

IDC PERSPECTIVE

Strategic Choices and Pathways on AWS for Enterprises Navigating VMware by Broadcom's New Era

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Strategic Choices and Pathways on AWS for Enterprises Navigating VMware by Broadcom's New Era

This IDC Perspective assesses the impact of the licensing model changes and product portfolio simplification at VMware by Broadcom and explores various technology options available to customers. The document further explores the multiple options available to customers to migrate and modernize their VMware workloads on Amazon Web Services (AWS), including the two newest offerings — Amazon Elastic VMware Service and AWS Transform for VMware.

Key Takeaways

- Virtual machines (VM) support a significant portion of business-critical enterprise workloads, and VMware accounts for ~75% of the worldwide VM software market, underscoring the vendor's dominant position in this important enterprise infrastructure segment.
- The shift from perpetual to subscription-based licensing and consolidation of VMware's offerings have had a material impact on customers' procurement flexibility, support logistics, and financial planning.
- Strategic options include committing to VMware's new bundles, migrating to competing platforms, or adopting hybrid models to balance risk, cost, and modernization.
- Adding to its existing roster of offerings for VMware customers, AWS now offers "Amazon EVS" for seamless VMware migration to AWS and "AWS Transform for VMware" to accelerate modernization, giving customers more cloud-native pathways tailored to their infrastructure needs.

Recommended Actions

- Conduct a comprehensive audit of your existing VMware estate to assess exposure to new licensing terms, identify potential financial implications, and support gaps as perpetual licenses are transitioned to mandatory subscription models.
- Evaluate the revised and consolidated VMware product bundles to determine their alignment with your current and future requirements with inputs from business, technology and finance teams.
- If necessary, explore alternative platforms and support models such as public cloud, alternate hypervisors, hyperconverged infrastructure, hybrid solutions, accredited third-party maintenance, and so forth, on a per-workload basis to identify the best course of action.
- Develop a phased and proactive approach for your VMware strategy, applying differentiated workload-specific strategies, prioritizing the necessary skilling and change management.

Source: IDC, 2025

SITUATION OVERVIEW

Since its founding in 1998, VMware by Broadcom has had a significant impact on the enterprise IT infrastructure landscape by taking server virtualization mainstream and making the technology synonymous with superior resource utilization efficiency, increased scalability, and greater operational efficiency. (Broadcom closed its acquisition of the erstwhile VMware in November 2023. In the interest of simplicity and clarity, we shall refer to both the vendor and its offering ecosystem as just VMware in the remainder of the document.)

Over the years, VMware's mature ecosystem and operational consistency established it as the environment of choice for enterprise IT estates, including mission-critical applications and workloads. Even today, as containers and cloud-native technologies take center stage, virtual machines continue to support a substantial portion of business-critical workloads in enterprises worldwide. Data from IDC's Worldwide Semiannual Software Tracker (November 2024) suggests that worldwide spending on server infrastructure workloads was about US\$195 billion, and virtual machines accounted for 60% of this spend. IDC's research on VM software revenue shares further reveals that VMware accounted for over 75% of the worldwide VM software market by revenue in 2024, underscoring the vendor's dominant position in the enterprise system infrastructure software market.

Changing Times

Since VMware's acquisition by Broadcom, there have been several crucial changes that have had a material impact on how enterprises procure and use VMware software. Key among these changes include:

- **Licensing model changes.** VMware has moved from perpetual licenses for its offerings to a subscription-based model, with existing customers provided with the options to transition to the latter to access enhanced support and future updates. Limits have also been introduced on the number of processor cores per license per CPU, impacting the license requirements of customers with high-density servers.
- **Product portfolio simplification.** VMware's offerings catalogue has been consolidated into two main offerings — VMware Cloud Foundation (VCF) as the flagship private cloud platform and VMware vSphere Foundation (VVF) as a slimmed-down bundle. Most formerly standalone products are now only available as part of these suites. VMware has also divested Workspace One and VeloCloud offerings to streamline its portfolio.

This consolidation of VMware offerings and the pivot to subscription-based licensing, integrated stacks, and simplified the offerings landscape for easier procurement and predictability of subscription-based pricing. On the flip side, customers now have fewer options, potentially needing to subscribe to a bundle

with some products they do not need.. Additionally, subscription to tightly integrated suites might hamper customers' ability to migrate workloads freely between different environments.

The Road Ahead: Strategic Pathways

Considering these changes, enterprises with significant VMware estates are faced with a strategic decision on their infrastructure strategy. Broadly, there are three strategic pathways:

- **Stay the course with VMware.** Enterprises commit to subscription-based bundles (possibly negotiating custom terms) and reaffirm faith in VMware's road map (e.g., VCF 9.x), and its AI, private cloud, and zero-trust vision. These customers could make the most of their VMware partnership by reframing their enterprise infrastructure strategy to optimally utilize their access to bundled offerings within their subscription license.
- **Migrate to competing platforms.** This involves migrating VMware workloads to one of several options available — public cloud (managed or self-managed public cloud infrastructure), open source/niche hypervisors (e.g., Kernel-Based Virtual Machine (KVM) platforms), hyperconverged infrastructure (e.g., Nutanix), Red Hat (OpenShift virtualization), OEM offerings (e.g., HPE GreenLake), among others.
- **Hybrid model/gradual transition.** Enterprises continue to selectively operate VMware workloads as dictated by business considerations, while transitioning other workloads to cloud-native or open platforms, typically by employing some combination of workload-specific migration assessment, cloud-native accelerators and third party services and tools to reduce disruption and manage risk incrementally.

AWS' Offerings for VMware Customers

AWS offers customers multiple pathways to migrate and modernize their VMware workloads, covering the full spectrum from fast rehosting to full cloud-native development. Organizations can rehost VMware VMs on Amazon EC2 for a quick, low-risk transition; adopt a hybrid model with VMware Cloud on AWS to extend familiar VMware environments and capabilities into the cloud; or replatform by moving to AWS managed services such as Amazon RDS, Amazon FSx, Amazon ECS/EKS, or even serverless with AWS Lambda. For workloads requiring data locality, AWS Outposts brings native AWS infrastructure on-premises. Partner options such as Red Hat OpenShift Service on AWS (ROSA) and Nutanix Cloud Clusters on AWS (NC2 on AWS) provide additional virtualization options and pathways.

To further simplify, streamline, and accelerate customer journeys to public cloud, AWS recently introduced two new offerings for VMware customers:

- **Amazon Elastic VMware Service (Amazon EVS).** Amazon EVS allows enterprises to run VMware Cloud Foundation (VCF) atop EC2 bare metal in a virtual private cloud (VPC) setting the same way they would on on-premises estates. This affords customers an environment with all the same tooling, constructs, and operations workflows (vSphere, NSX, vSAN, vMotion, HA, etc.) they are familiar with. Amazon EVS employs a bring-your-own-license (BYOL) model, and customers need to maintain a valid VCF license that is entered into the AWS control plane. The environment itself can be self-managed by the enterprise, or by an AWS partner. Additionally, this setup allows customers to progressively integrate with other native AWS services for incremental modernization. This offering is well-suited for enterprises that have a significant VMware footprint and need a quick, low-risk path to public cloud (for datacenter exit/consolidation, etc.) without disrupting their VMware estate, investment, and capabilities.
- **AWS Transform for VMware.** AWS Transform is an AI-driven, agent-assisted platform that accelerates discovery, migration, and modernization of VMware and other legacy workloads (AWS has also unveiled Transform offerings for mainframes and .NET) to AWS-native environments. Key capabilities of AWS Transform for VMware include automated discovery of VMware environments, dependency mapping, migration planning, translation of network configurations (and NSX policies) into AWS constructs, migration wave planning, migration orchestration, and EC2 instance optimization, among others. AWS Transform for VMware (in all its functionality) is aimed at enterprises with large VMware estates that intend to move beyond lift-and-shift to modernize workloads into containerized and serverless paradigms as part of their cloud migration.

The offerings further extend the lineup of choices available to VMware users within the AWS ecosystem, depending on where they are in their cloud journey, and what their infrastructure preferences are.

Case Study: Loyalty New Zealand's VMware Modernization to AWS

Problem Statement

Loyalty New Zealand, which operates the Flybuys loyalty program covering 80% of New Zealand households, initially migrated workloads from on-premises VMware to VMware Cloud on AWS to improve scalability and resilience. However, regulatory requirements meant the company still maintained an on-premises VMware footprint, creating operational overhead. In addition, licensing complexities and ageing on-premises infrastructure further hindered operational agility and modernization efforts.

Solution

Loyalty New Zealand worked with AWS to develop a three-month modernization plan. Legacy workloads that included end-of-life servers, databases, and custom Ruby applications, were migrated to AWS-native services such as Amazon EC2, Amazon RDS, and Amazon EKS. Key applications were containerized and orchestrated on EKS, and managed services such as Amazon OpenSearch Service and ElastiCache were leveraged to reduce operational burden. The new architecture was designed using AWS Well-Architected principles to enhance reliability, scalability, and operational efficiency.

Outcomes

- Reduced infrastructure and licensing costs through migration to AWS-native services.
- Operational effort optimization using fully managed services.
- Seamless cutover with minimal disruption to customer-facing systems.
- Improved scalability and resilience with containerized applications and multi-AZ deployments.

ADVICE FOR THE TECHNOLOGY BUYER

IDC offers the following pieces of advice to enterprises assessing their infrastructure strategy in view of the updates to licensing, product portfolio, and strategic road map by VMware.

- Conduct a comprehensive audit of your existing VMware estate spanning all products, licensing arrangements, and dependencies to map current usage, contract expiry dates, and support requirements. This will help accurately assess exposure to new licensing terms and identify potential financial implications or support gaps as perpetual licenses are transitioned to mandatory subscription models.
- Evaluate the revised and consolidated VMware product bundles (VCF and VVF) and assess whether the capabilities housed in these bundles align with your business and technical requirements, both current and evolving. Revisit your IT budgeting and procurement processes to account for the shift from perpetual licenses to recurring subscription expenses. This may require ongoing engagement with finance teams to reforecast multiyear expenditure and avoid unexpected impacts, particularly for large estates or mission-critical workloads.
- Explore alternative platforms and support models such as public cloud, alternate hypervisors, hyperconverged infrastructure, hybrid solutions, accredited third-party maintenance, and so forth, on a per-workload basis. Conduct impartial assessments to explore the feasibility (technical and

financial), execution modalities (vendor/third-party tools, tech partner programs and incentives, external services providers, etc.) and total cost of ownership of the alternatives.

- Develop a phased and proactive road map for your VMware strategy, tailored to your environment's size and complexity, as well as the technical, financial, and business criticality implications of the options available for each workload, applying differentiated strategies accordingly.
- Prioritize skilling and change management, empowering infrastructure teams with training on the necessary technologies and tools relevant to the target environment(s).

LEARN MORE

Related Research

- *Broadcom's VCF 9.0 Demonstrates the Company's Commitment to VMware Investment* (IDC #IcUS53661125, July 2025)
- *IDC Asia/Pacific Public Cloud Repatriation Perspectives, Trends, and Challenges 2025: Implications for Digital Infrastructure Providers* (IDC #AP52209725, June 2025)
- *VMware Cloud Foundation 9.0: Capturing Private Cloud Momentum in an Increasingly Hybrid World* (IDC #IcUS53640725, June 2025)
- *AWS Unveils Its Own Native VMware Cloud* (IDC #US53017224, January 2025)
- *IDC FutureScape: Worldwide Digital Infrastructure 2025 Predictions — Asia/Pacific (Excluding Japan) Implications* (IDC #AP51518924, December 2024)

Synopsis

This IDC Perspective assesses the impact of the licensing model changes and product portfolio simplification at VMware by Broadcom and explores various technology options available to customers. The document further explores the multiple choices available to customers to migrate and modernize their VMware workloads on AWS, including the two newest offerings — Amazon Elastic VMware Service and AWS Transform for VMware.

The VMware offerings landscape has undergone significant transformation since its acquisition by Broadcom, with product offerings consolidated into integrated subscription-based bundles; and standalone options and perpetual licenses retired. Although the changes simplify procurement and pricing, they also have a material impact on customers' infrastructure strategy and financial commitments. Enterprises now face critical decisions: continue with VMware's bundled road map, explore migration to public cloud/alternative platforms, or employ fit-for-purpose workload-specific options. Solutions such as Amazon EVS and AWS Transform for VMware offer enterprises useful cloud migration options for their VMware estate,

depending on where they are in their infrastructure journey and whether they want to take a graduated approach moving their VMware workloads to cloud as-is, or are keen to embark on a radical, cloud-native transformation journey.

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