



## Market Insight Report Reprint

# VMware finds its North Star with NSX+

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Interconnecting applications and data is becoming increasingly problematic as companies adapt to the new connectivity demands. VMware has delivered NSX+, its multicloud networking SaaS that bundles on-premises and cloud networking, security, application delivery, and observability, which can be acquired à la carte or in feature bundles with consumption licensing.

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## Introduction

Interconnecting applications and data is becoming increasingly problematic as companies adapt to new connectivity demands. Cloud services offer robust networking capabilities featuring connectivity, application delivery and security, but enterprises using multiple cloud services and on-premises resources must both manage and learn the capabilities and nuances of each.

The resulting fragmented network is difficult to monitor, and configuration changes are prone to errors. Multicloud networking aims to unify networking, application delivery and security capabilities across multiple environments, and to simplify the interconnection between services. VMware Inc.'s NSX+ multicloud networking SaaS bundles on-premises and cloud networking, security, application delivery, and observability, and is offered à la carte, or in feature bundles with consumption licensing.

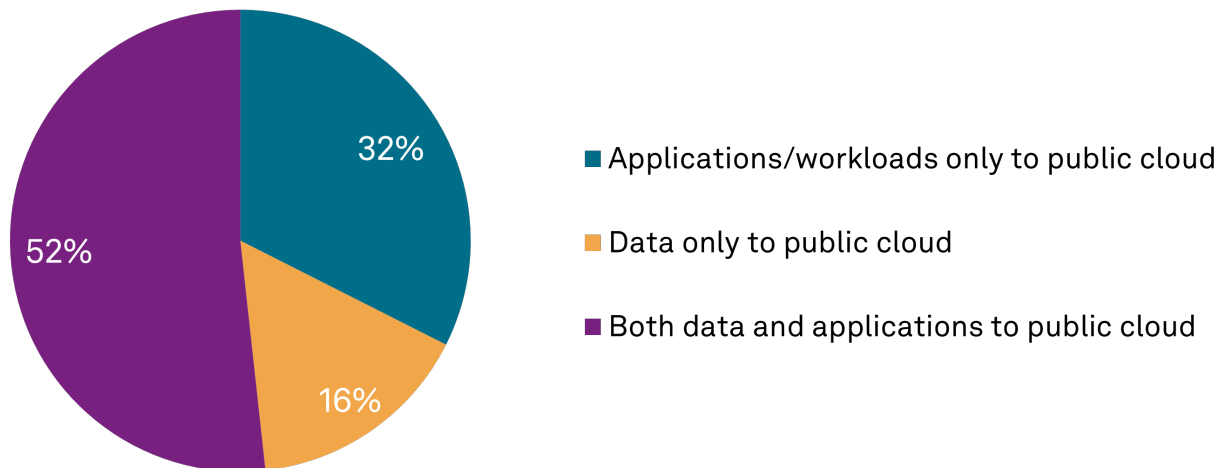
## THE TAKE

The differentiating element of NSX+ is the cloud-delivered SaaS capability, which streamlines operations for enterprise IT, and allows customers to better manage their NSX networks. Once the service is available in more clouds and geographies, it should compete on a more even footing with established startups and equipment vendors that are also providing multicloud networking. A key challenge for VMware will be gaining traction among enterprises that are not all-in on VMware products and services.

## Context

Multicloud usage is growing among enterprises, with companies increasingly moving either applications or data to the cloud, effectively distributing the applications to and between clouds.

### Enterprises moving applications, data to cloud drives interest, adoption of cloud networking



Q: Your organization has moved workloads/data to the public cloud from another IT environment in the past 12 months. Which parts of the workload were migrated to a public cloud environment?

Base: Respondents whose organizations have moved workloads/data into the public cloud from a non-public-cloud environment (n=259).

Source: 451 Research's Voice of the Enterprise: Cloud, Hosting & Managed Services, Workload Placement 2023.

VMware's premier customer and partner event, Explore US, is where product announcements and strategy are laid out. The company sometimes announces new initiatives as projects, usually with a delivery timeline of 12-24 months. At last year's Explore, it announced Project Northstar, a multicloud networking service, and at this year's event, it delivered its multicloud networking SaaS NSX+.

## Strategy

VMware's cloud networking strategy is to provide full-stack networking and security functions from NSX with life-cycle and policy management, without the need to use third-party products such as application controllers, firewalls, routing and switching for VMs and containers, although it does provide light integration with common products.

VMware says the integrated capabilities it offers, combined with unified management and enforcement as well as monitoring, simplify network operations for IT and unlock automation capabilities for IT operations and developers. In addition, the integration with the rest of VMware's management suite offers differentiated benefits. Those benefits in part come from its exclusive access to the hypervisor, which grants it the ability to improve performance and manageability.

The company's strategy has merit. Simplification of IT operations, whether from a management interface or programmatically, is a primary benefit of cloud environments. Enterprise IT continually struggles with the complex software and hardware landscape, which is always growing and shifting. The unified strategy also streamlines other parts of IT, such as developers, who can easily use preconfigured network and security resources without having to provision or configure those services.

NSX+ further simplifies IT operations with a cloud-delivered SaaS that reduces operational overhead for IT and integrates all aspects of multicloud networking, security and monitoring into one management framework. IT does not have to become expert in multiple cloud services capabilities, and NSX+ can grow as the enterprise grows.

## Technology

NSX+ relies on the same technology that underpins VMware's networking and security products, whether they are deployed on-premises, in the cloud in a VM, on vSphere or in a container environment. NSX+ is positioned for multicloud and application networking, so it does not include SD-WAN, which is focused on the branch office and user. Initially, cloud support is limited to VMware Cloud Foundation on AWS in the Americas, with plans for additional regions and cloud services in the future.

The company is using its multi-tenant features to allow enterprises to create teams with their own provisioned resources. Virtual private clouds are isolated segments of vSphere infrastructure that can be provisioned and assigned to teams, which can access resources by the number and location of hosts, and the required features. NSX+ will provision them with addressing, routing, security and application services. Team members will not have to understand or configure the details streamlining their use of public and private clouds.

## Challenges and obstacles

At launch, NSX+ is only available on VMware environments and is not truly multicloud. The company plans to address this shortcoming, adding new services and regions in 2024. It will also face challenges from the many enterprises that prefer multivendor approaches to IT, allowing teams to select their own products and integrating them into a manageable workflow.

These products can be from software vendors or cloud providers, and pose a significant hurdle to VMware's all-in-one approach. In addition, there are competitive products from network equipment and software vendors that take a different tactic with cloud providers, by using a management layer that integrates and configures the cloud services' native networking, security and observability capabilities, which maintains consistency with cloud teams.

## Competition

VMware faces competition on many fronts. In the case where enterprises have settled on VMware for both on-premises virtualization and VMware Cloud Foundation on AWS, enterprise IT is more likely to adopt the company's products. This gives it a distinct competitive advantage. As VMware expands NSX+ into more clouds and regions, those customers that are all-in on VMware will turn to NSX+ for their networking.

In all other cases where the enterprise uses VMware for on-premises and colocated datacenter virtualization as well as cloud services, the competition becomes much more varied. Cloud networking vendors like Alkira, Aviatrix and Prosimo are highly competitive, and offer the advantage of being independent of any particular environment, reducing the threat of lock-in. They are also focused on ease of operations, support for manual and DevOps workflows, and support for third-party networking, security and observability. These competitors promote advanced routing within their overlays, ensuring optimal performance and high reliability.

VMware will be competing with equipment vendors like Arista Networks Inc., Cisco Systems Inc. and Juniper Networks Inc. for multicloud networking. NSX+ has the benefit of being delivered as SaaS, which only Arista can also claim. NSX+ also includes features like application delivery and enterprise multi-tenancy. Competitors offer their own takes on microsegmentation, and also support network encryption.

## SWOT Analysis

<p><b>STRENGTHS</b></p> <p>NSX+ offers a robust set of networking and security features delivered as SaaS that should be compelling to its customers. The integrated management eases operational issues for IT and developers, which is a growing concern with complex environments.</p>	<p><b>WEAKNESSES</b></p> <p>Initially, NSX+ deployment options will be limited to VMware environments, which does not fully deliver on the multicloud aim. NSX+ is better suited for enterprises that are all-in on VMware, and can take advantage of the unified and integrated management from across the product line.</p>
<p><b>OPPORTUNITIES</b></p> <p>VMware can use NSX+ to enhance its edge strategy, bringing the same benefits to edge deployments that are found in the datacenter and the cloud. The company should be emphasizing third-party integration capabilities, including streamlined deployment and management of policy and configuration, in order to attract enterprises that are multivendor.</p>	<p><b>THREATS</b></p> <p>Many vendors are simply multivendor by nature. This makes competitive products and services more attractive, particularly in instances where integration between other networking and security services is deeper and more robust. In a multivendor scenario, there is little threat of lock-in. VMware faces a significant number of competitors in software, hardware and services-delivered networking.</p>

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