



The Ultimate Guide to

Understanding Azure Virtual Desktop Pricing

HOW TO MAKE THE MOST OF YOUR AVD BUDGET

AVD's flexibility is brilliant, but its pricing seems a bit complex at first glance. Unlike traditional VDI solutions with straightforward per-seat licensing, Azure Virtual Desktop pricing involves multiple components that scale independently based on your needs.

Below, we'll look at every cost component, compare it with alternatives, and show you what to expect when that bill arrives.

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1. The key components of AVD pricing.

Azure Virtual Desktop provides virtual Windows desktops and applications hosted in Azure. It's essentially Desktop-as-a-Service (DaaS), giving you the power to deploy and scale virtualised Windows environments without the headache of managing the underlying infrastructure.



Before we look at specific costs, there's one thing to remember: Azure Virtual Desktop pricing isn't a single line item. Instead, you're paying for several Azure resources that work together to deliver the service.

The main cost components include:

- **Infrastructure costs** – The virtual machines that run your desktops, plus associated storage and networking. This is typically your largest expense.
- **Licensing requirements** – Windows licensing and user access rights. You might already have these through existing Microsoft agreements.
- **User profile storage** – Where user data and settings are stored, typically using FSLogix profile containers.
- **Additional services** – Optional components like Azure Monitor, backup solutions, and security tools.

What catches many businesses off guard is that there's no "AVD service fee" as such. Microsoft provides the AVD control plane (the management layer that orchestrates your virtual desktops) for free. You're only paying for the Azure resources you consume and the appropriate licensing.

That said, while the core AVD control plane is free, you might incur additional costs for enhanced management capabilities. Third-party monitoring solutions, advanced backup tools, or specialised security services all come with their own pricing. These aren't needed for AVD to function, but many find them valuable for production deployments, especially enterprises.

This consumption-based model means costs can vary quite a bit based on how you configure and use the service. A business running 24/7 persistent desktops will have very different costs from one using pooled desktops that shut down outside business hours.

2. Breakdown of AVD costs.

Let's take a look at each cost component in detail so you can understand what drives your monthly bill.

VIRTUAL MACHINE COSTS

Virtual machines are the workhorses of your AVD deployment. Each desktop session runs on an Azure VM, and these represent your primary infrastructure cost. VM costs depend on several factors:

- **VM size** – From basic B-series VMs for light users to GPU-enabled NV-series for power users. A typical knowledge worker might use a D4s_v5 (4 vCPUs, 16GB RAM). Costs vary a lot by region, VM series, and whether you're using pay-as-you-go or reserved instances.
- **Operating system** – Windows 10/11 multi-session allows multiple users per VM, reducing costs. Windows 10/11 single-session gives each user a dedicated VM for better performance isolation.
- **Running hours** – VMs are charged per second while running, so managing when they're actually on can make a huge difference. Implementing proper start/stop schedules—or letting Azure's Scaling Plans handle it automatically—can reduce costs by 70% or more for standard business hours usage.
- **Reserved instances** – Committing to one or three-year reservations can save up to 72% compared to pay-as-you-go pricing.

For pooled desktops (multiple users per VM), you'll typically need fewer, larger VMs. For personal desktops (one VM per user), you'll have more VMs but can right-size each one to the specific user's needs.

STORAGE COSTS

Storage in AVD comes in several forms, each with its own pricing:

- **OS disks** – Every VM needs an operating system disk. Standard SSD storage typically ranges from £7-15 per month for a 128GB disk, varying by performance tier and region.
- **Temporary disks** – Some VM sizes include local temporary storage at no extra cost. Great for page files and temporary data.
- **User profile storage** – FSLogix profile containers store user data and settings. When using Azure Files Premium tier, expect around £0.15 per GB per month, while Standard tier is approximately £0.05 per GB per month. Exact rates depend on your region and the specific storage solution you choose (Azure Files, Premium File Shares, or NetApp Files).
- **Data disks** – Additional storage for applications or data. Prices vary by disk type and size.

Most organisations find that user profile storage becomes a significant cost as it grows over time. A typical user might need 5-10GB for their profile, but power users can easily go over 50GB with documents, desktop files, and application data.

NETWORK COSTS

Network charges in AVD are often overlooked but can add up:

- **Outbound data transfer** – Azure charges for egress: data leaving the data centre. After the first 5GB free per month, costs typically go from £0.065-0.087 per GB depending on destination and volume. Intra-region transfers are usually free, but internet egress and cross-region transfers incur charges.
- **VPN Gateway or ExpressRoute** – If you're connecting AVD to on-premises resources, you'll need secure connectivity. VPN Gateways range from £100-500 per month depending on the SKU and bandwidth. ExpressRoute starts at around £40 per month for 50 Mbps metered connections but can exceed £8,000 per month for dedicated 10 Gbps circuits.
- **Public IP addresses** – If users connect directly over the internet, you won't need public IPs. But if you're using network appliances or custom routing, each static public IP costs about £3 per month.

For most deployments, network costs are relatively minor compared to compute and storage. However, if users are regularly downloading large files or streaming video content, egress charges can become significant.

LICENSING AND ACCESS COSTS

The licensing model for AVD can be confusing, so take a careful look to make sure you get these right.

Windows licensing – You need appropriate Windows licensing for your VMs. This is typically included if you have:

- Microsoft 365 E3/E5
- Microsoft 365 A3/A5/Student
- Microsoft 365 F3
- Microsoft 365 Business Premium
- Windows 10/11 Enterprise E3/E5
- Windows 10/11 Education A3/A5

Something to note, though: licensing eligibility can be nuanced and might vary by region and specific SKU. It'd be sensible to verify your current eligibility in your tenant's licensing documentation (or with your Microsoft representative) before assuming you're covered.

You'll also need to consider:

- **Per-user access pricing** – If you don't have eligible licensing, you can pay per-user access fees, typically around £8 per user per month for Windows desktops, though exact pricing depends on your region and agreement type.
- **Azure Hybrid Benefit** – If you have Windows Server licenses with Software Assurance, you can use them to reduce VM costs by up to 40%. This is massive for cost savings. Check out our guide to [learn more about Azure Hybrid Benefit](#).
- **External user access** – For external users like contractors, licensing can be charged per user or per concurrent session depending on your setup. Costs typically range from £8-15 per user per month. Check with Microsoft for your specific scenario as external user licensing has several options.

Most businesses already have some form of Microsoft 365 licensing that covers AVD access rights, making the additional licensing cost zero. But it's worth checking your current agreements to be sure.

3. How to use the AVD price calculator effectively.

While Azure doesn't offer a dedicated AVD calculator, the standard [Azure Pricing Calculator](#) works perfectly for estimating your Azure Virtual Desktop costs when you know which components to include. Here's how to get accurate estimates:

- **Start with Virtual Machines.** Add your expected VM quantities and sizes. Remember to adjust the hours per month if you're not running 24/7. For pooled desktops, estimate peak concurrent users rather than total users.
- **Add managed disks for OS storage.** Each VM needs one OS disk. Choose Premium SSD for production workloads or Standard SSD for dev/test.
- **Include Storage Accounts for FSLogix profiles.** Estimate 5-10GB per user for standard users, 20-50GB for power users. Choose Premium file shares for best performance.
- **Factor in bandwidth costs.** Estimate monthly egress based on user activity. Light users might generate 1-2GB per month, while heavy users could exceed 20GB.
- **Don't forget supporting services.** Add costs for backup, monitoring, and any network appliances you'll need.

The calculator helps you experiment with different configurations. Try scenarios with and without reserved instances, compare pooled versus personal desktops, and test the impact of different VM sizes.

One tip: always add a 15-20% buffer to your calculations. Real-world usage often goes over your initial estimates, and having headroom prevents any nasty surprises in your budget.

4. How to avoid a huge AVD bill.

REDUCING AVD COSTS

We love a bit of cost optimisation, especially with AVD. It occasionally involves choosing cheaper options, but also aligning your resources properly with actual usage patterns. Here are the most effective strategies for reducing AVD costs:

- **Right-sizing VMs** is your first stop. Start with smaller VM sizes and scale up based on actual performance data. Many organisations over-provision by 30-40% to begin with.
- **Reserved instances** can slash costs dramatically. If you know you'll need certain capacity for a year or more, reservations offer up to 72% savings. Even with some uncertainty, the savings usually outweigh the commitment risk.
- **Auto-scaling** ensures you're only paying for VMs when users need them. Configure scaling plans to add capacity during business hours and scale down during quiet periods.
- **Storage optimisation** matters more than you might think. Use standard SSD for most workloads, reserving premium SSD only where performance demands it. Implement storage lifecycle policies to move old data to cheaper tiers.
- **Implement quarterly cost reviews** to stay on top of spending. Set up a dashboard tracking:
 - o VM headcount versus active users
 - o Average session duration and peak concurrency
 - o Storage growth trends
 - o Egress patterns
- **Set up cost alerts** in Azure Cost Management. Configure thresholds at 50%, 80%, and 100% of your monthly budget. This gives you early warning of unexpected usage spikes.
- **Monitor key metrics** monthly:
 - o Cost per active user (not just licensed users)
 - o VM utilisation during business hours
 - o Orphaned resources (disks without VMs, unused public IPs)
 - o Profile storage growth rate

5. How to make AVD work for your budget.

When you're working with AVD, you'll want to make your CFO happy as well as your users. This comes down to proper planning and ongoing optimisation (rather than just choosing the cheapest options).



AVD is super useful in specific scenarios. If your firm has a remote or distributed workforce, or seasonal staffing patterns, it's a winner. Same if you're running a BYOD scheme. The consumption-based model means you can scale with your business needs rather than over-invest in infrastructure.

But if you have consistent, location-based users that rarely work off-site, or if your apps need specific hardware that doesn't virtualise well, traditional desktops might still make sense.

AVD is constantly evolving. Microsoft regularly introduces new features and pricing options that can reduce costs or improve functionality.

Remember you can always visit their official Azure Virtual Desktop pricing page to see the latest figures.

Need help setting up your Azure Virtual Desktop?

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