Tab 2

Consider approval of VMware software procurement

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Background: Metro Water uses VMware software for virtualization, a technology that allows users to run multiple, independent virtual machines (VMs) with different operating systems on a single physical computer or server. The single server increases flexibility for testing software across various platforms and allows for efficient, scalable cloud and data center infrastructure. Ninety-five percent of Metro's servers utilize VMware software.

In September 2023, VMware transitioned from a perpetual license to a subscription-based model. The practice of switching from perpetual to subscription licenses is common among vendors. In November of 2023, Broadcom acquired VMware. The following year, Broadcom restructured the product offering. Although the renewal price decreased, they also removed some product features. Broadcom recently notified staff that the renewal price for VMware would increase fivefold. Broadcom has expanded the product features, but this comes with a significant price increase.

DATE	RENEWAL PRICE
September 2023	$32,279.68
September 2024	$30,453.04
September 2025	$158,644.72

Staff was able to reduce the initial renewal quote of $175,000 to $158,644.72. The deadline to renew was September 1. Metro provided a Purchase Order to Broadcom on August 29, 2025, to prevent the 25% reinstatement fee and the 10% fee for every week past the renewal date. Metro has not paid for the renewal, and it is seeking board authorization. The FY26 budget includes $42,500 for the software.

Staff have investigated other vendors, but the time needed to onboard a new server software and rebuild all the systems may take up to 18 months. Therefore, the staff recommends proceeding with the renewal with Broadcom and will pursue other options before the next renewal.

Committee Activity: None.

Recommendation: Approval of VMware software procurement for $158,644.72.

Last Update: September 3, 2025