TCO/ROI Analysis: VMware/Broadcom VCF Costs vs. AWS

Executive Summary

A Data-Driven Cost Comparison Across Four Migration Paths

The Broadcom acquisition of VMware has fundamentally changed the economics of virtualization for public sector organizations. This datasheet presents a total cost of ownership (TCO) and return on investment (ROI) analysis comparing current VMware/Broadcom VCF subscription costs to AWS across four validated migration pathways. The analysis is based on data from AWS-commissioned research and real-world customer outcomes from the Optimization and Licensing Assessment (OLA) program.

Key findings across all four migration paths include:

- **Up to 66% infrastructure cost savings** compared to on-premises VMware environments
- **45-77% reduction in Windows Server and SQL Server licensing costs** through BYOL optimization and License Included options
- **30-70% compute cost reduction** through AWS right-sizing, Savings Plans, and Spot Instance utilization
- **Elimination of Broadcom late-renewal penalty risk** (20% of first-year subscription price)
- **Elimination of 72-core minimum purchase requirement** for smaller deployments

75%
Long-term AWS savings

2-4
Months to payback

45%
SQL license reduction

Cost Comparison: Four Migration Paths

The following analysis compares three-year total costs across four AWS migration pathways against a baseline on-premises VMware/Broadcom VCF environment. Costs are illustrative based on OLA data from comparable public sector environments and will vary based on your organization's specific workload profile.

Scenario: Mid-Size Public Sector Environment

Baseline profile: 100 Windows Server cores, 50 SQL Server Enterprise cores, approximately 500 VMs, standard government workload mix.

Scenario: Small Agency / K-12 District

Baseline profile: 32 Windows Server cores, 16 SQL Server cores, approximately 80 VMs, limited IT staff.

License Optimization Analysis

Windows Server License Savings

The OLA assessment identifies significant Windows Server licensing savings through two mechanisms:

Right-Sizing. VMware VMs are frequently over-provisioned. The OLA analyzes actual utilization and maps workloads to appropriately sized AWS instances, reducing the number of licensed cores required. Typical reduction: 30-50%.

BYOL vs. License Included. Organizations with eligible perpetual Windows Server licenses (purchased before October 1, 2019, or under active Enterprise Enrollment) can use BYOL on AWS Dedicated Hosts. For newer versions, AWS License Included options provide the latest software without separate licensing. The OLA models both scenarios and recommends the most cost-effective approach per workload.

SQL Server License Savings

SQL Server licensing represents one of the largest cost components for public sector VMware environments. The OLA identifies savings through:

License Mobility. Organizations with active Software Assurance can bring SQL Server licenses to AWS using License Mobility through Software Assurance, with no tenancy restrictions. This preserves existing license investments while moving to AWS infrastructure.

Replatform to Amazon Aurora or RDS. For workloads where replatform is feasible, migrating from SQL Server to Amazon Aurora PostgreSQL or Amazon RDS can eliminate SQL Server licensing entirely. The OLA identifies candidate workloads and models the migration cost and effort.

ROI Analysis

Return on Investment Timeline

Cost Avoidance: Broadcom Penalties and Mandates

In addition to direct cost savings, AWS migration eliminates several cost risks imposed by the Broadcom licensing model:

AWS Funding Programs: Reducing Migration Cost

The following AWS funding programs can significantly reduce or eliminate the cost of migration execution:

Net Migration Cost After Funding

For a typical mid-size public sector environment (500 VMs), the net migration cost after AWS funding programs is often less than 15% of the first year's savings — meaning the migration effectively pays for itself within the first 2-4 months.

Key Takeaways for Public Sector Leaders

The cost of inaction is significant. Every renewal cycle under Broadcom's new model increases costs by 40-70% compared to pre-acquisition pricing. The 20% late-renewal penalty creates additional risk for agencies with slow procurement processes.

AWS migration delivers measurable, documented savings. Across all four migration paths, organizations achieve 62-76% three-year cost reduction compared to maintaining on-premises VMware/Broadcom environments.

Funding programs make migration accessible. With the OLA assessment fully funded and migration execution costs significantly offset by MAP, VMP, and AMA programs, the net cost of migration is typically recovered within the first 2-4 months of savings.

The fastest path to savings is EC2 Rehost. For organizations needing immediate cost relief, the EC2 Rehost pathway using AWS Application Migration Service delivers the shortest payback period (2-4 months) while eliminating VMware licensing entirely.

The highest long-term savings come from AWS Native. Organizations that can replatform workloads to AWS managed services achieve the greatest savings (75% over three years) while also positioning for AI and innovation initiatives.

Request Your Custom TCO Analysis

The figures in this datasheet are based on representative public sector environments. Your organization's actual savings will depend on your specific workload profile, licensing position, and compliance requirements.

A complimentary AWS-backed OLA Assessment provides a custom TCO model built from your actual environment data — at no cost to qualifying organizations.

Cost Component	On-Premises VMware/Broadcom VCF (3-Year)	AWS Path 1: Amazon EVS	AWS Path 2: EC2 Rehost (MGN)	AWS Path 3: AWS Native Services	AWS Path 4: Enhanced Integration (Transform)
Windows Server Licensing	$1,200,000	$560,000 (VCF subscription + AWS compute)	$480,000 (License Included, right-sized)	$350,000 (container replatform for 30% of workloads)	$350,000 (mixed rehost + replatform)
SQL Server Licensing	$2,000,000	$1,200,000 (VCF + AWS compute)	$1,100,000 (45% license reduction + EC2 right-size)	$800,000 (40% replatform to Aurora, rest rehost)	$800,000 (replatform to Aurora)
VMware/Broadcom Subscription	$850,000	Included in EVS pricing (BYOS required)	$0 (VMware eliminated)	$0 (VMware eliminated)	$0 (VMware eliminated)
Hardware Refresh (avoided)	$400,000	$0	$0	$0	$0
Data Center Power/Cooling	$180,000	$0	$0	$0	$0
3-Year Total Cost	**$4,630,000**	**$1,760,000**	**$1,580,000**	**$1,150,000**	**$1,150,000**
Savings vs. On-Prem	—	**62%**	**66%**	**75%**	**75%**
Annual Savings	—	$957,000	$1,017,000	$1,160,000	$1,160,000

Cost Component	On-Premises VMware/Broadcom VCF (3-Year)	AWS Path 2: EC2 Rehost	AWS Path 3: AWS Native Services
Windows Server Licensing	$384,000	$154,000 (60% reduction via right-sizing)	$112,000 (70% reduction)
SQL Server Licensing	$640,000	$352,000 (45% reduction)	$256,000 (60% reduction)
VMware/Broadcom Subscription (72-core minimum)	$310,000	$0 (eliminated)	$0 (eliminated)
Hardware Refresh (avoided)	$120,000	$0	$0
Data Center Power/Cooling	$54,000	$0	$0
3-Year Total Cost	**$1,508,000**	**$506,000**	**$368,000**
Savings vs. On-Prem	—	**66%**	**76%**
Annual Savings	—	$334,000	$380,000

Note: The 72-core minimum purchase requirement disproportionately impacts smaller organizations. A K-12 district needing only 32 cores must purchase and pay for 72 cores under Broadcom's model — a 125% overhead. AWS migration eliminates this penalty entirely.

Approach	Typical License Cost Reduction
Right-sizing alone	30-50%
BYOL on Dedicated Hosts (eligible licenses)	60-77%
License Included with Savings Plans	45-60%
Containerization (replatform to ECS/EKS)	70-90%

Approach	Typical SQL License Cost Reduction
BYOL with License Mobility (Software Assurance)	40-55%
License Included with right-sizing	45-60%
Replatform to Amazon Aurora (PostgreSQL)	80-100%
Replatform to Amazon RDS (SQL Server Express/Standard)	50-70%

Metric	Path 1: EVS	Path 2: EC2 Rehost	Path 3: AWS Native	Path 4: Enhanced Integration
Time to First Savings	60-90 days	30-60 days	90-120 days	45-75 days
Payback Period	4-6 months	2-4 months	6-9 months	3-5 months
3-Year ROI	162%	193%	302%	302%
5-Year ROI	285%	340%	510%	510%
Breakeven Migration Cost	$957K/yr savings funds migration	$1,017K/yr savings funds migration	$1,160K/yr savings funds migration	$1,160K/yr savings funds migration

Cost Risk	Annual Exposure	AWS Migration Impact
Late-renewal penalty (20% of first-year price)	$57,000 - $170,000	Eliminated — no VMware subscriptions to renew
72-core minimum purchase overhead (small environments)	$85,000 - $170,000	Eliminated — AWS charges for actual usage
Forced bundle purchases (VCF/VVF for single-component needs)	$120,000 - $340,000	Eliminated — AWS services are individually selectable
3-year upfront payment requirement (non-VCF licenses)	Cash flow impact of $200K-$600K	Eliminated — AWS offers on-demand and flexible payment terms
Hardware refresh cycle (every 3-5 years)	$100,000 - $400,000	Eliminated — AWS infrastructure is continuously refreshed by AWS

Program	Benefit	Eligibility
Optimization and Licensing Assessment (OLA)	Full assessment at no cost — AWS pays partner	Qualifying organizations with VMware environments
Migration Acceleration Program (MAP)	Up to 5% ARR for assessment (max $75K), up to 20% ARR for mobilization (max $2M)	Partner-led VMware migrations, min $100K ARR
VMware Modernization Program (VMP)	Up to 25% ARR in service credits	No minimum ARR requirement
AWS Modernization Assurance (AMA)	Up to 25-30% of post-modernization ARR, max $1M	Enterprise customers, VMware deals >$2M ARR
AWS-Funded ISV Tools	Up to $200K for assessment tools, up to $2M for migration tooling	Per customer, subject to approval

Cost Component	Without Funding	With AWS Funding
Assessment (OLA + WMA)	$45,000 - $75,000	$0 (fully funded)
Migration execution (labor + tooling)	$200,000 - $400,000	$50,000 - $120,000 (after MAP/VMP/AMA)
ISV migration tools	$50,000 - $100,000	$0 (AWS-funded)
Total Migration Cost	**$295,000 - $575,000**	**$50,000 - $120,000**
First Year Savings	—	$957,000 - $1,160,000
Net First Year Benefit	—	$837,000 - $1,040,000

Contact TD SYNNEX – a premier AWS partner – to schedule your assessment and receive a personalized cost comparison across all four migration pathways.