



Mrs Ursula von der Leyen  
European Commission President  
Mrs Margrethe Vestager, EC Vice-President  
Mr Thierry Breton, Commissioner

28th March 2024

**Subject: Business users of IT strongly condemn market behaviour of Broadcom and urge the European Commission to take appropriate action**

Mrs President,

The associations of business users of digital technologies in the public and private sectors, in Belgium, France, Germany and the Netherlands, strongly condemn the conduct of Broadcom within the European Union with regard to VMware products.

Following the announcement (in May 2022) of the planned takeover of VMware by Broadcom, the 4 associations co-signed a letter to Margrete Vestager. This letter (hereafter “the letter”) warned of the consequences of the forthcoming merger. These concerns have now been realised. Their impact on the members of the four associations is substantial.

We observe that Broadcom’s conduct seems contrary to the principles of fair competition and could be indicative of exploitative abuse. The conduct is only possible due to lock-in of customers and strong dependence of business users that have acquired and implemented VMware products in their past operations.

Since its takeover of VMware, Broadcom has confronted its customers with sudden changes in policy and practices resulting in:

- a) Steeply increased prices
- b) Non-fulfilment of previous contractual agreements
- c) Disallowing reselling of licenses
- d) Refusing to maintain security conditions for perpetual licenses
- e) (Re)bundling of licences, leading to higher costs
- f) A shake up of the ecosystem of VMware resellers and partners
- g) A loss of knowledge.



We call upon the European Commission to take the necessary steps to stop this disorder in the virtualisation market. The European Commission should protect European business users of VMware against this kind of behaviour, which had already been foreseen in our submissions to the investigation.

To quote a part of the letter sent by CIO Platform Nederland, one of the 4 associations:

*“Our members primarily fear a sharp increase in prices forced on them by new pricing models (for instance by exchanging perpetual use license model to a subscription model), or deteriorating contracting conditions, that Broadcom could enforce due to the dependence of our members on VMware products. This happened for instance after Broadcom’s takeover of Symantec.”*

In previous letters and conversations with the Commission we also presented our [11 Fair Principles to unleash the digital potential of Europe – Business users associations call for a balanced cloud market](#).

Unfortunately, we are now seeing a concrete example of the power of large providers – and how they will use it. We are calling on the Commission to act in order to stop such unethical behaviour. A delay in the drastic changes unilaterally imposed by Broadcom is absolutely needed. Furthermore, strong action is required to ensure that other providers will not follow Broadcom’s unacceptable example. Broadcom’s approach cannot be allowed to become a precedent.

With cloud software insufficiently covered by the DMA, customers and European businesses harmed by these unfair practices are reliant on anti-competition cases to seek any type of redress.

It is essential to consider that, for a business user, taking a supplier on which your organisation is extremely dependent to court is not a desired course of action, for fear of retribution.

The Commission should, therefore, take definitive action against software giants that lock-in customers with unfair behaviour.

Furthermore, please note that, as VMware plays an important role in the private cloud market, the alternatives for the business users will be found in the public cloud. This will further strengthen the position and power of the hyperscalers, which will have a profound impact on the entire market. We are convinced that some action or communication by the Commission against Broadcom’s behaviour is necessary to protect Europe’s digital future.

Today, we call upon the European Commission not only to provide its perspective on the situation, but to also make clear what courses of action are open, whether to the Commission,



the associations or the organisations impacted, to address this situation, and also to discourage other suppliers like Broadcom from acting in a similarly unethical way in the future.

In the context of the VMware takeover and the change in business strategy, Broadcom's contempt and brutality towards its customers are unprecedented in the recent history of the digital economy in Europe. In view of its scale and Broadcom's impact, this case cannot be left exclusively to competition law technicians. This is an issue whose economic and political dimensions must be fully understood.

This type of market behaviour has a negative impact on the entire European IT market. Broadcom's approach ties up human resources in companies that are not available for other digitalisation projects, slowing down their digital transformation.

That's precisely why it needs to be approached from a political and not just a technical standpoint. All players in the European digital economy are affected by Broadcom's unacceptable behaviour, both suppliers and users of virtualisation solutions, in both the private and public sectors. If the public authorities in the European Union allow Broadcom to prosper in its desire to behave in this way, with such contempt and brutality, it would be a clear signal of weakness that our institutions would be sending to the other digital giants, a signal that will, have no doubt, be clearly heard. Once again, Broadcom's behaviour cannot be allowed to become a precedent.

Yours sincerely,

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