

As firms abandon VMware, Broadcom is laughing all the way to the bank

2025 challenges

Broadcom seemed okay with ending business with Ingram, which ties it to solution providers that may be supporting smaller firms. At the same time, Broadcom has shown willingness to fight for the business of large accounts.

For example, this month it settled an increasingly nasty dispute in which AT&T sued Broadcom for allegedly breaking a contract to provide perpetual license support. Broadcom infamously stopped VMware perpetual license sales, in favor of subscriptions, in December 2023.

Broadcom is also paying close attention to VMware's biggest accounts, taking over 500 of those biggest accounts directly, thereby barring channel partners from deals.

Broadcom originally planned to take VMware's biggest 2,000 accounts direct. But as Canalys chief analyst Alastair Edwards put it, letting 1,500 of the biggest accounts be run by channel partners helps tie professional services to VMware products, making migrations harder.

However, the VMware channel is under turmoil, having undergone numerous business-impacting changes over the past year, including Broadcom killing the VMware partner program in favor of its own, while announcing that there will be a new VMware channel chief, as CRN reported. Some of the resellers that

could help VMware keep customers are showing frustration with the changes and what the characterize as poor communication from Broadcom.

“Broadcom has abandoned the channel market by making it nearly impossible to work with them due to constantly changing requirements, packaging and changes to the program,” Jason Slagle, president of Toledo-based managed services provider and VMware partner CNWR, told CRN today.

Meanwhile, Forrester analysts Michele Pelino and Naveen Chhabra predict that next year, “VMware’s largest 2,000 customers will shrink their deployment size by an average of 40 percent,” in favor of “public cloud, on-premises alternatives, and new architecture.”

Still, “Broadcom’s price increases and cost-cutting measures are expected to boost its net profits, as there are not many credible competitors capable of helping clients replace VMware virtualization,” the Forrester analysts said.

So although Broadcom is challenged to maintain business from VMware’s biggest accounts and appease the solution providers driving smaller accounts, it’s expected to keep making money off of VMware—even as firms like Ingram close the door on it.

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