

Breaking the VMware Barrier

How Service Providers Are Advancing with VergeIO

As VMware's licensing, complexity, and hardware restrictions become increasingly burdensome—especially following Broadcom's acquisition—service providers seek alternatives that support high-density hardware, reduce operational costs, and improve manageability. This white paper examines the technical and operational factors driving this shift and outlines how service providers address these challenges by adopting VergelO. Through the lens of several representative case studies, including NETdepot, CenterGrid, CCSI, Livewire, and BEAR Technologies, we illustrate the emerging patterns and design criteria service providers use to evaluate and implement next-generation virtualization platforms.

Challenges with VMware

Licensing Complexity and Escalating Costs

One of the most pressing concerns driving service providers away from VMware is the complexity and unpredictability of its licensing model. VMware's transition to a per-core licensing structure has disproportionately impacted providers relying on high-density servers to maximize performance per watt and reduce data center footprint. This model forces providers to pay a premium for modern hardware—even when that hardware is acquired to improve efficiency, lower power consumption, or support demanding workloads like GPU-accelerated computing or virtualization at scale.

The financial impact is particularly acute for providers standardizing on multi-socket or high-core-count systems. A single 64-core server, for example, may require multiple VMware licenses to be fully utilized—even if only a portion of that compute capacity is allocated to customer workloads. The result is that providers are financially discouraged from optimizing their infrastructure, which directly undermines their ability to deliver competitively priced services.

Following Broadcom's acquisition of VMware, licensing constraints have become even more aggressive. Reports from the service provider community indicate widespread increases in annual renewal costs, new minimum commitments for licensing bundles, and reduced flexibility in license assignment. In many cases, providers are asked to convert to multi-year, all-upfront licensing agreements that increase financial exposure and eliminate the ability to align costs with customer growth or seasonal fluctuations in demand.

These changes have made cost planning more difficult and forced some providers to abandon carefully planned hardware refresh cycles. Several have projected seven-figure increases to their annual VMware commitments—without corresponding improvements in support, features, or performance. The licensing strategy no longer scales with the business models of modern infrastructure providers, especially those supporting multi-tenant environments with dynamic provisioning requirements.

For many service providers, these licensing changes aren't just expensive—they represent a strategic misalignment between VMware's business model and the realities of running efficient, customer-centric infrastructure at scale. BEAR Technologies faced a sudden spike in core-based licensing requirements that would have pushed their annual commitment from five to seven figures.

CCSI was also impacted by rising subscription fees, inefficient storage management due to reliance on VMware's vSAN, and Horizon's complex multi-tenancy limitations. For Livewire, the problem was twofold: inflated costs and a platform that forced their MSP customers into unprofitable service tiers.



Fragmented Stack and Integration Overhead

One of the most cited challenges among service providers using VMware is the fragmentation of its infrastructure stack. VMware environments typically rely on a combination of ESXi for compute virtualization, vSAN for storage, and NSX for software-defined networking. While each component is powerful in isolation, they are licensed, deployed, and managed as distinct products—often with their own upgrade cycles, configuration schemas, and integration points.

This segmented architecture introduces multiple layers of complexity into day-to-day operations. Administrators must navigate separate user interfaces and control planes for each function, increasing the potential for configuration drift, version mismatches, and operational errors. For example, a patch applied to ESXi may require corresponding updates to vSAN or NSX, often necessitating maintenance windows that disrupt customer workloads, especially in multi-tenant environments where shared infrastructure is the norm.

Adding to this complexity is the need for a separate vCenter management layer consisting of one or more virtual machines responsible for coordinating and monitoring the environment. Ensuring high availability for vCenter becomes an additional operational burden. These VMs must be configured for redundancy and protected against failures, often requiring clustering, shared storage, and backup considerations. A loss of vCenter—even if workloads continue running—can disrupt the environment’s visibility, control, and automation capabilities.

The overhead of managing these separate components also inflates hardware requirements. NSX’s dependency on additional VMs and vSAN’s sensitivity to storage configurations can lead to overprovisioning or the need for specialized hardware that doesn’t align with providers’ preferred purchasing models. This not only adds capital expense but also complicates capacity planning and scalability.

Furthermore, the lack of tight integration between these components creates architectural rigidity. Workload migration, tenant isolation, or infrastructure automation require extensive scripting, third-party orchestration tools, or custom development. This slows down service delivery, limits responsiveness to customer needs, and increases the cost and effort required to maintain high service levels.

Across each provider’s environment, VMware’s architecture introduced bottlenecks that limited scale and profitability. CenterGrid, which delivers high-performance infrastructure to Media & Entertainment clients, found that VMware’s virtualization overhead reduced effective compute resources by as much as 20%. COO Chris Beard said, “Before we could even spin up a virtual machine, we lost a fifth of our CPU capacity. That’s unacceptable in environments where every core matters.”

Other providers expressed concern over VMware’s rigidity. VMware’s restrictive hardware compatibility lists and hypervisor-specific tuning reduce the ability to optimize for power, space, and performance.

Support and Security Challenges

Providers have increasingly reported significant delays in receiving technical support under VMware's current model. Even for high-priority incidents, response times can extend to several hours or longer—an unacceptable scenario for service providers who require immediate intervention to maintain service-level agreements with their customers. Additionally, the complexity of VMware's multi-product architecture often results in finger-pointing between support teams responsible for different components, such as ESXi, vSAN, and NSX, further delaying resolution.

Security has also emerged as a growing concern, particularly for internet-facing and multi-tenant environments with broader attack surfaces. VMware's architecture requires several interdependent components and external services, increasing the number of potential vulnerabilities. Some providers have reported a sharp rise in targeted attacks against VMware services, including known exploit vectors on legacy hypervisor versions. These vulnerabilities are often challenging to patch quickly due to operational risk, further exposing providers to ransomware and privilege escalation threats.

For service providers offering regulated workloads, government contracts, or sensitive data services, the inability to guarantee fast remediation and long-term platform security poses a material business risk. As these issues mount, many providers are reevaluating their reliance on VMware—not just for cost reasons but as a strategic imperative for service continuity and customer trust.

NETdepot, operating both virtualized and bare metal services, experienced increasing concerns about VMware's roadmap, noting instability in pricing, delayed support, and a surge in security vulnerabilities. "We were seeing weekly attack attempts targeting VMware. It was not a question of if, but when," NETdepot's engineering team explained.



Selection Process of a VMware Alternative

The path to VergelO wasn't taken lightly. Each provider considered multiple alternatives—Proxmox, Nutanix, Scale Computing, and OpenStack—but most fell short on functionality, cost, or ease of integration. BEAR Technologies ruled out Nutanix due to its licensing complexity and cost, while Proxmox lacked tight integration between storage and networking. Scale's simplicity was appreciated but didn't support the level of multi-tenancy required for their IaaS model. Another critical factor is the solution's ability to deliver individual applications alongside complete desktop environments. Application virtualization allows IT teams to securely publish specific applications to end-users without providing a complete desktop environment, reducing resource consumption and streamlining administration. Solutions capable of delivering applications independently help simplify user experiences, improve security by minimizing data exposure, and meet varying workforce needs across diverse use cases.

NETdepot found VergelO during a web search for a “VMware alternative,” initially attracted by VergelO’s interface similarity to VMware’s vCenter. “It didn’t feel foreign,” they said. “We could port over our VMware skills and workflows with minimal retraining.” CenterGrid conducted extensive lab benchmarking and discovered that VergeOS matched and exceeded their performance expectations. Their team described VergeOS as “the only platform that could match our GPU demands and simplify our operations simultaneously.”

CCSI’s evaluation included a paired solution: VergeOS for infrastructure and Inuvika for virtual desktops. CEO Kelley Allen said this combination allowed them to eliminate expensive Microsoft licensing associated with VMware Horizon while gaining improved performance and density across their environment.

Migration Experience

While platform evaluation was rigorous, the migration process proved easier than expected for most providers. NETdepot highlighted that their transition to VergelO required no third-party software and resulted in seamless VM migration. “We were fully operational with minimal post-migration work. That’s a first for us,” their IT manager noted.

BEAR Technologies completed their full production migration in under 45 days using VergeOS’s in-place migration capabilities. They converted one server at a time, allowing them to maintain service availability throughout the process. “Networking integration was seamless. We used the same switches, VLANs, and even some of the same physical nodes,” said President Yogi Yeager.

CenterGrid’s original plan was to pilot VergeOS over a gradual rollout. But when a new client needed rapid deployment for a real-time GPU rendering environment, their team deployed VergeOS into full production within a week. “That experience validated the platform’s readiness in real-world, high-demand conditions,” Beard shared.

Livewire coordinated its migration strategy with expiring VMware renewals. Using proof-of-concept environments, they demonstrated performance and cost benefits to their MSP tenants before cutting over. Tenants described the VergeOS GUI as intuitive and quickly adapted with minimal disruption.

Post-Migration Experience

Post-migration feedback was consistently positive. CenterGrid immediately benefited from VergeOS’s responsive interface, noting improved productivity during operational tasks. “What used to take minutes—like screen refreshes—now takes seconds. It may seem small, but it adds up to hours saved each week,” said Beard.

For CCSI, VergeOS allowed them to increase virtual machine density per host, reduce desktop boot times from minutes to seconds, and consolidate storage onto VergeOS’s integrated virtual storage layer. “We eliminated the need for external RAID and vSAN while simultaneously improving performance,” said Allen.

Livewire's multi-tenancy requirements were fully addressed with VergeOS's Virtual Data Center (VDC) technology, including nested VDCs. This allowed them to create different service tiers for their MSP clients on the same hardware, supporting both high-performance and archival workloads from a unified platform.

Providers also noted the simplicity of VergeOS's upgrade process, which requires minimal planning and avoids the cascading update dependencies common in VMware environments. This reduces maintenance windows and operational risk.

Several providers also leveraged VergeOS's API integration and Terraform compatibility to automate VDC provisioning, billing workflows, and tenant lifecycle management. This infrastructure-as-code capability supports agile operations and helps providers reduce administrative overhead as they scale.

NETdepot noted that VergeOS gave them more confidence in their infrastructure stability, an essential trait for bare metal providers. "Downtime impacts hundreds of customers. VergeOS gave us the stability we couldn't get from VMware."



Technical Support and Partnership

Service provider environments are inherently demanding, and vendor responsiveness is critical. On this front, VergelO's support team stood out across every deployment. NETdepot reported resolution times measured in minutes: "We had email responses in under five minutes and Zoom meetings within fifteen. That level of responsiveness was unheard of with VMware."

BEAR Technologies experienced similar dedication. Yeager described VergelO's support as "the best vendor technical support I've ever received in the industry," crediting them with solving early deployment issues quickly and completely.

CenterGrid noted the VergelO Customer Success team's persistence in problem-solving—even when the root cause wasn't VergeOS-related. "They won't let go of a problem until it's fixed," Beard affirmed.

Cost Savings

All five providers experienced substantial cost savings after transitioning to VergelO. NETdepot estimated an 80% reduction in infrastructure software costs, attributed to VergelO's per-server licensing and ability to deploy dense, modern server configurations without incurring higher software fees. "With VMware, we were constantly retiring hardware early just to remain compliant with licensing," NETdepot said. "Now we get the full useful life of every server."

CCSI saw immediate reductions in licensing and infrastructure costs. VergeOS's efficiency reduced their need for additional servers and removed external storage systems, and Microsoft SQL licensing, which further drove savings. "We've lowered our cost per virtual desktop dramatically," Allen shared.

Livewire's tenants saw 35–40% lower infrastructure costs while gaining new service flexibility. VergeOS's built-in disaster recovery and GPU support allowed Livewire to introduce value-added services without additional tools or licenses.

CenterGrid forecasted six-figure savings over several years, citing the ability to purchase denser servers without increasing software licensing. "The economic model just works," Beard concluded.

Summary of Reported Financial Gains

PROVIDER	ESTIMATED SAVINGS	FINANCIAL DRIVERS
NETdepot	~80% software cost reduction	Per-server licensing; dense server utilization
CCSI	Lowered per-desktop cost	Eliminated VMware licensing, SQL Server, vSAN; reduced server footprint
Livewire	35–40% infrastructure savings	Tiered service offerings; no additional DR or GPU licensing requirements
CenterGrid	Six-figure forecasted savings	Hardware consolidation; no per-core fees; increased automation efficiency
BEAR Technologies	Avoided 7-figure VMware cost	Timely transition to VergeOS before Broadcom-era licensing impacted commitments



Conclusion

The market dynamics that once favored VMware have shifted. Today's service providers need platforms that support their business model—densely packed hardware, high automation, simplified licensing, and rapid multi-tenant provisioning. As evidenced by a growing group of providers—including but not limited to NETdepot, CenterGrid, CCSI, BEAR Technologies, and Livewire—VergelO offers a compelling alternative.

The transition from VMware is not merely a matter of cost—it's a matter of operational viability for service providers navigating increased customer expectations and tightening margins. VergelO offers a technically superior, financially sustainable, and operationally streamlined solution for modern infrastructure service delivery.

The path from VMware is no longer experimental. It's a proven transition. For many service providers, VergelO is the new foundation.

For service providers rethinking their virtualization strategy, it is time to evaluate alternatives. VergelO offers live demo environments, guided trials, and migration support to help providers transition on their timeline, with minimal disruption. Learn more at verge.io.