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VMware Tanzu CloudHealth tooled up to support new FinOps experience

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Introduction

In June, Broadcom Inc. introduced a technology preview of a new front-end user experience for its VMware Tanzu CloudHealth SaaS cloud cost management and optimization service, which is now in open beta testing with customers. VMware Tanzu CloudHealth has been exclusively distributed by Arrow Electronics Inc. since May.

THE TAKE

Six months after Broadcom transferred the distribution of its VMware Tanzu CloudHealth multicloud, MSP and financial management suite to Arrow Electronics, the group claims sales momentum is now growing again after customers navigated any speed bumps related to the transition, such as extending their procurement or other processes to a new supplier. Tanzu CloudHealth has a new front-end experience aligned with the phases of the FinOps Foundation Framework and is delivering FinOps Open Cost and Usage Specification (FOCUS) format usage and billing data to customers. Without meaningful competition (especially in the cloud MSP and reseller market) its incumbency looks set to continue despite the shift to Arrow. The long-term future for hyperscaler management tool Tanzu CloudHealth, given that owner Broadcom believes the future of the enterprise is private, remains to be seen.

Product

VMware Tanzu CloudHealth capabilities are now aligned with and presented through a user experience that reflects the phases of the FinOps discipline as prescribed by the FinOps Foundation's FinOps Framework. The phases are "inform," "optimize" and "operate." The Tanzu CloudHealth Optimization Dashboard provides users with a single, customizable pane for cost and usage optimization recommendations across multiple clouds. The prior "classic" CloudHealth view used different tabs for different clouds. Moreover, for the first time, users now also get a real-time view of the savings they are achieving.

In June, the big three cloud hyperscalers — Amazon Web Services, Microsoft Corp.'s Azure and Google Cloud — signed up to support the FinOps Foundation's ambitious FOCUS for normalizing billing data from multiple providers. Tanzu CloudHealth currently ingests native cloud provider data (AWS, Azure, GCP) and makes this available to customers in a FinOps Foundation FOCUS-compliant format where required. It is hoping that the hyperscalers will improve the quality, access and ease of use of their own FOCUS data delivery mechanisms so that FOCUS-formatted usage and billing data can be supplied directly to customers rather than being parsed via Tanzu's CloudHealth's FOCUS filter. This is currently used to convert the hyperscaler data into a user-consumable format. To be fair, it is still early in the provision of FOCUS-format data and the hyperscalers have each provided what is essentially a first generation of this and are sure to refine it based upon customer demand.

The CloudHealth back end is unchanged but planned feature and function enhancements aimed at its key MSP customer base include the availability of a tenant view (versus today's channel view), plus additions for MSPs managing Microsoft Azure customers. The company believes the new features collectively will bring additional Arrow Electronics reseller and MSP customers onto the platform. VMware says sales momentum for Tanzu CloudHealth is now growing after a period following the transfer of distribution to Arrow when customers had to work through various vendor onboarding and procurement processes.

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Strategy

Broadcom's decision to designate Arrow as the exclusive go-to-market partner for Tanzu CloudHealth is viewed as an opportunity by cloud financial management and optimization vendors. Some have restructured their go-to-market motions specifically to target CloudHealth MSP users that may be seeking alternative strategies as a result of Broadcom's actions. CloudHealth's incumbency in the market and lack of alternatives is such that FinOps suppliers we have spoken with think Broadcom's move is unlikely to cause much near-term disruption in the market, but it is clearly an opportunity for suppliers and other innovators over time.

It is another dimension of the "Alt-V" or VMware alternative movement that is getting noisier as vendors seek to take advantage of the perceived opportunity created by VMware's sale to Broadcom and the ensuing swathe of changes around licensing, pricing, partnerships and distribution that are affecting IT decision-making and more broadly the re-platforming of IT estates to modern cloud-native approaches.

Competition

The hyperscalers are building out their cost management capabilities, but these are designed for engineers and are generally regarded as too complex for practitioners without deep domain expertise. IBM Corp. (Apptio/Cloudability/Kubecost), Broadcom (CloudHealth), Flexera and NetApp Inc. (CloudCheckr) all changing their focus even if they still compete on price.

Along with IBM, Hewlett Packard Enterprise Co. (Morpheus Data, OpsRamp, CloudPhysics), NetApp (Spot, CloudCheckr) and Cisco Systems Inc. (Cmpute.io, Replex) are also using consolidation to address cost management and optimization to build one-stop shops for cloud operational and financial management. This year's release of IBM Cloudability MSP brings the offering into the FinOps-for-MSP space, which is heating up as hyperscalers increasingly rely on managed services providers to support end customers and as cost optimization becomes an ongoing critical function (like security). Emerging competitors include Anodot, Surveil, CloudZero, CloudBolt, Vantage, Ternary and Finout.

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SWOT Analysis

STRENGTHS	WEAKNESSES
Tanzu CloudHealth remains the predominant market incumbent due to its multicloud billing and usage expertise — and the dearth of alternatives. The shift to Arrow does not appear to be an existential disruption.	The hyperscalers are increasing the fidelity and ease of use of their (free) native cloud financial management tools. There is a burgeoning market of third-party suppliers actively pursuing this market including major vendors consolidating this sector such as IBM as well as independents, and owner Broadcom has shifted distribution to a third party. Continued investment will be necessary to keep ahead of the pack.
OPPORTUNITIES	**THREATS**
The FinOps Foundation's FOCUS makes multicloud financial management more practical for enterprises and MSPs. However, until FOCUS format data delivery and ease-of-use issues are wrangled (i.e., API access to hyperscaler FOCUS data), the opportunity for third-party cloud financial management tools such as Tanzu CloudHealth that can abstract complexity is looking good.	Given that owner Broadcom's belief that the future of the enterprise is private (cloud), the long-term future for the Tanzu CloudHealth public cloud management suite is unclear.

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