provided by the System Builder, Microsoft provides customer support for Office 2010 suites or standalone applications. This is true for Product Key Cards and traditional disc versions of Office 2010.

Office Starter 2010

Providing Office Starter 2010 gives you a number of benefits including:

- The ability to provide a base productivity suite to your customers including Genuine Word Starter and Excel Starter – both of which are compatible with the full Office versions.
- The ability to provide your customers with the best out-of-box experience by allowing them to be up and running on Office 2010 within minutes after turning on their PC for the first time.
- The ability to offer the same base productivity suite as other OEMs.
- The efficiency that comes from using a single-build process to preload Office on all of your PCs, if desired.

Office Starter 2010 offers limited-functionality versions of Word and Excel that include advertisements that cannot be removed. Office Starter 2010 does not come with PowerPoint, Outlook, OneNote, or any other applications. Customers must purchase a full Office suite to access the full functionality that most people expect with Office 2010.

Office Starter 2010 is available to end customers only pre-loaded on new PCs, and must be pre-loaded in conjunction with the pre-loaded image of the Office 2010 suites. Office Starter 2010 is included as part of the Office 2010 OPK and may only be installed on PCs that you build. It may not be installed on PCs that you resell. For System Builders interested in providing Office Starter 2010, you must purchase Office Starter 2010 licenses. Office Starter 2010 licenses are available thru the Microsoft OEM Partner Center site.

System Builders provide support for Office Starter.

Two options are available to purchase Office Starter 2010:

- Office Starter 2010 licenses are available at \$5 per license

or

- Office Starter 2010 licenses as part of PC Essentials are available at \$2 per license.

PC Essentials includes Office Starter 2010, Windows Live Essentials, and Bing Bar. Windows Live Essentials and Bing Bar must be included on the new PC. Browser default must be set to MSN and search default must be set to Bing to qualify for this license. Licenses are sold in increments of 10 only. There are no refunds.

Office Starter 2010 has very specific marketing requirements. They are as follows:

- 1) You must never advertise Office Starter 2010 as "Office" or "Office 2010."
- 2) You may only refer to the product as "Office Starter 2010" or "Word Starter and Excel Starter."
- 3) You must also include the following disclaimer in your technical specifications and your marketing materials:

"This PC is preloaded with reduced-functionality versions of Word and Excel that include advertising. It does not include PowerPoint or Outlook. Purchase an Office 2010 Product Key to activate the full-featured Office software on this PC."

In addition you must keep record of all Office Starter 2010 licenses you purchase and you must provide hard disk drive recovery on pre-loaded new PCs.

Office Starter 2010 is designed for a very specific set of customers: home users who are not yet ready to buy a full Office 2010 suite. However, most business customers and home users already familiar with Office will be better served with a full Office 2010 suite such as Office Home and Student, Office Home and Business, or Office Professional. Focus on selling full versions of Office 2010 with new PCs and you'll meet the needs of your customers.

System Builder License

The OEM System Builder license is affixed to the side of the Microsoft OEM System Builder pack for Windows or Server software. By opening the System Builder pack, System Builders agree to the license terms. For Office 2010, the System Builder license and OEM Pre-installation kit (OPK) are available through download at the OEM Partner Center website. A complete copy of the OEM System Builder license is available at www.microsoft.com/oem/sblicense. License terms include:

- | | | |
|---|---|----------------------------------|
| • Limited License | • Software Distribution | • Pre-installation using the OPK |
| • Certificate of Authenticity (COA) Label | • End-User Support | • Activation |
| • Recovery Media | • Requirement to resell the PC to a third party | |

Limited License

The license is limited to distribution of “individual software licenses” contained in the System Builder pack. “Individual software license” refers to the software license that comes in the package together with:

- Hologram media and documentation (where applicable)
- Certificate of Authenticity (COA)
- End-user License Terms*

None of these components can be separated and distributed individually.

*NOTE: The end user license terms can typically be found online within the software.



OEM Pre-installation Kit (OPK)

System Builders are required to preinstall software using the OEM Pre-installation Kit, or OPK. OPKs for Windows 7, Windows Server, and Office 2010 are available for download from the OEM Partner Center website. Additionally, an OPK is included in every 3 pack and 30 pack of Windows 7 and in each Server pack.

OPK Benefits to System Builders:

- Enables you to add business contact information in the system so customers know where to go for support.
- Enables you to add shortcuts and brand your PC with your company logo.
- Offers a flexible methodology by enabling you to choose compact disk-based, network-based, or peer-to-peer pre-installation methods.
- Provides hardware flexibility by enabling you to pre-install drivers for devices that do not have built-in support in the operating system.
- Enables you to pre-install software programs during the installation of Windows
- Gives you an auditing capability by enabling you to test pre-installed computers without interrupting the pre-installation process.



Certificate of Authenticity (COA)

The COA is included in the System Builder Software Pack. For Windows desktop and Windows Server operating system licenses, when installing the software on new PC hardware, the System Builder must affix the COA label to the outside of the fully assembled PC or Server in a visible and easily accessible area. You can learn more about the COA label features at <http://oem.microsoft.com/coa>



End-User Support

- For Windows software, the System Builder that installs the software provides all end-user support of that software to the end user.
 - The System Builder must include their support phone number within the PC's Help files and/or in the end-user documentation.
 - This is one reason OEM System Builder licenses can't be transferred from one PC to another. A System Builder cannot support a license that has been moved from a PC they manufactured to a PC they did not.
- For Microsoft Office Starter 2010, under the License Terms, the OEM/System Builder is responsible for end user support. For all other versions of Microsoft Office 2010 suites or standalone applications, Microsoft provides end user support.

Product Activation

- Microsoft Product Activation is designed to help end-users ensure they have a legal, licensed, and genuine copy of Microsoft software.
- Product activation is required by the end user in OEM System Builder products.
- Activation works by verifying that the software's product key, required as part of product installation and provided on the COA, has only been used on the PC the software was distributed with initially.

For more information, visit www.microsoft.com/piracy/activation.mspx

Recovery Solutions

- The hologram CD included within the Windows or Windows Server System Builder pack contains the full version of the Windows or Windows Server software. This CD is intended for recovery purposes only.
- This hologram CD must be transferred to the end-user with the preinstalled PC.
- The System Builder license prohibits the replication of Microsoft software, therefore replicating recovery CDs and selling them with the systems you build is not allowed under the System Builder license.
- System Builders can offer hard-disk recovery solutions.
- System Builders may use the Windows Pre-installation Environment (Windows PE) or use the software of a third-party to help create a hard-disk recovery solution.

Do-It-Yourself Home Hobbyist

There is a growing market for Do-it-Yourself Home Hobbyists who assemble PCs from components for their own use. Microsoft FPP full version software licenses are the appropriate licenses for this market. OEM System Builder software is not intended for this use unless the PC that is assembled is being sold to another party.

E-tailer/Reseller Product Messaging

Reseller Web sites and print materials must clearly present the following or substantially similar notice to customers prior to purchase, so customers purchasing the OEM System Builder software know the specific requirements that apply to the software.

OEM Software Notice:

To distribute OEM System Builder software, you must be a System Builder and accept the System Builder License. "System Builder" means an original equipment manufacturer, an assembler, a refurbisher, or a software preinstaller that sells the Customer System(s) to a third party.

OEM software may ONLY be distributed with a fully assembled computer system. For a desktop operating system or application software, it also must be preinstalled on the hard drive of the fully assembled computer system, using the OEM Preinstallation Kit (OPK).

The System Builder that installs the software is responsible for the provision of end-user support.

Note: This does not apply to Office 2010.

Software License Terms

End-user rights and obligations defined by the Software License Terms cover such topics as transferability of the software and downgrade rights.

Transfer of License

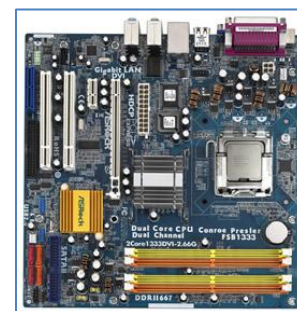
Once a Windows or Server OEM System Builder software license has been installed, it may not be transferred to or installed on another PC even if the PC is no longer in use. The end-user license is permanently tied to the original computer system on which it was first installed.



Component Upgrades/Replacements and the System Builder End-User License

The motherboard is the component that determines whether or not a new Windows license is required.

- Motherboard upgrades or replacements, **for reasons other than a defect replacement with an identical series motherboard**, require a new operating system license.
- If you are replacing a defective motherboard with an identical motherboard, a new operating system license is not required. However, the replacement motherboard must be the same make and model or the same manufacturer's replacement or equivalent as defined by that manufacturer's warranty
- If transferring a refurbished PC to a new user, the software license, media, COA and manuals must all be transferred together.

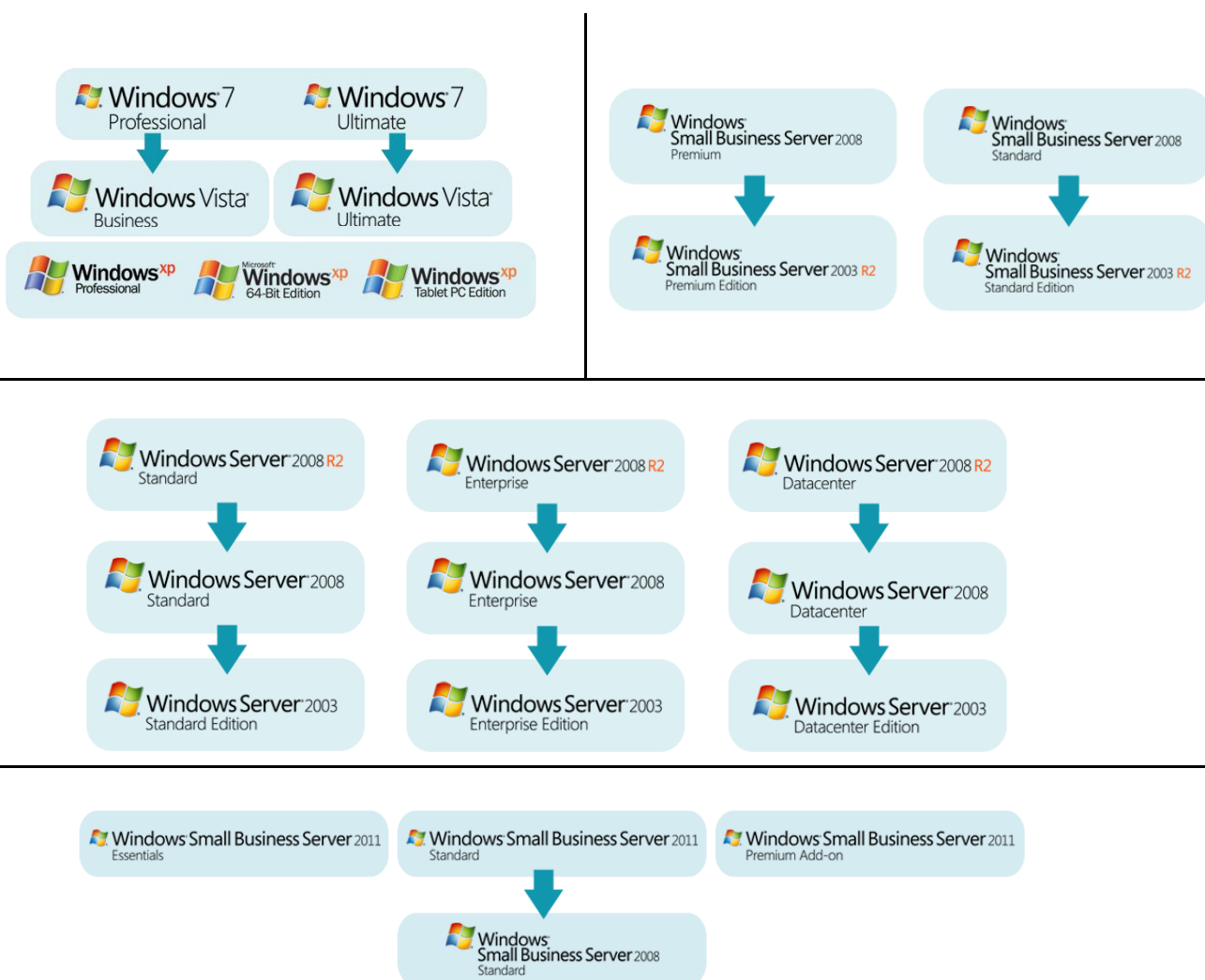


Downgrade Rights

What are Downgrade Rights?

Downgrade rights are an end user right outlined within the License Terms for specific versions of Windows or Windows Server software. This right gives your end user customers who purchase certain OEM versions of Windows or Windows Server software the ability to run prior software versions until they are ready to adopt the latest version of Microsoft Windows or Windows Server software. Downgrade rights are not available for Office 2010 Product Key Cards or traditional disc versions.

See the charts below for the products and versions that contain downgrade rights.



NOTE: OEM System Builder versions of Windows Vista Home, Windows XP Home and Windows XP 64-bit versions do not have end-user downgrade rights.

When and Why Would Customers Use Downgrade Rights?

Let's say your customer is purchasing a new PC with Windows 7 Professional or Windows 7 Ultimate and they need to run the same operating system as their existing systems running Windows XP Professional. You can preinstall Windows 7 Professional or Windows 7 Ultimate (the Windows 7 product versions which include downgrade rights) on the new computer system and then offer your customers the added service of installing Windows XP Pro on your customer's behalf. When your

customer is ready to upgrade to Windows 7 they will already have the Windows 7 license.

To make this scenario possible:

- The end user must first accept the new Windows 7 Professional and Windows 7 Ultimate Software License Terms, prior to downgrading.
- Then the end user obtains and installs genuine Windows XP Professional, Windows XP Professional x64 Edition, Windows XP Tablet PC Edition, Windows Vista Business, or Windows Vista Ultimate, or asks the PC supplier to install the software using genuine software media and a corresponding product key. Additionally an end user, who is licensed separately through Microsoft Volume Licensing (VL) programs, may provide their VL media and key to their System Builder to use to facilitate the downgrade on only their systems.

The downgrade media must be supplied to you from the end user and must come from a legally licensed version of Microsoft retail, OEM/System Builder, or volume license channels.

OEM versions of Windows 7 Professional and Windows 7 Ultimate are the only Windows 7 products that include end user downgrade rights. Note that Windows 7 end user downgrade rights will be available through the sales lifecycle of Windows 7 which is up to two years after the launch date of a new version. For specific software downgrades for Windows 7 see the above chart.

To use downgrade rights on a new Windows 7 computer, an end-user must:

- Purchase a PC preinstalled with Windows 7.
- Accept the Windows 7 Software License Terms.
- Perform the downgrade or authorize a third party to install on their behalf.

Downgraded software requires product activation once installed on a Windows 7-based PC. If the software was previously activated, it will not be able to activate automatically online. In this case, the appropriate local Activation Support phone number will be displayed. Call the number and explain the circumstances. Once Windows XP or Windows Vista Professional is activated on the Windows 7-based PC, the PC is ready for use.

When an end user is ready to move to Windows 7, they must use the original OEM System Builder media that was included with the PC for reinstallation. The downgrade software must be deleted from the hard drive before the original software is reinstalled.

Windows 7 Professional allows customers to downgrade to Windows Vista Business, Microsoft Windows XP Professional, Microsoft Windows XP Professional x64 Edition, or Microsoft Windows XP Tablet PC Edition.

Windows Server software versions released with, or after Microsoft Windows Server 2003 R2 enable the end user to downgrade to an earlier version. For specific software downgrades for Windows Server 2008 R2, see the above chart.

To use downgrade rights on a new Windows Server computer, an end user must:

- Purchase a PC preinstalled with Windows Server 2008.
- Accept the Windows Server 2008 End User Software License Terms.
- Perform the downgrade or authorize an OEM to perform it.

For more information, visit <http://oem.microsoft.com/downgrade>.

Re-Imaging

Volume licensing customers may re-image software they have licensed (including OEM Software) using volume licensing media. Re-imaging is permitted only when the image is that of the same product and version, contains the same components, and is of the same language. OEM/System Builder media may not be used for re-imaging.

Re-imaging requirements of volume licensing program rules must be followed, in addition to the installation and activation requirements specific to the licensed software.

Why Genuine?

Genuine Windows software is published by Microsoft, properly licensed, and supported by Microsoft or a trusted partner. Properly activated genuine Windows offers peace of mind and enhanced protection and support for your customers, while providing them access to regular updates that help them get the most from their PCs. And to protect against security risks, Genuine Windows software users can access Microsoft Security Essentials, a free award-winning, antivirus software designed to help better protect PCs, at: http://www.microsoft.com/security_essentials/.

Genuine Windows software meets customer's expectations and gives them confidence that their software comes with the documentation, components, and features provided by Microsoft, does not include unauthorized programs, and contains features to help them identify that it is genuine. As a partner, it's the best way build a healthy technology ecosystem and long-term relationships with your customers.

With non-genuine software, customers are at a greater risk of exposure to harmful or malicious viruses that can cause them to lose information on their PC or put their personal information at risk. Only genuine Windows has the latest anti-piracy features to help protect your customer's PCs from viruses, spyware, malware, and phishing scams.

You can build confident, long-term relationships

By recommending, pre-installing, and deploying only genuine Windows, you can develop a strong foundation with your customers building long-term, profitable relationships and help establish your reputation as a trusted advisor.

What is Activation?

Activation establishes a relationship between the software's product key and a particular installation of that software on the device. The activation process includes validation of the product key. This confirms the genuine status of the product and ensures that the key is not compromised. It is analogous to the activation of credit cards or new mobile phones.

How to Identify Genuine Microsoft Software

Microsoft supports its partners and their customers with more secure, anti-piracy technology available in genuine Windows and is investing in channel enforcement to protect its partners. To identify genuine software use the following steps:

1. Make sure you're getting a "complete" software package with **COA, media, where applicable), and documentation.**
2. Purchase only from Microsoft Authorized OEM Distributors—an assured source of genuine Microsoft software.
www.microsoft.com/oem/authdist
3. Watch out for prices that seem too good to be true—these are highly suspect and could put you and your customers at risk.



How to Report Piracy

- Email piracy@microsoft.com
- Call the Microsoft Anti-Piracy Hotline at 1-800-RU-LEGIT
- Fill out an online reporting form at www.microsoft.com/piracy/reporting.mspx

What Happens When You Report Software Piracy?

- Your lead is received by a team of individuals who respond.
- A letter may be sent to the company stating that they have been reported for allegedly distributing Microsoft software in an unauthorized manner.
- A secret shopper may make a purchase from the company that was reported.
- The individual who submitted the lead may be contacted for further information/evidence (invoice, software).
- If evidence regarding the company is gathered, a cease and desist letter may be sent.
- The evidence developed may be used in a legal proceeding against the reported company.

Resources

For more information on the OEM System Builder license please consult the resources listed here.

- OEM Partner Center: <http://oem.microsoft.com/>
- Microsoft OEM System Builder License: www.microsoft.com/oem/sblicense
- Piracy Information: www.microsoft.com/piracy
- Reporting Software Piracy: www.microsoft.com/piracy/reporting
- Volume Licensing Information: www.microsoft.com/licensing
- How To Tell It's Genuine Software: www.microsoft.com/howtotell.com
- Genuine Windows Information: www.microsoft.com/genuine
- Genuine Microsoft Software: www.microsoft.com/oem/wga
- Authorized OEM Distributors: http://oem.microsoft.com/authorized_distributor
- Microsoft Office 2010: <http://office.microsoft.com/en-us/>
- Genuine Windows 7 information and Office 2010: <http://www.microsoft.com/GENUINE/>
- System Builder Licensing and Packaging: <http://oem.microsoft.com/licensingchanges>