



Azure Pricing and Purchase Options

Azure pricing, reservations, savings plan for compute, Azure Hybrid Benefit, spot, dev/test and free offers, data transfer, as of 2026 | How each option bills, which applies first, break-even utilisation, estimating with the pricing and TCO calculators

[Azure](#) [Pricing](#) [Reservations](#) [Savings plan](#) [Hybrid Benefit](#) [Spot](#)

③ The purchase options

Option	Commit	Applies to	Flexibility
Pay-as-you-go	none	everything, list price	stop any time
Reservation	1 or 3 years, specific product, region, size family	VMs, SQL Database / MI vCores, Cosmos DB, storage, App Service, Databricks, many more	instance size flexibility; exchanges and limited refunds (check the current policy)
Savings plan for compute	1 or 3 years, fixed amount per hour	VMs, dedicated hosts, App Service Premium v3 / Isolated v2, Functions Premium, Container Apps, ACI	any region, size, OS within eligible services; no cancellation
Azure Hybrid Benefit	existing licences (SA or subscriptions)	Windows Server VMs, SQL Server (VMs, SQL DB/MI vCore), RHEL/SLES, AKS Windows nodes, Azure Local	toggle per resource; stacks with reservations
Spot	none; evictable	VMs, VM scale sets, AKS spot node pools, Batch low-priority / spot	no SLA, 30 s eviction notice
Dev/Test pricing	Visual Studio subscription	dev/test subscriptions (EA or pay-as-you-go offer)	not for production workloads

① INFO

Order of application: **reservations are applied first**, then the **savings plan** covers remaining eligible usage up to its hourly commitment, the rest is pay-as-you-go. Azure Hybrid Benefit removes the licence part of the meter and combines with both. Discounts are advertised as up to about 72 % (reservations, 3 years) and up to about 65 % (savings plan), varying by product and region.

	Reservation	Recommended Savings plan	Spot
Commitment	specific SKU family and region	hourly spend	✗
Changes size / region	size flexibility within series only	✓	✓
Covers PaaS compute	per product (SQL, Cosmos...)	App Service, Functions Premium, Container Apps, ACI	VMs, scale sets, AKS, Batch
Exchange / refund	exchange and limited refunds	✗	n/a
Best for	stable, known workloads	changing compute mix	interruptible batch, CI, dev

▮ Which option for this workload?

WORKLOAD
80 % of 730 h = 584 h / month

ON-DEMAND
0.40 EUR / h → 233.60 EUR / month

CHEAPEST
Spot: 68.71 EUR / month

Option	Terms	Monthly	Over 36 mo	Saving	Break-even
Pay-as-you-go	pay per hour	233.60 EUR	8,409.60 EUR	0 %	--
Savings plan 1 yr	−25 %, commit 80 % of hours, 12 mo	175.20 EUR	6,307.20 EUR	+25 %	60 %
Reservation 1 yr	−38 %, commit 100 % of hours, 12 mo	181.04 EUR	6,517.44 EUR	+23 %	62 %
Reservation 3 yr	−60 %, commit 100 % of hours, 36 mo	116.80 EUR	4,204.80 EUR	+50 %	40 %
Spot	−75 %, 15 % redone	68.71 EUR	2,473.41 EUR	+71 %	--

Monthly = rate × (1 − discount) × committed hours + rate × hours above the commitment + upfront ÷ term; pay as you go = rate × (1 − discount) × used hours ÷ (1 − interruption). Break-even utilisation = (1 − discount) × commitment + upfront ÷ (term × rate × hours): above it the commitment beats on-demand. Illustrative prices: check the provider's current price list.

One VM-based workload at 0.40 EUR/hour, running 80 % of the month (illustrative discounts)

Quantity	Formula
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Commitment cost per month $K = P \times (1 - d) \times H$

Break-even utilisation $u^* = 1 - d$

where P = pay-as-you-go price per hour (EUR per hour); d = discount of the reservation (fraction) (0-1); H = hours in the month covered by the commitment (hours); K = monthly cost of the commitment, paid whether used or not (EUR); u^* = share of hours the resource must run for the commitment to cost the same as pay-as-you-go (0-1)

Break-even utilisation of a commitment

Reservation or not for a VM used 55 % of the time?

PROBLEM

A D-series VM costs $P = 0.40$ EUR/hour pay-as-you-go. A 1-year reservation gives $d = 38$ %. The VM runs 55 % of the month (it is deallocated outside business hours). Reserve it?

1. Pay-as-you-go cost

$\Rightarrow 0.40 \times 730 \times 0.55 = 160.60$ EUR/month

why: billed only when running

2. Reservation cost

$\Rightarrow K = 0.40 \times 0.62 \times 730 = 181.04$ EUR/month

why: reservation bills every hour of the term

3. Break-even utilisation

$\Rightarrow u^* = 1 - 0.38 = 62$ %

why: below 62 % the reservation loses

4. Alternative

$\Rightarrow$ savings plan sized to the hours the fleet always runs

why: covers changing VMs; or keep PAYG plus schedules

GIVEN

• $P = 0.40$ EUR/h, $H = 730$ h

• $d = 0.38$ (illustrative)

• $u = 0.55$ actual utilisation

ANSWER

Do not reserve this VM: 181 EUR vs 161 EUR; reserve only always-on capacity

Check: At 100 % utilisation: PAYG 292 EUR vs reservation 181 EUR (38 % saving)

- **Free account** credit for the first 30 days, 12 months of selected free services, always-free tiers (amounts as of 2026: check the offer page)

Flow	Kind	GB / month	Rate / GB	Cost / month	Share	%
Users download West Europe → internet	internet egress	40,000	0.08 EUR	3,200.00 EUR		89 %
DR replication West Europe → North Europe	inter-region	6,000	0.02 EUR	120.00 EUR		3 %
Hub-spoke peering spoke → hub	VNet peering in + out	10,000	0.02 EUR	200.00 EUR		6 %
Private endpoint traffic app → storage	Private Link processing	8,000	0.01 EUR	80.00 EUR		2 %
Inbound uploads internet → West Europe	ingress	15,000	0.00 EUR	0.00 EUR		0 %
Total		79,000		3,600.00 EUR		100 %

MONTHLY TRANSFER COST

3,600.00 EUR

BIGGEST FLOW

Users download: 3,200.00 EUR

IF USERS DOWNLOAD IS SERVED THROUGH FRONT DOOR / CDN CACHE

3,200.00 EUR → 1,200.00 EUR:
saves 2,000.00 EUR / month
(56 % of the total)

Cost per flow = GB per month $\times$ rate per GB. Illustrative prices: check the provider's current price list.

Monthly data transfer of a web platform (illustrative per-GB rates, check the bandwidth pricing page)

💡 Estimate before you build

Use the Azure pricing calculator with the target region, reservations and Hybrid Benefit toggled; export the estimate to share. For migrations, start from Azure Migrate assessments (right-sized, with discounts) and the TCO calculator. Automate price lookups with the Retail Prices API: [https://prices.azure.com/api/retail/prices?\\$filter=serviceName eq 'Virtual Machines' and armRegionName eq 'westeurope'](https://prices.azure.com/api/retail/prices?$filter=serviceName eq 'Virtual Machines' and armRegionName eq 'westeurope').

🔍 Licences, spot and data transfer

- **Hybrid Benefit for Windows Server** each 2-processor licence with SA (or 16-core licence pack) covers up to 2 VMs of up to 8 cores, or 1 VM up to 16 cores (check current terms); Datacenter edition allows dual use
- **Hybrid Benefit for SQL Server** per core with SA or subscription; 180 days of dual use for migration; Enterprise cores map to more vCores in General Purpose
- **Linux** RHEL and SLES pay-as-you-go images can switch to bring-your-own-subscription billing without redeploying
- **Spot VMs** eviction type: capacity only, or price (max price; -1 means evict only for capacity); eviction policy Deallocate or Delete; react to Scheduled Events (30 s)
- **Dev/Test** separate dev/test subscriptions; no Windows licence charge; Azure DevTest Labs adds auto-shutdown and quotas

Myths and recap

YOU MAY HEAR

"A reservation reserves capacity"

BUSTED

✓ ACTUALLY

Reservations are a billing discount; capacity is not guaranteed

Use on-demand capacity reservations to guarantee capacity (they can get the reservation discount).

YOU MAY HEAR

"Savings plans apply before reservations"

BUSTED

✓ ACTUALLY

Reservations apply first, then the savings plan, then pay-as-you-go

Buy reservations for the stable core, a savings plan for the flexible rest.

YOU MAY HEAR

"Spot VMs are fine for production web front ends"

BUSTED

✓ ACTUALLY

Spot has no SLA and 30-second eviction

Use it for interruptible work: batch, CI agents, dev, stateless queue workers with checkpoints.

YOU MAY HEAR

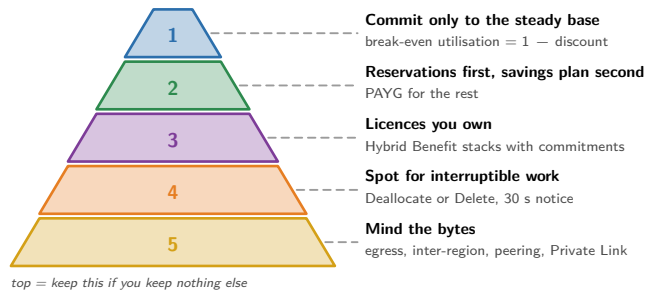
"Data transfer into Azure costs money"

BUSTED

✓ ACTUALLY

Inbound transfer is free; outbound and inter-region transfer are billed

Peering and Private Link bill per GB processed.



Q1 Which applies first to a VM's usage: reservation or savings plan?

A The reservation; the savings plan then covers remaining eligible usage.

Q2 Commitment that covers App Service Premium v3 and VMs across regions?

A Azure savings plan for compute.

Q3 Break-even utilisation of a 40 % reservation discount?

A 60 % of the hours (1 - 0.40).

Q4 Two spot eviction policies?

A Deallocate (keep disks, billed) or Delete.

Q5 Does a reservation guarantee VM capacity?

A No; on-demand capacity reservations do.

Q6 Remove the Windows licence charge on Azure VMs with existing licences?

A Azure Hybrid Benefit (Windows Server with Software Assurance or subscription licences).

Q7 Is inbound data transfer billed?

A No; outbound to internet, inter-region, peering and Private Link processing are.

Q8 Free API returning Azure list prices?

A The Azure Retail Prices API (prices.azure.com).

Q9 Pricing for Visual Studio subscribers' non-production subscriptions?

A Azure Dev/Test pricing (no Windows licence charge on VMs, discounted rates).