



Spectro
Cloud

GovSmart®

VMware cost escalation under Broadcom

Technical alternatives and migration
strategies for public sector IT leadership

Prepared by Chris Montalbano, GovSmart
in partnership with Spectro Cloud

Executive summary

Broadcom's November 2023 acquisition of VMware, valued at \$61 billion, has materially altered the virtualization licensing landscape for every tier of government.

The changes are structural, not temporary. Perpetual licenses have been eliminated. Product bundles have been consolidated into a small number of mandatory subscription SKUs. Minimum core counts and multi-year subscription terms have been aggressively enforced. The financial impact on public sector organizations is documented and significant.

This document presents the technical landscape as it stands, the documented cost pressures state and local IT leadership are absorbing, and the viable migration paths available today — evaluated against operational risk, staff capacity, and compliance requirements.

It concludes with a specific discussion of how Spectro Cloud's Virtual Machine Orchestrator (VMO), available through GovSmart, addresses the most common concerns without requiring application rewrites or full-stack replacement in a single migration wave.

It also introduces two recently released Spectro Cloud offerings — Launchpad for VMs, a self-contained appliance for running VMs on Kubernetes, and the VM Migration Liftoff Kit, a fixed-cost, guaranteed-timescale migration engagement — that materially lower the barrier to a first production migration.

Claims in this document are supported by citations to primary sources, published analyst research, and vendor-neutral technical assessments wherever available.

Contents

1. The Broadcom-VMware acquisition: what changed and why it matters	4
2. Documented cost impact: survey data and observed ranges	6
3. Why migration is technically complex — and why that complexity is manageable	7
4. Evaluated migration paths: technical comparison	8
5. The KubeVirt architecture: technical basis for open-source VM migration	9
6. VMware-to-KubeVirt platform equivalency	10
7. Migration readiness: how to classify your existing VM estate	11
8. Compliance architecture: federal requirements in a KubeVirt environment	12
9. Recommended migration timeline and risk posture	13
10. Addressing the most common concerns of state IT leadership	14
Conclusion: GovSmart and Spectro Cloud as technical execution partners	16
Sources and citations	18

1. The Broadcom-VMware acquisition: what changed and why it matters

Broadcom completed its acquisition of VMware on November 22, 2023. Within months, it initiated one of the most aggressive product and licensing restructurings in enterprise software history. The changes fall into four operational categories that directly affect public sector IT budgets and planning cycles:

1.1 Elimination of perpetual licensing

Broadcom discontinued perpetual license sales for all VMware products. All customers must now operate on annual subscription models. Existing perpetual license holders retain the right to run software already purchased but cannot renew support contracts; they must migrate to subscription pricing to receive security patches, updates, and technical support.

For public sector organizations accustomed to CapEx-based, multi-year budget cycles, this shift converts a predictable capital expenditure into a recurring operational liability without a corresponding reduction in cost.

To understand why Broadcom moved so decisively on this point, it is useful to consider the private equity and institutional investment context that shapes how acquirers value software businesses. Perpetual licenses generate a large one-time revenue event followed by a smaller, less predictable support renewal stream.

Subscription models, by contrast, produce Annual Recurring Revenue (ARR) — a metric that institutional buyers and PE-backed acquirers weight heavily in valuation multiples. ARR is contractually committed, visible on a forward basis, and compounds as the customer base grows.

A software business with \$500M in ARR commands a materially higher acquisition multiple than one with \$500M in one-time perpetual license revenue, even if the underlying cash flows are similar in a given year.

This dynamic is not theoretical. Based on direct consulting experience advising private sector technology companies positioning for acquisition or external funding, subscription revenue is consistently preferred — and in many cases required — by buyers conducting due diligence. Acquirers routinely apply a discount to perpetual license revenue streams and assign higher risk to support renewal rates that are not contractually locked.

The transition from perpetual to subscription is therefore not a customer service decision by Broadcom; it is a financial engineering decision that maximizes the enterprise value of the acquired asset and services the \$61 billion in debt and equity Broadcom deployed to complete the transaction. Public sector IT leadership should evaluate Broadcom's licensing changes with that financial incentive structure clearly in view — because the pricing trajectory it implies is not one that moderates over time.

“The change from ongoing licenses to all-or-nothing subscription bundles has transformed our predictable capex into a volatile opex liability.”

Respondent, CloudBolt Software Survey of 302 IT Decision-Makers, February 2026 (CIO Dive, February 23, 2026)



1.2 Mandatory bundle consolidation

Broadcom reduced VMware's previously extensive product catalog to a small number of mandatory bundles, the most significant being VMware Cloud Foundation (VCF). Features previously purchased individually — vSphere, vSAN, NSX, vCenter, Site Recovery Manager — are now only available as components of larger bundles.

Organizations that previously licensed a subset of the stack are forced to pay for the full bundle even if they use only a portion of its capabilities. At published VCF pricing of \$120–\$200 per core per year, an organization licenses every core in its clusters, subject to a 16–core minimum per CPU, for the full bundle — regardless of which components it actually uses. Published analyses place the resulting increases for typical public sector configurations at several multiples of comparable pre-acquisition licensing.

Source: Software Pricing Guide, "VMware Pricing After Broadcom: The 800–1,500% Price Shock," April 2026 (softwarepricingguide.com)

1.3 The proposed 72–core order minimum: a case study in licensing volatility

In March 2025, a 72–core minimum order size for VMware subscriptions began appearing in Broadcom's channel price lists. For compact edge environments, branch offices, small agencies, and distributed government sites operating with lean hardware profiles, a floor of that size would have meant paying for dozens of cores that do not exist in the hardware.

Following immediate industry backlash, the requirement was retracted by April 10, 2025, and the 16–core-per-CPU minimum was retained; Broadcom subsequently stated that no such change had ever been formally announced. The episode is instructive for public sector planning less for its outcome than for its mechanics: material licensing terms can appear, and disappear, through the channel mid-cycle with little formal notice. Agencies budgeting on multi-year appropriation cycles should treat that volatility itself as a planning input.

Source: StarWind Software, "VMware Licensing Changes: The 72–Core Reversal & Migration Paths," November 2025 (starwindsoftware.com)

1.4 Late renewal penalties

Broadcom introduced a 20% late renewal surcharge on the first-year subscription price for any organization that misses its anniversary renewal date. This penalty is applied retroactively from the missed date. For organizations managing complex, multi-site contract portfolios with constrained procurement staff — an increasingly common condition in state government given ongoing workforce reductions — this creates material financial exposure that did not exist under perpetual licensing.

Source: CloudInfra Blog, "Comprehensive Analysis of Broadcom's VMware License Pricing Changes and Their Impact," September 2025 (cloudinfra.blog)



2. Documented cost impact: survey data and observed ranges

The cost increases described above are not projections. They are documented across multiple independent surveys of IT decision-makers conducted by research firms and published in trade publications. The data below represents the range of reported impacts:

Finding	Statistic	Source	Implication for public sector
Organizations exploring alternatives	98% of VMware customers considering or using alternative platforms	Late-2024 survey via CloudChipr, 2025	Virtually no VMware customer considers their current contract sustainable at renewal
Expected cost doubling	73% of organizations expected VMware costs to more than double post-acquisition	CloudBolt / Wakefield Research, 300 IT decision-makers, 2024 (CIO Dive)	Majority position for budget forecasting must assume greater than 2x cost at renewal
Actual increases exceeding 100%	14% of organizations reported actual increases exceeding 100%	CloudBolt Survey, Feb. 2026 (CIO Dive)	Realized worst-case exposure affects approximately 1 in 7 deployments at current contract cycles
Future price increase concern	85% of IT leaders are shaping VMware strategies around the expectation of future price increases	CloudBolt Survey, Feb. 2026	Renewal risk is not a one-time event; each 3-year term exposes the agency to further escalation
Extreme organizational concern	99% expressed concern; more than 75% characterized their concern level as extreme	CloudBolt / Wakefield Research, 300 IT decision-makers (CIO Dive, June 2024)	There is no peer constituency among enterprise IT leaders that views the current trajectory as acceptable
Workload migration forecast	Gartner projects 35% of VMware workloads will migrate to other platforms by 2028	Gartner, cited in SoftwareSeni analysis, December 2025	State agencies delaying migration decisions are increasingly outside the mainstream trajectory of the industry

For government organizations specifically, the CIO Playbook published by Redress Compliance notes that special discounts historically extended to education and government may not carry over under the new model, and that agencies should not assume legacy pricing will be honored at renewal. That document further notes that Broadcom is known for seeking to increase contract values over time, and that post-initial-term price increases should be treated as a baseline planning assumption, not an outlier.

Source: Redress Compliance, "CIO Playbook: Broadcom's VMware 2024 Licensing Changes" (redresscompliance.com)

3. Why migration is technically complex — and why that complexity is manageable

A factual assessment of migration options requires acknowledging the core technical challenge. As Gartner analyst Paul Delory has stated publicly: “There is no like-for-like replacement for the VMware hypervisor on the market.” This is not an argument for remaining on VMware; it is a framing for realistic migration planning. Every alternative involves trade-offs.

The question for state IT leadership is which trade-offs are acceptable given their specific workload profiles, staff capabilities, and compliance requirements.

Source: Gartner analyst Paul Delory, cited in SoftwareSeni, “VMware Alternatives Compared,” December 2025; and Virtualization Howto, July 2025

The primary technical concerns for public sector environments include:

- **Application compatibility** across heterogeneous guest OS profiles (Windows Server 2019/2022, RHEL, CentOS, legacy 32-bit systems)
- **Networking complexity**: distributed virtual switches, VLAN configurations, and NSX-dependent microsegmentation that must be replicated in alternative CNI frameworks
- **Storage platform equivalency**: live migration, snapshotting, cloning, and site replication capabilities currently provided by vSAN and SRM
- **Operational continuity**: HA/DRS-equivalent behavior, maintenance mode support, and live migration without application downtime
- **Compliance architecture**: FISMA, NIST 800–53, FIPS 140–3, and FedRAMP requirements that must be maintained throughout and after migration
- **Staff readiness**: the depth of VMware-specific operational knowledge in the existing workforce and the cost of retraining or backfilling

These concerns are real and must be quantified before any migration timeline is committed to.

Spectro Cloud's VMware migration readiness assessment methodology, delivered in partnership with GovSmart, provides a structured approach to assessing each of these dimensions against a specific VMware estate.



4. Evaluated migration paths: technical comparison

The following four paths represent the primary options available to state and local government IT organizations. They are not mutually exclusive; most large agencies will pursue a hybrid strategy that routes different workload classes to different destinations based on application architecture, compliance posture, and timeline.

Migration path	Primary platform	Licensing model	Migration complexity	Key considerations for public sector
Path 1: KubeVirt / Kubernetes native virtualization	KubeVirt (open source); Spectro Cloud VMO (enterprise-managed)	Open-source kernel; management layer subscription	Moderate — migration tooling available; no application rewrite required	Eliminates hypervisor license cost. Runs existing VMs natively inside Kubernetes clusters. Compliance-ready (FIPS 140-3, FISMA, NIST 800-53). Supported on bare metal, edge, and air-gapped environments.
Path 2: Nutanix AHV (hyperconverged infrastructure)	Nutanix AHV (KVM-based, commercial HCI)	Commercial subscription; hardware bundled or separate	Moderate — Nutanix Move migration tool; validated for vSphere workloads	Positioned as a Leader in the 2025 Gartner Magic Quadrant for Distributed Hybrid Infrastructure. Strong operational tooling. Requires Nutanix hardware or validated partners.
Path 3: open-source KVM / Proxmox VE	Proxmox VE (Debian/ KVM-based)	Zero license cost; commercial support available separately	Higher — strong Linux engineering depth required; limited enterprise-grade lifecycle automation	Attractive total cost of ownership for technically staffed agencies. Not recommended as primary platform for agencies without deep in-house Linux and KVM expertise. Lacks native FIPS/ FedRAMP certification path without third-party hardening.
Path 4: public cloud migration (AWS GovCloud, Azure Government, Google Cloud)	AWS EC2 / Azure Virtual Machines / Google Compute Engine	Consumption-based OpEx; variable with workload	Variable — well-suited for lift-and-shift of cloud-compatible workloads; complex for data-residency or latency-sensitive systems	Viable for cloud-first workloads. Data sovereignty laws and application latency requirements constrain scope. Does not eliminate on-premises hypervisor dependency for legacy or classified workloads. FedRAMP authorizations available on major GovCloud platforms.

The two open-source KVM-based paths (Proxmox and KubeVirt/VMO) share an important characteristic: neither requires the organization to purchase a replacement proprietary hypervisor license. This is the only category of solution that substantively addresses the structural pricing problem rather than trading one commercial vendor dependency for another.

5. The KubeVirt architecture: technical basis for open-source VM migration

KubeVirt is an open-source Cloud Native Computing Foundation (CNCF) project that extends Kubernetes to support the scheduling and management of virtual machine workloads alongside container workloads. It does this by running VMs as Kubernetes pods using the host's KVM hypervisor, treating each VM as a first-class Kubernetes workload object (a `VirtualMachineInstance` custom resource).

The technical architecture provides:

- A unified control plane for both VM and container workloads, eliminating the need to operate separate vCenter and Kubernetes management stacks
- Native support for live migration using Kubernetes eviction and scheduling semantics
- Integration with standard Kubernetes storage (CSI) and networking (CNI) subsystems, including Multus for multi-NIC and VLAN-capable network configurations
- RBAC enforcement at the VM object level using Kubernetes-native role bindings
- Compatibility with existing VM images without requiring application modification or guest OS reinstallation

KubeVirt has been in active production use for more than eight years and is deployed across the U.S. Department of Defense, including the Air Force Platform One Program, Army infrastructure projects, and Navy afloat systems, as noted by Spectro Cloud's public sector team in [the Virtual Machine Orchestrator white paper](#) (Spectro Cloud and Signal, June 2025).

On its own, KubeVirt requires supplemental tooling to meet enterprise production requirements. Specifically, it lacks native day-two operational automation, built-in edge support, enterprise-grade backup and restore, and a managed lifecycle for cluster nodes at scale. These gaps are the technical rationale for a managed distribution such as Spectro Cloud VMO.

Two recent Spectro Cloud releases are directly relevant to how agencies consume this architecture.

Launchpad for VMs, released in June 2026, packages the full VMO stack — hardened Kubernetes, KubeVirt, storage, networking, single sign-on, role-based access control, and the VM Migration Assistant — as a pre-validated software appliance delivered as a single bootable ISO.

It runs on three or more bare metal nodes, requires no internet connectivity and no external management platform, presents a management interface designed for VM administrators rather than Kubernetes specialists, and ships as a FIPS-hardened stack with full air-gap support.

For agencies that prefer to begin at a single site or rack, this removes the platform-assembly work that has historically preceded a first KubeVirt deployment; the same clusters can later be enrolled into central fleet management as scope grows.

Separately, the **VM Migration Liftoff Kit** provides a fixed-cost, guaranteed-timescale engagement for moving an agency's first workloads into production, with the required services included. Both offerings are available through GovSmart.

6. VMware-to-KubeVirt platform equivalency

For state IT leadership evaluating technical readiness, the following table maps current VMware stack components to their KubeVirt/Palette equivalents, drawing on Spectro Cloud's VMware migration readiness assessment methodology:

VMware component	KubeVirt / Palette equivalent	Technical notes
ESXi hypervisor	KubeVirt (KVM-based)	Open-source KVM kernel module. No per-socket or per-core license fee. Supported on commodity x86 hardware.
vCenter Server	Spectro Cloud Palette	Unified Kubernetes management plane. Manages both VM (KubeVirt) and container workloads via single UI/API. Supports multi-cluster federation.
vSAN / SAN storage	Portworx by Everpure (CSI)	Persistent storage with live migration (RWX), snapshotting, cloning, site replication, and backup/restore. CSI-compliant.
NSX (network virtualization)	Cilium CNI + Multus	Cilium provides eBPF-based network policy and microsegmentation. Multus enables multi-NIC and VLAN configuration required for environments with complex distributed virtual switch topologies.
HA / DRS (high availability / resource scheduling)	Kubernetes scheduler + live migration eviction	Kubernetes-native eviction and scheduling provides equivalent HA behavior. Live migration of running VMs supported via KubeVirt LiveMigration API.
Site Recovery Manager (SRM)	Portworx DR + Palette multi-cluster	Site replication and DR orchestrated through Portworx. Palette manages cross-site cluster state declaratively.

This platform equivalency mapping is drawn directly from Spectro Cloud's VMware migration readiness assessment methodology, which was developed to assist infrastructure teams in conducting pre-migration estate analysis across heterogeneous VMware deployments.

Source: Spectro Cloud, "VMware Estate Discovery & Migration Readiness Assessment" methodology, 2025

7. Migration readiness: how to classify your existing VM estate

Not all virtual machines in a state agency environment are equally difficult to migrate. Spectro Cloud's migration assessment methodology classifies VMs into three tiers based on guest OS, driver compatibility, and architectural complexity:

Tier	Definition	Typical VM profiles	Migration approach
Ready (28%)	Spectro-verified guest OS; Migration Assistant-eligible; Change Block Tracking (CBT) enabled	RHEL 9, Windows Server 2019 (warm migration-eligible)	Automated migration via VM Migration Assistant. Low operational risk. Eligible for immediate pilot inclusion.
Community Validated (64%)	virt-v2v-supported; not yet Spectro-verified; requires validation testing before production migration	Windows Server 2022, Debian, Ubuntu, RHEL 8, large VMs (16+ vCPU / 64+ GB RAM)	Phased validation wave prior to production migration. Test environment recommended. Represents the majority of most agency VM estates.
Adverse (8%)	No virt-v2v support; appliance-type VMs; unrecognized OS; legacy 32-bit systems	VMware Photon CRX appliances, FreeBSD, other 32-bit, SUSE with btrfs filesystem	Manual migration or redesign required. Retain on VMware until disposition decision is made, or decommission if workload is no longer mission-critical.

In a representative enterprise-scale assessment of 1,146 virtual machines across three data center environments (56 ESXi hosts, 8.5PB storage), the distribution showed 28% Ready, 64% Community Validated, and 8% Adverse. This means 92% of virtual machines in a typical agency environment have a documented, tooling-supported migration path.

Source: Spectro Cloud VMware migration readiness assessment, representative engagement data, 2025

8. Compliance architecture: federal requirements in a KubeVirt environment

For state agencies operating under federal data sharing agreements, grant conditions, or shared service arrangements with federal entities, the compliance posture of any replacement platform is a non-negotiable evaluation criterion. The relevant frameworks are:

- FISMA (Federal Information Security Modernization Act) — risk management framework requirements for federal systems
- NIST SP 800-53 — Security and Privacy Controls for Information Systems and Organizations
- FIPS 140-3 — cryptographic module validation standard
- FedRAMP — cloud security authorization framework for federal use
- CMMC (Cybersecurity Maturity Model Certification) — for agencies supporting DoD programs

Spectro Cloud's Palette VerteX platform, which includes VMO, is purpose-built to address these requirements. It provides FIPS 140-3 validated cryptography across the cluster stack (CMVP Certificate #5061).

It has achieved **FedRAMP 20x Low Authorization to Operate**, holds FedRAMP Moderate In Process status with U.S. Army sponsorship, and is currently listed as Awardable on both the Platform One and CDAO Tradewinds solution marketplaces, which are the DoD's primary software acquisition pathways.

ISO 27001:2022 and SOC 2 Type 2 certifications have been completed.

For air-gapped or classified environments — a relevant architectural requirement for a subset of state agencies with federal partnerships or law enforcement data — Palette VerteX is available in a fully disconnected deployment model.

This is technically significant because most cloud-native platforms assume some degree of internet connectivity for updates, licensing validation, and telemetry. Palette VerteX removes that dependency.

Launchpad for VMs extends the same property to the appliance form factor: single sign-on, access control, and observability are embedded locally, so a disconnected site requires no external authentication service and no telemetry path out.

Source: Spectro Cloud and Signal, "Virtual Machine Orchestrator" white paper, June 2025 — spectrocloud.com/resources/white-papers/spectro-cloud-signal-vmo



9. Recommended migration timeline and risk posture

Based on the readiness tier distribution described in Section 7 and the infrastructure complexity considerations documented in Section 3, the following phased migration timeline represents a technically conservative and operationally low-risk approach for an agency managing between 500 and 1,500 virtual machines:

Phase	Timeline	Activities
Phase 0: assessment	Weeks 1–2	Complete VMware estate discovery. Classify all VMs by readiness tier. Document VLAN-to-port-group mapping. Gather VMware license renewal dates and calculate ROI model. Confirm worker node hardware specifications for KubeVirt capacity planning.
Phase 1: pilot	Weeks 3–4	Select 2–3 Ready-tier VMs from the smallest or lowest-risk data center environment. Deploy KubeVirt/VMO cluster on existing hardware. (Launchpad for VMs provides a self-contained, bootable-ISO route to a pilot cluster on three or more bare metal nodes.) Migrate pilot VMs using Migration Assistant. Validate networking, storage, and application behavior against pre-migration baseline.
Phase 2: validation wave	Weeks 5–8	Migrate first Community Validated-tier VMs (Windows Server 2022, Debian) in a test environment. Validate virt-v2v toolchain. Resolve any VLAN-to-Multus network mapping issues identified in Phase 0. Confirm storage class behavior for multi-disk and EFI firmware VMs.
Phase 3: production wave 1	Weeks 9–16	Migrate first full data center environment (Ready and Community Validated tiers). Retain Adverse-tier VMs on existing VMware infrastructure pending disposition decisions.
Phase 4: production waves 2–3	Weeks 17–24	Migrate remaining data center environments. Begin decommissioning VMware ESXi hosts as VMs are confirmed stable in KubeVirt. Address Adverse-tier VMs through OS upgrade, redesign, or formal decommission.

This timeline assumes no application rewrites are required for VMs in the Ready and Community Validated tiers. The Spectro Cloud migration readiness assessment provides specific pre-migration decision checkpoints that should be resolved before each wave begins, including target storage class selection, VLAN-to-Multus network mapping for complex distributed switch environments, and disposition decisions for powered-off VMs.

10. Addressing the most common concerns of state IT leadership

Based on documented survey data and direct engagement with state CIO offices, the following concerns represent the highest-frequency objections to initiating a VMware migration. Each is addressed with technical specificity:

10.1 “We cannot afford operational disruption to mission-critical applications.”

KubeVirt’s live migration capability allows running VMs to be moved between hosts without application downtime, functionally equivalent to VMware vMotion. **The VM Migration Assistant** in Spectro Cloud VMO supports both cold migration (power-off/transfer/power-on) and warm migration (Change Block Tracking-enabled delta transfer) for VMs with CBT already enabled.

In the representative assessment reviewed for this document, 100% of warm migration-eligible VMs already had CBT enabled. A phased wave approach, starting with non-production or lower-criticality workloads, further limits blast radius during initial migration.

10.2 “Our staff does not have Kubernetes expertise.”

This concern is well-documented. In the early years of Kubernetes, deep engineering expertise was required for deployment and operations. That requirement has been substantially reduced by managed distribution platforms. Spectro Cloud Palette abstracts cluster lifecycle management into declarative profiles — pre-configured stacks that define networking, storage, monitoring, and runtime configuration.

Operations staff with existing VMware administration experience can manage VM workloads in VMO using familiar constructs without requiring deep Kubernetes internals knowledge. The VMO pack is added to a cluster profile and applies all required components automatically. Launchpad for VMs goes a step further for smaller or disconnected sites: the entire stack arrives as a pre-validated appliance with an interface designed for VM administrators, removing Kubernetes assembly from the adoption path entirely.



10.3 “We are not sure what percentage of our VMs will actually migrate successfully.”

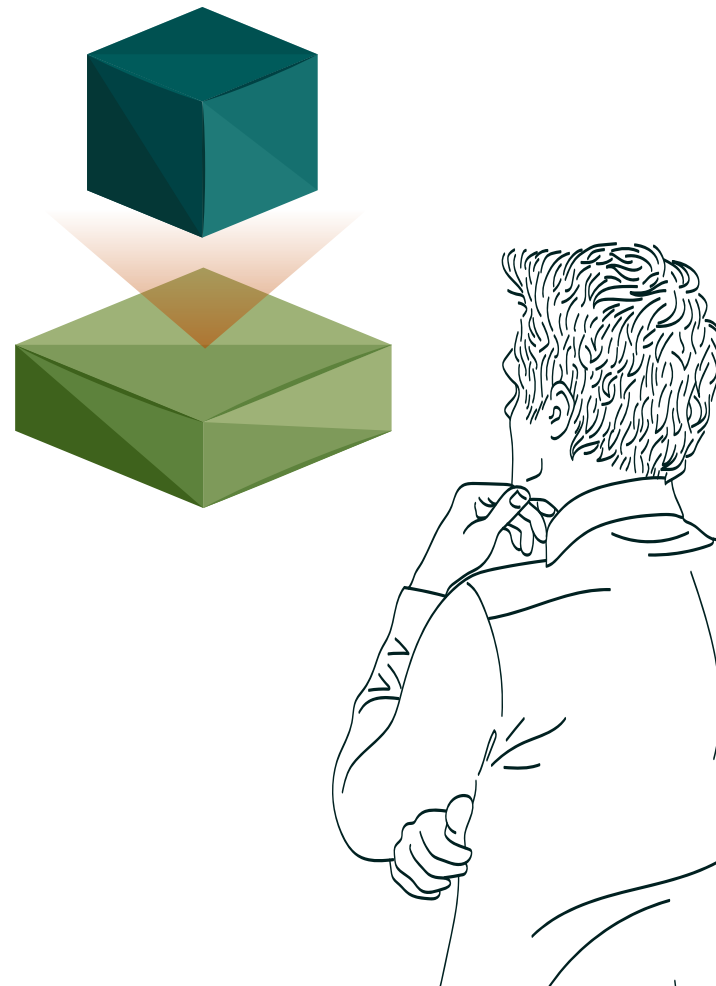
This is a quantifiable question, not a theoretical one. A VMware estate discovery and migration readiness assessment — available through GovSmart and Spectro Cloud at no charge for qualified agencies — analyzes each virtual machine against readiness criteria, classifies it by tier, and produces a documented migration plan with wave sequencing. The assessment covers guest OS compatibility, CBT status, firmware type (BIOS vs. EFI), multi-NIC and multi-disk configurations, snapshot state, and SUSE/btrfs filesystem edge cases. The output is a migration decision register, not a general recommendation.

10.4 “We are concerned about vendor lock-in with any new platform.”

The KubeVirt/Kubernetes architecture is specifically designed to eliminate single-vendor lock-in. KubeVirt itself is an open-source CNCF project. The underlying KVM hypervisor is part of the Linux kernel. Spectro Cloud Palette manages KubeVirt workloads but does not control the workload format — VM images remain portable. Organizations that later choose to operate without Palette retain their KubeVirt clusters and workloads. This is materially different from the VMware licensing model, where discontinuing payment terminates access to platform management, updates, and support.

10.5 “We are mid-contract with VMware and cannot migrate immediately.”

This is the correct starting posture for most agencies. The recommended approach is to use the remaining contract term to complete the Phase 0 assessment and Phase 1 pilot. This positions the agency to begin production migration waves before the renewal date, allowing the agency to either eliminate or significantly reduce VMware licensing scope at renewal rather than accepting a full-fleet renewal at current pricing. VMware license renewal dates are a direct input to migration timeline urgency and should be gathered as a first step in any assessment engagement. For agencies seeking a bounded, pre-priced first step, the VM Migration Liftoff Kit packages this initial phase — assessment, pilot infrastructure, and the first production migrations — at fixed cost and on a guaranteed timescale.



Conclusion: GovSmart and Spectro Cloud as technical execution partners

The VMware cost escalation problem is structural. Broadcom has made clear through its product restructuring, mandatory bundle consolidation, licensing minimums, and late renewal penalties that its revenue optimization strategy is oriented toward enterprise-scale contract growth, not toward the budget and operational constraints of state and local government.

The CloudBolt survey data — 85% of IT leaders planning strategy around expected future price increases — reflects the consensus view among practitioners that this trajectory will not reverse.

The technical path forward is available, documented, and deployed in production across federal agencies at multiple classification levels. KubeVirt, as the open-source foundation of Spectro Cloud VMO, has been in active production use for over eight years. The cloud-native ecosystem provides the networking (Cilium, Multus), storage (Portworx, Longhorn), and lifecycle management (Palette) layers required to bring it to enterprise production grade.

GovSmart, as a federal, state and local IT solutions provider with established relationships across the public sector, is the procurement and delivery partner for Spectro Cloud's VMO and Palette VerteX platforms. GovSmart provides:

- Access to Spectro Cloud VMO and Palette VerteX on contract vehicles appropriate for state, local, and federal procurement
- Facilitation of the no-charge VMware estate discovery and migration readiness assessment for qualified agencies
- Delivery of the VM Migration Liftoff Kit — a fixed-cost, guaranteed-timescale package covering an agency's first production migrations — and of Launchpad for VMs for self-contained pilot and small-site deployments
- Technical architecture support for pre-migration infrastructure planning, including VLAN mapping, storage class selection, and capacity planning for KubeVirt worker nodes
- Coordination with Spectro Cloud's public sector engineering team for pilot deployment and wave migration execution

The decision to begin a migration assessment does not commit an agency to a migration timeline. It provides the factual basis — workload classification, readiness percentages, infrastructure mapping, and a cost model — from which leadership can make a defensible, data-supported infrastructure investment decision.

State CIOs operating under budget pressure, government efficiency mandates, or approaching VMware renewal windows are encouraged to initiate the assessment process before the renewal date constrains their options.

About Spectro Cloud

Spectro Cloud helps platform teams build, govern and operate AI infrastructure in any environment, from edge to cloud, and from metal to model.

In the public sector, our platform is in production across the US Air Force, Army and Navy, and embedded with leading defense primes, systems integrators and civilian agencies.

We support the highest-assurance environments with FIPS 140–3 validated cryptography from the management plane to every deployed cluster (certificate #5061), FedRAMP 20x Low authorization with FedRAMP Moderate In Process. We run wherever the mission does — cloud and GovCloud, data center, tactical edge and fully air-gapped — backed by 24x7 CONUS-based support.

Analysts at GigaOm rate us a Leader in both Kubernetes management and edge computing, three years running. Learn more at spectrocloud.com/government.

About GovSmart

At GovSmart, we're redefining how government agencies and prime contractors procure IT, tactical solutions, and advanced technologies. Our mission is simple: deliver speed, value, and certainty in every acquisition.

With over \$3 billion in lifetime federal sales and more than \$500 million delivered in 2025 alone, we operate at a scale that few in the market can match. But what truly differentiates us isn't just volume—it's precision. We combine deep contracting expertise, strategic sourcing, and proprietary AI-driven tools to streamline procurement, reduce costs, and accelerate mission-critical delivery.

Our team understands the urgency behind every requirement. Whether it's enterprise IT, tactical equipment, or emerging capabilities like advanced manufacturing and autonomous systems, we help our customers move faster, stay compliant, and make smarter buying decisions. When you partner with GovSmart, you're not just buying products—you're gaining a strategic edge in procurement.

Sources and citations

- [1] CIO Dive, “VMware customers shrink deployments in lieu of full-scale migrations,” February 23, 2026 — <https://www.ciodive.com/news/broadcom-vmware-migrations-costs-cloudbolt-report/812869/>
- [2] CIO Dive, “IT leaders chafe as VMware costs skyrocket under Broadcom,” June 2024 — <https://www.ciodive.com/news/broadcom-vmware-lock-in-cost-disruption/718281/>
- [3] Software Pricing Guide, “VMware Pricing After Broadcom: The 800–1,500% Price Shock,” April 2026 — <https://softwarepricingguide.com/vmware-pricing-after-broadcom>
- [4] CloudInfra Blog, “Comprehensive Analysis of Broadcom’s VMware License Pricing Changes,” September 2025 — <https://cloudinfra.blog/comprehensive-analysis-of-broadcoms-vmware-license-pricing-changes-and-their-impact/>
- [5] Redress Compliance, “CIO Playbook: Broadcom’s VMware 2024 Licensing Changes” — <https://redresscompliance.com/cio-playbook-broadcoms-vmware-2024-licensing-changes/>
- [6] TechRadar, “Broadcom has allegedly hiked VMware costs between 800 and 1,500%,” May 2025 — <https://www.techradar.com/pro/broadcom-has-allegedly-hiked-vmware-costs-between-800-and-1-500-percent>
- [7] SoftwareSeni, “VMware Alternatives Compared — Proxmox XCP-ng Nutanix and Hyper-V,” December 2025 — <https://www.softwareseni.com/vmware-alternatives-compared>
- [8] Virtualization Howto, “The Great VMware Exodus: Real Migration Stories and Alternatives for 2025,” July 2025 — <https://www.virtualizationhowto.com/2025/07/the-great-vmware-exodus>
- [9] Starwind Software, “VMware Licensing Changes: The 72–Core Reversal & Migration Paths,” November 2025 — <https://www.starwindsoftware.com/blog/vmware-licensing-changes/>
- [10] CIO Magazine, “VMware licensing and pricing hikes: What options do you have?” January 2025 — <https://www.cio.com/article/2513389/vmware-licensing-and-pricing-hikes-what-options-do-you-have.html>
- [11] The Register, “VMware customer Forrester prediction,” November 2023 — https://www.theregister.com/2023/11/08/vmware_customer_forrester_prediction/
- [12] Spectro Cloud and Signal, “Virtual Machine Orchestrator” white paper, June 2025 — <https://www.spectrocloud.com/resources/white-papers/spectro-cloud-signal-vm>
- [13] Spectro Cloud, “VMware Estate Discovery & Migration Readiness Assessment” methodology, 2025 — available through GovSmart and Spectro Cloud
- [14] Broadcom Inc. Form 8–K, Q1 FY2024, SEC EDGAR — <https://www.sec.gov/Archives/edgar/data/0001730168/000173016824000012/avgo-02042024x8kxex99.htm>
- [15] Spectro Cloud, “Launchpad for VMs: enterprise virtualization from a bootable ISO,” June 2026 — <https://www.spectrocloud.com/blog/launchpad-for-vm-is-here>
- [16] Spectro Cloud, “Run virtual machines on Kubernetes” (VM Migration Liftoff Kit) — <https://www.spectrocloud.com/fleet-orchestration/vms-on-kubernetes>
- [17] Spectro Cloud, “Spectro Cloud attains FedRAMP and FIPS 140–3, extending lead in secure Kubernetes,” 2026 — <https://www.spectrocloud.com/blog/spectro-cloud-vertex-fips-fedramp>
- [18] Spectro Cloud Palette documentation, “VM Migration Assistant” — <https://docs.spectrocloud.com/vm-management/vm-migration-assistant/>
- [19] Spectro Cloud Palette documentation, “Launchpad for VMs” — <https://docs.spectrocloud.com/vm-management/launchpad-for-vm/>



Spectro
Cloud

GovSmart®