



Navigating VMware Turmoil in the Broadcom Era

Insights and Strategies for
Transitioning to Alternative Solutions

Sumit Bhatia
Chetan Gabhane

Apress®

Navigating VMware Turmoil in the Broadcom Era

**Insights and Strategies for
Transitioning to Alternative
Solutions**

**Sumit Bhatia
Chetan Gabhane**

Apress®

Navigating VMware Turmoil in the Broadcom Era: Insights and Strategies for Transitioning to Alternative Solutions

Sumit Bhatia
Houston, TX, USA

Chetan Gabhane
Pune, Maharashtra, India

ISBN-13 (pbk): 979-8-8688-1263-7
<https://doi.org/10.1007/979-8-8688-1264-4>

ISBN-13 (electronic): 979-8-8688-1264-4

Copyright © 2025 by Sumit Bhatia and Chetan Gabhane

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

Trademarked names, logos, and images may appear in this book. Rather than use a trademark symbol with every occurrence of a trademarked name, logo, or image we use the names, logos, and images only in an editorial fashion and to the benefit of the trademark owner, with no intention of infringement of the trademark.

The use in this publication of trade names, trademarks, service marks, and similar terms, even if they are not identified as such, is not to be taken as an expression of opinion as to whether or not they are subject to proprietary rights.

While the advice and information in this book are believed to be true and accurate at the date of publication, neither the authors nor the editors nor the publisher can accept any legal responsibility for any errors or omissions that may be made. The publisher makes no warranty, express or implied, with respect to the material contained herein.

Managing Director, Apress Media LLC: Welmoed Spahr
Acquisitions Editor: Aditee Mirashi
Development Editor: James Markham
Editorial Assistant: Kripa Joseph

Cover designed by eStudioCalamar

Cover image designed by Pixabay

Distributed to the book trade worldwide by Springer Science+Business Media New York, 1 New York Plaza, Suite 4600, New York, NY 10004-1562, USA. Phone 1-800-SPRINGER, fax (201) 348-4505, e-mail orders-ny@springer-sbm.com, or visit www.springeronline.com. Apress Media, LLC is a California LLC and the sole member (owner) is Springer Science + Business Media Finance Inc (SSBM Finance Inc). SSBM Finance Inc is a **Delaware** corporation.

For information on translations, please e-mail booktranslations@springernature.com; for reprint, paperback, or audio rights, please e-mail bookpermissions@springernature.com.

Apress titles may be purchased in bulk for academic, corporate, or promotional use. eBook versions and licenses are also available for most titles. For more information, reference our Print and eBook Bulk Sales web page at <http://www.apress.com/bulk-sales>.

Any source code or other supplementary material referenced by the author in this book is available to readers on GitHub. For more detailed information, please visit <https://www.apress.com/gp/services/source-code>.

If disposing of this product, please recycle the paper

To the trailblazers of the virtualization landscape.

This book is dedicated to the IT leaders, engineers, and visionaries who confront uncertainty with bravery, transforming obstacles into opportunities for innovation. In the challenging landscape shaped by Broadcom and VMware, your resilience and creativity motivate us to trust in the transformative potential of technology and the human spirit.

As co-authors, we, Sumit and Chetan, have infused our shared enthusiasm, extensive research, and numerous discussions into these pages. This journey was not merely about writing a book; it was about engaging with a community that shares our commitment to progress, adaptability, and the bravery to explore new avenues.

We aspire for this guide to serve as more than just a navigation tool for the virtualization realm. May it stand as a tribute to perseverance, a source of clarity during uncertain times, and a catalyst for innovation that empowers you to create a future filled with possibilities.

Table of Contents

About the Authors.....xv

About the Technical Reviewerxvii

Acknowledgmentsxix

Introductionxxi

Chapter 1: The Broadcom Era Begins1

 1.1 Understanding the VMware Acquisition by Broadcom 1

 1.1.1 Broadcom’s Rationale.....3

 1.1.2 VMware’s Perspective5

 1.1.3 The Future of VMware Under Broadcom.....5

 1.1.4 Integration Challenges.....7

 1.1.5 Impact on the Industry10

 1.2 The Landscape of Previous Broadcom Mergers.....13

 1.2.1 2015: Avago Technologies14

 1.2.2 2016: Brocade Communications Systems.....15

 1.2.3 2017: Qualcomm’s Wireless Infrastructure Business17

 1.2.4 2018: CA Technologies.....18

 1.2.5 2019: Symantec’s Enterprise Security Business19

 1.2.6 Concerns About Broadcom’s Reputation for Cost-Cutting,
 Impact on R&D, and Anti-competitive Practices21

 1.3 Market Fallout: Dell Ends Agreement with VMware After Broadcom
 Acquisition and Emerging Rivals.....25

TABLE OF CONTENTS

1.3.1 Dell–VMware Relationship.....	25
1.3.2 Broadcom Enters the Game: End of the Dell–VMware Era	26
1.3.3 Dell's VXRAIL Discontinuation: A Post-merger Shift or Strategic Realignment?	28
1.4 The Future Is Uncertain: What Now for VMware After Broadcom's Takeover?	36
1.4.1 A Shift in Focus from Broadcom?	37
1.4.2 The Cloud Uncertainties.....	37
1.4.3 The User Experience.....	37
1.4.4 The Bigger Picture	38
1.4.5 A Call for Transparency.....	38
1.4.6 The Future Is Uncertain, but Not Hopeless	38
1.4.7 What Does This Mean for You?	39
1.5 Summary.....	39
Chapter 2: Unveiling the Broadcom-VMware changes	41
2.1 Deciphering New Licensing Model	42
2.1.1 Background: Understanding VMware's Old Licensing Models.....	42
2.1.2 Broadcom VMware License Changes	43
2.2 Deciphering New Product Bundles	60
2.2.1 VMware Cloud Foundation (VCF).....	60
2.2.2 VMware vSphere Foundation (VVF).....	69
2.2.3 VMware Cloud Foundation (VCF) Edge.....	72
2.2.4 VMware Vsphere Standard (VVS)	76
2.2.5 VMware vSphere Essential Plus (VVEP)	78
2.3 Understand Subscription Costs.....	83
2.4 Analyzing Implications for Existing Contracts and Agreements.....	85
2.4.1 Implications for Existing Perpetual Customers.....	85
2.4.2 Implications for Existing Subscription Customers.....	87
2.4.3 Implications in General.....	88

2.5 Strategies for Negotiation with Broadcom.....	90
2.5.1 Understand Licensing Models	90
2.5.2 Assess Your Position and Needs.....	91
2.5.3 Leverage Existing Relationships.....	91
2.5.4 Explore Bundling or Trade-In Opportunities.....	92
2.5.5 Negotiate Flexibility	93
2.5.6 Get Everything in Writing	94
2.6 Summary.....	94
Chapter 3: Navigating Challenges in Transitioning.....	97
3.1 The Sting of Broadcom's Resistance: Cooperation and Response Issues.....	97
3.1.1 The Nature of Broadcom's Business Model.....	98
3.1.2 The Cooperation Issues	102
3.1.3 The Response Issues	103
3.2 Identifying Hurdles and Top Challenges in Seeking Alternatives	105
3.2.1 Understanding Current Dependencies.....	106
3.3 Navigating Technical Challenges and Potential Alternatives.....	115
3.3.1 Use Case: Low Latency/Compliance/Data Residency Requirements	116
3.3.2 Use Case: Modernization	117
3.3.3 Use Case: Public Cloud Strategy.....	117
3.3.4 Data Migration Complexity	119
3.3.5 Application Dependency and Reconfiguration	119
3.3.6 Networking and Security Configurations.....	120
3.3.7 Legacy Infrastructure Compatibility	121
3.4 Navigating Challenges Around Upskilling Teams and Training for VMware Exit	122
3.4.1 Understanding the Need for Upskilling.....	122
3.4.2 Recognizing the Challenges	123
3.4.3 Strategies for Upskilling and Training.....	124

TABLE OF CONTENTS

3.5 Vendor Landscape in Server Virtualization.....	126
3.5.1 The VMware Dominance	126
3.5.2 Gartner's Insights on Server Virtualization	127
3.5.3 The Vendor Landscape in Server Virtualization and Private Cloud	129
3.6 Summary.....	150
Chapter 4: Managing VMware Dependence.....	151
4.1 Technical Evaluation Criteria for Vendors and Migration Paths.....	152
4.2 Establishing Clear Migration Paths	156
4.2.1 Lift and Shift	157
4.2.2 Re-platforming	157
4.2.3 Refactoring	159
4.2.4 Choosing the Right Path and Developing a Roadmap	160
4.3 Establishing a Task Force and Crafting an Action Plan	162
4.3.1 Forming the Task Force	163
4.3.2 Crafting the Action Plan	167
4.4 Executing Workload Migration Strategies and Mitigating Risks	171
4.5 Overcoming Integration Challenges and Ensuring Compatibility	176
4.5.1 Strategies for Overcoming Integration Challenges.....	176
4.5.2 Ensuring Compatibility.....	177
4.6 Mitigating Vendor Lock-In Risks Through Interoperability	179
4.7 Multi-vendor Virtualization Environments and Prioritizing Security.....	180
4.7.1 Best Practices for Security in Multi-vendor Environments.....	184
4.8 Summary.....	190

Chapter 5: Microsoft As an Alternative	191
5.1 Deconstructing Microsoft Hyper-V	191
5.1.1 The History of Microsoft Hyper-V: A Journey Through Virtualization	192
5.1.2 Early Beginnings: The Rise of Virtualization.....	192
5.1.3 The Birth of Hyper-V: 2008.....	193
5.1.4 Evolution and Features: 2012 and 2012 R2.....	194
5.1.5 Expanding Capabilities: Windows Server 2016 and Azure Integration	196
5.1.6 Windows 2019 and the Cloud Era.....	198
5.1.7 The Present and Future: Hyper-V in a Cloud-First World	199
5.1.8 Architecture of Hyper-V	201
5.1.9 Key Features of Hyper-V	208
5.2 Comparison of Hyper-V and VMware	213
5.2.1 Architecture	214
5.2.2 Performance	214
5.2.3 Usability	215
5.2.4 Features.....	216
5.2.5 Scalability	217
5.2.6 Cost	217
5.3 Deconstructing Microsoft Azure Stack Hyper-converged Infrastructure (HCI).....	218
5.3.1 Hybrid Cloud and Microsoft Azure Stack HCI.....	219
5.3.2 History of Microsoft Azure Stack HCI.....	222
5.3.3 Architecture of Microsoft Azure Stack HCI.....	231
5.4 Comparison of Microsoft Azure Stack HCI and VMware Cloud Foundation	236
5.4.1 Key Comparisons.....	238
5.5 Summary.....	245

TABLE OF CONTENTS

Chapter 6: Nutanix: The Challenger's Approach	247
6.1 The History of Nutanix: Redefining the Virtualization Landscape.....	248
6.1.1 Early Beginnings: A Vision to Simplify Infrastructure.....	249
6.1.2 The Birth of Acropolis: 2015.....	250
6.1.3 Expanding Capabilities: AHV and Hybrid Cloud Integration	250
6.1.4 The Present and Future: Nutanix in a Cloud-First World.....	251
6.2 Nutanix Architecture and Value Proposition.....	252
6.2.1 The Nutanix Cluster: A Unified Foundation	254
6.2.2 Acropolis Hypervisor (AHV): The Heartbeat of Virtualization	257
6.2.3 Distributed Storage Fabric (DSF): The Lifeline of Data	258
6.2.4 Prism: The All-Seeing Eye.....	258
6.2.5 NCM: The Automator of Interactions.....	259
6.2.6 ADSF: The Bridge Between Compute and Storage	260
6.2.7 Data Protection and Security: The Silent Guardian.....	260
6.2.8 Nutanix Architecture: Building a Simplified and Scalable Foundation.....	261
6.2.9 Nutanix's Value Proposition: Cost, Performance, and Simplicity	262
6.3 Cost, Management, and Suitability Comparison with VMware.....	266
6.3.1 Cost Efficiency and TCO (Total Cost of Ownership).....	266
6.3.2 Management Complexity and Operational Simplicity.....	267
6.3.3 Suitability Across Different Use Cases.....	268
6.3.4 Future-Ready Infrastructure	269
6.4 Advantages and Disadvantages of Adopting Nutanix.....	273
6.4.1 Advantages of Adopting Nutanix.....	273
6.4.2 Disadvantages of Adopting Nutanix.....	276
6.4.3 Takeaway and Summary from the Author's Point of View	279
6.5 Nutanix in Multi-cloud and Hybrid Cloud Environments	284
6.5.1 The Multi-cloud Challenge.....	285

6.5.2 Nutanix: A True Enabler of Hybrid Cloud285

6.5.3 Unified Management Across Clouds286

6.5.4 Optimizing Costs in a Multi-cloud World.....287

6.5.5 Security and Compliance Across Clouds288

6.5.6 Future-Proofing with Nutanix289

6.6 Case Study: Nutanix – A Challenger’s Approach290

6.6.1 The Challenge290

6.6.2 The Nutanix Solution.....291

6.6.3 The Results294

6.7 Summary.....296

Chapter 7: Proxmox, RedHat, and Beyond297

7.1 Evaluating Alternative Offerings and Architectures.....298

7.1.1 Proxmox: Flexibility Through Simplicity.....298

7.1.2 RedHat: The Hybrid Cloud Innovator300

7.1.3 Balancing Innovation with Reliability.....305

7.2 Cost, Management, and Suitability Comparison with VMware.....306

7.3 Weighing Advantages and Disadvantages Across Vendors314

7.4 Integration with Existing Infrastructure317

7.5 Security and Compliance Considerations321

7.6 Performance and Scalability326

7.7 Support and Community330

7.8 Use Cases and Industry Adoption332

7.9 Open-Source vs. Proprietary Solutions334

7.10 Automation and Orchestration338

7.11 Examples for References345

7.11.1 Example 1: XTech – A Global Manufacturing Leader
Adopts Proxmox for Cost Efficiency and Flexibility346

TABLE OF CONTENTS

7.11.2 Example 2: Telecom Titan Transforms Hybrid Cloud Operations with RedHat OpenShift347

7.11.3 Example 3: Financial Services Giant Leverages Multi-cloud Flexibility with Proxmox349

7.12 Summary.....350

Chapter 8: Author Recommendations and Insights353

8.1 A Strategic Perspective for Private Cloud with Hyper-V HCI355

8.1.1 The Strategic Advantage of HCI and Hyper-V.....355

8.1.2 Azure Stack HCI: How It Differs from Hyper-V?.....357

8.2 Real-World Use Cases for Azure HCI360

8.2.1 Use Case 1: Edge Computing and Branch Offices361

8.2.2 Use Case 2: Disaster Recovery and Business Continuity.....367

8.2.3 Use Case 3: High-Performance Virtual Desktop Infrastructure (VDI) – Empowering Remote Workforces375

8.2.4 Use Case 4: Architecting for Data-Centric Workloads with a Big Data Focus.....381

8.2.5 Use Case 5: Empowering On-Premises Container and Kubernetes Workloads.....386

8.3 Spotlight on Microsoft's Future Advancements and Windows Server 2025391

8.3.1 The Power of AI and Automation.....392

8.3.2 Enhanced Security and Zero Trust Architecture393

8.3.3 Performance and Scalability: The Next Generation of Computing Power393

8.3.4 Deep Integration with Azure and Multi-cloud Flexibility394

8.3.5 Edge Computing: Extending the Intelligent Cloud.....394

8.3.6 Conclusion: A Future-Proof Solution for Modern Enterprises395

8.4 Author's Recommendation: The Road Ahead in Virtualization and IT Strategy.....396

8.5 Lessons Learned, Best Practices, and Key Takeaways397

 8.5.1 Flexibility Is Key.....398

 8.5.2 Cost Versus Control398

 8.5.3 Multi-cloud and Hybrid Strategies Are Non-Negotiable.....398

 8.5.4 Security Must Be Baked into Every Layer.....399

 8.5.5 Focus on Automation for Operational Efficiency.....399

 8.5.6 Future-Proofing Requires Vendor Diversification400

8.6 Tailored Insights for Different Industries and Organizational Sizes.....400

 8.6.1 For Large Enterprises400

 8.6.2 For Small to Medium Businesses (SMBs).....401

 8.6.3 For Highly Regulated Industries401

 8.6.4 For Edge and ROBO Scenarios402

 8.6.5 For Technology Startups and Innovation-Driven Companies404

 8.6.6 For Manufacturing and Industrial Operations.....404

 8.6.7 For Educational Institutions.....405

 8.6.8 For Retail and E-Commerce.....405

8.7 Hyper-V with HCI: Microsoft’s Cloud-Native Powerhouse405

8.8 Proxmox: Open-Source Flexibility for Budget-Conscious Users.....406

8.9 RedHat: Enterprise-Grade with Open-Source Innovation406

8.10 Nutanix: Simplifying Hyper-converged Infrastructure407

8.11 The VMware and Broadcom Equation: A Final Reflection.....407

8.12 My Final Thoughts: Building a Resilient Future.....408

 8.12.1 Sustainability and Green IT Initiatives408

 8.12.2 Innovation in AI and Automation409

 8.12.3 Vendor Lock-In and Futureproofing409

 8.12.4 A Call to Action: Preparing for the Next Decade.....409

Index.....411

About the Authors



Sumit Bhatia, the lead author, is a distinguished global infrastructure solutions architect dedicated to tackling complex business challenges while promoting Green IT through innovative hybrid cloud strategies, advanced automation, and cost efficiency in IT operations to support the global oil and gas sector. With over 16 years of experience in the technology industry, Sumit is at the forefront of technological advancements, leveraging his extensive expertise in automation techniques, DevOps methodologies, multi-cloud

environments, and edge computing solutions engineering. He has gained recognition in the industry for his numerous contributions, including his authorship of the acclaimed book *Reverse Engineering with Terraform*, which has garnered praise from numerous industry experts.

Through his groundbreaking work with Terraform, the implementation of capacity management as a service (CMaaS) in hybrid environments, and the introduction of innovative ON/OFF solutions, his organization achieved significant cost savings, reducing annual expenditures by hundreds of thousands of dollars. He has been honored with the “highest honor” award from his organization, a leader in energy innovation. Additionally, Sumit is a prominent author in leading journals within the oil and gas industry and actively engages with the community as an expert reviewer for top-tier technology publications and journals. His unwavering

ABOUT THE AUTHORS

commitment to sharing knowledge and best practices has greatly assisted many professionals in navigating the intricate landscape of sustainability and solutions engineering.



Chetan Gabhane is a highly experienced professional with over 16 years in the fields of solution architecture and senior technical consulting, specializing in hybrid and multi-cloud computing. His career is marked by a strong commitment to innovation, helping organizations effectively integrate on-premises systems with cloud technologies through the development of robust, scalable, and secure hybrid cloud solutions.

Chetan is well regarded for his deep expertise in cloud ecosystems, where he excels at creating solutions that balance agility with operational efficiency. He focuses on utilizing advanced DevOps practices to enhance development processes and optimize cloud environments for both performance and cost savings. His technical skills also encompass the implementation of automation frameworks that facilitate seamless integrations, enabling businesses to reach their digital transformation objectives.

As the author of the widely recognized book *Reverse Engineering with Terraform*, Chetan has positioned himself as a thought leader in the cloud computing sector. This work, praised for its thoroughness and practicality, has assisted numerous professionals in mastering Terraform and simplifying complex cloud infrastructures.

About the Technical Reviewer



Christophe Lombard is an IT architect with 28 years of experience in designing and delivering complex solutions in both consultative and technical leadership positions with a specific focus on Cloud, IT transformation and Cybersecurity. He has worked with large organizations like NEC, CSC, DELL EMC, and more recently at VMware. He has helped dozens of IT professionals and organizations achieve their business objectives through business and consultative

engagements. During his career, he has served as a network and security engineer, project manager, consultant, and cloud architect. He started developing his knowledge in VMware in 2005 and his cloud expertise in 2015 and has developed his security knowledge all over his career. He is passionate about the development of innovation in companies using new technologies: cloud, cybersecurity, microservices, big data, and artificial intelligence.

His multiple experiences and areas of expertise opened a door for him at VMware in 2020 during the pandemic and very recently at Palo Alto Networks. As a Cloud Security Solution Architect, Christophe helps drive Prisma Cloud product adoption within large enterprises and customers. He loves to learn, to enable, and to educate people, including customers,

ABOUT THE TECHNICAL REVIEWER

partners, and colleagues, on all the cloud and cybersecurity technologies he is focused on. Christophe holds an AWS Certified Solution Architect–Associate certification, a GCP Associate Cloud Engineer certification, and a HashiCorp Certified: Terraform Associate certification.

In his spare time, he enjoys working on his creative pursuits such as photography. Find Christophe at [linkedin.com/in/lombardchristophe](https://www.linkedin.com/in/lombardchristophe).

Acknowledgments

The process of writing this book has been an extraordinary experience, one marked with challenges, late nights, extensive discussions, and a collective dedication to create something impactful. This work represents not merely a book but the synthesis of our shared knowledge, experiences, and a profound aspiration to assist others in navigating unfamiliar territories.

We extend our deepest gratitude to our families. Your patience, understanding, and steadfast faith in us have been invaluable. You supported us during moments of deep contemplation, surrounded by notes, or when we were engrossed in our screens. Without your love and encouragement, this project would not have come to fruition.

To our mentors and colleagues, we appreciate your role in shaping our comprehension of technology and for motivating us to question, learn, and evolve. Each conversation, debate, and shared insight has contributed significantly to the foundation of knowledge presented in this book.

We are also immensely grateful to the IT community professionals, leaders, and visionaries who have navigated the challenges of the Broadcom-VMware era with resilience and tenacity. Your narratives, challenges, and victories inspired this book. We aimed to honor your experiences by offering practical strategies and actionable insights.

This book required more from us than we anticipated – numerous hours of research, in-depth analysis, and the courage to challenge established norms. It pushed our boundaries but also reinforced our commitment to providing something genuinely valuable to the technology community.

ACKNOWLEDGMENTS

Lastly, to you, the reader, thank you for placing your trust in us. We crafted this book with the hope that it will not only assist you in overcoming the challenges of this new era but also motivate you to embrace its opportunities. Your success is our ultimate reward.

With sincere appreciation,
Sumit and Chetan

Introduction

In an era characterized by digital transformation, virtualization has become a fundamental element of contemporary IT infrastructure. However, as we enter the Broadcom-VMware phase, the journey ahead is laden with challenges, uncertainties, and crucial choices. This book aims to steer you through these challenging times, providing not only strategies but also a clear sense of direction and assurance.

Why This Book?

The acquisition of VMware by Broadcom represents a significant turning point in the IT sector, with extensive consequences for organizations globally. Changes in licensing, rising costs, and the risk of vendor lock-in have prompted many organizations to reevaluate their future strategies. In such a climate, possessing a well-informed roadmap is essential.

What's Inside?

This book is designed to be both thorough and practical. We analyze the transition from Broadcom to VMware and investigate alternative solutions such as Microsoft Hyper-V, Nutanix, Proxmox, and RedHat. We cover the technical, strategic, and financial aspects that can assist you in navigating this transition. Additionally, real-world case studies, best practices, and actionable insights enrich our discussions.

Who Is This Book For?

This book is tailored for CIOs, IT managers, solution architects, and technology enthusiasts alike. It aims to empower readers by providing clarity for technocrats, actionable strategies for decision-makers, and stability for organizations during turbulent times.

Our Commitment to You

As co-authors, we approach this book not only as technologists but as allies in your journey. We have traversed similar uncertain paths, encountered comparable challenges, and adapted to industry changes. This book serves as a platform for sharing our insights, offering guidance, and supporting you as you navigate your own course.

We aspire for this book to equip you with the necessary tools and knowledge to confidently and adeptly navigate the Broadcom-VMware era. Let us embrace this opportunity together to innovate and create a future that's stronger, smarter, and more adaptable.

With sincere dedication,
Sumit and Chetan

CHAPTER 1

The Broadcom Era Begins

Ever since server virtualization technology was introduced to the IT infrastructure landscape, VMware has established itself as a leader in the industry. With a strong following among Fortune organizations globally, VMware has become synonymous with server virtualization. However, the recent acquisition of VMware by Broadcom has sparked uncertainty about the future of this widely used technology. In this chapter, we will take an in-depth look at the VMware acquisition by Broadcom. Additionally, we will analyze previous acquisitions by Broadcom and the industry trends they have set. Lastly, we will assess the potential implications of this acquisition on the IT sector.

1.1 Understanding the VMware Acquisition by Broadcom

The VMware acquisition by Broadcom has sent ripples through the tech industry, raising questions about the future of private cloud environments and the strategic direction of two major players in the field. In this section, we will delve into the details of this acquisition, exploring its implications, potential impacts, and what it means for VMware customers and partners.

Broadcom's acquisition of VMware for approximately \$61 billion caused a stir in the computer industry. This strategic move was aimed at expanding Broadcom's footprint in the corporate software sector. The acquisition not only aligns with Broadcom's goal of becoming a leading infrastructure technology company but also allows for their product line diversification. Following the completion of the acquisition on November 22, 2023, VMware's common stock ceased trading on the New York Stock Exchange (NYSE).

Historically, VMware has had a number of owners. It was previously owned by Dell, which took over the server virtualization company following its \$67 billion purchase of EMC in 2016. EMC had purchased VMware in 2004. In 2021, Dell spun out its share of VMware, paving the way for the Broadcom acquisition.

The acquisition of VMware by Broadcom has sparked concerns and had a significant impact on managed service providers (MSPs) and VMware users in the industry. Valued at around \$61 billion, the acquisition has brought about various changes and hurdles, especially for the server virtualization industry. One of the primary effects of the acquisition is the shift from VMware's traditional perpetual licensing model to a subscription-based one. This change has left many grappling with price hikes and a decrease in standalone options that were previously available. The pricing adjustments have particularly hit smaller MSPs and organizations specializing in cloud services, with some reporting a tenfold increase in expenses when working with VMware. Additionally, the acquisition has caused potential disruptions and necessitated migrations for MSPs, VMware users, and cloud service providers (CSPs) who can no longer resell or provide support for VMware. As a result, VMware users have had to look for the new potential virtualization environment and seek out alternative solutions to meet their clients' and business requirements.

Overall, the impact of the Broadcom acquisition of VMware on industry has been substantial, driving industry to adapt to the new licensing model and seek alternative solutions to provide value to their

businesses and clients. It is crucial for the server virtualization industry to understand and navigate the implications of this acquisition in order to remain competitive and continue delivering quality services to their businesses and customers.

1.1.1 Broadcom's Rationale

Broadcom's acquisition of VMware represents a strategic coup that enhances its standing in the fiercely competitive cloud computing industry. VMware's extensive knowledge in virtualization and private cloud infrastructure perfectly complements Broadcom's current range of networking and semiconductor products. This collaboration is anticipated to open up new opportunities for creativity and market growth, harnessing VMware's cutting-edge technologies in conjunction with Broadcom's current offerings. The incorporation of VMware's products confers a substantial edge, bolstering Broadcom's capacity to address the intricate requirements of contemporary businesses with a more comprehensive and unified set of private cloud solutions.

This strategic move by Broadcom underscores the company's deliberate shift toward a more diversified business model that encompasses both hardware and software sectors. Through the integration of VMware's technology, Broadcom is poised to address the rising demand for seamless, scalable, and secure private cloud computing solutions, positioning itself advantageously in the competitive landscape. The acquisition sets the stage for strategic partnerships that promise to deliver cutting-edge innovations across various industries, driving digital transformation and empowering businesses to thrive in the cloud-centric environment.

Furthermore, the potential motivation for integrating VMware into Broadcom's framework is set to expedite creativity, nurturing the emergence of fresh offerings and solutions that have the potential to reshape norms within the sector. This potential tactical partnership is not

solely about expanding the range of products but could be concentrated on establishing a strong presence in private cloud and on-prem virtualization technology that foresees and caters to the changing needs of the digital realm. By acquiring VMware, Broadcom aims to establish itself as a significant contender, ready to shape the course of private cloud computing, highlighting the critical role of VMware in its pursuit of market supremacy and technological superiority.

Broadcom's strategy going forward is to possibly enable enterprise customers to create and modernize their private and hybrid cloud environments. It plans to invest in VMware Cloud Foundation (we will discuss more about this in upcoming chapters), the software stack that serves as the foundation of private and hybrid clouds and is switching [away from perpetual software licensing](#). The product family is now called [VMware by Broadcom](#).

The range of VMware offerings encompasses solutions for enhancing and streamlining private cloud and edge environments, such as VMware Tanzu for expediting application deployment, in addition to application networking (load balancing) and cutting-edge security services. VMware software-defined edge caters to the needs of telecommunication and corporate edge infrastructures.

Broadcom's acquisition of VMware marks a significant change in its strategic focus, expanding beyond its traditional infrastructure and semiconductor products to encompass the rapidly growing cloud and software sector. VMware's well-established presence in the corporate market, along with its cutting-edge technologies such as vSphere and Tanzu, gives Broadcom a direct pathway into this rapidly expanding market. By utilizing its expertise in infrastructure and semiconductor technology, Broadcom intends to improve VMware's offerings and strengthen its position as a leading player in the corporate software industry. This acquisition also enables Broadcom to access the substantial revenue streams generated by ongoing software subscriptions and cloud services, further broadening its business portfolio and ensuring sustained growth.

1.1.2 VMware's Perspective

Broadcom's acquisition of VMware has raised significant concerns regarding potential changes in the current ecosystem, value chain for many customers, company culture, and product roadmap itself. Many industry experts have expressed worries about the impact of the acquisition on VMware's culture of innovation and product development efforts. There are legitimate concerns about whether the acquisition will result in a transformation or weakening of VMware's well-established culture of innovation, customer-centric approach, and employee involvement. Furthermore, there are uncertainties about the future of VMware's product roadmap, particularly in terms of ongoing development, support, and investment in current and upcoming technologies. The technology sector is closely monitoring the situation as it progresses, assessing how Broadcom's ownership will shape VMware's strategic decisions, product lineup, and relationships with partners and customers.

It is imperative for all stakeholders, such as customers and partners, to be kept abreast of any changes, transitions, or shifts that may occur as a result of the acquisition, due to the significant influence it could have on company culture and product roadmap. The maintenance of transparent communication among VMware, Broadcom, and their respective ecosystems will play a vital role in effectively handling any potential alterations and guaranteeing a seamless transition for everyone involved.

1.1.3 The Future of VMware Under Broadcom

Broadcom is looking to boost its product lineup by tapping into VMware's virtualization expertise. By incorporating VMware's software-defined data center (SDDC) tools like vSphere and vSAN, Broadcom aims to offer a robust solution for hybrid and multi-cloud setups. There's also potential for Broadcom to merge VMware's CMP, VMware Cloud Management

Platform, with its own services like Symantec's Integrated Cyber Defense Platform, possibly leading to a unified cloud management system covering infrastructure, security, and applications.

Broadcom's go-to-market strategy is expected to adopt a multi-channel approach to marketing VMware's products and services. The company plans to leverage its existing sales force to target enterprise customers while also expanding VMware's distribution channels to reach a broader market. Moreover, just as Dell previously made investments in developing collaborative products utilizing VMware technology, such as VXRail and VXBLOCK, Broadcom could potentially allocate resources toward VMware's partner network in order to provide holistic solutions to their clientele. Additionally, Broadcom might consider venturing into emerging markets like embedded systems and edge computing, leveraging VMware's technologies to capitalize on potential growth opportunities.

Broadcom's decision to shift VMware's business model from perpetual software licenses to a subscription-based model is in line with its overarching strategy of transitioning its software business toward recurring revenue streams. This strategic move is expected to enhance revenue predictability, foster customer lock-in, and drive higher profit margins for Broadcom in the long run. The amalgamation of these two entities prompts inquiries into how Broadcom's objectives will influence VMware's trajectory. One potential apprehension is that Broadcom might prioritize hardware sales over software innovation, potentially diverting attention away from enhancing VMware's core virtualization products and customer support. Moreover, Broadcom's track record of cost-cutting and layoffs has sparked concerns regarding potential job cuts and reduced investment in VMware's workforce.

Overall, the outlook for VMware under Broadcom's ownership is ambiguous. Despite the possible drawbacks and obstacles linked to the takeover, there are also prospects for expansion and advancement. The effectiveness of the merger will rely on Broadcom's capacity to address the hurdles and capitalize on the synergies between the two entities.

The manner in which Broadcom harmonizes its emphasis on hardware along with VMware's proficiency in software and customer networks will play a pivotal role in determining VMware's trajectory under its fresh management. It is recommended that VMware users remain abreast of the most recent updates and modifications concerning the VMware-Broadcom acquisition.

1.1.4 Integration Challenges

Despite many months that have passed since the acquisition was announced as completed, there remains a significant amount of ongoing turmoil. The integration of the disparate business models and cultures of the two companies continues to pose a significant challenge in the aftermath of the acquisition. Broadcom and VMware have traditionally operated with distinct approaches to business, culture, and product development. Effectively aligning these differences is essential to ensure a seamless transition and to maximize the potential synergies between the two companies.

The following are the key areas for aligning the business models and cultures of Broadcom and VMware that affect their customers.

1.1.4.1 Clear Communication and Transparency

Effective and transparent communication among the leadership teams, employees, and stakeholders of both organizations is crucial for closing the divide and establishing a mutual comprehension of the vision, objectives, and principles of the merged entity. Currently, Broadcom has struggled to deliver unambiguous and persuasive communication regarding their strategic decisions. According to multiple blog entries, numerous VMware stakeholders have expressed dissatisfaction over the lack of information

provided about their yearly renewal fees until shortly before their renewal deadlines. This limited timeframe leaves little opportunity for end users to make informed decisions and respond accordingly. The deficiency in communication and transparency is resulting in challenges and trust issues with the VMware stakeholders.

1.1.4.2 Product and Technology Alignment

Following the acquisition by Broadcom, there is currently a lack of clarity in the market regarding the various offerings and software bundles available for customers. The VMware products offered by Broadcom are opulent and do not align with the needs and desires of customers. Broadcom is attempting to entice customers by bundling all VMware cloud products into a single suite known as VMware Cloud Foundation. This move would surely benefit Broadcom as it aims to establish long-term dependencies on VMware's diverse product portfolio, potentially creating a sustainable revenue stream. However, the bundled offering may be excessive for many industry users who do not require these additional products, thus diminishing the overall appeal of the deal. It is crucial to align the product and technology stacks of VMware products with the requirements and preferences of key stakeholders to ensure they are meeting the business needs of their customers.

1.1.4.3 Customer and Partner Engagement

Implementing a customer-focused strategy and nurturing strong partnerships with collaborators are typically crucial in minimizing potential disruptions and showcasing a dedication to providing value to the market. Nevertheless, the merger has resulted in a severe setback for nearly all VMware partners. Broadcom has terminated the VMware partner program with almost all of its partners. The rationale behind Broadcom's decision is to concentrate on direct sales and streamline its business model. Nonetheless, this action has raised apprehension among VMware's

partners, who are uncertain about their future association with the company. The discontinuation of the program affects a broad spectrum of partners, including value-added resellers (VARs), system integrators (SIs), and managed service providers (MSPs). These partners have traditionally depended on the VMware Partner Program for incentives, training, and assistance. The termination has forced them to urgently reevaluate their business strategies.

Industry sources confirm that Broadcom is redoing this partner program only with 100 renowned partners at this stage. Here is the link to the FAQ document released by Broadcom for the partners to transition from the VMware partner program to Broadcom Advantage (<https://docs.broadcom.com/doc/vmware-partner-faq>). The decision has also raised questions about the future of VMware's ecosystem and its commitment to the channel. Some partners fear that Broadcom's focus on direct sales could lead to a decline in the availability of VMware products and services through indirect channels. Additionally, the cancellation of the program could hinder the growth of new and emerging partners who have relied on VMware's support to establish themselves in the market. The impact of this move on VMware's market share and revenue remains to be seen, but Broadcom's decision will have far-reaching consequences for the IT industry.

1.1.4.4 Adapting Business Models

Broadcom's aggressive approach toward VMware products is not proving beneficial in the current scenario. VMware boasts a significant customer base and a solid reputation in the field of virtualization software. However, there are apprehensions that Broadcom might be utilizing its dominant market position to extract more value from customers. Moreover, Broadcom's emphasis on immediate financial gains could result in a decrease in investments in research and development, potentially impeding VMware's ability to maintain a competitive edge and cater to