BROADCOM VMWARE RENEWALS IN 2026: WHY EARLY RENEWAL IS NOW A TACTIC, AND WHY THE DISCOUNTS ARE DEEPER

What has changed in Broadcom's licensing since the acquisition, why the negotiated market clears far below where it did two or three years ago, when renewing early is the right move, and what to secure when you do

> *A research note for CIOs, infrastructure leaders, IT asset managers and procurement teams with a VMware Cloud Foundation, vSphere Foundation or legacy vSphere subscription renewing in the next eighteen months, or with a Broadcom account team already proposing an early renewal or a term extension. It is not tied to any single client situation. Written from the buyer's side of the table. Redress Compliance, 2026.*

Key takeaways

- The first Broadcom cycle in 2024 was a price shock: perpetual licensing ended, the catalog collapsed into VCF and VVF, the metric moved to per core with a sixteen core minimum per CPU, and opening quotes ran several times the old perpetual cost. Discounts were thin because Broadcom had no need to give them.
- The 2026 cycle is different. The estates that could leave have left or are visibly leaving, Broadcom has a renewal base to protect, and the negotiated market now clears 30 to 55 percent below list for prepared buyers, against 10 to 25 percent two years ago. The discount is available; it is not offered.
- Early renewal has become a legitimate buyer tactic, not only a Broadcom sales motion. Locking today's rate and today's discount for a longer term, before the next catalog change, price list revision or edition withdrawal, can be worth more than waiting for the contractual renewal date. It is only worth it after a core audit and an exit evaluation.
- The licensing rules keep moving: order minimums announced and withdrawn, editions discontinued by region, a late renewal surcharge, a mandatory adoption plan for VCF discount tiers, version nine available only inside the bundles, and cease and desist letters to lapsed perpetual estates. Every one of these changes the arithmetic of a renewal.
- The estates that hold flat renewals treat each cycle as preparation for the next: cores audited, alternatives maintained, ramp and cap clauses banked. Those clauses, not the headline discount, decide what the next renewal starts from.

1. WHAT CHANGED, AND WHEN

When	Change	What it means at renewal
December 2023	Perpetual licensing and support renewals end. Catalog collapses into VCF and VVF subscriptions.	Every purchase is a term subscription priced per core. Perpetual entitlements freeze.
2024	Per core metric with a sixteen core minimum per CPU. VCF list near USD 350 per core per year. Free ESXi withdrawn. Partner program moves to invitation only.	Low core hosts bill above their physical count. Smaller buyers lose reseller relationships and leverage.
October 2024	VVF repriced upward with more included vSAN capacity.	The mid tier bundle costs more; the argument for staying below VCF weakens.

When	Change	What it means at renewal
April 2025	A 72 core per order minimum and a late renewal surcharge circulate. Free ESXi returns as an entry edition.	The order minimum is walked back within weeks after customer pressure. The surcharge, near 20 percent, stays in the channel.
May 2025	Cease and desist letters to perpetual customers running without support, with audit language.	Lapsed estates are compliance targets, not forgotten accounts.
June 2025	VCF 9 ships as the single flagship. vSphere 9 is available only inside VCF and VVF.	Perpetual 8.x owners have no version nine path without converting to subscription.
Late 2025	72 core minimum partially reversed for renewals; still applied to new orders and tier changes. VVF discontinued in parts of EMEA.	Renewal quotes that enforce 72 cores should be challenged. VVF estates in affected regions are forced to VCF or out.
2026	VCF Adoption Plan, a paid five day services engagement, required for VCF discount tiers above roughly USD 50,000 annual value. Add on portfolio grows: vDefend, Tanzu, Avi, Private AI.	Discount access has a services gate. Add ons are the new upsell surface inside a renewal.
October 2027	General support for vSphere 8 ends.	Estates on vSphere 8 perpetual or VVS must decide before then: convert, extend, or exit.

2. WHY THE DISCOUNTS ARE DEEPER THAN TWO OR THREE YEARS AGO

- **Broadcom now has a base to defend.** In 2024 the strategy was to reprice the installed base and accept churn at the small end. By 2026 the churn has happened or is visible in the pipeline. Broadcom's growth in infrastructure software depends on renewals of the estates that stayed, and the account team is measured on retention of annual value as much as on uplift.
- **The exit is credible now.** Two years ago a migration to Nutanix, Hyper V, OpenShift Virtualization, Proxmox or a public cloud was a slide. Today there are reference estates that completed it, tooling that supports it, and hyperscaler and hardware partners funding it. Broadcom's sales desk prices the probability of exit into the discount.
- **List is designed to be discounted from.** VCF list near USD 350 per core per year was set so that a 40 percent discount still exceeds the old perpetual plus support cost. The discount band is where the negotiation happens, and the band has widened as Broadcom has moved from repricing to retention.
- **Term buys rate.** Three and five year terms carry materially deeper discounts than one year, and Broadcom will trade rate for a longer committed term more readily than it did in 2024. This is what makes early renewal a two way tactic.
- **Channel discretion returned.** The partner program that was cut in 2024 has been rebuilt with a smaller set of partners who hold discount authority for mid market and enterprise deals. A partner with a competing quote in hand is again a source of leverage.
- **The band today.** For prepared buyers with a core audit and a documented alternative, the negotiated market clears 30 to 55 percent below list on VCF, with ramp structures for growing estates and renewal caps of three to five percent. Unprepared buyers still sign at 10 to 20 percent below list on a flat annual uplift.

3. EARLY RENEWAL AS A BUYER TACTIC

Broadcom proposes early renewals for its own reasons: pulling revenue forward, extending the term before an exit evaluation completes, and closing before a competitor's quote arrives. The same move can serve the buyer when the conditions are right. The test is whether the rate and terms available today are better than the rate and terms likely at the contractual date.

Renew early when	Do not renew early when
A price list revision, edition withdrawal or catalog change has been announced or signaled for your region or tier, and today's rate can be locked for three to five years.	The core audit is not complete. Every early renewal proposal is built on Broadcom's count, which includes phantom cores from the sixteen core minimum and hosts you intend to retire.
Your estate is on a one year or two year term at a thin discount and the account team will trade a deeper rate for a longer committed term.	The exit evaluation is not complete or not credible. Without a costed alternative the early renewal is priced as a captive renewal.
You are consolidating hosts and can lock the reduced core count before it is visible in Broadcom's next audit script run.	The proposal converts you from VVF or VVS to VCF as a condition. Conversion should be evaluated as a product decision, on your timeline, not as the price of the discount.
The current term ends inside a Broadcom fiscal quarter end where you will have less time and Broadcom more pressure; moving the close to your calendar improves both.	The early renewal carries a late renewal surcharge waiver as its main benefit. The surcharge is a channel practice; challenge it rather than pay to avoid it.
A hardware refresh will change your core count materially and you want the rate fixed before the new hosts are counted.	The proposal bundles add ons, vDefend, Tanzu, Avi or Private AI, that you have not evaluated, as the justification for the discount.
Support for vSphere 8 ends in October 2027 and you need a version nine path with the rate agreed before the deadline removes your leverage.	You can reasonably complete a migration of part of the estate before the contractual date, which reduces both the core count and Broadcom's leverage.

When the conditions favor it, the early renewal should be structured as a new agreement, not an extension of the current paper: a five year term at today's rate with annual ramp down rights, a renewal cap, the core count fixed to the audited number, and the right to reduce cores at each anniversary as consolidation or migration proceeds.

4. LICENSING CHANGES TO CHECK BEFORE ANY QUOTE

Rule	What it does	What to do
Sixteen core minimum per CPU	A CPU with fewer than sixteen cores bills at sixteen. A two socket host on eight core processors licenses at 32 cores.	Identify every host billing above its physical count. Consolidate or retire them before the count is taken.
72 core minimum per order	Applied to new orders and tier changes; walked back for renewals after customer pressure.	Reject any renewal quote that enforces it. Structure additions to avoid triggering it on tier changes.
Late renewal surcharge	A surcharge near 20 percent on subscriptions renewed after expiry, circulated through the channel.	Start nine months out so it never applies. If it appears on a quote, challenge its contractual basis.
VCF Adoption Plan	A paid services engagement required to access VCF discount tiers above a stated annual value.	Price it into the deal and require its cost to be credited or waived at signature.
Version nine inside the bundles	vSphere 9 ships only in VCF and VVF. Standard and Enterprise Plus stop at 8 Update 3.	Decide the version nine path before October 2027 rather than under deadline.
Regional edition withdrawal	VVF discontinued in parts of EMEA; customers pushed to VCF or out.	Confirm in writing which editions are available in every region you operate in for the full term.
Lapsed perpetual estates	Cease and desist letters and audit language to perpetual customers without support.	Do not run a lapsed estate without a documented position. Convert, extend, or exit deliberately.

Rule	What it does	What to do
Add on portfolio	vDefend, Tanzu, Avi, Private AI and others sold into the renewal as bundle justification.	Evaluate each on its own merits. Never accept an add on as the reason a discount exists.
Broadcom's audit script	Broadcom counts cores its way; the script output is the basis of the quote.	Run the script and RVTools yourself first. Reconcile before Broadcom does.

5. WHERE THE MONEY SITS

The illustration below is a mid sized estate of 120 hosts on a mix of core densities, renewing VCF for three years. Figures are approximate list and for structure, not quotation.

Line	Broadcom's opening structure	Approx. three year value	Buyer side structure	Approx. three year value
Core count	9,600 cores per Broadcom script, including minimums on 28 low core hosts		8,100 cores after retiring the low core hosts and consolidating onto 96 hosts	
VCF subscription	9,600 cores at list, 15 percent discount, one year term renewed annually	USD 8.6M	8,100 cores at 45 percent below list, three year term with annual ramp down right of 10 percent	USD 4.7M
Annual uplift	7 percent at each renewal	USD 0.6M	Capped at 3 percent, waived in year two	USD 0.1M
VCF Adoption Plan	Required, charged	USD 60K	Credited at signature	USD 0
Late renewal surcharge	Applied if the close slips past expiry	USD 0.4M exposure	Never applies; close on the buyer's calendar	USD 0
Add ons	vDefend and Private AI bundled as discount justification	USD 1.1M	Deferred; evaluated separately on merit	USD 0
Total		**USD 10.8M plus surcharge exposure**		**USD 4.8M**

- **The core count is the first lever and the largest.** Phantom cores from the sixteen core minimum and hosts due for retirement routinely inflate Broadcom's count by 10 to 20 percent.
- **The discount band is the second.** The gap between the offered 15 percent and the achievable 45 percent is where the exit evaluation earns its cost.
- **Term, ramp and cap decide year three.** A three year term without ramp down rights locks the year one count into a shrinking estate. A cap without a waiver is a promise to raise the price.
- **The add ons and the adoption plan are noise that adds up.** Individually small, they are the lines Broadcom uses to make a thin discount look generous.

6. HOW TO NEGOTIATE THE RENEWAL

- **1. Start nine months out.** The surcharge, the fiscal quarter squeeze and the exit evaluation all need time. A renewal started at ninety days is a captive renewal.

- **2. Audit the cores yourself.** Run Broadcom's script and RVTools, identify phantom cores, retirements and consolidation candidates, and fix the count before the quote is built on it.
- **3. Run a real exit evaluation.** A costed migration of at least part of the estate to a named alternative, with a partner quote, a timeline and executive sponsorship. Broadcom prices the discount to the credibility of this document.
- **4. Decide the edition on your terms.** VCF, VVF or VVS by workload and region, with the version nine path and the October 2027 date in view. Do not let the discount decide the product.
- **5. Decide whether early renewal serves you.** Apply the test in section 3. If it does, propose it yourself, as a new agreement at today's rate for a longer term, rather than accepting Broadcom's version.
- **6. Negotiate rate, term, ramp and cap together.** A deep discount on a flat count with a 7 percent uplift is not a deep discount. Trade term for rate, and secure ramp down rights and a cap in the same paper.
- **7. Strip the noise.** Adoption plan credited, add ons deferred, surcharge rejected, order minimums challenged on renewal.
- **8. Bank the clauses for the next cycle.** Renewal cap, ramp down, edition availability by region, price hold for additions, and a documented core count. The next renewal starts from this paper.

7. MISTAKES THAT COST THE MOST

- Accepting Broadcom's early renewal proposal before the core audit and the exit evaluation exist, and paying a captive rate for five years.
- Declining an early renewal on principle when a catalog change or edition withdrawal was already signaled for your region, and renewing at the new list a year later.
- Signing a three year term on the year one core count with no ramp down right while consolidating hosts.
- Paying the late renewal surcharge because the renewal started at ninety days.
- Letting a VCF conversion or an add on bundle be the condition of the discount.
- Running a lapsed perpetual estate without a position and receiving the letter.
- Treating the 2024 experience as the market. The discounts available in 2026 are not the discounts offered; they are the discounts negotiated.

8. HOW REDRESS HELPS

Redress Compliance runs the exercise from the buyer's side: the core audit and reconciliation against Broadcom's script, the edition and version nine decision, the exit evaluation that sets the discount, the early renewal test, the negotiation of rate, term, ramp and cap on the client's calendar, and the clauses that decide the following cycle. Our fees are fixed, and every dollar removed from Broadcom's number belongs to the client.

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