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Abusive behaviour of Broadcom and its subsidiary VMware and necessary changes to the behaviour

Mrs President,

With a letter dating 28th March 2024, VOICE and the other three associations of business users of digital technologies in the public and private sectors in Belgium, France, Germany and the Netherlands have informed the European Commission of the abusive behaviour by Broadcom's subsidiary VMware using its dominant position following the closure of the acquisition of VMware by Broadcom.

As it has been reported in the media, the Commission was investigating the matter following the above-mentioned letter and has sent questions to Broadcom in this regard before or on the 15th April 2024 (<u>Broadcom questioned by EU over VMware licensing changes | Reuters</u>). In the following time, Broadcom has announced various changes to its licencing policy, which were all unsuitable to clear the allegation of abusive behaviour.

VOICE's members who are dependent on using Broadcom /VMware's virtualization software continue to suffer from the abuse practices. As representative of the German industry but

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also as voice of all European companies, we are asking for your help and seeking protection against such abusive practice.

Thus, VOICE requests the following changes to Broadcom/ VMware's licencing policy to defuse the objections and problems of its members:

- 1. VMware products for servers, storage and network virtualisation (vSphere/vCenter, vSAN, NSX) are (also) sold individually without commercial bundling with each other or with other products (such as Aria).
- 2. All VMware customers can purchase all of these VMware products without restrictions in terms of categorisations such as customer groups, etc.
- 3. Discounts are granted on all products without a clear preference, so that no effect equivalent to bundling is achieved.
- 4. Outyear renewal clauses contractually agreed to by Broadcom/VMware are granted.
- 5. Existing perpetual licences are appropriately compensated for when subscription licences are purchased.
- 6. The requirement of at least 16 cores per CPU when determining the licence costs is lifted without replacement.
- 7. All contracts already concluded under the licence system introduced by Broadcom will be retroactively converted to the system described and compliant with antitrust law, so that customers can retroactively select the desired products individually without commercial bundling.
- 8. Additional costs for contracts already concluded under the new licence system will be reimbursed immediately.

Yours sincerely,

Dr. Bettina Uhlich Chair of the Board

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