



## System Center 2012 Licensing Optimized for Private Cloud

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On January 17, 2012, Microsoft announced it had delivered the Release Candidate version of System Center 2012, which the firm described as being optimized to build and manage application-focused private clouds. Microsoft also introduced a new System Center licensing model that aggressively simplifies pricing with the goal of making System Center 2012 the most affordable full-functioning private cloud management platform in the market.

Microsoft made the announcements as part of well-attended [private cloud thought leadership Webcast](#) hosted by senior Microsoft executives and marquee System Center 2012 customers. The Webcast's central themes focused on:

- Private cloud needing to go beyond self-serve provisioning to address dynamic, application, and policy-driven workload and resource optimization
- Customers being able to gradually implement private cloud strategies on their own terms, across heterogeneous environments
- The same platforms used to build and manage private clouds being able to scale across public and hybrid cloud architectures
- Deep applications insight and life-cycle control being key differentiators of Microsoft's approach to private cloud management

Microsoft's decision to anchor the System Center 2012 architecture around application-oriented private cloud management represents a major transformation from the days when System Center was known for low-level software distribution and configuration control. It also represents Microsoft's best chance to differentiate its approach to private cloud management from VMware. While VMware increasingly describes management between applications and infrastructure as being loosely coupled, Microsoft is now on record as advocating tight integration across application, middleware, and infrastructure operations.

Since it was initially introduced at last year's Microsoft Management Summit, System Center 2012 has made big promises to deliver a fully integrated environment that does away with separate modules for such different activities as change and configuration management, virtual server management, automation, and performance management. System Center 2012 delivers on those promises with a major upgrade in terms of application performance visibility via the full integration of AVIcode, seamless workflow automation via broad Opalis integration, state-of-the-art self-serve capabilities, and significantly enhanced virtualization management and automation.

This tight integration is directly reflected by a radical overhaul of the System Center licensing strategy that effectively reduces eight different SKUs to just two. Going forward, System Center 2012 will be available in two editions:

- **System Center 2012 Standard:** Designed for non- or lightly virtualized environments. The license for System Center 2012 Standard covers up to two physical processors and the management of up to two operating system environments (OSEs).

- **System Center 2012 Datacenter:** Designed for highly virtualized environments. Each license for System Center 2012 Datacenter will cover up to two processors and provide the ability to manage unlimited virtualized operating system environments (OSEs).

Each edition will include all System Center functionality formerly delivered by Configuration Manager, Operations Manager, Virtual Machine Manager, Orchestrator (formerly Opalis), Service Manager, and Data Protection Manager. It will also include the newly introduced App Controller (formerly code-named Concerro) and Endpoint Protection (formerly Forefront Endpoint Protection). System Center 2012 also includes the full integration of technologies acquired from AVIcode, as well as infrastructure technology licenses for SQL that had been sold separately at a premium in the current packaging.

For entry-level customers with limited requirements, Microsoft intends to continue to offer standalone versions of the current System Center products mentioned above. However, the company expects the vast majority of customers will rely on one of the two integrated editions, continuing a trend over the past several years where the majority of customers have opted for the System Center Suite Enterprise and Datacenter Editions, rather than buying individual products. Licensing for client management remains largely unchanged from the current approach.

For organizations that are rapidly building out private clouds and virtualized datacenters, this new pricing strategy means they can deploy System Center as needed, using whatever functionality they want at the time, and then add additional functionality as their requirements become more complex without the need to add additional licenses or to worry about true ups. This approach stands in strong contrast to VMware's per VM-based approach to management software licensing.

System Center 2012 is the first of what should be a one-two punch from Microsoft during 2012 focused on advanced virtualization and cloud enablement. While Microsoft has not formally committed to delivery during 2012, IDC believes the second piece comes from the launch of Windows Server 8 (as in "release 8"). As the replacement for Windows Server 2008 R2, Windows Server 8 includes an updated version of Hyper-V, Microsoft's hypervisor offering.

Windows Server 8 brings some advanced functionality to the table that will add significantly to the benefits that System Center 2012 delivers. The long feature list includes improvements to the virtual network switch that allows extensibility for security and management purposes, optimized storage devices, and integrated multitenancy capabilities. The new release of Windows and Hyper-V makes it possible for entire networks to be virtualized for multitenancy within the same physical network infrastructure and map to internal and/or external clouds. The theme of application awareness brought forward in System Center 2012 is replicated in Windows Server, which will share predictive failure analysis with Hyper-V to reduce the potential impact of hardware errors, such as memory faults, on the virtualized environment.

In addition, System Center 2012 has extended its reach into Windows Azure environments, which is a necessary ingredient for Microsoft to successfully grow adoption of Windows Azure among Windows Server customers, who can run into challenges when considering moving existing applications running on Windows Server to the Windows Azure platform-as-a-service environment.

Microsoft has clearly fired a shot across VMware's bow with its choice to implement pricing tied to physical processors rather than VMs. The new integrated and automated System Center 2012 architecture, with a commitment to support heterogeneous environments including VMware, is sure to get a lot of attention from current and potential Microsoft customers.

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