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CEO Insights



November 22, 2023

Broadcom announces successful acquisition of VMware

Hock Tan

Today I am thrilled to announce Broadcom's successful acquisition of VMware, and the start of a new and exciting era for all of us at the company. VMware joins our engineering-first, innovation-centric team, which is another important step forward in building the world's leading ...

Innovation

VMware by Broadcom Dramatically Simplifies Offer Lineup and Licensing Model

December 11, 2023



Today, VMware by Broadcom has reached a new milestone with the announcement of the following:

- A dramatic simplification of our product portfolio that allows customers of all sizes to gain more value for their investments in VMware solutions. The portfolio simplification across all VMware by Broadcom divisions stems from customer and partner feedback over the years telling us our offers and go-to-market are too complex.
- Complete the transition of all VMware by Broadcom solutions to subscription licenses, with the **end of sale of perpetual licenses, Support and Subscription (SnS) renewals for perpetual offerings, and hybrid purchase program/subscription purchase program (HPP/SPP) credits beginning today (effective dates will vary).** Additionally, we are introducing a **bring-your-own-subscription license option,** providing license portability to VMware validated hybrid cloud endpoints running **VMware Cloud Foundation.**

Q: What can customers with perpetual licenses do now to prepare?

A: This is an excellent time for customers to assess their current state with VMware infrastructure and management products. We encourage customers to review their inventory of perpetual licenses, including refresh cycles and renewal dates, and become more familiar with VMware's available subscription offers. Customers should also contact their VMware or partner representative for more information.

VMware OEM partners and resellers, received a notice from Broadcom

"all VMware OEM partners and resellers, received a notice from Broadcom of significant changes, effective immediately, to how VMware products will be priced and sold. A summary of the key points from all communications we have received from VMware as of 8 January is as follows:

- VMware is no longer offering perpetual licenses; only subscription licenses will be sold.
- All customers on perpetual license must purchase a subscription license to maintain support once their current VMware support contract expires.
- VMware is no longer offering the VMware Essentials software product. VMware Essentials Plus continues to be available as a subscription license.

As a result of these announced changes:

- VMware will reject all current quotes based on their current price book. VMware stated they would provide a new price book in early February.
- VMware has cancelled all existing product activation codes (PACs) issued that have not yet been activated.
- VMware will honor support contracts for currently activated VMware licenses until the support contract expires. At that time, VMware will require customers to move to a new subscription license to retain support.
- VMware requires all existing orders that include VMware products that have not yet been fulfilled to be re-quoted and re-issued. "

VMWARE, BUT BY BROADCOM —

VMware customers face uncertain future as Broadcom ends VMware partner programs

Only Broadcom's favorites will be able to sell VMware-related offerings.

SCHARON HARDING - 1/11/2024, 12:53 AM



While supporting a smaller channel is cost-effective, Broadcom has claimed that ending VMware partner programs will bring greater profitability opportunities to partners “through simplified bundled offerings and more opportunities for service revenues.”

Broadcom’s lack of transparency has led to speculation about what it will take to continue to work with VMware. The Register noted “unconfirmed fears” that only 10 percent of the biggest VMware cloud service providers would be invited into Broadcom’s partner program. VMware has about 4,000 service provider partners, according to a January 4 report from CRN, which claimed that only 10–15 percent of them are expected to get invites into the Broadcom program, citing an unnamed source.

By altering how VMware tech is purchased, long-term customers may be forced to change critical infrastructure or work with a new, potentially much bigger, provider than they’re used to. There’s a deeper concern that Broadcom’s VMware won’t prioritize smaller customers during this evolution.

Broadcom a en revanche confirmé aux quelques – rares – partenaires conviés aux premiers séminaires de pré-présentation du nouveau programme que la fin des licences perpétuelles interviendra avant le 31 janvier et qu'il n'y aura pas de délai de grâce pour les renouvellements. Autre information : le mécanisme des protections d'affaires s'appliquera désormais différemment selon les lignes de produits. Les partenaires ont aussi appris que le **mode de calcul des licences sera désormais basé sur le nombre de cœurs** alors qu'il était jusqu'à présent basé sur le nombre de processeurs. **Sur la partie CSP, le mode de calcul change aussi, en passant du gigaoctet de Ram VM hébergé au nombre de cœurs.** Des changements de modèle qui impliqueront pour les partenaires de requalifier l'ensemble de leurs propositions en cours.

Autre inquiétude des partenaires : les **augmentations tarifaires**. De fait, tout le monde s'attend à une **nouvelle augmentation substantielle des tarifs après la hausse d'environ 10% déjà appliquée en 2023**. Une augmentation que Broadcom pourra justifier en invoquant, outre les **changements de mode de calcul des licences, l'ajout dans le bundle de base des CSP de plusieurs produits (tels que Tanzu, HCX ou sa suite d'automatisation Aria)**. Des produits qui ne seront pas forcément utilisés par les clients mais que Broadcom veut pousser. « *Nous sommes en fait dans une véritable prise d'otage* », estime le CEO de l'intégrateur de Nouvelle Aquitaine cité plus haut, qui s'inquiète plus pour le budget de ses clients à court terme et moyen terme que pour son entreprise. Une situation qui rappelle à beaucoup **les fâcheux précédents de Symantec** ou Brocade.

« Les augmentations de prix à deux chiffres ne sont pas terminées », acquiesce ainsi Olivier Morel, directeur des alliances stratégiques et des partenariats du groupe Cyllene. Mais celui-ci y voit plutôt une opportunité : **« Quelques très grands comptes nous ont déjà alertés et souhaitent que l'on monte des plateformes tests pour les aider à trouver des alternatives et migrer vers des environnements open source dans les prochaines années ».** De fait, le groupe s'est engagé depuis deux ans sur les solutions alternatives open source de Proxmox/KVM pour ses offres d'hébergement. Une plateforme opérationnelle a ainsi été finalisée dès 2023 par son centre d'expertise Lillois et ses équipes datacenters parisiennes. Et, depuis les annonces de rachat de VMware, il accélère pour migrer en priorité ses plateformes internes tout en conservant des sphères clients sous VMware pour les clients contraints ou ceux qui veulent encore conserver cette technologie.

You are in one of the following cases:

Quote received	Order placed but not yet received
Disabled by BROADCOM	Disabled by BROADCOM
New quotation from early February as new European pricing has not yet been finalized.	Order canceled, new quote sent from early February as new European pricing not yet finalized

Current Perpetual Licenses	Kit VMware® Essentials
Support and Subscription (SnS) contracts will be honored until they expire. However, their renewal will not be possible.	You need to upgrade to VMware® Essentials Plus and expect implementation costs if you can't do it yourself

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Book a Discovery Appointment to migrate your Virtual Machines from VMware® to another supplier.

BOOK

your appointment



THANKS FOR YOUR TIME

Your success start beyond this point.



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