

The Great Virtualization Reset

A quick guide for business decision makers



At a glance

- **Virtualization is in a time bound disruption window.** Changes to VMware® licensing, cloud economics, AI adoption, and risk exposure mean long standing infrastructure assumptions no longer hold.
- **The impact goes beyond IT.** Virtualization choices now directly affect cost predictability, resilience, compliance, and the ability to fund and run AI workloads.
- **It's an operating model decision, not a single hypervisor question.** Leaders must fundamentally rethink infrastructure and operations (I&O) as a broader reset.
- **Successful responses are phased, not reactive.** The most effective approaches focus on targeted modernization and continuous adjustment rather than wholesale replacement.

Virtualization decisions now carry far greater strategic weight than they once did. Changes in pricing models, workload demands, and risk exposure mean infrastructure and operations (I&O) choices increasingly shape long term cost, flexibility, and resilience across the business.

This guide to the **Great Virtualization Reset** outlines **what has materially changed, why it matters now, and what leaders should actively consider.**

What's changed?

For more than a decade, enterprise virtualization strategies were built on relatively predictable economics and incremental evolution. That stability has been broken.

Licensing and consumption models have shifted toward subscription-based structures with per core pricing and tighter bundling, reducing flexibility and increasing long term cost exposure. At the same time, public cloud spend is rising faster than expected, putting pressure on budgets and forcing closer scrutiny of all infrastructure decisions.

These changes are colliding with wider structural forces:

- **AI adoption is accelerating**, increasing demand for dynamically scalable hybrid workloads and unified data foundations that VM only operating models cannot deliver.
- **Technology cycles are shortening**, exposing the limits of static, siloed platforms and manual processes in complex multi cloud environments.
- **Security and resilience risks are expanding**, while recovery architectures struggle in increasingly complex, distributed environments.
- **Skills shortages persist**, particularly in automation and platform operations, driving the need for integrated platforms that reduce operational complexity.

Taken together, these compounded disruptions mark a clear need to break from past assumptions. Virtualization decisions can no longer be treated as isolated technical choices or deferred until renewal cycles.





Why the reset demands attention now

Compounded disruptions cascade across the business, impacting every corner of it:

- **Financially**, infrastructure costs are becoming less predictable at the same time as boards demand tighter control. Platform decisions made under pressure can lock organizations into higher costs and reduced flexibility for years.
- **Operationally**, confidence in AI readiness often outpaces reality. While many are deploying AI initiatives, their underlying platforms may lack the automation, unified governance, and resilience required to support AI reliably across hybrid environments.
- **From a risk perspective**, fragmented tooling, manual processes, and inconsistent recovery capabilities increase exposure to cyber outages, breach incidents, and compliance failures. As environments sprawl, operational weaknesses scale with them.

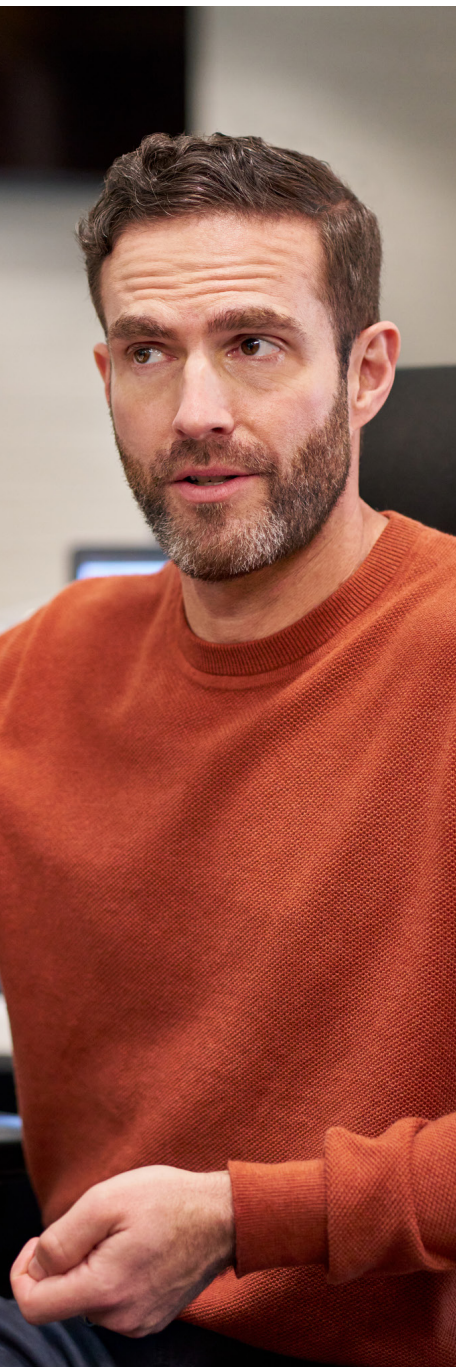
The Great Virtualization Reset is therefore not just about responding to the VMware pricing change. It is about addressing systemic gaps in how I&O is governed, operated, and secured.

What leaders should consider

Now is the time to step back from the binary VMware-or-not debate and reassess the operating model that underpins virtualization and cloud infrastructure. Key questions include:

- **Operating model alignment:** Can your current platform provide unified governance, automation, and visibility across on-premises, edge, and cloud environments—without adding complexity?
- **Cost control:** Are infrastructure costs predictable over time, and can they be forecast, optimized, and governed at scale?
- **AI readiness:** Can your virtualization approach support data intensive, latency sensitive AI workloads without extensive re architecture or operational friction?
- **Skills and automation:** Is the environment realistically operable with existing teams, or does it depend on scarce specialist skills and manual intervention?
- **Resilience:** Are cyber recovery, backup integration, and disaster recovery embedded into the architecture, or treated as add-ons?

These considerations shift the focus from individual products to the capabilities the operating model must deliver.



Taking a phased approach

Few organizations need—or benefit from—a wholesale “rip-and-replace” of existing environments. The most effective responses to the Great Virtualization Reset focus on **rebuilding a better operating model over time**, rather than reactively swapping one platform or component for another.

There’s a four-step approach to “rebuilding better”:

1. Establish a clear baseline

Understand current virtualization costs, workloads, dependencies, and risk exposure. This creates a fact-based foundation for identifying where today’s operating model no longer scales.

2. Define future operating model requirements

Prioritize the capabilities the environment must deliver—such as unified governance, automation, observability, resilience, and AI support—rather than individual technologies.

3. Target modernization where it matters most

Focus on changes that reduce structural risk and complexity, such as replatforming selected workloads, introducing unified management layers, or strengthening recovery and data foundations.

4. Treat the reset as ongoing

Virtualization is no longer a “set and forget” layer. Continuous adjustment will be essential as cloud economics, AI demands, and risk conditions continue to evolve.

Reframing the reset

The Great Virtualization Reset is a strategic moment to reassess how I&O is designed and operated to support the next decade of hybrid AI workloads.

Leaders who use this disruption window to revisit assumptions and rebalance their operating model will be better positioned to manage cost, reduce risk, and adapt to what comes next.

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