Azure Local + Lenovo Licensing Guide

Flexible Licensing for Predictable Hybrid Cloud Costs

Modernize your edge computing environments.

Overview: Licensing, Your Way

With Azure Local running on Lenovo ThinkAgile MX infrastructure, you're in full control—not just of your environment, but of how it's licensed. Traditional infrastructure vendors often impose rigid contracts, unexpected costs, and complex license dependencies. With Lenovo and Microsoft, Azure Local licensing is designed to be transparent, predictable, and adaptable, so you can build a hybrid cloud strategy that fits your business needs without compromise.

Introduction

There are three options for licensing Azure Local:

1. OEM-only perpetual license
2. Standard subscription license
3. Azure Hybrid Benefit subscription license

Let's start with OEM Perpetual Licensing.

The Azure Local with Windows Server 2025 license from Lenovo provides customers with a one-time up-front license that includes both the Azure Local host OS (which also includes AKS) as well as unlimited Windows Server 2025 Datacenter Guest VMs. This license is ideal for customers who prefer a price-predictable and perpetual license. This is best-suited to edge, ROBO, and manufacturing environments that will be deployed for at least two years in order to optimize total cost of ownership. It's also delivered in a single transaction through Lenovo and grants license rights for the life of the server.

Links: Overview | FAQ

Now on to a standard subscription license.

The Azure Local subscription is $10 per core per month. It includes the host OS (with AKS included) but does not include the guest OS. Windows Server for guest VMs is sold separately. It's ideal for customers who want to be able to scale up, and who prefer subscription-based Op-Ex licensing. This license can be purchased through Lenovo as well.

Links: Azure Local | Pricing

Lastly there is the Azure Hybrid Benefit (AHB) for Azure Local. With AHB, customers are licensed for Azure Local Host OS (which includes AKS), and Windows Server VMs (including future versions).

This path to Azure Local also comes as a subscription but in two different pathways.

1. With a Microsoft Cloud Solution Provider (CSP), you can subscribe to Windows Server and then apply for the Azure Hybrid Benefit to convert those cores for Azure Local cores on-premises. Your Azure Hybrid Benefit is only valid while a Software Assurance subscription is active.
2. With a Microsoft Enterprise Agreement with Windows Server Datacenter edition and a Software Assurance subscription, you can convert Windows Server core licenses to Azure Local cores to qualify for Azure Hybrid Benefit. Your Azure Hybrid Benefit benefit can only run during your Software Assurance term.

The Azure Hybrid benefit is ideal for customers who want subscription licensing, and the other benefits that come with AHB. Consult with your CSP or Licensing Solution Provider (LSP) for additional details on AHB for Azure Local.

Links: Azure Hybrid Benefit for Azure Local | Azure Hybrid Benefit for Windows Server

Versions, Extended Security Updates and Pricing

All three pathways to licensinginclude the most current and subsequent versions of Azure Local. They also include AKS as it is now included with Azure Local. All Azure Local environments are also eligible for free Extended Security Updates (ESUs) for legacy Windows Server VMs that are migrated to Azure Local. Pricing is subject to several factors, including duration of license, procurement model, and other considerations.

Links: Extended Security Updates

Licensing Models: Choose What Fits Best

	LICENSING			CORE INFRASTRUCTURE FEATURES				PROCUREMENT			OTHER BENEFITS[6]	
	Perpetual	Subscription	Azure Local Transfer Rights	Azure Local Host	AKS	Windows Server Guest OS	Windows Server CALs	Lenovo as Microsoft OEM	Lenovo as Microsoft CSP	Enterprise Agreement w/SA (LSP)[2]	Lenovo Software Support[3]	Extended Security Updates
Azure Local with WS2025 OEM	Yes	No	No	Yes	Yes	WS2025[5]	Not Required	Yes	No	No	Yes	Yes
Azure Local Subscription	No	Yes	Yes	Yes	Yes	Sold Separately	Sold Separately if Required	No	Yes	Yes	Yes*	Yes
Azure Hybrid Benefit[4]	No	Yes	Yes	Yes	Yes	Yes	Required: Sold Separately	No	Yes	Yes	Yes*	Yes

* optional

https://www.lenovosalesportal.com/azure-local-landing.aspx

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[1] For Windows Server guest licenses (not required for Linux)
[2] There are other licensing procurement options from Microsoft and their partners that are also available. Consult with your provider for more information.
[3] Support agreements vary and can be included at time of purchase
[4] With either (1) Windows Server + Software Assurance + Enterprise Agreement or (2) Windows Server subscription
[5] Or earlier versions with downgrade rights.
[6] Also includes free ESUs, Hot Patching, Azure Policies, and Update Manager. Access to AVD is $0.01 vCore/hour.