



European Cloud Competition Observatory

First Report on Broadcom

February 2025



The European Cloud Competition Observatory (ECCO) was created as part of CISPE's agreement with Microsoft to resolve CISPE's competition complaints. ECCO is an independent monitoring body comprising CISPE members plus the support, as observers, of European customer organizations, such as Cigref in France and Beltug in Belgium. It operates as an independent body under the auspices of CISPE. Guided by CISPE and European customer organizations, ECCO will monitor software giants whose practices restrict cloud choices for European customers.

This report focuses on Broadcom/VMware.

For simplicity, ECCO has added a **Red/Amber/Green** (RAG) rating for each of the issues it considers. **Green** = On-Track, significant and sufficient progress towards ending unfair software licensing practices is being made. **Amber** = Off-Track, there are concerns either that progress has stalled, or that barriers to resolution are proving hard to overcome. **Red** = Critical, insufficient progress has been made at the time of the report.

Status of Broadcom's Ongoing Unfair Software Licensing Practices

Overall Status = RED

- 1. Since March 2024, CISPE has campaigned for Broadcom to reconsider its brutal and unacceptable changes to license agreements for the essential VMware virtualisation software used by many of its members and cloud customers across Europe.**
- 2. CISPE members, and aligned third parties, have held meetings with the Commission and local competition authorities.**
 - a. The European Commission has sent RFIs to many CISPE members and the wider vendor and customer ecosystem. These have been returned in late September 2024.
 - b. CISPE has recently reached out to the case team at DG Comp to request a further meeting and update on the situation.
 - c. To date, there has not been any formal investigation or action taken by national or European competition authorities.
- 3. In some cases, legal proceedings against Broadcom have been initiated in national commercial courts.**
 - a. These include several cases heard by the Paris Commercial Court. Some have had summary judgement; some are still ongoing.
 - b. CISPE Members have also met with the Italian Competition Authorities to raise their concerns in this case.
 - c. In general, the objective of these actions has been either to preserve previous licensing terms whilst fairer new terms are negotiated, or to provide time for migration to alternative solutions.
 - d. It is our understanding that Broadcom continues to fight these cases employing delaying tactics and endeavouring to avoid any public decisions against it.
 - e. Through these tactics, Broadcom is currently successfully holding up legal scrutiny on the merits of these cases.

4. In most cases, neither CISPE members nor other affected parties have dared to go to litigation for fear of reprisals.

- a. We have heard, although do not yet have concrete evidence, that Broadcom's pressure on customers is not restricted to its VMware software licenses but extends to other Broadcom software including mainframe software upon which customers are reliant.

5. As a result, the vast majority of those affected have been forced to accept new terms tying them into exorbitant licence fees for a minimum of three years because they simple could not replace the VMware software needed to service their customers.

- a. Vendors and customers alike report an almost total lack of communication, and certainly no option to negotiate, with Broadcom.

6. ECCO supports urgent calls for a formal investigation into Broadcom's unfair software licensing practices.

ECCO summary of Broadcom's Ongoing Unfair Software Licensing Practices

With no direct or formal engagement from Broadcom, and with the continued imposition of unfair licensing practices, ECCO has no choice but to rate this as status **Red/Critical**.

About ECCO

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