

After the VMware Renewal: Stay, Shrink or Switch

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The better question is not whether to leave VMware. It is how much VMware you need, and at what price, compared with what it would really take to replace it.

What Changed

The licensing model. After Broadcom closed its acquisition of VMware in late 2023, it ended perpetual licenses for new purchases. It moved to per core subscriptions and consolidated the catalog into bundles, chiefly VMware Cloud Foundation (VCF) and vSphere Foundation (VVF). Broadcom's published product terms set a minimum of 16 cores per processor. On March 28, 2025, the distributor Arrow told partners that a 72 core minimum per order would take effect April 10. Distributors and the German magazine iX reported it withdrawn around April 10, 2025, and a Broadcom spokesperson told iX that "Broadcom has never announced a price change." Some resellers still quote it, so check your own quote.

The partner channel. Broadcom narrowed its partner programs. Cloud provider partners whose contracts were not renewed lost them on January 26, 2026, and the cloud provider program moved to invitation only. Customers have fewer

routes to buy and less room to negotiate.

The customer response, measured. Two 2026 surveys show the same pattern.

- CloudBolt surveyed 302 North American IT decision makers in January 2026. It found that 86 percent are actively reducing their VMware footprint, but only 4 percent have fully migrated. Among migrated workloads, 72 percent went to public cloud infrastructure as a service and 43 percent to Microsoft's Hyper-V and Azure stack.
- Unisphere Research surveyed 269 VMware users for Rimini Street between December 2025 and February 2026. Ninety percent said higher licensing costs were prompting them to consider alternatives, 54 percent cited the end of perpetual license support, and 48 percent had no current plans to move to VCF.

Both sponsors sell services to customers leaving or reducing VMware, so treat the percentages as directional. Broadcom CEO Hock Tan, for his part, said on the company's June 2025 earnings call that "of our 10,000 largest customers, over 87% have now adopted VCF." Both things can be true at once. Large customers that use the full stack may see value in VCF, while smaller or simpler estates feel the price most.

The Honest Case for Staying

Staying is not failure. VMware remains mature, well understood by operations teams, and deeply integrated with backup, security and monitoring tools. For federal systems, it carries established STIGs and accreditation history. If you use much of the VCF stack, and your team and tools are built around it, a right sized renewal may be the lowest risk and even the lowest cost path. This is where our needs first principle applies: the cheapest technology is often the technology you already own.

VMware Alternatives Compared

No alternative is a drop in replacement. Each one fits a different kind of team.

- **Nutanix vs VMware.** Nutanix AHV suits teams that want one integrated platform for compute, storage and virtualization. Weigh the hardware you would need to buy or requalify, the retraining and the backup integration against the license difference.
- **Red Hat OpenShift Virtualization** suits teams that are already investing in containers and want virtual machines and containers on one platform.
- **Microsoft Hyper-V and Azure Local** suit organizations whose skills, tools and licensing are already centered on Microsoft.
- **Proxmox VE** is a low cost open source option for simpler estates with strong in house skills.
- **Public cloud** suits workloads that change in size often, and it moves cost from capital to operating budgets.

The only reliable comparison is a test with your own workloads, your own backup tools and your own security agents.

A Practical Framework: Stay, Shrink or Switch

Work through these questions in order.

1. **What do we license versus what do we use?** Count physical cores, hosts and the features you actually run. Retire idle VMs and consolidate hosts before you renew.

2. **Which workloads are anchored?** Some workloads depend on VMware specific features or vendor certifications. Others are portable. Sort them.
3. **What would each alternative really cost?** Include licenses, hardware (which may need refreshing at today's high memory prices), migration labor, retraining, new backup and monitoring integrations, and accreditation work.
4. **Which alternative fits our people?** Nutanix AHV, Red Hat OpenShift Virtualization, Microsoft Hyper-V and Azure Local, Proxmox VE and public cloud each suit different skills and operating models. Container heavy teams may lean toward OpenShift. Microsoft centered shops toward Hyper-V or Azure Local.
5. **What does accreditation require?** For federal systems, check STIG availability for the target platform, the effort to update the System Security Plan, and how your authorizing official treats a hypervisor change.
6. **What is our timeline?** CloudBolt's respondents described 18 to 24 months to unwind dependencies. Work back from your renewal date.

The result is usually a blend: renew a smaller VMware footprint for anchored workloads, and move portable workloads on a planned schedule.

The Cost of Doing Nothing

- **Renewing at the vendor's number.** Without usage data and a tested alternative, you have little leverage.
- **Paying for shelfware.** Bundles can include components you do not run.
- **A rushed migration.** Starting a move six months before renewal invites outages, failed accreditation and unexpected cost.
- **Hardware timing.** Any migration that needs new servers now faces 2026 lead times and memory prices. Plan for both together.

A simple way to frame it: (renewal cost over the term) compared with (smaller renewal plus migration cost plus new platform cost over the same term). Run it for each path.

How Norseman Helps

Norseman has run virtualized infrastructure for the Department of War, the Intelligence Community and federal civilian agencies since 1992, and we bring the same engineers to commercial data centers. We are vendor neutral. VMware is on our line card, along with leading alternatives, so our advice follows your requirements and not a quota.

- **Assess:** We inventory usage and model all three paths with the cost of doing nothing in plain view.
- **Integrate and test:** We run a proof of concept with your representative workloads, backup and security tooling in our 13,000 square foot Annapolis Junction integration lab.
- **Deploy and support:** We migrate in planned waves, with cleared engineers, and support the result, including accreditation documentation for federal systems.

Book a Virtualization Options Assessment

Know your best option before you sign the renewal. We will measure what you use, test your real workloads in our integration lab and show you the cost of staying, shrinking or switching.

Compare my options

Frequently Asked Questions

What are the best VMware alternatives in 2026?

Common options include Nutanix AHV, Red Hat OpenShift Virtualization, Microsoft Hyper-V and Azure Local, Proxmox VE and public cloud infrastructure. The best fit depends on your workloads, your team's skills, your tooling and, for federal systems, accreditation.

What is the minimum VMware license purchase under Broadcom?

Broadcom's published terms license per core with a minimum of 16 cores per processor, and Broadcom knowledge base article 313548 names only that 16 core per CPU minimum. A 72 core per order minimum was reported to partners in March 2025 and reported withdrawn around April 10, 2025, though some resellers still quote it. Confirm the terms on your own quote.

How many VMware customers are leaving?

A January 2026 CloudBolt survey found 86 percent actively reducing their VMware footprint, but only 4 percent fully migrated. Most organizations are shrinking gradually rather than leaving entirely.

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Sources

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- **TechRadar Pro, "VMware customers are still trying to ditch its software, two years after Broadcom acquisition," February 18, 2026**
- **The Register, "Nine in 10 VMware customers eye the exit as licensing bills bite," October 7, 2026**
- **Channel Dive, "VMware users continue to grapple with cost, licensing headaches," October 2026**
- **Network World, "Will Broadcom's VMware strategy keep paying big dividends?" 2026**
- Broadcom, VMware Cloud Foundation Software Product Description, June 2026

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