RESEARCH | DYNATRACE, NEW RELIC, AND THE OBSERVABILITY ESTATE BEYOND DATADOG

The Dynatrace and New Relic Negotiation: The Full-Stack Tax, the OpenTelemetry Exit, and the PE Stalking Horse

Preparation, strategy, and tactics for Dynatrace DPS commitments, host-unit tiering, New Relic user and ingest pricing, and portable instrumentation, written from the buyer's chair | Vendor Benchmark LLC | August 2026

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31 Mar DYNATRACE'S FISCAL YEAR END: ANOTHER LONELY SPRING Q4	**T-6 mo** THE RUNWAY: THE TIER AUDIT BEFORE ANY COMMITMENT	**The full-stack tax** THE PREMIUM TIER WHERE EVERY HOST LANDS BY DEFAULT
~1/3 the rate INFRASTRUCTURE-ONLY MONITORING: THE TIER NOBODY QUOTES FIRST	**OpenTelemetry** INSTRUMENT ONCE, AND EVERY VENDOR BECOMES A SWAPPABLE BACKEND	**The PE bid** NEW RELIC UNDER PRIVATE EQUITY PRICES TO WIN; USE IT

READ THIS FIRST

This library's Datadog playbook established the first observability doctrine: the bill is a data habit, and ingest governance is the negotiation. Dynatrace and New Relic run the same category on different meters, and the meters create this playbook's own levers. Dynatrace prices by the host, sized in memory-based host units and increasingly sold through the Dynatrace Platform Subscription, a pooled consumption commitment spanning the capabilities, and its defining drift is tier, not volume: OneAgent deploys everywhere in full-stack mode, the premium tier with traces, profiling, and AI analysis, while a large share of any real estate, batch servers, static VMs, database replicas, appliances, needs only infrastructure monitoring at roughly a third of the rate. The full-stack tax, the gap between where hosts default and what hosts need, is the estate's largest single number, and the account team will never run the tier audit that finds it, because full-stack is the revenue line. New Relic meanwhile prices by full-platform users and ingested gigabytes, its drift is seats, engineers licensed as full users who consume dashboards a free basic tier would serve, and under private-equity ownership since its take-private, it prices aggressively to win logos, which makes it this category's standing stalking horse whichever vendor you run.

Above both meters sits the structural fact that reprices the whole category: OpenTelemetry. Instrumentation used to be the lock, ripping one vendor's agents out of a thousand services was the migration nobody ran, and OTel dissolves it: applications instrumented once, in the open standard, treat Dynatrace, New Relic, Datadog, and the Grafana stack as swappable backends, and every service converted is leverage banked permanently. No estate migrates overnight and none needs to: a visible, funded OTel program, converting services at the pace engineering already refactors them, changes the renewal conversation from captivity to choice, exactly as the clone file works for Red Hat and the fork file for Elastic. Add the calendar, Dynatrace closes its fiscal year 31 March, a spring window shared with almost nothing, while New Relic's private owners run quota quarters that your archaeology establishes, and the shape is familiar: audit the tiers, govern the ingest, convert the instrumentation, solicit the stalking horse, and sign in the quiet window. No theory. Hosts, tiers, users, gigabytes, exits, scripts, and checklists.

1. WHAT CHANGED SINCE YOU SIGNED

- **The platform subscriptions arrived.** Dynatrace's DPS converts capability-by-capability licensing into a pooled annual consumption commitment with a rate card, genuinely more flexible, and a commitment nonetheless, which makes it a consumption deal in this library's standard sense: sized to the audited run rate, never the trend, with rollover, rate locks, and true-downs negotiated as first-class terms.
- **The estate defaulted to full-stack.** OneAgent's one-command deployment is operationally wonderful and commercially expensive: hosts that needed CPU and disk graphs acquired distributed tracing at the premium tier. The tier census, every host's monitoring mode against what anyone actually uses on it, is this vendor's version of the seat audit, and it routinely reclassifies a third or more of the fleet.
- **New Relic went private and went hunting.** Under PE ownership the growth mandate is displacement, and the pricing reflects it: all-you-can-eat-flavored offers, aggressive multi-year rates, and funded migrations for competitive wins. Whether or not you would move, the bid is real, obtainable, and the most effective single document in a Dynatrace or Datadog renewal file.
- **The user meter stratified.** New Relic's full-platform user price makes every licensed engineer a decision: builders and responders need full access, dashboard consumers are basic users at zero, and the user census against actual capability use is the direct analogue of every seat audit in this library.

- **OpenTelemetry crossed the credibility line.** OTel is now the default instrumentation for new services across the industry, both vendors ingest it natively and say so in their marketing, and the Grafana, Prometheus, and Tempo stack turns converted services into a costed self-managed alternative for the commodity tier. The portability program is no longer exotic; not having one is.
- **The AI attach reached observability.** Davis AI positioning, AI-assisted incident response, and LLM-observability SKUs arrive with young meters across both vendors, and the standard treatment applies: scoped pilots, contracted rates, twelve-month clocks, never welded into the platform rate.

2. THE RENEWAL RUNWAY

T-6 (OCT)	T-5 (NOV)	T-4 (DEC)	T-3 (JAN)	T-2 (FEB)	T-0 (MAR)
Contract archaeology: SKUs, host units, DPS terms, user counts, ingest lines, dates; New Relic's quota calendar established if it's the incumbent	The tier census: every host's monitoring mode against actual feature use	Reclassifications executed: full-stack to infra-only, users to basic, ingest governed	The OTel file and the stalking-horse bid solicited; benchmark done; anchor written	Competitive rounds inside Dynatrace's Q4, the bid visible, the pool terms contested	Signature by 31 March: the reclassified estate, committed at its real run rate

The reclassification at T-4 runs a full quarter before the commitment is sized, the standard consumption sequencing: a DPS pool committed against the full-stack default locks the wrong tier mix for the term, and the audit that follows the signature saves nothing.

2A. THE FIRST 60 DAYS: THE TASK LIST

#	TASK	OWNER	OUTPUT
1	Contract archaeology: host units and sizing, DPS pool terms and rate card, capability SKUs, New Relic user counts and ingest commitments, support tiers, term dates, and both vendors' fiscal calendars	Procurement + SRE	The terms file
2	The tier census: every monitored host by mode (full-stack versus infrastructure-only), with actual feature use, traces viewed, profiles opened, Davis findings actioned, from the platform's own usage data	SRE / Platform team	The tier truth
3	The host-unit sizing audit: memory-based unit counts against right-sized VM allocations, because overprovisioned RAM is billed observability	Platform + Infra	The sizing truth
4	The user census (New Relic estates): full-platform users against exercised capability, with dashboard consumers mapped to basic tier	SRE leads	The seat verdicts
5	Ingest governance: log and event lines by source against query frequency, per the Datadog doctrine: drop, sample, and route the unread	Observability team	The ingest verdicts
6	The OTel program: instrumentation inventory, conversion candidates at natural refactor points, and the funded roadmap, written to be shown	Architecture + Engineering	The portability file
7	The self-managed file: Grafana, Prometheus, and Tempo costed honestly, operations included, for the commodity metrics tier	Platform team	The floor price
8	The stalking-horse bid: New Relic (or the incumbent's rival) briefed on the estate and invited to price it, migration funding included	Procurement	The competitive document
9	The DPS pool design: capability fungibility, rollover, rate locks, burst at committed rates, and true-downs specified before any pool size is discussed	Lead negotiator	The pool terms
10	Commission the benchmark: effective per-host-unit, per-user, and per-GB rates, pool discounts, and caps comparable estates signed on both vendors	Procurement	Market targets
11	The AI-SKU audit: Davis positioning, LLM observability, and AI incident features flagged for pilot terms on short clocks	SRE + Procurement	Young-meter list

#	TASK	OWNER	OUTPUT
12	Open the renewal file: every quote, usage report, and proposal logged from day one, 31 March on the cover	Lead negotiator	The record

3. BUILD THE POSITION: THE FIVE WORKSTREAMS

3.1 The estate math: the tier census against the default

The observability math, worked. Illustrative estate: $1.9M a year on Dynatrace: roughly $1.6M of host units, 2,800 of them, nearly all full-stack, plus $300K of logs and digital experience monitoring, renewal proposing a larger DPS pool on the growth trend. The audit re-cuts it. The tier census, run from the platform's own usage data, finds about 40% of hosts, batch fleets, static VMs, database replicas, vendor appliances, on full-stack mode with no traces ever viewed, and reclassifies them to infrastructure-only at roughly a third of the rate; the sizing audit trims host units where VM memory was provisioned generously and billed accordingly; and ingest governance applies the Datadog doctrine to the log lines, dropping the unread 25%. The OTel file shows sixty services already on open instrumentation and a funded conversion roadmap at refactor pace, the Grafana stack costed for the commodity metrics tier, and the New Relic bid, solicited in January, prices the whole estate with migration funding, aggressive, as PE-era bids are. The close, inside Dynatrace's lonely March quarter: a DPS pool sized to the reclassified run rate, roughly $1.15M, with capability fungibility across the pool, locked unit rates, rollover, burst at committed rates, caps at 5%, true-downs at anniversaries, and the AI SKUs on a scoped pilot. Against the $1.9M trajectory, the audited estate runs 40% lighter, the dashboards unchanged, and the OTel roadmap keeps converting quietly underneath, so the next renewal starts from choice rather than dependence.

3.2 The full-stack tax: the tier is the negotiation

Dynatrace's genius and its margin are the same feature: OneAgent makes premium observability effortless to deploy, so it deploys everywhere, and the commercial default becomes the technical default. The counter is the tier census, and its evidence standard matters: not what teams say they need but what the platform's own usage records show they use, traces viewed, code-level profiles opened, AI findings actioned, per host group, over a year. Hosts whose telemetry is consumed as CPU, memory, and disk graphs are infrastructure-only hosts wearing full-stack pricing, and the reclassification is a configuration change, not a migration. Institutionalize it: monitoring-mode assignment by host class at provisioning, quarterly tier reviews, and DPS terms that let the mix shift without penalty, because the estate's tier mix is now a managed number, and managed numbers stop drifting.

3.3 The user and ingest meters: the standard doctrines, applied

New Relic's meters get this library's standard treatments. The user ladder is a seat audit: full-platform users are the builders and responders who exercise the paid capabilities, basic users are free, and the census maps the population honestly, with reassignment rights and a joiner default of basic-until-needed. The ingest line is the Datadog doctrine verbatim: gigabytes are priced at the pipeline, the unread sources are dropped or sampled on query evidence, and retention maps to policy rather than habit. On Dynatrace estates the same disciplines apply to the log and event capabilities inside the pool, because pooled consumption hides line-item drift precisely as well as itemized billing displays it: the pool's composition is audited even when the pool's total is the only number on the invoice.

3.4 The OTel exit: portability is the permanent leverage

The instrumentation lock was always the real contract, and OpenTelemetry is its expiration date, at whatever pace you choose to walk toward it. The program is deliberately modest: new services instrument in OTel by standard, existing services convert when engineering touches them anyway, and the inventory tracks coverage as a percentage that only rises. Both vendors ingest OTel natively and will say your program changes nothing; commercially it changes everything, because a backend-swappable estate is quoted differently, and the self-managed Grafana file prices the commodity tier underneath both of them. This is the fork-shadow rule of the whole library, instrumented: maintain the file, fund the roadmap, and let it negotiate silently at every renewal from now on.

3.5 The stalking horse, the pool, and the calendar: the close

Three mechanics finish it. The stalking horse: New Relic's private owners fund displacement, so the bid is real money and real migration funding whether or not you move, and soliciting it every cycle is simply how this category stays priced; run it in reverse, Dynatrace against a New Relic incumbency, identically. The pool: DPS-style commitments get the full consumption kit, sized to the audited run rate, fungible across capabilities, rate-locked, rollover-bearing, burstable at committed rates, and true-down-able, because a pooled commitment without those terms is just a bigger number with better branding. And the calendar: Dynatrace's 31 March close is a spring window nearly as lonely as Elastic's April, their year-end urgency arrives undiluted, and a February anchor collects the March terms while New Relic's quota quarter, established in your archaeology, provides the second fuse.

3C. THE OBSERVABILITY LEDGER: WHERE THE MONEY SITS

THE LINE	THE MECHANIC	THE PREPARED POSITION
The full-stack tier	Traces, profiling, and AI analysis, where every host lands by default	Reserved for hosts whose usage records show the features consumed; assigned by host class at provisioning

THE LINE	THE MECHANIC	THE PREPARED POSITION
The infra-only tier	Metrics, events, and logs at roughly a third of the rate, rarely quoted first	The census reclassifies the batch, static, and appliance fleet; the mix becomes a managed number
The host-unit sizing	Memory-based units billing whatever RAM was provisioned	The sizing audit: right-sized allocations, fewer units, same hosts
The user ladder	Full-platform users priced steeply; basic users free	Builders and responders on full seats, consumers on basic, census as evidence
The ingest lines	Logs and events priced per gigabyte inside pools or beside them	The Datadog doctrine: governed at the pipeline on query evidence
The OTel exit	Open instrumentation dissolving the agent lock, service by service	The funded roadmap and the Grafana floor file: permanent, compounding leverage

The strategic reading: this category's two incumbents price different meters and share one vulnerability, an estate that knows its tiers, its users, its ingest, and its instrumentation is an estate either vendor must price on merit, against the other, every cycle.

3B. BENCHMARK TARGET RANGES: WHAT PREPARED BUYERS ACHIEVE

AREA	UNPREPARED OUTCOME	PREPARED TARGET	PRIMARY LEVER
The tier mix	Full-stack everywhere by default	**30 to 40% of fleet on infra-only: a quarter or more off the host line**	The tier census
The user mix	Full-platform seats across engineering	**Builders only; consumers on basic at zero**	The seat audit
The ingest line	Every log shipped and retained	**20 to 30% governed away, dashboards intact**	The pipeline rules
The commitment	Pool sized to the trend at renewal urgency	**Audited run rate, fungible, rate-locked, rollover, true-downs**	The sequenced audit
The rate	List-adjacent, uplifting annually	**Benchmark rates, caps 0 to 5%, competitive-bid tested**	The stalking horse
The structure	Agent lock pricing the renewal	**OTel coverage rising; the estate quoted as swappable**	The portability file

4. STRATEGY: THE GIVE-GET TABLE

WHAT THE VENDORS WANT	WHAT IT IS WORTH TO THEM	WHAT YOU TAKE IN EXCHANGE
The larger pool or commitment	Committed consumption is the number their owners watch	The audited run rate with fungibility, rate locks, rollover, burst, and true-downs written.
The full-stack estate	The premium tier is the margin engine	Tier flexibility in the terms: the mix moves with the census, without penalty.
The displacement win	PE-era New Relic buys logos; Dynatrace defends them	The bid priced into whichever side wins: funded migration or matched retention, documented.
The multi-year term	Locked ARR in a category with a portability problem	Caps, the tier and seat mechanics, and the consumption kit. Term buys everything.
The March signature	Dynatrace's Q4 lands in the empty spring	The year's best structure, collected in the window nobody else contests.
The AI adoption story	Davis and LLM-observability need references	Scoped pilots at contracted rates on short clocks, with the case study priced at close.

5. TACTICS: THE MOVES AND THE COUNTERS

THE VENDOR'S PLAY	WHAT IT SOUNDS LIKE	YOUR COUNTER
The visibility fear	"Downgrading hosts to infrastructure-only creates blind spots during incidents."	The census shows zero traces viewed on those host groups in a year. The incident-critical fleet stays full-stack, and the batch tier's blind spot is a graph nobody lost.
The pool upsell	"A larger platform commitment unlocks the best rate tier."	The rate tier attaches to the audited run rate, locked, with rollover. A discount that requires overbuying is a prepayment wearing a bow.
The OTel shrug	"We ingest OpenTelemetry natively; your program changes nothing commercially."	Then the rates should already reflect an estate that can change backends. The coverage percentage is in the file, and it only rises.
The bid dismissal	"Their pricing is unsustainable; you'll pay for it at the first renewal."	Which is why the bid's out-year caps are in writing. Sustainability is your problem to argue against their signature, not ours.
The seat simplification	"Licensing all engineers as full users removes friction when incidents strike."	Responders hold full seats today; the census lists them. Everyone else reads dashboards basic users already see, and reassignment takes an admin click, not a license.
The March fuse	"This structure holds through our fiscal year end."	Correct, and yours is the only fiscal year ending this quarter. The anchor has held since February; the estate signs in your window, at your window's terms.

Three lines worth using verbatim at the table:

> *"Forty percent of the fleet showed no trace views in twelve months, and as of last quarter it runs infrastructure-only. The pool prices the estate that exists."*

> *"Sixty services are on OpenTelemetry and the roadmap funds the rest at refactor pace. Price the estate as what it is becoming: swappable."*

> *"The competing bid is on the table with migration funding and capped out-years. Match the economics or fund the move; both answers work for us."*

6. THE CONCESSIONS CHECKLIST: WHAT A GOOD OBSERVABILITY CLOSE CONTAINS

CONCESSION	THE ASK	WHY IT MATTERS NEXT CYCLE
The commitment, sized right	Pool or commit at the audited, reclassified run rate, stated in the order	The default tier never prices a term again.
Capability fungibility	Pooled spend movable across hosts, logs, DEM, and capabilities without repricing	The pool flexes with the estate.
Locked unit rates	Effective rates fixed for the term, all meters, with the rate card attached	The discount survives growth.
Rollover and burst	Unused commitment carrying forward; overage at committed rates	Variance is safe in both directions.
Tier flexibility	Full-stack and infra-only mix adjustable per census, without penalty or floor	The managed number stays managed.
User-tier mechanics	Full and basic definitions, reassignment rights, basic-by-default joiners	The seat ladder stops drifting.
True-down rights	Commitment reducible at anniversaries as governance and OTel conversion land	The audits keep reaching the bill.
Renewal caps	0 to 5% on rates at renewal, written now	Next cycle starts from a ceiling.
Young meters on short clocks	AI and LLM-observability SKUs as scoped pilots at contracted rates, twelve months	The attach prices when it's real.
Data and dashboard portability	Export formats, OTel compatibility, and transition cooperation stated	The exit file stays credible, which prices everything.

CONCESSION	THE ASK	WHY IT MATTERS NEXT CYCLE
Ingest and retention definitions	Measurement points, sampling treatment, and retention tiers stated per line	The meters have rules you can audit.
M&A and divestiture language	Affiliates at contracted rates; carve-outs reduce commitments without penalty	Corporate change moves hosts, not prices.

6A. WHAT THE ENDGAME LOOKS LIKE: A WORKED DEAL SHAPE

The illustrative $1.9M Dynatrace estate from Section 3.1, closing into the March year end. Numbers rounded for structure rather than quotation:

LINE	WALK-IN (THE DEFAULT'S FRAME)	SIGNED (PREPARED BUYER)	HOW IT MOVED
The tier mix	**2,800 host units, nearly all full-stack**	**~60/40 full-stack to infra-only, by census**	The tier audit
The sizing	**Units tracking provisioned RAM**	**Right-sized allocations, fewer units**	The sizing audit
The ingest	**All logs shipped and retained**	**~25% governed away, dashboards intact**	The pipeline rules
The pool	**Trend-sized DPS proposal**	**~$1.15M fungible, locked, rollover, capped 5%**	The consumption kit
The structure	**Agent lock, no outside options**	**OTel roadmap rising, PE bid on file**	The exit and the horse
Net effect	**$1.9M and compounding**	**40% lighter, permanently repriceable**	Six months, aimed at March

7. THE MISTAKES THAT COST MILLIONS

- **Letting every host stay full-stack.** The default is the tax. The census, from the platform's own usage records, is an afternoon that finds a quarter of the bill.
- **Committing before reclassifying.** Pools priced against the default tier mix lock it for the term. Reclassify first, size second, always.
- **Ignoring the sizing.** Memory-based units bill provisioned RAM. Right-size the VMs and the observability bill follows.
- **Licensing consumers as full users.** The basic tier exists and is free. The seat census assigns honestly; reassignment handles incidents.
- **Skipping the OTel program.** Portability is the only leverage that compounds across every future renewal. Fund the roadmap; report the percentage.
- **Never soliciting the bid.** New Relic's owners are buying market share. The unsolicited estate pays the unsolicited price.
- **Taking the pool without the kit.** Fungibility, locks, rollover, burst, true-downs. A commitment missing any of them is a donation with a dashboard.
- **Missing the lonely March.** Dynatrace's Q4 arrives in an empty quarter. Stage the close into it, every cycle.

THE FINAL WORD

Observability's second duel prices differently than its first, but the buyer's position is the same and better: Dynatrace's meter rewards an estate that knows which hosts earn the premium, New Relic's meter rewards one that knows which engineers do, both reward governed ingest, and OpenTelemetry quietly dissolves the only lock the category ever really had. Run the tier census until the mix is a managed number, keep the seats and gigabytes on their standard doctrines, convert the instrumentation at the pace engineering already moves, and let the PE-funded challenger price your file every cycle whether you move or not. Then sign in the lonely March, in a window built for exactly this. The pager will sound the same, the dashboards will look the same, and the invoice will describe an estate somebody finally audited, which, in a category that sells visibility, is only fair.

Where benchmarking fits. Every tactic in this playbook sharpens against one input: the effective per-host-unit, per-user, and per-gigabyte rates, pool discounts, and caps comparable Dynatrace and New Relic estates actually signed. The realistic reclassified-estate cost, the credible pool terms, the market's competitive-bid economics: all of it is benchmark data applied at the right moment. Bring the market's numbers to the table, and both vendors negotiate against the market instead of against your defaults.

Prepared by Vendor Benchmark LLC. Figures marked illustrative are for calculation structure; platform subscriptions, tier definitions, and packaging change frequently, so verify everything against current documentation and your own agreements. This document is general negotiation guidance, not legal advice.