

# VMware ELA FAQ Guide



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Signing up for the VMware Enterprise Licensing Agreement (ELA) is a major undertaking, one that comes with many questions and considerations.

Three-years in length and requiring a minimum of \$150,000 USD in net new purchases (with a minimum value of \$250,000 USD, including existing install base), it's no wonder many organizations struggle to plan and optimize their ELA. However, with the right information and approach, the pay off in cost savings, flexibility and IT agility can make the ELA a game-changer for your enterprise.

To answer your biggest questions and put you on the path to success, we've assembled a list of the **10 Most Frequently Asked Questions** we hear when helping our ELA customers.

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# 1. How do I know if the VMware ELA is the right fit for me?

Many IT leaders want clarity on whether the ELA is the right fit for their business. Unfortunately, there is no simple formula, such as having a minimum number of seats. Deciding whether you should sign on requires a detailed understanding of your existing workloads, your future needs and a clear view of your strategic business goals. This includes considerations around embracing hybrid IT and moving deeper into the cloud. Armed with those insights, you can build the business case for the ELA around:



Determining the potential cost savings on licenses, support and subscription (SnS)



Gains in productivity unlocked by simplifying IT management



The value of a flexible licensing model that evolves with your needs

## 2. How much will I save with the VMware ELA?

The ELA enables you to control and cut costs through volume pricing and predictable budgeting. Typically, the agreements deliver discounts between **20 to 40 percent on the costs** of all licenses, subscriptions and support (SnS). These savings alone are often enough to make investing in the multi-year commitment worthwhile (See Fig. 1 below). Organizations can unlock even larger discounts with specific, incentive SKU's, usually for cutting-edge products such as NSX or vCloud Suite.

Fig. 1:

WITH NO ELA		WITH ELA	
<b>Net New License Needs:</b>	25 servers at 2 CPU each = 50 vSphere and 1 vCenter license for ~ \$300,000	<b>Net New License Needs:</b>	25 servers at 2 CPU each = 50 vSphere and 1 vCenter license for ~ \$240,000
<b>Net New SnS Needs:</b>	\$45,000 per year, \$135,000 for 3 years	<b>Net New SnS Needs @ ELA Discount:</b>	\$95,000 for 3 years
<b>Existing IBR (Including SnS):</b>	\$600,000 (at \$200,000/year of existing IBR)	<b>Existing IBR (including SnS) @ ELA Discount:</b>	\$500,000 (at \$175,000/year of existing IBR)
<b>Total Non ELA Costs Over 3 Years:</b>	\$1,135,000	<b>Total ELA Costs:</b>	\$835,000
<b>TOTAL SAVINGS OVER 3 YEARS WITH ELA: \$300,000 or a 26% discount to non ELA total costs</b>			

Figure 1 illustrates the potential cost savings for an enterprise embarking on a major data center transformation project. Similar business cases can be made for major virtualization projects, cloud migrations plans or renewing your ELA for SnS discounts.

[Download our VMware ELA Buyer's Guide for more.](#)

### 3. How does the ELA enable flexibility to my licensing investments?



As with any multi-year agreement, you want to make sure you are not locked into a plan that will not meet the changing, dynamic nature of your enterprise.

The ELA is a flexible program and provides you the option of buying tokens upfront at a discounted price, without having to set your technology roadmap in stone.

The ELA provides access to exclusive, token-based purchasing programs, namely the **Enterprise Purchasing Program** (EPP), the **Hybrid Purchasing Program** (HPP), and the **Subscription Purchasing Program** (SPP).

Tokens purchased in these programs add more flexibility to your long-term investments, with HPP being the most flexible since it enables you to leverage credits for either subscription services or new software licensing.

At any time, you can leverage VMware's add on volume purchase programs to add licenses outside of your ELA.

The benefit here is that you are not locked into a specific set of solutions from VMware. You can sign up in advance for discounts, and select how to best use those tokens to meet point in time strategic needs, at a later date.

## 4. What are the minimum purchase requirements?



A VMware ELA usually requires a minimum purchase of \$150,000 USD in net new license assets after discounts, excluding your existing support and subscription (SnS) renewal.

The total purchase must be at least \$250,000 USD including your existing install base renewal.

For example, a new ELA quote might be broken out into \$250,000 USD in net new VMware costs, and \$350,000 USD in existing and new SnS, for a total of \$600,000 USD.

Importantly, the sum of your ELA must include at least 30 percent in net new investments. In certain cases, you can reduce the minimum purchase needed if you pursue SKU's that VMware wants to promote, such as NSX, vSAN, and the vCloud Suite.

If you have concerns about hitting the minimum target, you can work with an experienced partner like Softchoice to support you in the negotiations.

## 5. My ELA agreement is expiring. What do I do?



Organizations reaching the end of an existing ELA often want to know if it is worth renewing.

The answer depends on your current consumption and future plans.

You will need to identify what you are using, your short- and long-term IT plans and how VMware solutions fit into it all. You might be able to build a business case on renewing for the SnS discounts alone.

We recommend speaking to a [licensing expert like Softchoice](#) who will give you non-biased advice, help you weigh the pros and cons and do the math to give you a clear answer.

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## 6. My organization is expanding its cloud footprint. Does ELA still make sense?



As the push toward cloud continues, enterprises are unsure of the need for a long-term ELA.

The reality is that VMware has made it a strategic priority to support customers on their cloud, multi-cloud and hybrid IT journeys.

VMware offers efficient, seamless integrations with major cloud solutions, such as with VMware on AWS and VMware on Azure, or NSX for your heterogeneous networking needs.

VMware is rumored to be working on similar integrations with other major cloud players, such as Google Cloud in the near future. Not just a bridge between on-premise virtualization and the cloud, VMware offers significant benefits to the multi-cloud enterprise.

With workloads scattered across multiple cloud and on-premise environments, VMware provides a unified management layer for all disparate workloads, from a single, familiar pane.

## 7. I want to pursue an ELA. How do I get started?



Getting the best value from an ELA requires upfront planning and approaching the negotiation stage from an educated position. Enterprises should begin with an assessment to establish a clear view into current software deployments while factoring in future needs. Working across the business, procurement and IT, you must determine how your current environment falls short or exceeds future requirements. Here you will clearly layout upgrade targets, anticipated licensing and support costs in alignment with your business goals and technology strategy.

Next, during the negotiation stage, you will be working directly with VMware (or through your partner, if you have one) to create a customized agreement. This agreement will help you maximize your benefits and the strategic goals of your ELA, such as simplifying IT, reducing costs or adopting hybrid IT. This is a detailed and laborious process. It is recommended you work with [an experienced partner](#) to help plan and negotiate your ELA to ensure accuracy, efficiency and maximum value.

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## 8. How long does it take to purchase an ELA?



Organizations frequently ask how long it takes to properly plan, negotiate and finalize an ELA with VMware. The simple answer is: It's not a short process, but it is one worth doing correctly.

Typically, working with an experienced partner such as Softchoice, you can expect three to six months of upfront planning, design and validation of an ELA that's customized to meet your business needs.

There are ways to expedite this process. However, pursuing a methodical process from day one is the best way to ensure maximum benefit from your multi-year licensing agreement. With that timeline in mind, it's never too soon to start planning an investment of this size and importance to your business.

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## 9. Once I sign an ELA, what happens next?



Once you sign your ELA and the multi-year term begins, you do not want to just “set it and forget it.” Your multi-year agreement is designed with flexibility to meet future, projected needs. It is important you regularly check in on your consumption of VMware solutions and subscription services, as well as continually engage with the business and users to ensure the ELA is being leveraged appropriately. The best practice is to check in every **three to six months** to analyze your ELA consumption, entitlements and review your business requirements. You will need to pay special attention as you reach the final year of your agreement. As renewal time approaches, you will need an objective, up-to-date picture of your current licensing and support costs to compare how your costs could change over the next three years with a new ELA and without.

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## 10. Why partner with Softchoice for a VMware ELA?



From planning to renewals, and ongoing optimization, getting the most value from the VMware ELA is challenging for even the most experienced IT teams.

Softchoice alleviates the management burden while maximizing the value of your ELA through the [Softchoice Enterprise Lifecycle Management](#) program. This program starts with data-driven assessments to give you an accurate picture of your current environment, entitlements and install base.

Once your needs have been clearly identified, we provide direct support during negotiations with VMware to ensure you receive the best value possible.

With the agreement in place, we provide quarterly, proactive reviews. This includes ongoing assessments to help you manage costs and compliance, as well as updates on VMware product changes and guidance around planning technology deployments.

We also provide ongoing reviews of your licensing entitlements and consumption to ensure you maximize discounts and take advantage of the full value of your agreement. At every step, our goal is to maximize returns, enable resources, and help you realize your larger business and IT goals.

# Ready to learn more about the ELA?

Get in touch with a Softchoice VMware licensing expert today!

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