

Microsoft Dynamics 365 Business Central Licensing Guide

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Using This Guide

This guide is designed to improve your understanding of how to license Microsoft Dynamics 365 Business Central.

This document does not apply to Microsoft Dynamics 365, Microsoft Dynamics 365 on-premises, Microsoft Dynamics 365 for Operations on-premises, Microsoft Dynamics NAV, Microsoft Dynamics GP, Microsoft Dynamics SL, Microsoft Dynamics AX 2012 or prior versions, or Microsoft Dynamics CRM 2016 or prior versions. This guide is not intended to influence the choice of Microsoft Dynamics products and services or provide technical specification. The examples presented in this guide are illustrative. Microsoft reserves the right to review or update this document at any time without notice.

For help determining the right technology solution for any given organization, including the license requirements for a specific product or scenario, consult with your Microsoft account team or your Microsoft Dynamics Certified Partner.

This guide does not supersede or replace any of the legal documentation covering use rights.

Introduction to Microsoft Dynamics 365

Microsoft Dynamics 365 Business Central (previously known as Dynamics 365 for Finance and Operations, Business edition) fits the needs of midsize businesses with core business needs. It helps organizations connect their financials, sales, purchase, inventory, projects, service, and operations.

With Dynamics 365 Business Central, you must license at least one of Dynamics 365 Business Central Essentials or Dynamics 365 Business Central Premium users. Additional access to the service functionality by other users is licensed with Dynamics 365 Business Central Team Members.

Dynamics Business Central functionality is delivered through the Dynamics 365 Business Central Essentials or Premium User.

Subscription Licensing Requirements

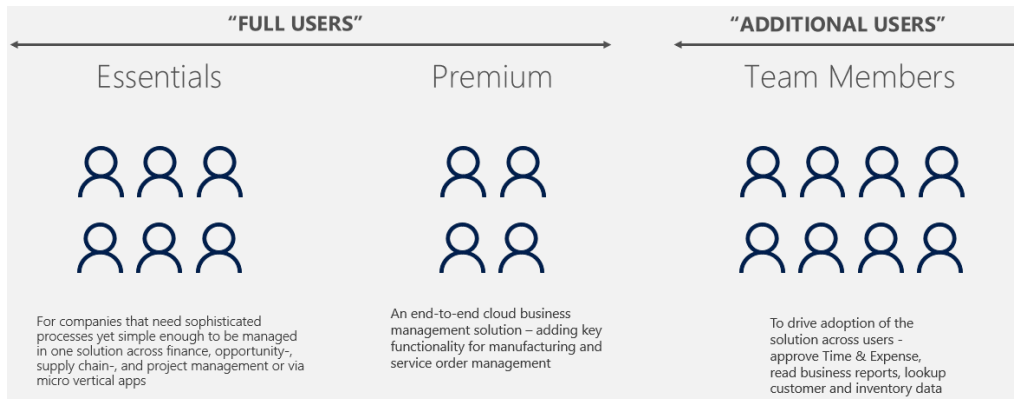
Licensing Requirements for Internal Users

Microsoft Dynamics 365 Business Central has two types of SLs:

User SL: The primary licensing is by User SLs, which are assigned on a “named user” basis, meaning each user requires a separate User SL named user subscription. User SLs cannot be shared, but an individual with a User SL may access the service through multiple devices. The Dynamics 365 Business Central user subscriptions classify users into the following types:

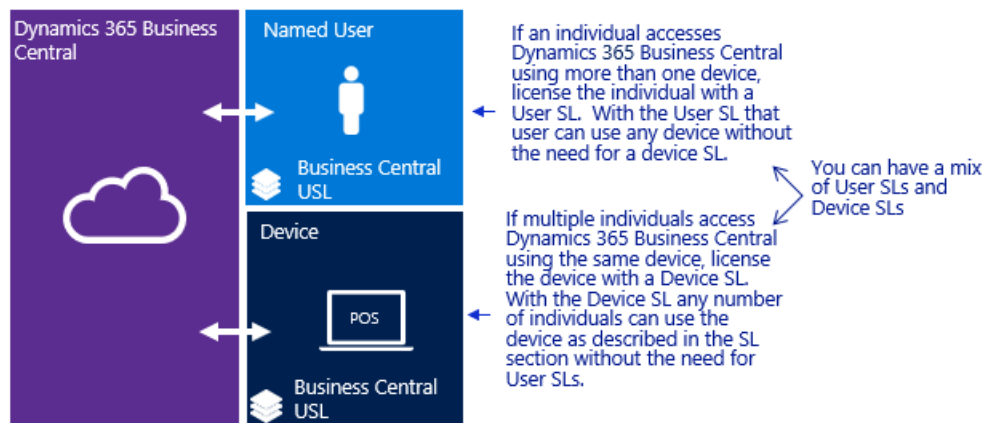
- **Full users:** are the users whose work requires use of the feature rich business applications functionality. Examples of full users are sales people, customer service representatives, finance employees, controllers and supply chain managers. These users have also been referred to in the past as Professional users or Power Users. These full users are licensed with a Dynamics 365 Business Central subscription.
- **Additional users:** often represent a significant percentage of users in an organization and may consume data or reports from line of business systems, complete light tasks like time or expense entry and HR record updates or be heavier users of the system, but not require full user capabilities. These additional users are licensed with Dynamics 365 Business Central Team Members.

Figure 1: User Types



Device SL: With Device SL any number of users can access a licensed device with individual logins without the need for separate User SLs. If individual users share one login, their individual usage cannot be tracked. Dynamics 365 Business Central device license is a limited license with a subset of Business Central capabilities. See the Device Subscription License [section](#) for more information.

Figure 2: Basic licensing requirements for Dynamics 365 Business Central



Since Dynamics 365 Business Central may be licensed with User or Device SL, only the user or the device requires a SL, but not both. If the user of a device is licensed with a User SL, then the device does not need a Device SL. Likewise, if the device is licensed with a Device SL, then the user does not need a User SL. Customers can mix both User and Device SLs.

The User and Device SL grants users non-perpetual rights (with no buy-out rights) to the use of the Dynamics 365 service. As long as you are current on your subscription payments and adhere to the [Product Terms and the Online Service Terms](#), you will have access to the most up-to-date version of Dynamics 365.

Customers must purchase Subscription Licenses (SLs) for their organization or their affiliates' employees and on-site agents, vendors or contractors who directly or indirectly access the Microsoft Dynamics 365 Business Central services.

Licensing Requirements for External Users

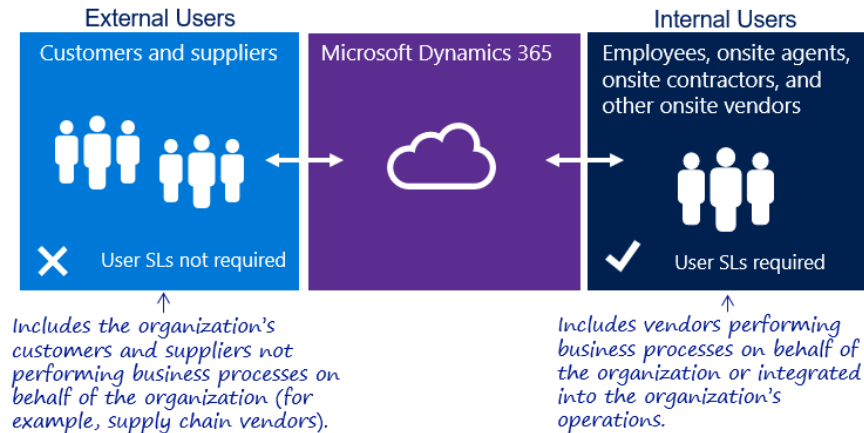
External users are end customers and third-party users of the organization or its affiliates and do not require SLs to access Microsoft Dynamics 365. External user access is included with the organization's internal user SLs.

External users cannot use any clients provided by the Microsoft Dynamics 365 Business Central Application Programming Interface (API), such as the Windows client, the Web client, the Windows, the iPad or iPhone app, or the Android application.

In addition, external users include off-site vendors not on an employee-like relationship with the organization or its affiliates (e.g. IT help desk support vendors serving multiple customer organizations).

However, external user access does not extend to the customer or the customer's affiliate's contractors, vendors, or agents providing business processes on the customer's behalf or using Microsoft Dynamics 365 to manage any portions of their business. In this sense, the customer may not use Microsoft Dynamics 365 to provide business process outsourcing services to its clients.

Figure 1: Internal vs. external users



Multiplexing

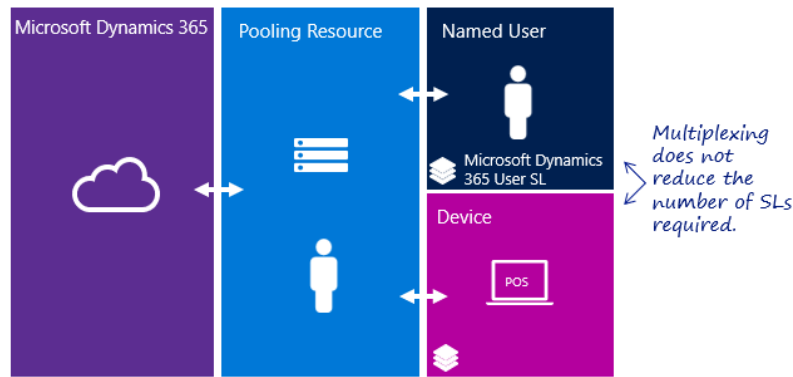
Multiplexing refers to the use of hardware or software that a customer uses to pool connections, reroute information, reduce the number of devices or users that directly access or use Microsoft Dynamics 365 service. Multiplexing does NOT reduce the number of SLs of any type required to access the Microsoft Dynamics 365 service. Any user or device that accesses Microsoft Dynamics 365—whether directly or indirectly—must be properly licensed.

Microsoft Dynamics 365 SLs are required for users or devices that directly input, query, or view data from the Microsoft Dynamics 365 service. Similarly, Microsoft Dynamics 365 SLs are required for users or devices that input data into, query, or view data from Microsoft Dynamics 365 through a pooling device. Pooled connections use a non-interactive user account in Dynamics 365 that can access the system but only via the web service layer. Internal users and devices accessing Microsoft Dynamics 365 data indirectly through a portal or via an API to a separate service such as Microsoft Outlook must also be properly licensed, regardless of if they are set up as a Microsoft Dynamics 365 user in the service, for example:

- Internal users and devices access Microsoft Dynamics 365 data indirectly through a Power Apps must still be properly licensed for Dynamics 365.
- Any user or device that accesses the service, files, data, or content provided by the service that is made available through an automated process requires a Microsoft Dynamics 365 SL.
- The number of tiers of hardware or software between the Microsoft Dynamics 365 service and the user or devices that ultimately use its data, services, or functionality does not affect the number of SLs required.

For additional information about multiplexing refer to the Microsoft Volume Licensing Brief [Multiplexing—Client Access License \(CAL\) Requirements](#).

Figure 2: Multiplexing



Dual Use Rights

One of the advantages of Dynamics 365 is dual use rights. This allows customers the option to deploy the server software either in Microsoft’s cloud or in a private on-premises or partner-hosted cloud. In some cases, customers may want to deploy both types of instances simultaneously. This might be done to help with migrating a Dynamics 365 on-premises deployment to Dynamics 365, running private Dev/Test deployments in Microsoft Azure. With Dual Use Rights, Dynamics 365 users licensed with the required User SL do not need to acquire CALs to access Server instances.

Users or devices licensed with Dynamics 365 SLs have use rights equivalent to a CAL for the purpose of accessing equivalent on-premise workloads. With Dynamics 365 the server license is included with the SLs. Licenses for all supporting servers (e.g., Windows Server and CAL(s)) must be obtained separately.

Users licensed with the following SLs may access the on-premise Dynamics 365 Server software provided via dual use rights:

- Dynamics 365 Essentials
- Dynamics 365 Premium
- Dynamics 365 for Team Members

To take advantage of Dual Use rights, a Dynamics 365 Business Central cloud subscription needs to be activated via CSP. Once the subscription has been activated, a customer account will be created in PartnerSource Business Center (PSBC) with the equivalent user SLs. The customer can access their on-premises/dual use rights license key (flf. format) by signing in to CustomerSource, selecting the ‘My Products and Services’ link from the dropdown menu and then clicking on the ‘Registration Keys’ link beside the Microsoft Dynamics 365 Business Central product.

Note: The on-premises license file is valid as long as the cloud subscription is active.

When you update your online subscription (for example, reduce the user count), you and/or your customer are obligated to download a new on-premises license file from PSBC to reflect the changes made on the cloud subscription.

Licensing Programs

Microsoft Dynamics Business Central subscriptions are only available through the Cloud Solution Provider program. Visit the <https://partner.microsoft.com/en-US/cloud-solution-provider> to learn more about CSP.

Minimum License Purchase Requirement

There is no minimum license requirement. Note, customers may not mix and match Essentials and Premium users. Customers must license Essentials or Premium users but not both.

International Availability

Country, language, and localization availability for Dynamics 365 is available [here](#).

Microsoft Dynamics 365 Additional Users

Dynamics 365 Business Central Team Members

The Dynamics 365 Business Central Team Members subscription is a named user subscription designed for users who are not tied to a particular function, but who require basic Dynamics 365 Business Central functionality. This license includes read access as well as some write access for select light tasks across Dynamics 365 Business Central functionality for a given tenant. The Dynamics 365 Business Central Team Members SL grants a user full read access to Dynamics 365 Business Central Essentials and Dynamics 365 Business Central Premium for a given tenant. In addition, the Dynamics 365 Business Central Team Members SL includes some limited use write access to Dynamics 365 Business Central Essentials and Premium.

Dynamics 365 Business Central Team Members also includes the “Power Apps for Dynamics 365 Applications” license. Dynamics 365 Business Central Team Members users can use Power Apps to access Dynamics 365 Business Central within the bounds of their Team Members license.

Dynamics 365 Business Central Team Members requires that at least one other user be licensed with Dynamics 365 Business Central Essentials or Dynamics 365 Business Central Premium. Dynamics 365 Business Central Team Members use rights:

- (i) Read anything within Dynamics 365 Business Central
- (ii) Update existing data and entries in Dynamics 365 Business Central - existing data are records like customer, vendor or item records which are already created. Entries means entries on which it is specifically allowed from an accounting perspective to update specific information. (e.g. due date on customer ledger entries)
- (iii) Approve or reject tasks in all workflows assigned to a user
- (iv) Create, edit, delete a quote
- (v) Create, edit, delete personal information
- (vi) Enter a time sheet for Jobs
- (vii) Use Power Apps for Dynamics 365
- (viii) A Team Members application module may not be customized with more than 15 custom entities available to the Dynamics 365 Team license*

*Customization is only allowable if it does not result in a change to core purpose of the specified scenario. The limitation of 15 objects is on a per user/employee basis and a firm limitation to that specific user/employee. This user is not allowed to log out and log in and modify 15 different objects.

See [Appendix A](#) for a summary of Dynamics 365 Business Central Essentials use rights, [Appendix B](#) for a summary of Dynamics 365 Business Central Premium use rights, and the Power Apps, Power Automate, and Power Virtual Agents Licensing Guide for additional information on Power Apps for Dynamics 365 licensing.

Dynamics 365 Business Central Device

With the Dynamics 365 Business Central Device license, multiple users can use a device that is licensed with a Dynamics 365 Business Central Device SL to operate a point of sale device, shop floor device, or warehouse device. A single device can provide any of the following functionality in any combination. Device SLs do not include all the capabilities of the Full user.

Device SL	Functionality
Point of Sale	One device located in the Commerce location, used by any individual, for completing customer facing sales of goods or services transactions
Store Manager	One device located in the Commerce location, used by any individual, dedicated to performing the following tasks solely for that Commerce location. Commerce location or Store means a physical location (static or itinerant) operated by you when closing goods or services transactions with customers: <ul style="list-style-type: none"> • Managing and replenishing inventory • Balancing cash registers and processing daily receipts • Configuring and maintaining menu options displayed by the ISV Devices • Purchasing supplies and services required to run the Commerce Location operations • Managing Commerce Location staff • Processing reports required to analyze and manage Commerce Location results • Managing master data related to Commerce Location operations
Shop Floor	One device used for manufacturing shop-floor functions. Shop Floor Functions: <ul style="list-style-type: none"> • Clock-in and clock-out • Starting and finishing production jobs (including project activities carried out on the shop floor) • Reporting progress • Materials consumption and completion • Viewing documents and instructions related to production jobs • Viewing worker holiday balances
Warehouse Device	One device used for Warehousing functions: <ul style="list-style-type: none"> • Receiving • Putting-away • Doing internal stock transfers • Picking, packing • Capturing product attributes • Shipping goods plus performing inventory count checks in the context of a warehouse management system • Posting output and materials consumption against production orders when captured as transfers of raw materials and finished goods between a warehouse and a production line (all other types of transactions are excluded)

Product Licensing

Dynamics 365 Business Central

Subscriptions are named user subscriptions where a user is licensed for Dynamics 365 Business Central Essentials or Dynamics 365 Business Central Premium. The following application is part of Dynamics 365 Business Central: Power Apps for Dynamics 365.

Business Central Application

Dynamics 365 Business Central is a comprehensive business management solution for SMBs. The Dynamics 365 Business Central application can be licensed two ways:

Dynamics 365 Business Central Essentials:

- | | |
|---------------------------------------|--------------------------------|
| (i) Financial Management | (iv) Supply Chain Management |
| (ii) Customer Relationship Management | (v) Human Resources Management |
| (iii) Project Management | (vi) Warehouse Management |

Dynamics 365 Business Central Premium:

- (vii) Everything in Essentials
- (viii) Service Management
- (ix) Manufacturing

Note, customers may not mix and match Essentials and Premium users. Customers must license Essentials or Premium users but not both.

Dynamics 365 Business Central (per user license) – This license provides users with unrestricted access to the functionality included in Dynamics 365 Business Central Team Members and Business Central.

Dynamics 365 Business Central Applications include the “Power Apps for Dynamics 365 Applications” license. Dynamics 365 Business Central users can use Power Apps to access Dynamics 365 within the bounds of their Dynamics 365 Business Central Essentials or Premium license.

Dynamics 365 Business Central includes at no charge, three External Accountant licenses for customers who have external accountants who wish to connect to their Dynamics 365 Business Central application. External Accountant Licenses contain all the same use rights as Dynamics 365 Business Central license except for the following: Access to user set up or admin tasks and any other Dynamics 365 Business Central application.

See [Appendix A](#) for a summary of Dynamics 365 Business Central Essentials use rights, [Appendix B](#) for a summary of Dynamics 365 Business Central Premium use rights, and the Power Apps, Power Automate, and Power Virtual Agents Licensing Guide for additional information on Power Apps for Dynamics 365 licensing.

Additional Services and Software

Licenses for Microsoft Dynamics 365 Business Central service do not include licenses for other products and services that may be necessary to light up integrated scenarios or extend functionality; product licensing rights for these must be established separately. The following resources can help you to determine the required additional licenses:

Microsoft Power Apps

Microsoft offers additional services and software that work in tandem with Dynamics 365. These services are included in Dynamics 365 Business Central and Dynamics 365 Business Central Team Members subscriptions.

Microsoft Power Platform - Dynamics 365 applications are built on the Microsoft Power platform, a high-productivity platform that includes the ability for customers to integrate products:

- **Power Apps:** Extend and customize applications
 - Power Apps Portals add-on
 - AI Builder capacity add-on
 - Power Apps and Power Automate capacity add-on
- **Power Automate:** Automate business processes and workflow
- **Power BI:** Deliver business intelligence

Figure 3: Power Apps/Power Automate Use Rights with Dynamics 365 licenses

	Dynamics 365 Apps ¹	Dynamics 365 Enterprise Apps ²
Customization / Extension of licensed Dynamics 365 application		
Customize licensed Dynamics 365 application	Yes <i>(limited to 15 custom entities)</i>	Yes <i>(no limits on custom entities)</i>
Run custom applications	-	Yes - unlimited <i>(within the same environment as licensed Dynamics 365 application)</i>
Access custom portals	-	Yes - unlimited <i>(within the same environment as licensed Dynamics 365 application)</i>
Connector use rights		
Standard connectors	•	•
Premium connectors	•	•
On-premises data gateway	•	•
Custom connectors	•	•
Common Data Service use rights		
Number of custom entities per licensed Dynamics 365 application	15	Unlimited
Restricted entities (within licensed Dynamics 365 application)	•	•
Power Automate use rights		
Run flows that extend licensed Dynamics 365 application	•	•
Run standalone flows that do not map to licensed Dynamics 365 application	-	-
Business process flows	•	•

¹Sales Professional, Customer Service Professional, Talent: Onboard, Team Members, Operations - Activity, Business Central Team Members

²Sales Enterprise, Customer Service Enterprise, Field Service, Project Service Automation, Finance, Supply Chain Management, Retail, Talent, Business Central
 Note: Power Apps and Power Automate usage will count against daily API request limits associated with the Dynamics 365 license. More details at <http://aka.ms/platformlimits> - Power Apps and Power Automate capacity add-on can be purchased to increase daily service limits

Please visit <https://powerapps.microsoft.com> and <https://flow.microsoft.com> for more details on Power Apps and Power Automate.

Microsoft Power BI in Dynamics 365

Dynamics 365 Business Central users are not provided with any standalone or general-purpose Power BI license or use rights. Customers who require Power BI Pro will need to license and pay for it separately.

Dynamics 365 Business Central application subscriptions include an option to embed Power BI content as a product feature but require users to subscribe to Power BI (free user or Power BI Pro depending on content) separately to configure access to this content. More details are available in [this article](#).

Cortana Intelligence

Customers who wish to expand beyond the default subscription capacity included in Dynamics 365 Business Central will need to have a separate Azure subscription.

Default Subscription Capacities

Production Instance	1 Included
Non-Production Instance	None
Database Storage	80GB
External Accountant Licenses	3 Included
Companies	Unlimited
Cortana Intelligence	1800 seconds per month/tenant

Support

The Microsoft Cloud Solution Provider program enables partners to manage their customer's success. Support for Dynamics 365 Business Central is solely through the Microsoft Cloud Solution Provider partners.

Additional Resources

Power Apps, Power Automate, and Power Virtual Agents Licensing Guide	https://go.microsoft.com/fwlink/?LinkId=2085130&clid=0x409
Microsoft Dynamics Blog	https://community.dynamics.com/b/msftdynamicsblog
CustomerSource	https://mbs.microsoft.com/customersource/
Microsoft Downloads Center	http://www.microsoft.com/downloads
Cloud Solution Provider Program (MPN)	https://mspartner.microsoft.com/en/us/Pages/solutions/cloud-reseller-overview.aspx

Appendix A: Essentials Functionality

Financial Management		
Basic General Ledger	Budgets	Fixed Assets
Account Schedules	Cash Flow Forecast	Multiple Currencies
Allocations	Check Writing	Payment Handling
Bank Account Management	Consolidation	Responsibility Centers
Bank Reconciliation	Deferrals	Unlimited Dimensions
Basic XBRL	Electronic Payment/Direct Debits ¹	
Advanced Financial Management		
Cost Accounting	Inter-company Postings	
Artificial Intelligence ²		
Cash Flow Forecast	Inventory Forecast	Sales Forecast
Image Recognition	Late Payment Prediction	
Customer Relationship Management		
Business Inbox for Outlook	Contact Management	Opportunity Management
Campaign Management	Dynamics 365 Sales Integration ³	Relationship Management
Campaign Pricing	Email Logging	Task Management
Contact Classification	Interaction / Document Management	
E-Services		
Document Exchange Service	Bank Feeds (US, CA, UK)	Online Map
Document Management, Document Capture	PayPal	Tax. Reg. No. Validation Service (EU) ¹
Human Resources Management		
Basic Human Resources		
Project Management		
Basic Resources	Job Quotes	Project Management Jobs
Capacity Management	Multiple Costs	Time Sheet
Supply Chain Management		
Alternative Order Addresses	Item Charges	Demand Forecasting
Alternative Ship-To Addresses	Item Cross References	Sales Invoice Discounts
Alternative Vendors	Item Substitutions	Sales Invoicing
Assembly Management	Item Tracking	Sales Line Discounting
Basic Inventory	Location Transfers	Sales Line Pricing
Basic Payables	Multiple Locations	Sales Order Management
Basic Receivables	Order Promising	Sales Return Order Management
Calendars	Purchase Invoicing	Sales Tax/VAT~
Cycle Counting	Purchase Line Discounting	Shipping Agents
Drop Shipments	Purchase Line Pricing	Standard Cost Worksheet
Item Attributes	Purchase Order Management	Stock keeping Units
Item Budgets	Purchase Return Order Management	Vendor Catalogue Items
Item Categories	Requisition Management	
Warehouse Management and Inventory		
Automated Data Capture System	Internal Picks and Put Aways	Warehouse Shipment
Bin Set-Up	Pick	Warehouse Management Systems
		Warehouse Receipt
Other		
Analysis Reports	Job Queue	User Tasks
Change Log	Notifications (on-premises only)	Word reporting/Document reporting
Embedded Power BI	Reason Codes	Workflow
Extended Text	Unlimited Companies	
Intrastat ¹	User Management	

¹For feature availability in your region, consult <https://docs.microsoft.com/en-us/dynamics365/business-central/about-localization>

²Requires Intelligent Edge or Azure Machine Learning subscription

³Requires Dynamics 365 license

⁴Support for Sales Tax or VAT depending on country deployment

Appendix B: Premium Functionality

Premium includes Essentials capabilities and adds key functionality for service order management and manufacturing.

Service Order Management		
Service Order Management	Service Item Management	Planning and Dispatching
Service Price Management	Service Contract Management	
Manufacturing		
Production Orders	Machine Centers	Finite Loading
Production Bill of Materials	Basic Supply Planning	Sales and Inventory Forecasting
Version Management	Basic Capacity Planning	Agile Manufacturing

Appendix C: Configuration Components

Configuration and Development		
Table	Reports	XML Port
Pages	Codeunits	Queries

Dynamics 365 Business Central license keys include, via dual use rights, the full custom objects range 50,000 – 99,999 for the above configuration components.

Appendix D: Change Log

Page	Topic	Type of Change	Action	Date
10	Functionality	Updated	Footnotes	January 2020
6	Dual use rights	Clarified	Dual use rights pertain to users as there is no device available on-premises	December 2019
Various	Power Platform	Name change	PowerApps = Power Apps, Flow = Power Automate	December 2019
10	PowerApps	Updated	Updated use rights table	October 2019
2 & 6	Device	New	Business Central Device	July 2019
10	Default Capacity	Corrected	Corrected table to read 3 External Accountant licenses	July 2019
5	Team Members	Removed	Detailed plan of how Team Members works in Business Central – added to Dynamics 365 Licensing FAQ	June 2019
10	Configuration components	New	Added Appendix C: Configuration Components	June 2019
4	Min Purchase	Added	There is no minimum license requirement. Note, customers may not mix and match Essentials and Premium users.	May 2019
5	Team Members	Added	Detailed plan of how Team Members works in Business Central	May 2019
6	External Accountant	Updated	Dynamics 365 Business Central includes at no charge, three External Accountant licenses for customers who have external accountants who wish to connect to their Dynamics 365 Business Central application	May 2019
4	Team Members	Updated	Added 15 custom entities maximum statement	April 2019
6	Default Capacity	Corrected	Database Storage – 80GB File Storage - removed	April 2019
6	PowerApps	Clarified	PowerApps section	April 2019
8 & 9	Essentials	Updated	Demand Forecasting was moved from Premium functionality to Essentials	April 2019

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