IAITAM ACE 2025
ITAM - Another Brick In The Wall

VMware by Broadcom Will Wreck Your IT Budget:

What Are Your Options?

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About Scott Bickley

Scott Bickley is an Advisory Fellow at Info-Tech Research Group focused on Vendor Management, and Contract Review. He also has experience in the areas of IT Asset Management (ITAM), Software Asset Management (SAM), and technology procurement along with a deep background in operations, engineering, and quality systems management.

At Info-Tech, Scott provides IT leaders with the guidance, analysis, and tools they need to ensure their technology contracts are thoroughly vetted, benchmarked, and optimized. He has worked with clients to effectively drive down purchase costs and negotiate mutually agreeable terms and conditions resulting in win-win vendor-customer relationships. He also assists clients in developing their approach to vendor management relations and software compliance defense actions, resulting in accountable partner relationships coupled with a defensible IT deployment environment. Prior to joining Info-Tech, Scott was responsible for the global software licensing and procurement at International Game Technology (IGT) and indirect procurement at Amazon.com.
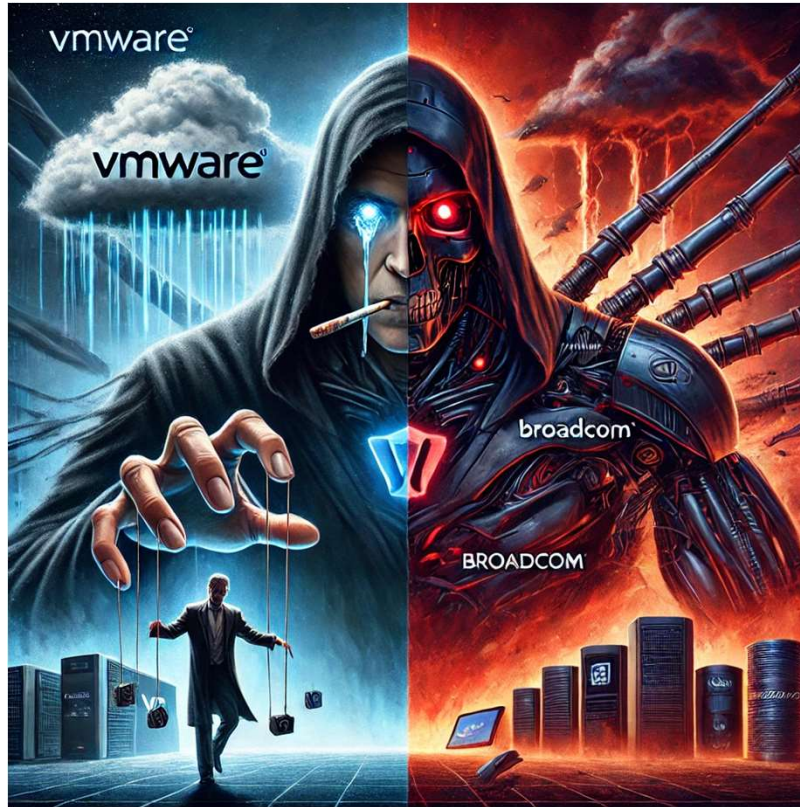
Scott holds a B.S. in Justice Studies from Frostburg State University. He also holds active IAITAM certification designations of CSAM and CMAM and is a Certified Scrum Master (SCM).

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The old VMware was no walk in the park to negotiate with...BUT...

Source: DALL-E

The new VMware under Broadcom WILL extract their pound of flesh...

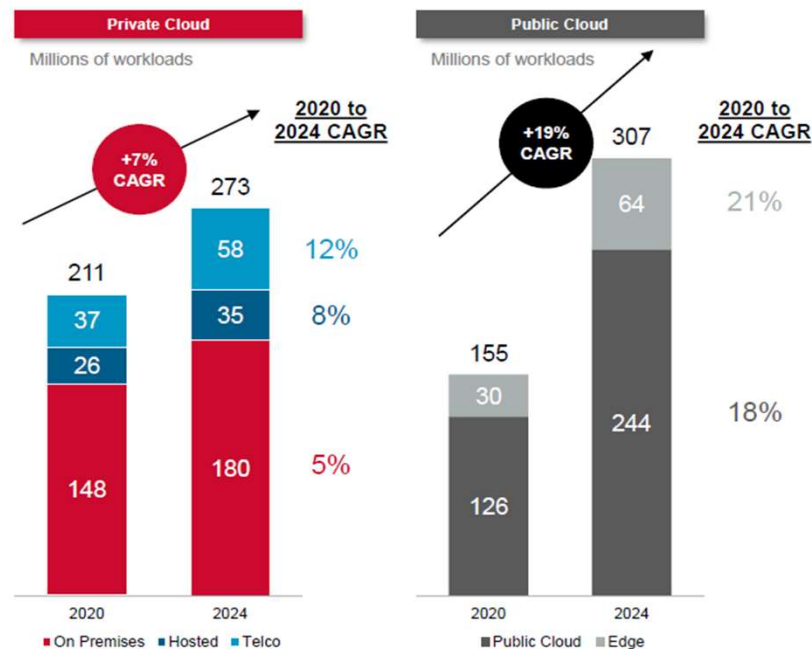April 22-24, 2025 | The M Resort Spa Casino | Las Vegas, NV

What drove the VMware acquisition?

Hint: It is **NOT** virtualization workloads

Buckle Up: Broadcom's vision for VMware likely does not match your short-term virtualization needs

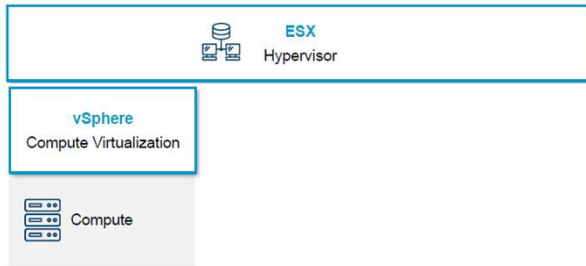**What does this mean for your renewal?**

Source: Broadcom

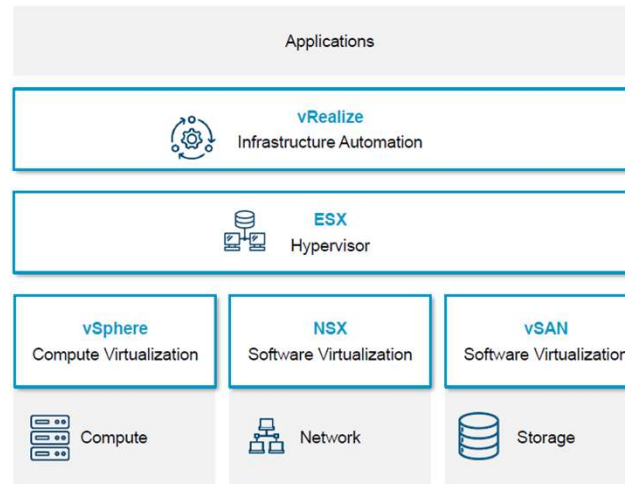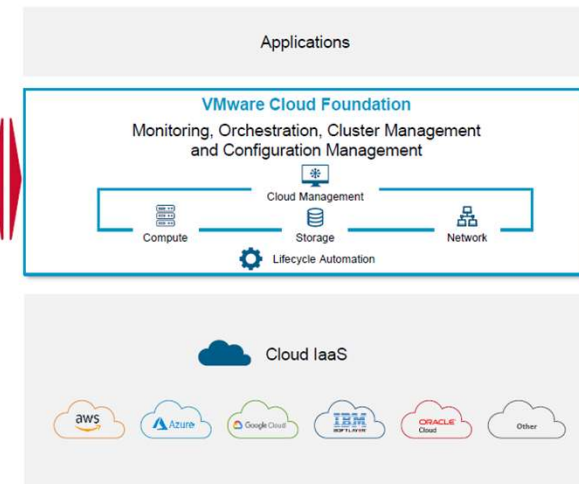April 22-24, 2025 | The M Resort Spa Casino | Las Vegas, NV

Your Vision

Broadcom Vision

VMware Private Cloud Datacenter Stack

Applications

vRealize — Infrastructure Automation

ESX — Hypervisor

vSphere — Compute Virtualization | NSX — Software Virtualization | vSAN — Software Virtualization

Compute | Network | Storage

VMware Cloud Foundation Public Cloud Stack

Applications

VMware Cloud Foundation
Monitoring, Orchestration, Cluster Management and Configuration Management

Cloud Management

Compute | Storage | Network

Lifecycle Automation

Cloud IaaS

Source: Broadcom

This looks expensive!

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Broadcom Financial Backdrop
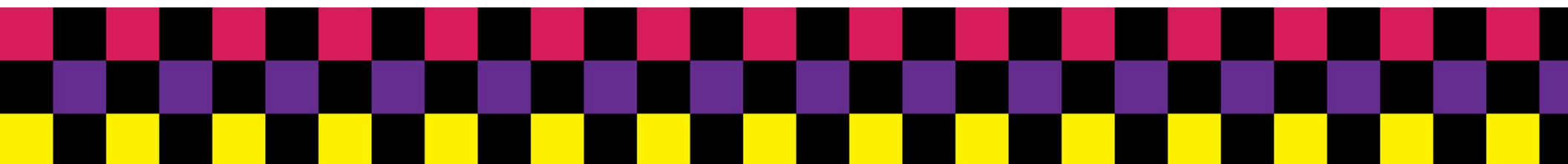
Proven Playbook
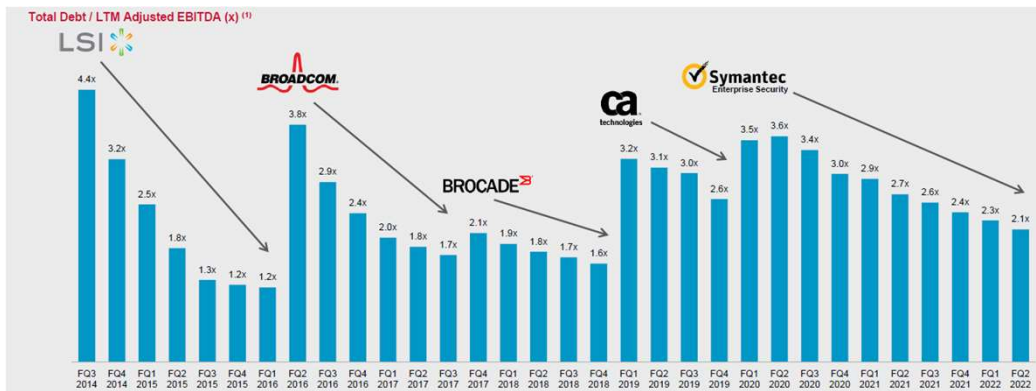
Source: Broadcom

Target State – 3 YRS

Source: Broadcom
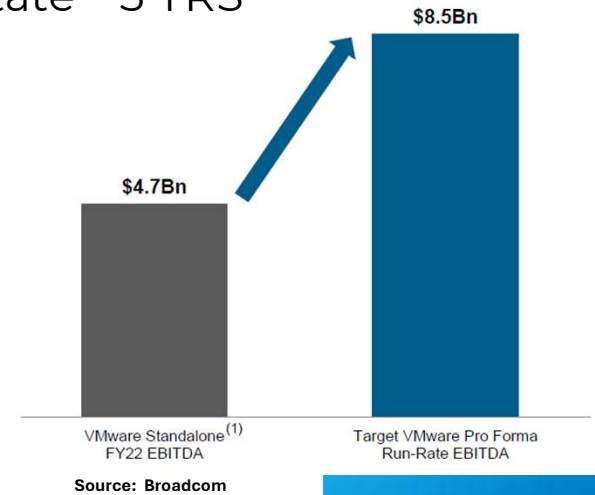
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Broadcom's Progress Thus Far

$1.2B

New quarterly cost basis, down 50% from $2.4B

4,500/10k

Customers on VCF

21M

Cores under subscription

70%

% of Cores on VCF

~$15B

Estimated VMW revenue (up from $13B)

The New Vmware…

From over 6k SKUs…to 5 plus add-ons

Product	License Metric	Note	List Price (1 YR/3 YR)
VMware Cloud Foundation 5 (VCF)	Core	Min. 16 cores per processor	$405/$350 (not usually sold for 1 YR)
VMware vSphere Foundation 8 (VVF)	Core	Min. 16 cores per processor	$190/$150
VMware Cloud Foundation Edge	Core	Min. 8 cores per processor*	$225
VMWare vSphere Enterprise Plus	Core	Min. 16 cores per processor	$120
VMware vSphere Standard 8	Core	Min. 16 cores per processor	$60

*Max 10 locations; 256 total cores
Add-ons:
vSAN
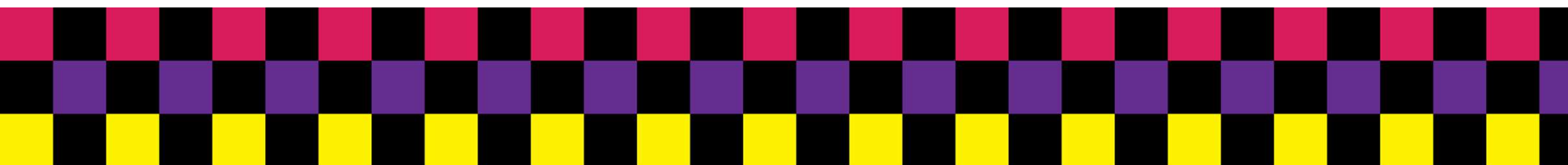**vDefend Firewall with ATP**
AVI Load Balancer
Live Recovery

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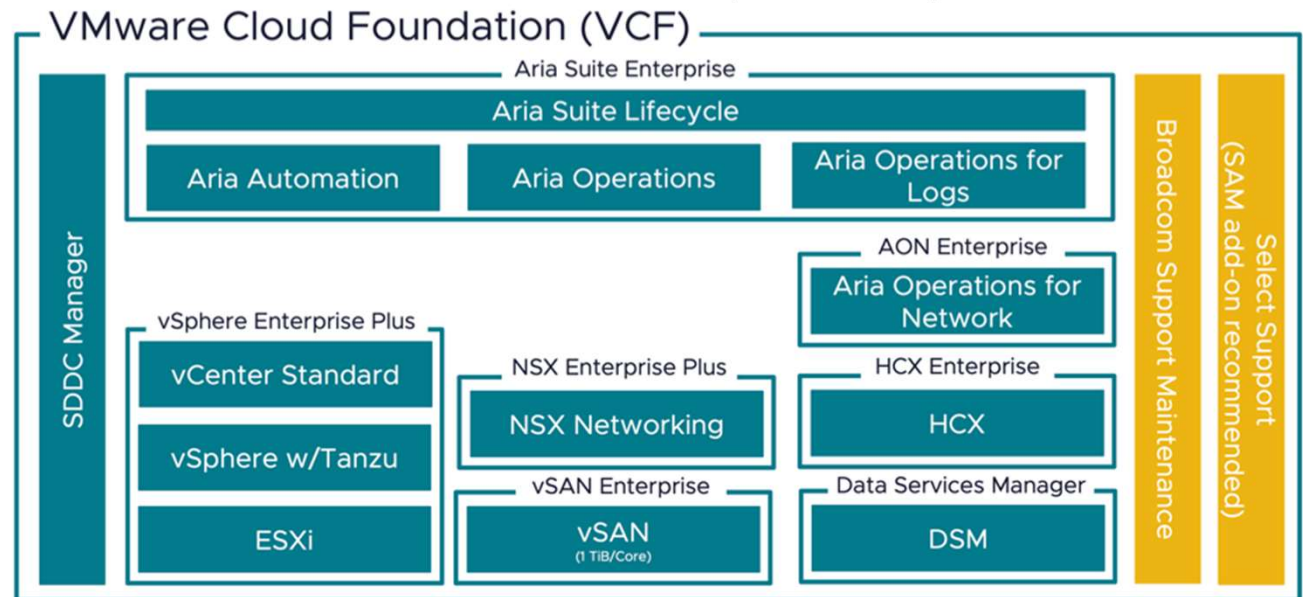| Then (VMware Pre-2023)	Now (Broadcom VMware 2024+)
Choice of perpetual licenses, term subscriptions, SaaS subscriptions	Term Subscriptions only (1 and 3 year)
Various license metric options: CPU, Core, VM for vSphere/NSX	Per Core only; 16 core min./CPU
Mix-and-match products	Bundles required for most products (VVF or VCF)
Multiple product editions (e.g. vSAN Standard/Advanced/Enterprise)	vSAN and NSX – only Enterprise or Enterprise Plus
vSAN = Unlimited Storage	Tied to raw capacity per node and CPU minimum per core (add-on vSAN available)
NSX included Firewall	NSX Firewall (Distributed Firewall/Gateway Firewall) now an add-on
Continued use of licenses and storage post SnS expiration	Subscription expiration triggers use right termination

VMware Commercial Model – VCF, VCF, VCF!

Customer Focus:
- **Strategic**: Top 500
  - Push to VCF Multi-Year
  - Broadcom Direct
- **Corporate**: Next 1,500
  - Push to VCF Multi-Year
  - Channel Partner
- **Commercial**: The Rest
  - Push to Multi-Year
  - Wider SKU Options

VMware Cloud Foundation (VCF) diagram showing SDDC Manager, Aria Suite Enterprise (Aria Suite Lifecycle, Aria Automation, Aria Operations, Aria Operations for Logs), AON Enterprise (Aria Operations for Network), vSphere Enterprise Plus (vCenter Standard, vSphere w/Tanzu, ESXi), NSX Enterprise Plus (NSX Networking), vSAN Enterprise (vSAN 1 TiB/Core), HCX Enterprise (HCX), Data Services Manager (DSM), Broadcom Support Maintenance, Select Support (SAM add-on recommended)

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VMware Negotiations: Working from a position of limited leverage

Negotiation Tactics:
- Discount Drivers
  - Product
  - Multi-year (3 or 5 year)
  - Core Count
- Benchmarks
- Demeanor
- Escalation
- Uplifts
  - 7% per year with notice
  - No protection
- Term for Convenience Clause

Source: DALL-E

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Broadcom's Bullying Tactics

Source: DALL-E

- Forcing multi-year deals on customers
- Terminated legacy license downloads effective April 2024
- Pricing under the new model is 2x to 12x legacy SnS costs annually
  - Clustered around 2-4x
- Force minimum volume commitments despite optimized core counts
- Leveraging audits upon ELA expirations or non-transition of SnS to new SKUs
- Not honoring "outyear clauses" for ELA agreements
- Delayed renewal quotes – 90 days prior to renewal date earliest

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Broadcom's Bullying Tactics Continued

- **Limited zero-day security patches (CVSS 9.0 or higher for vSphere 7.x and 8.x only)**
- **Specific Program Documentation (SPD) – changes monthly for most products**
  - **Recent changes:**
    - **1)16 core to 8 core min for VCF-E + Max 10 locations down from 28**
    - **2) vSAN TiB capacity increased from 100GiB to 250 GiB/core for VVF**
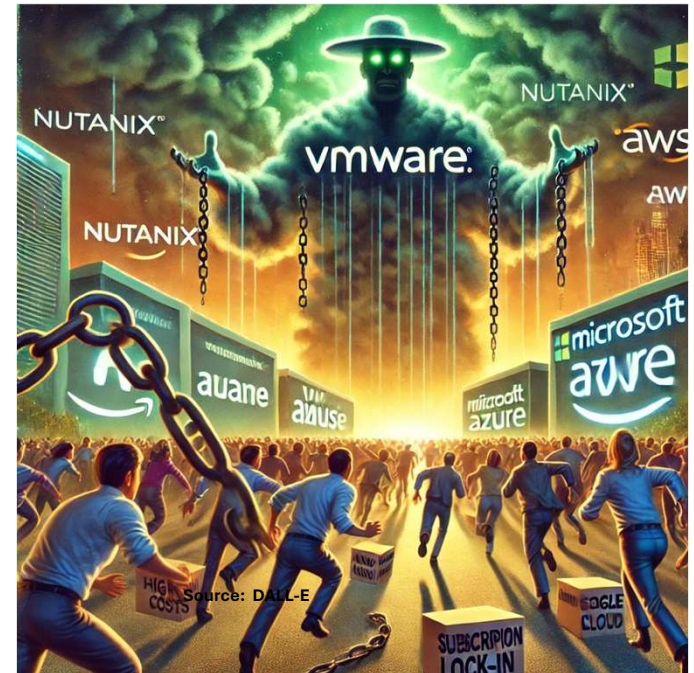- **Reinstatement Fees for late renewals**

VMware Alternative Options

- **Third Party Support**
- **Public Cloud Migration**
- **Private Cloud Migration (MSP powered by VMware)**
- **HCI**
- **Hypervisor Alternatives**
  - **Citrix XenServer**
  - **Hyper-V**
  - **Open Stack (Red Hat)**
  - **Proxmox**
  - **XCP-NG**
  - **KVM**
  - **Oracle OVM**

Source: DALL-E

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VMware Audit "Gotchas"

- **Over Deployments**
- **Territory Restrictions (Regional entitlement vs Global)**
- **License Key Management**
- **Changes with Broadcom Acquistion** – license keys did not transfer in a clean manner; old keys retired + all legacy key history
- **Hosting Restrictions** – internal business use vs external applicati0ns

Best Practices for Staying Compliance

- **Acknowledge Price Changes:** VMware is no longer a low-cost solution. Treat it like a premium product.
- **License Checkups:** Conduct an ELP review; consider a third party service for data collection and auditor interpretation and remediation.
- **Optimize Deployments:** Reduce excess deployments and rightsize the subscription footprint – flex down.
- **Foster Compliance Awareness** – Build a license culture focused on consumption needs under the new subscription model.
- **Evaluate Alternatives –** Build out a "what if" scenario to show back TCO costs to the business.

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Broadcom Audit Process

- **Notification**: You'll receive an audit notification letter.
- **Aggressive Approach**: Broadcom auditors are known for being assertive and strict.
- **Third-Party Auditors**: Currently VMware/Broadcom is conducting audits directly
- **Sales Involvement**: Once the audit is done, Broadcom's sales team steps in to discuss compliance issues and potential penalties.
- **Back Penalties**: Broadcom typically imposes penalties for up to two years of non-compliance.

Connect with Me!

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