



# Azure Reserved VM Instances + Server Subscriptions for Azure Microsoft Partner FAQ *May 10, 2018*

## Azure Reserved VM Instances + Server Subscriptions for Azure

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On May 10, 2018, Microsoft announced the availability of Azure Reserved Virtual Machine Instances (RIs) in Cloud Solution Partner (CSP) Program. Coming soon, new Windows Server and SQL Server Subscriptions (Server subscriptions) with Azure Hybrid Benefits will also be available through CSP.

Azure Reserved Virtual Machine Instances significantly reduce base compute costs—up to 72 percent compared to pay-as-you-go (PAYG) prices - with one- or three-year terms on virtual machines (VMs). Customers value savings and flexibility when making cloud decisions, and RIs deliver both significant cost savings *and* differentiated pre- and post-purchase flexibility.

Customers with Software Assurance (SA) on Windows Server or SQL Server can utilize Azure Hybrid Benefits with Azure VMs to save even more—up to 80 percent total savings vs. PAYG when used together with reserved instances. When Windows Server and SQL Server subscriptions launch in CSP, those offers will be an additional way for customers to obtain Azure Hybrid Benefits and enjoy similar savings. Like Azure RIs, the savings from Server subscriptions are in exchange for a one- or three-year commitment.

While ensuring the best overall customer value with Azure RI and Server subscriptions, we've also made the business model as partner-friendly as possible. Straightforward licensing of Azure RI and Server subscriptions will allow partners to enjoy cost predictability and a streamlined sales process. In addition, our business model does not require partners to deploy complex processes and tools to procure, manage and price RIs across their customers. Partners can instead focus their time and resources on winning business with an expanded portfolio of IT management value-added cloud solutions.

Azure RI and Server subscriptions offer partners a strong anchor point to grow revenue and enhance profitability. Please review these frequently asked questions and visit the announcements tab in Partner Center to learn more.

***Disclaimer: This is an internal only FAQ document providing Microsoft partners answers to common questions around Azure Reserved VM Instances. This document cannot be shared externally but answers may be used along with partner created content to provide information to customers regarding Azure Reservations.***

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# Azure Reserved VM Instances (Azure RIs)

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## General Questions

### **What are Azure Reserved Virtual Machine Instances (Azure RIs)?**

Azure Reserved Virtual Machine Instances are a new offer enabling customers to save up to 72% on IaaS compute by pre-purchasing a virtual machine for a 1 or 3-year period. The customer simply needs to choose the instance (D12\_v2 or FS4, for example) and the datacenter (Europe West, for example). Customers do not need to decide the Operating System (Windows or Linux) at the time of purchase.

### **Why should customers be excited about Azure Reserved VM Instances?**

A typical Azure subscription is expected to have close to 50% of its cost associated with compute (Windows or Linux VMs). Ability to reduce the price of this via reserved instances is very impactful to optimize the overall cloud cost. Microsoft provides post-purchase flexibility options which ensure customers' needs are met while providing unmatched value in the marketplace. An Azure RI can be exchanged or canceled as required by a customer's changing needs. Additionally, pricing is structured to be as good or better than Amazon Web Services for comparable instances in comparable datacenters. Customers value savings and flexibility when making cloud decisions and Azure Reserved VM Instances delivers both significant cost savings and differentiated flexibility.

### **If a customer doesn't need to choose Windows or Linux at the time of purchase, does that mean there is no difference in price between the two?**

No. Azure Reserved Virtual Machine Instances will have a single rate for each instance in each datacenter. This rate does not include an operating system (OS) cost. Customers who choose to use their Azure RIs with Windows Server OS will have choices around paying for and deploying Windows. See also the next question below.

### **How do customers pay for Windows Server on an Azure Reserved Virtual Machine Instance?**

In summary, there are three ways:

1. A customer may have available licenses from prior purchase of Windows Server Licenses plus Software Assurance (SA) - also called L + SA, or they may have Subscription licenses. When a customer has Windows Server licenses with Software Assurance they are eligible for Azure Hybrid Benefits which allows them to assign those licenses to a virtual machine to license it for Windows Server and suppress the Windows Server charges. This can reduce costs by up to 80% compared to hourly metered rates when also used with an Azure Reserved VM instance. Another way to obtain Azure Hybrid Benefits that will be available soon is to purchase a 1- or 3-year Windows Server subscription to a sufficient number of cores via CSP. Please see the [Azure Hybrid Benefits page](#) for more information.
2. A flexible but more expensive option is to just pay on-demand hourly metered rates, which will occur automatically if neither of the above options are used. This makes sense for short-term and intermittent workloads, but it will not be optimal with long-term workloads.

For both options 1 and 2 above, the customer is responsible for sustaining their Windows Server SA or Windows Server subscription while the Azure Hybrid Benefit is utilized.

### **Does the price discount of Azure RIs vary by terms, VM Type and Data Center?**

Yes, the discount will vary based on the three selected attributes of the Azure RIs, including the term (one or three years), the data center, and the VM type.

### **What is the capacity benefit associated with purchasing an Azure Reserved VM Instances?**

Reserving a VM instance provides the customer the highest priority for capacity. This means if there are restrictions on an instance size in a region, customers with Reserved Instances will get preferred capacity to run those VMs despite these restrictions.

**How do I know which VM Size to buy an Azure Reserved VM for?**

Go to the VM section in the Azure management portal, click on a VM and get the VM size information. Provide this VM size in the reservation purchase. The reservation discount is automatically applied to virtual machines matching the attributes and quantity of the reservation. This information can also be sought using APIs. The details of APIs are available in Partner Center [developer reference](#) section.

**Will Azure Reserved VM Instances be available for all virtual machines?**

No, while the majority of Azure VM instances are covered, specifically: A-series, Av2-series, and G-series will not have Reserved Virtual Machine Instances purchase options.

**Will the Azure Reserved VM Instance benefit apply to Promo and Classic VMs?**

No, Customer will need to convert classic and promo VMs to ARM VMs to get reservation discount. Refer to Microsoft Azure documentation on the [migration process](#).

**Will Azure Reserved VM Instances be available in all datacenters?**

Reserved Virtual Machines Instances will be available in all available Global Azure data centers.

**Will Azure Reserve VM be available for sovereign clouds?**

At launch, Reserved VM Instances will not be available in sovereign clouds; this includes Azure Germany, Azure US Government Cloud, and China. Sovereign cloud inclusion is in consideration for 2018.

**What geographies will Azure Reserved VM Instances be available in?**

Partners in CSP can acquire Azure Reserved VM Instances in all countries where Azure is available, with the following exceptions. We are working on these and will update as soon as we are ready to launch in these countries.

At launch in May 2018, due to currency configuration and additional regulatory reasons these countries will not have Azure RI availability: Argentina, Azerbaijan, Belarus, Brazil, Hong Kong, India, Indonesia, Kazakhstan, Korea, Liechtenstein, Malaysia, Mexico, Russia, Saudi Arabia, South Africa, Taiwan, Turkey, Ukraine. Status updates will be provided as available.

**Can a Partner in CSP purchase Azure Reserved VM Instances and share with multiple customers?**

No, Azure Reserved VM Instances are bought for each individual customer like any other Azure resources provisioned in each customer's tenant. Azure RI's straightforward, customer-level pricing model makes the sales motion more efficient and, therefore, faster and more scalable. Also, the customer-based RI makes it easy for combining with the Azure Hybrid Benefit to obtain unmatched price for compute and Microsoft IP together.

The complexity of the AWS model means most partners must invest in tools and people just to procure, manage and price Reserved Instances across their customers. With Azure in CSP, partners can focus more of their time and resources on closing opportunities and expanding their portfolio of IT management value-added cloud solutions.

**What, if any, product or service attach and/or up-sell opportunities does selling Azure Reserved VM Instances create for Partners in CSP?**

Partner can sell Server subscriptions along with Azure RIs to enable Azure Hybrid benefits and further reduce the price of Azure VMs.

**What pre-sales technical support is available to partners selling Azure RI via Partner Center?**

Please refer the Partner value proposition content and the "How-to" articles for details before you start transacting. << [Link to the partner landing page](#)>>

### **What is the accounting treatment for Azure Reserved VM Instances?**

Microsoft follows US GAAP for external accounting purposes. It is up to the partner/customer to determine how to account for this within their own accounting policies.

## **Pricing and Incentives**

### **Are the prices of Azure Reserved VM Instances in CSP equal to prices in other programs?**

At launch Partners in CSP get invoiced at 5% lower rates compared to EA and WebDirect prices of Reserved VM Instances. Please refer the CSP price list for latest prices.

### **How will Partners in CSP be compensated for Azure RI purchases and usage?**

Partners in CSP are compensated for Azure RIs through two mechanisms - Margin and Consumption Incentives. The partner invoice price for Azure RIs in CSP is 5% lower than the published price providing a partner margin of 5%. As Azure RIs are applied to a deployed VM, the consumption revenue on the VM is eligible for RI consumption incentives as communicated to qualifying partners.

### **If the purchase and consumption of Azure RIs occur at different times how are the incentives paid?**

Incentives are earned based on consumption and not on RI purchase. To maximize the incentives partners are advised to purchase RI when sustained consumption is envisaged.

### **Will the RI consumption incentives announced now in FY18 be changed in July 2018 as part of the FY19 incentive structure?**

No. RI consumption incentives will stay intact until the end of FY19.

### **Will partners see Azure Reserved VM Instances in the Azure pricing calculator?**

Yes, the Azure channel pricing calculator will include the 1 and 3-year reservation price of each virtual machine where applicable. A partner can utilize the calculator by changing the licensing program field to Cloud Solution Provider (CSP). This CSP option will be available only when partners login to the calculator tool with their partner center credentials. [Link to Azure calculator](#)

### **Where will the Azure RI price list be available?**

The Azure RI price list will be available through a separate CSV file located within Partner Center located here: <https://partnercenter.microsoft.com/en-us/pcv/sales>

### **What happens if pricing changes during the term of a contract? For example, say Microsoft drops or increases its pricing for Azure RI during the second year of a customers' three-year commitment?**

Azure RIs are paid as an upfront commitment. The price is locked on that individual reservation for duration of the term. New purchases will be at the prevailing prices.

### **Is there a customer trial program available for Azure Reserved VM Instances for a shorter duration than 1 year and, if so, how do I provision that on behalf of my customer?**

There are no trials for the reserved instance and purchase requires the commitment of 1 or 3-year terms. Customers can use virtual machines at the on-demand rate prior to making long term commitment

### **How is Microsoft's partner monetization model better for partners?**

Azure RI business model for Azure is predictable, risk free and simple to operate on. Partner need not pre-buy Azure RIs and try to find the right matching usage among their customers. Also, there are no additional tools and processes for usage and cost allocation. Azure RI purchased at each customer level gives the partner the opportunity to combine with Azure Hybrid Benefits for an unmatched price point. This expands the market potential and more deals to win with Azure compared to the competition. Additionally, Microsoft's market leading incentive program (margin +incentives) enables partners to earn more without taking on additional risks and costs.

## How to Purchase

### **Can a Partner purchase Azure Reserved VM Instances for their own use?**

Yes, A partner can purchase Azure Reserved VM's through partner center under their APSS (Azure Partner Shared Services) subscription(s). Reserved Instances in the APSS tenant will not have any margin and will not be eligible for consumption incentives. This aligns with our policy on all Azure resources provisioned by partners in their APSS tenant.

### **Can a Partner in CSP purchase Azure Reserved VM Instances and share with multiple customers?**

No, Azure Reserved VM Instances are bought for each individual customer, exactly like other Azure resources provisioned in each customer's tenant. Azure RI's straightforward, customer-level pricing model makes the sales motion more efficient and, therefore, faster and more scalable. Also, the customer based RI makes it easy to combine with Azure Hybrid Benefits to obtain unmatched price for compute and Microsoft IP. Buying a pool of RIs and sharing across customers requires a complex operation and has risks. A partner-level pricing model (AWS model) means each individual customer deal needs to be assessed, calculated and validated before a quote can be provided. This cumbersome process is time-consuming and costly. The complexity of the AWS model means most partners must invest in tools and people just to procure, manage and price Reserved Instances across their customers. With Azure in CSP, partners can focus more of their time and resources on closing opportunities and expanding their portfolio of IT management value-added cloud solutions.

### **How does a partner identify the correct Azure Reserved VM Instance to purchase?**

When purchasing a Reserved VM Instance for an existing VM, partner should determine the VM size using data from of the following sources:

1. Partner Center Azure utilization API (Details for the API are [here](#)).  
Get the value for ServiceType attribute from Additional info in the API response.
2. Go to Microsoft Azure Management portal using the AOBO link available in Partner Center, then go to "Virtual Machine" and click on an existing VM for which you want to buy a reservation. Get the size and region information from the VM details and use this information to make reservation purchase.

### **How does a partner purchase an Azure Reserved VM Instance?**

Partners have 2 options for purchasing Azure Reserved VM Instances:

1. Partners can purchase on behalf of customer in Partner Center [Partner Center portal](#)
2. Partners can purchase in Azure portal on behalf of a customer [ms.portal.azure.com](https://ms.portal.azure.com)

### **What is the minimum customer purchase commitment for Azure Reserved VM Instances, i.e., is there a minimum number of instances (other than one) that must be purchased?**

There is no minimum purchase required for Azure RIs.

### **Is there any limit to the number of Reserved VM Instances a single customer can purchase via a Partners in CSP?**

There is no maximum purchase limitation. The purchase of Azure RIs provides preferential capacity in our data center, therefore we reserve the right to reject purchases due to capacity constraints. In the unlikely case this happens, partners should contact support for details or reach out to their PDMs to engage with the Data Center capacity team.

### **Can an Azure RI benefit be transferred between customers?**

No, an Azure Reserved VM Instance can only be used for the original customer that it was purchased for. No transfer across customers or partners or channels are supported.

**If a customer transitions from EA or WebDirect to CSP, will the Azure RIs transfer as well?**

No. Because the payment instrument used for EA and CSP are different and Partners in CSP set the end customer price, the Azure RIs benefit will not get transferred, only the Azure resource does. Customer can cancel the Azure RI in EA and Partner can rebuy the same in CSP, post the transfer.

**If a customer transitions the subscriptions from one Partner in CSP to another CSP, will the Azure RIs transfer as well?**

No, the Azure RIs benefit will not get transferred, because the billing relationship changes when moving from one partner to another and all the commercial aspects of billing are between partner and customer. Only the Azure resource does. Outgoing partner can cancel the Azure RI and new Partner can rebuy post the transfer.

**How does a partner in CSP provision an Azure Reserved VM Instance?**

Azure Reserved VM Instances is a billing event. Any VMs deployed meeting the same criteria as the Azure RIs will automatically get applied to offset the VM usage charges. Please refer the details of how Azure RIs discounts are applied here. [Learn more](#)

**Can one RI benefit be applied to multiple Azure subscriptions within the same customer?**

A single Azure RI benefit can be applied to multiple Azure CSP subscriptions within the same customer tenant.

**Does the reservation need to be assigned to a particular VM?**

No, after you buy a reserved VM Instance, the reservation discount is automatically applied to the virtual machine matching the attributes and quantity of the reservation. [Learn more](#)

**Do currently deployed VMs need to be assigned to get the reservation benefit? Is there manual work to do, or does it automatically switch?**

A purchased Azure RI will automatically apply to any VMs either already running or any future deployment against same size/series/datacenter. The reservation will automatically offset the usage charges against that VM to \$0. The system will look and identify the right size/series/datacenter and will automatically apply it to all deployed and new VMs that match. No manual work on the part of the customer or partner is required to make this happen. This automation ensures the customer gets the most value from their purchase. [Learn more](#)

**Is there a need for an Indirect Provider to capture the Indirect Reseller information while making a purchase on their behalf?**

When an Indirect Provider purchases in Azure portal, the Partner on Record (Indirect Reseller) is automatically inherited from the Azure CSP Subscription that is selected.

**Is it possible to protect or set the price for an Azure RI for a specific term based on a customer's agreement with Partner?**

No. Price of an Azure RI will be as per the prevailing price list. Since an Azure RI is a 1- or 3 year prepayment of VMs compute costs, subsequent price changes will not have an impact after the fact.

**Is it possible to get a volume discount on Azure RIs?**

No, the price discount on Azure RIs is substantial and competes with options available in the market. Also remember that there is no minimum quantity for Azure RI purchases. The discount is for the duration of commitment (1 or 3 Year), not on the quantity of Azure RIs.

**When does the term of the purchased Azure RIs start?**

The Azure RIs will apply immediately to any existing running VMs that match the terms of the Azure RIs, dependent on if the partner assigns the Azure RI to a specific subscription or shares with multiple subscriptions within a customer. In both cases, the period of the Azure RI starts immediately after purchase.

**What happens when the Azure RI expires?**

The customer's deployed VMs will continue running and will be billed at an on-demand rate once the Azure RI expires.

**Can a partner purchase an Azure RI to start in the future?**

No, once purchased, the Azure RI timeframe begins immediately.

**Can a partner use a sandbox for testing reserved VM instances?**

Yes, Sandbox tenant is eligible to make Azure RI purchases and do integration testing. But due to capacity reasons we restrict the purchase to a maximum of 2 RIs per sandbox tenant at any given point of time and will auto-cancel all RIs older than 30 days.

**Will the partner be charged for Azure RIs on sandbox?**

Like any service provisioned in sandbox, Azure RIs is also not charged. Remember that sandbox usage is only for testing integration purposes and monthly limit of 2 RIs per subscription is applicable.

## Billing and Invoicing

**How will the Partner be billed for the Azure Reserved VM Instance?**

When the Partner purchases the Reserved VM Instance, they will have the charge for the full 1-year or 3-year reservation billed through their Azure monthly invoice. Azure RIs appear in a separate invoice generated on the monthly billing date of each partner.

**How does the end-customers get billed for Azure Reserved VM Instances?**

Partner will bill end customer for Azure RI just as they do for other Azure services and offers. Partner is free to set any price and merge Azure RI charges with any services based on their agreement with customer.

**Can the partner spread payments for Azure RIs?**

Azure Reserved VM Instances require an upfront commitment and payment to Microsoft.

**How can partners identify VMs getting Azure RI benefit?**

After you purchase an Azure RI on behalf of a customer, the discount for paying for VM space in advance is automatically applied to the virtual machines that match the attributes and quantity of the customer's reservation. You can verify the customer's reservation usage through the Azure portal. You can see which virtual machines the reservation discounts are applied to by using the Partner Center Azure utilization API.

[Learn more](#)

## Post-Purchase Flexibility

Once a customer purchases an Azure RI, they will have a high level of flexibility with their purchases. They have a choice to assign the Azure RI within the customer at a single subscription or share it between multiple subscriptions. They also have the options to exchange or cancel an Azure RI during the term of the reservation.

**Who can return or exchange the Azure Reserved VM Instance?**

Partner or customer having access to the reservations purchased can submit the request for exchange. Ideally this would be the partner as the additional payment amount (new Azure RI's price minus the prorated refund) would be applied to Partner's account.

**Can partners/customers cancel their Azure Reserved VM Instance during the term?**

Yes. In the event a partner/customer wants to cancel the reservation, they can do so. The remaining pro-rated balance, minus the fee, will be credited to the partner's account. There is a cap of \$50K or equivalent per calendar year on refunds due to cancellation

**Can partner/customer assign their Azure RIs at the subscription or at the customer account level?**

Yes. The customer decides whether the reservation is applied at a single subscription or shared between multiple subscriptions within a customer tenant. When the assignment is shared with multiple subscriptions, any time the instance with the reservation (D12\_v2 EUW for example) is spun up, the Azure RI rate will be used. If the Azure RI is assigned to a specific Azure subscription within the customer tenant, the reservation will only be used if that subscription spins up that specific instance of VM

**Can partners exchange an Azure RI during the term for a different Azure RI?**

Yes. Partner can convert any Reserved VM Instance into a new Azure RI, including changing the instance, family, location, and term. For example, partner can exchange a D2\_v2, 1-year Azure RI in EUW for a F16, 3-year reservation in APSE for the same customer tenant. The only requirement is the new Azure RI must be of equal or greater value and the term will reset to the new Azure RI. In the above example, if the customer makes the exchange 6 months into a 1-year Azure RI, the new 3-year reservation will have a full 36-month term. It is not pro-rated based on time remaining from the original reservation.

**Can the partner cancel an Azure RI without the termination fee?**

Yes, a customer/partner can cancel a reservation within 48 hours days with no fee, as long as that reservation has not been used.

**How does a partner exchange or cancel Azure RIs?**

Within the Azure management portal, Partners can view their inventory of Reserved Virtual Machine Instances. They can click on an instance and two buttons will appear in the command bar stating "refund" or "exchange." Once selected, a support ticket will open and prepopulate all the Azure RI details. Once submitted, Azure Operations will process the refund or exchange and contact the Partner via mail that their request has been completed.

**As an Indirect Provider we have seen more than one CSP subscription in a single customer tenant and each is associated with different resellers. In this case how does the Azure RI benefit apply?**

In the above scenario, it is advised to set scope to a single subscription when purchasing the reservation. Setting the scope to multiple subscriptions would result in an Azure RI benefit getting applied to another reseller's CSP subscription where the cost allocation to multiple resellers by the Indirect provider can be complex.

## Server Subscriptions for Azure

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### General Questions

**What are Server Subscriptions for Azure, and what products are available?**

Included in this set of offers are one- and three-year subscriptions to Windows Server Standard, SQL Server Standard, and SQL Server Enterprise. The subscriptions include Azure Hybrid Benefits, which entitle customers to use the software with Azure or on premises. These subscriptions are "for Azure" because they represent a major cost savings opportunity compared to pay-as-you-go VM software costs for customers with long-term Azure workloads. **Note:** Customers who have active Windows Server and SQL Server Software Assurance (SA) purchased via traditional licensing programs should utilize Azure Hybrid Benefits from those existing assets if possible instead of buying new Server subscriptions via CSP.

**When are Windows Server Client Access Licenses (CALs) needed?**

Windows Server CALs and Windows Rights Management Services (RMS) CALs are available in addition to Windows Server itself. Windows Server CALs are only required when a customer uses a Windows Server subscription on premises. RMS CALs are only required in conjunction with applications running on an on-premises Windows Server that incorporate RMS technology. When a Windows Server subscription is used with Azure via Azure Hybrid Benefit, no CALs of any kind are required.

**Why should customers be excited about these offers?**

Significant cost savings vs. Azure pay-as-you-go rates! When Azure Reserved VM Instances and Azure Hybrid Benefits (from SA or Server subscriptions) are used together, customers enjoy up to 80 percent total savings.

**In what geographies and for what customer audiences will Server Subscriptions for Azure be available?**

At time of launch, only commercial pricing of Server subscriptions will be available. Availability will generally be worldwide in alignment with CSP's geo footprint. The following countries will not be available for now: Azerbaijan, Belarus, Brazil, India, Kazakhstan, Republic of Korea, Namibia, Russia, Taiwan, Ukraine. Status updates will be provided as available.

**Are trials to Server Subscriptions for Azure available?**

No trials are available. The same server software is available with virtual machines on an on-demand basis, so if there is a desire to try the software with Azure prior to making a long-term commitment, then that would be one way to accomplish that.

## Pricing and Incentives

**Why is there a price premium for 1-year vs. 3-year subscriptions?**

Microsoft values long-term subscription commitments from customers, and so these Server subscriptions are priced to provide the lowest price when the longest term is purchased. A 1-year subscription is still a compelling value proposition vs. on-demand, especially for Windows Server, where a 4 core Windows VM running for more than 2 months in a year will benefit from a 1-year Windows Server subscription.

**Is it possible to get a volume discount on Server Subscriptions for Azure?**

No. Microsoft's discounting model with these offers is duration-based rather than volume-based.

**Are CSP prices of these Server subscriptions comparable to prices of subscriptions in EAS and OVS?**

Prices (annualized) of 3-year Server subscriptions are generally at parity with the Net partner prices of parallel offers available through OVS. EAS prices are lower than these subscriptions (how much lower varies by customer size & profile).

**What is the partner margin applied to these offers?**

Partner margin for these CSP server subscription offers is 15%.

**How will Partners in CSP be compensated for server subscription purchases?**

During Microsoft's fiscal year FY19, the plan is for incentives on these CSP offers to be generally at parity with incentives on parallel offers available Open programs.

**Will partners see these Server subscriptions in the Azure pricing calculator?**

Microsoft will add extensions to the calculator that cover Server subscriptions, but timing has not been confirmed.

**On what CSP price list will Server subscriptions be included, and if it is a new price list then where will it be located?**

There will be a separate price list for software subscription offers, located in the Pricing and Offers section of the Partner Center. This is the same location as other price lists.

**What happens if pricing changes during the term of a server subscription?**

The cost is set at time of transaction and covers the full term of the subscription, so price changes have no effect on an existing active subscription. However, if a price change occurs and then another subscription of the same type is purchased, then the new subscription will be at the updated price.

## How to Purchase & Use

**How does a partner purchase a Server Subscription for Azure?**

At initial launch, partners need to purchase these offers on the Partner Center portal. By the following month, the ability to purchase via API should be enabled. Otherwise, the purchase workflow for these offers is similar to existing offers. Unlike Azure RIs, these offers are not sold through the Azure Portal.

**What is the minimum customer purchase commitment for Server subscriptions?**

The minimum initial Windows Server subscription purchase is 16 cores, and cores are generally sold in blocks of 8. The minimum initial SQL Server subscription purchase is 4 cores, and cores are generally sold in blocks of 2.

**When does the term of a newly purchased server subscription start?**

The term begins immediately upon purchase. Partner or customer may then utilize Azure Hybrid Benefits with VMs or deploy on premises. If a customer wishes to use a server subscription on prem, they may obtain software bits and keys from their partner. (In the future, a customer self-serve option will also exist for obtaining bits and keys).

**Can a partner purchase a server subscription such that the subscription term starts in the future?**

No, subscription terms begin immediately as described above.

**What happens when a server subscription expires?**

There are a few scenarios:

1. If the customer wishes to continue using a VM + Azure Hybrid Benefits that stemmed from the expired server subscription, then they must immediately purchase another server subscription. In the future, Microsoft plans to enable subscription renewal capabilities to facilitate rebuy, but at this time a discrete new purchase of the appropriate server subscription offer is required.
2. If the customer no longer needs Azure Hybrid Benefits that stemmed from the expired subscription, then they must go to the associated VM and uncheck the checkbox indicating Azure Hybrid Benefit usage.
3. If a customer is utilizing the server subscription on prem, then they need to either need to buy a new subscription or they need to stop using the software. In any event, access to bits and keys will end for the expiring subscription, and the remaining activation count on the keys will be reduced to zero.

**Do currently deployed VMs need to be flagged for usage of Azure Hybrid Benefits from a newly purchased server subscription (or SA)? Is there manual work to do or is deployment automatic?**

The process described in the earlier question (e.g. VM checkbox for Windows Server) must be followed for a VM to utilize Azure Hybrid Benefits. Microsoft does intend to add automation in the future.

**After Azure Hybrid Benefits from Server subscriptions (or SA) are assigned to VMs, how can a partner identify which VMs are utilizing Azure Hybrid Benefits and which are not?**

The partner can login to the Azure Portal in context of a customer, list VMs, and edit columns to show the Azure Hybrid Benefit column.

**Can Server subscriptions be transferred between customers?**

Transfers between customers are not enabled at this time.

**Can a customer purchase a server subscription for use on-premises?**

Yes. While Azure is the intended default usage of Server subscriptions, they may be used on-premises. If the customer wants to do this, they should review the product terms for minimum core quantities per server and the use of client access licenses for compliancy purposes.

## Billing and Invoicing

**How will the partner be billed for server subscription purchases?**

The partner will receive the invoice and reconciliation file for an up-front purchase of Server subscriptions as part of their monthly rhythm as with Azure RI.

**Can a partner spread payments for a server subscription purchase?**

Full upfront payment is required for both 1- and 3-year subscriptions. In the future, Microsoft will offer an annual billing option with 3-year subscriptions.

**Can Server subscriptions be returned or exchanged?**

In alignment with CSP policy for software products, Server subscriptions may be returned within 60 days of purchase for a full refund. Partial returns are not allowed, and beyond the 60 days no returns or exchanges are allowed. Exchanges do not apply to Server subscriptions.