

Nutanix Elevate Service Provider Consumption Model

Service Providers have access to a flexible model that aligns with their business.

Despite projected increases in overall IT spending over the next 5+ years, Service Providers (SP) are facing significant headwinds. To stay ahead, many SP want to modernize infrastructure and invest in new capabilities, but tight capital markets and economic uncertainty can limit access to funding, throttling back innovation, hiring, and geographic expansion. At the same time, your customers face their own budget constraints, often pushing for consumption-based pricing and outcome-driven contracts.

We have designed the Nutanix Elevate Service Provider Partner (NESPP) program to help new SPs better address budgetary and innovation challenges. Nutanix offers a unique software consumption model that enables SPs to better align licensing costs with their cash flow. This cloud-like model allows SPs to utilize software capabilities with much greater flexibility.

This brief explains the consumption-based pricing model. To learn more about Nutanix and NESPP, refer to our Service Provider Solution Brief.

Why SP Consumption Model

For SPs seeking to modernize and expand services, cost is often a primary concern. Nutanix helps SPs achieve greater profitability by reducing OpEx and CapEx. Nutanix Cloud Platform offers as much as **41%** lower infrastructure costs, reduced upfront outlays, and up to **42%** lower three-year cost of operations than traditional infrastructure solutions. These Nutanix advantages help make infrastructure running Nutanix Cloud Platform more attainable and affordable for SPs.

Our consumption pricing model for SPs takes these benefits a step further by offering eligible partners the ability to procure, consume, and pay for Nutanix software aligned with their needs. There is no uncertainty or repeated negotiations.

This model also provides SPs access to a broad portfolio of Nutanix products without committing to any individual product. This allows SPs to test new products and expand service offerings with no upfront investment. It also allows SPs to quickly adapt to changing customer requirements by easily switching between different products or different product tiers.

Key Benefits

- **Align cash outlay and inflow:** Consumption-based software pricing aligns your payments to Nutanix with payments received from your customers.
- **Accelerate innovation and increase flexibility:** Add new IT services at any time without overhead, contract negotiations, or upfront payments.
- **Increase profitability:** Reduce TCO up to **35%**. Start with a single service and expand over time while aligning software procurement with cash flow.

Solutions

- Hybrid & Multicloud
- Private Cloud

How Consumption-Based Pricing Works

The Nutanix SP consumption licensing model enables our SP partners to closely align cash inflow (from your customers) with cash outflow (to your vendor, Nutanix). Compared to our subscription-based licenses, which are paid for upfront and fixed to a particular SKU, our SP Consumption licenses are paid for on a recurring basis, such as monthly, and not tied to a specific SKU.

There are five elements to the SP consumption model:

- **Term:** This is the total duration of the SP consumption agreement, ranging from 12 months to 60 months.
- **Total commitment:** This is the total amount of 'spend' committed by the SP over the term. This is broken down into a monthly minimum commitment schedule.
- **Advance payment cycle:** This is the prepayment period for invoicing the Total Commitment. It can be monthly, quarterly, or annual. For quarterly and annual advance payment cycles, the SP will be invoiced for three or twelve months of monthly minimum commitment, respectively.
- **Rate card:** This is the predefined hourly net price per unit per SKU, which is fixed during the term of the SP consumption contract.
- **Overage:** This is the amount charged monthly (in arrears) if your monthly consumption exceeds the monthly minimum commitment. This is calculated using the same net price on your rate card as the minimum monthly commitment, so you are not paying a premium for going over.

Using this model, your rate card which captures the net price for each SKU is based on:

1. Your 'total commitment', with a pre-defined monthly minimum commitment.
2. Your term, ranging from 12 to 60 months.
3. Your advance payment cycle, which can be monthly, quarterly, or annual.

You will gain flexible access to the Nutanix software, which you can provision and consume based on your pre-defined rate card. The actual licenses used and capacity of the Nutanix software consumed is measured (or 'metered') hourly using Nutanix Pulse Health Monitoring service. You can track your usage through the Nutanix Billing function on your partner portal.

Your monthly consumption is calculated based on the metered capacity for all software based on licenses. Any usage over and above the monthly commitment is metered using the same pre-defined rate card and invoiced at the end of every month in arrears regardless of the payment cycle chosen by the SP. In cases where your monthly usage is below your monthly commitment, then the unused amount does not carry forward.



The Nutanix Elevate Service Provider Partner program is elite by comparison and affords Assured the flexibility to align software with required customer outcomes. The end result, Assured can optimize spend with customer demand."

Tony Giannini Vice President,
Global Innovation at
Assured Data Protection



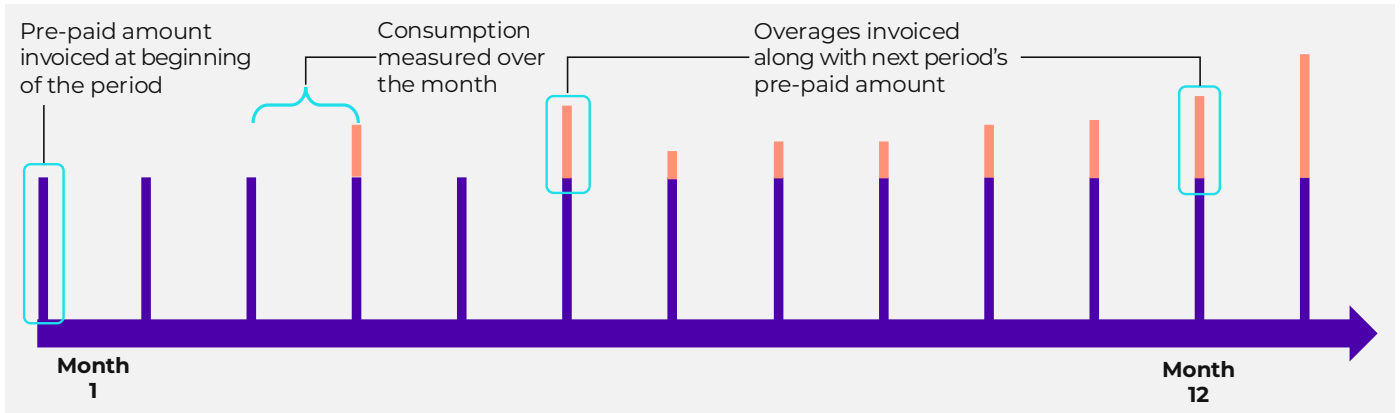


Figure 1. Nutanix SP consumption model with monthly advanced payment cycle shown


Pre-Defined Rate Card

Nutanix software pricing is based on a pre-defined rate card and billed at a fixed net price per hour rate as shown in the table below. Pricing is based on metered metrics such as per-core for [Nutanix Cloud Infrastructure \(NCI\)](#), [Nutanix Cloud Manager \(NCM\)](#), [Nutanix Cloud Platform \(NCP\)](#), and [Nutanix Database Service \(NDB\)](#), per-VM for [Edge deployments](#), per-User for [VDI / End-User Computing](#), or per-TiB for [Nutanix Unified Storage \(NUS\)](#).

Most Nutanix software licenses have multiple tiers (as shown in Table 1) with different capabilities in each tier. SP consumption gives SPs the ability to change software tiers to gain access to different capabilities as needed. For example, you may start at NCI Pro, but update the licenses to Ultimate to gain access to advanced replication capabilities. You can make these licensing changes autonomously, without involving Nutanix or your authorized SP Aggregator.

Products	License Tier	Meter (\$/hour)
Nutanix Cloud Infrastructure (NCI)	Starter	Per Core
	Pro	
	Ultimate	
Nutanix Cloud Manager (NCM)	Starter	
	Pro	
	Ultimate	
Nutanix Cloud Platform (NCP)	Starter	
	Pro	
	Ultimate	
Nutanix Database Service (NDB) with NCI ULT (full stack)	Ult	
Nutanix Kubernetes Platform (NKP) with NCI (full stack)	Pro	
	Ultimate	
NCI & NCM for Edge	Starter	Per VM
	Pro	
	Ult	
NCI — Virtual Desktop Infrastructure (VDI)	Starter	Per User
	Pro	
	Ultimate	
Nutanix Unified Storage (NUS)	Starter	Per TiB
	Pro	

Table 1. Nutanix Products and Tiers with meters available through SP Consumption.



Nutanix has made a large part of its software portfolio accessible through the SP consumption rate card and available for productization to foster innovation. This gives SPs great flexibility when it comes to choosing and deploying software to meet customer needs. For example, Nutanix Database Service (NDB) can be enabled if a customer project needs database services, or Nutanix Unified Storage (NUS) can be added to enable file, object, or block data services.

SP Consumption Example:

A service provider signs up for a total commitment of \$3,600,000 for a term of 36 months with a minimum commitment of \$100,000 per month (monthly prepayment) with a monthly advance payment cycle. The SP calculated their minimum monthly commitment based on their expected needs for different licenses and capacity.

- For the first 5 months, their initial deployment for the existing private cloud (IaaS) using NCP Pro did not exceed their monthly minimum commitment of \$100,000.
- In month 6, the private cloud service deployment grew. They also upgraded their licensing to NCP ULT. This increased their monthly consumption to \$120,000.
- At month 13 due to a new Desktop-as-a-Service tenant being onboarded, their monthly consumption further increased from \$120,000 to \$150,000.
- From month 18 to the end of the term, the SP added a new Enterprise Apps tenant using the NDB full-stack and NUS SKUs, further increasing monthly consumption to \$180,000.

The SP has the freedom to choose the licenses they need and grow without being penalized. Based on this scenario, the SP is invoiced the following on day 1 of each monthly billing cycle:

- Months 1 – 6 -- \$100,000 (monthly prepayment)
- Months 7 – 13 -- \$120,000 (\$100,000 – monthly prepayment + \$20,000 – overage, paid in arrears)
- Months 14 – 18 -- \$150,000 (\$100,000 – monthly prepayment + \$50,000 – overage, paid in arrears)
- Months 19 – 36 -- \$180,000 (\$100,000 – monthly prepayment + \$80,000 – overage, paid in arrears)
- Month 37 – \$80,000 overage, paid in arrears + monthly minimum commitment from the SP consumption renewal order.



Metering and Billing

Metering is performed using data gathered by the Nutanix Pulse Health Monitoring service, which gathers information that includes system alerts, tasks, logs, configuration, performance metrics, and more. Nutanix Pulse only collects information specific to Nutanix internal processes and clusters and doesn't gather any information regarding workloads or applications or any personally identifiable information.

The Nutanix billing portal makes it simple for SPs to view and track additional consumption, so there are no surprises at the end of the billing period.

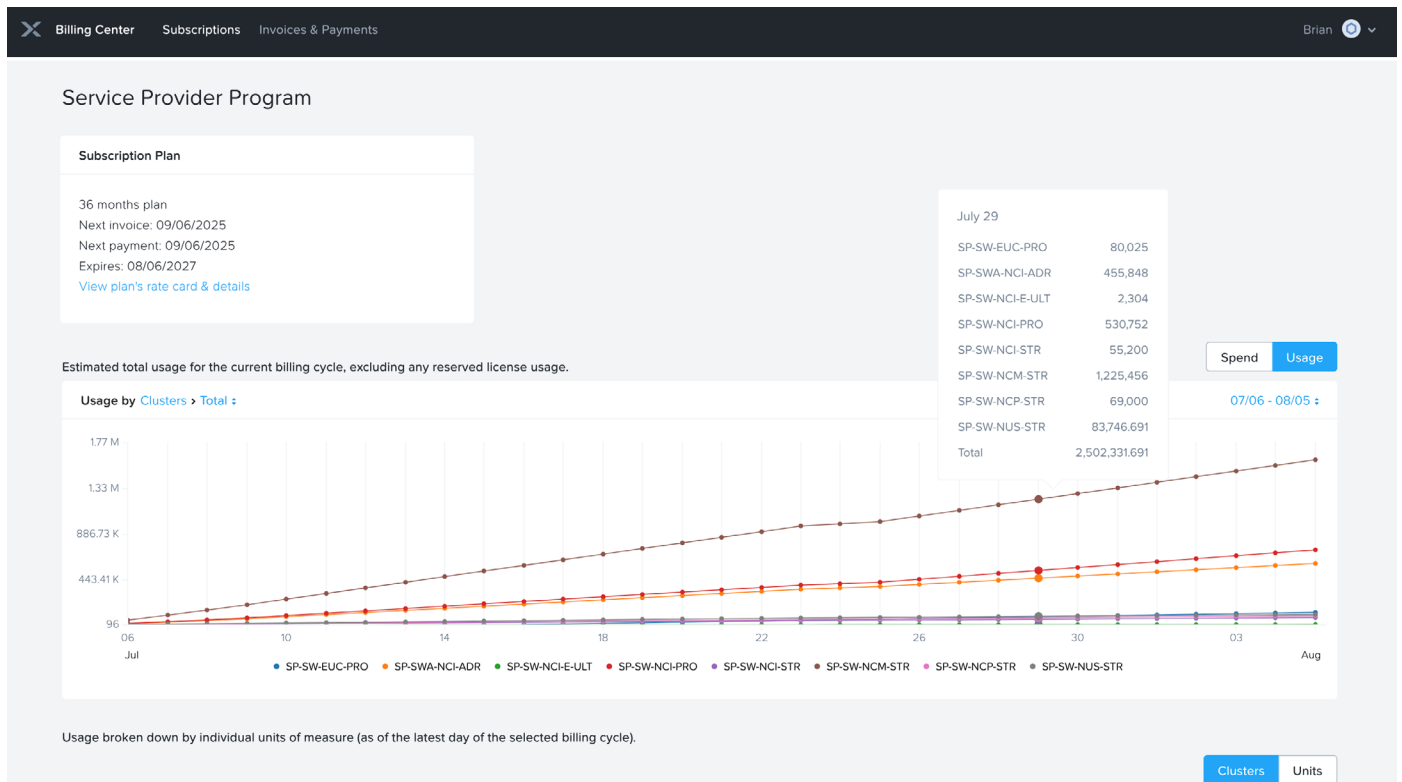


Figure 2. Consumption can be viewed on the Nutanix billing portal

Getting Started with Consumption-Based Pricing

To learn how Nutanix can help you modernize your business and increase your ability to innovate, while improving cash flow, contact us at elevateSP@nutanix.com or visit: nutanix.com/partners/service-providers.

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