



KUBERMATIC

## STEERING THE ROADBLOCKS

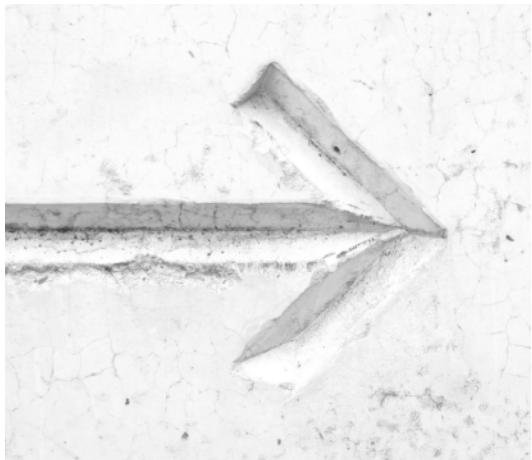
# Strategic Paths for CIOs After Broadcom's VMware Acquisition



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**There's an alternative. There's always a third way, and it's not a combination of the other two ways. It's a different way.**

*David Carradine*



## Overview

Broadcom's acquisition of VMware, announced on November 22, 2023, has led to significant changes in VMware's product offerings, licensing models, and partner programs. This development poses substantial challenges and potential disruptions for organizations relying on VMware for their IT infrastructure. As a result, CIOs must proactively address these changes to maintain operational stability and cost-effectiveness while preparing for potential future shifts in their technology strategies.

## Key Impacts of the Acquisition

### DISCONTINUATION OF PERPETUAL LICENSES



Effective December 11, 2023, Broadcom has ceased the sale of perpetual licenses for VMware products, transitioning all customers to a subscription-based model. This shift has led to concerns about increased costs and reduced flexibility.



CIOs must conduct an immediate and thorough inventory of existing VMware infrastructure to understand the financial and operational implications of this licensing change.

## CHANGES TO PARTNER AND OEM AGREEMENTS



Broadcom has terminated VMware's OEM agreements with vendors such as Dell, HPE, and Lenovo, replacing them with a new program that removes legacy discounts. Additionally, VMware's partner programs have been restructured, with some channel partners losing their reseller status.



Organizations must engage with Broadcom and their channel partners to understand the impact of these changes on their existing agreements and plan accordingly.

## POTENTIAL COST INCREASES



Many organizations have reported significant cost increases, with some experiencing price hikes of 2x to 5x for VMware renewals. This is partly due to the shift to subscription-based licensing and changes in product bundles.



CIOs should negotiate with Broadcom or authorized partners to explore potential discounts or flexible payment options, particularly for large deployments.

## STRATEGIC RECOMMENDATIONS

## Navigating VMware Migration in 5 Steps

To navigate the changes brought about by Broadcom's acquisition of VMware, CIOs should consider the following strategic actions:



### ENGAGE WITH BROADCOM AND CHANNEL PARTNERS

Establish open lines of communication with Broadcom account teams and channel partners to ensure mutual understanding of risks, goals, and expectations.

This engagement is crucial for negotiating favorable terms and understanding the full impact of the acquisition on your organization.



### ASSESS AND OPTIMIZE VMWARE INFRASTRUCTURE

Conduct a comprehensive assessment of your VMware infrastructure to identify underutilized resources and inefficiencies. Optimizing and rightsizing your VMware environment can help mitigate increased costs associated with the new licensing models.

Increase virtual machine density and optimize the utilization of current clusters to manage costs effectively, particularly given the new subscription licenses are priced per CPU core.



### EXPLORE ALTERNATIVE SOLUTIONS

Evaluate alternative hypervisors and virtualization platforms, such as Microsoft Hyper-V, Linux KVM, or Citrix Xen, to determine if they offer a more cost-effective or strategically advantageous solution for your organization.

Consider migrating to container platforms or cloud-native infrastructure services as part of a broader IT modernization strategy. This approach may offer greater flexibility and cost savings in the long term.

### PLAN FOR TRANSITION AND FUTURE PROOFING

Develop a robust transition plan for moving from perpetual licensing to subscription models, aligning this transition with the end-of-life cycle of server and storage hardware to optimize future purchases.

Evaluate the potential impact of Broadcom's changes on your ability to deliver scalable, resilient, and cost-effective business services. This evaluation should include an analysis of current partnerships and sourcing strategies to ensure continued alignment with your organization's strategic goals.



## LEVERAGE COMMUNITY AND INDUSTRY FORUMS

Participate in industry forums and user groups, such as the VMware User Group (VMUG), to share experiences and strategies with peers. This collective approach can provide valuable insights and potentially increase leverage in negotiations with Broadcom.

## Takeaways

To successfully navigate the changes following Broadcom's acquisition of VMware, CIOs must take a proactive approach to managing their IT strategies. By assessing current dependencies, exploring alternative technologies, and optimizing existing infrastructure, organizations can mitigate potential disruptions.

Furthermore, staying informed about market trends and emerging technologies that may offer viable alternatives to VMware is crucial. Regularly reviewing your strategic planning assumptions will help ensure they remain aligned with evolving industry dynamics, enabling your organization to adapt to new challenges and opportunities effectively.

## Why Kubermatic?

Kubermatic will help you develop the Right VMware Exit strategy and explore your **Kubernetes-Native Virtualization**. Modernize legacy systems through cloud-native containerization, seamlessly converting VM workloads into Kubernetes-based environments.

Streamline your infrastructure, and unleash the full potential of Kubernetes for your organization's cloud needs with **Kubermatic Virtualization** - the next evolution in cloud infrastructure. Kubermatic Virtualization allows you to **seamlessly build your private cloud entirely with Kubernetes**. Our advanced infrastructure design and Kubernetes expertise ensure efficient cloud adoption and scalable management.

- Establish a private cloud native infrastructure entirely using Kubernetes, eliminating the need to run multiple stacks.
- Utilize Kubernetes API as the foundation for all services and operations.
- Achieve cost efficiency through streamlined Kubernetes-based management and scalability.

Partner with us to migrate to an open source cost-effective VMware alternative.

## Future-Proof Your Infrastructure

Building your private cloud entirely on Kubernetes addresses VMware migration challenges by offering:

### 100% Control

Over your infrastructure allows for customized optimizations and integrations tailored to your specific needs.

### Flexibility

Kubernetes enables you to design a cloud infrastructure that is adaptable and scalable, reducing dependency on proprietary solutions.

### 3x Cost Saving

Open source components can lower licensing fees and avoid vendor lock-in, leading to significant cost savings.

### Seamless Integration

Kubernetes simplifies the migration of VM workloads to a containerized environment, easing the transition away from VMware's legacy systems.

## Global Leaders Work With Kubermatic

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### Get started with Kubermatic Virtualization

Contact our sales team at [sales@kubermatic.com](mailto:sales@kubermatic.com) or visit our website at [kubermatic.com](http://kubermatic.com)