ECONOMIC VALIDATION

The Economic Benefits of Nutanix Cloud Platform With External Storage

How organizations achieve a 171% ROI, 40% lower TCO, and 24% operational efficiency with Nutanix Cloud Platform and external storage reuse

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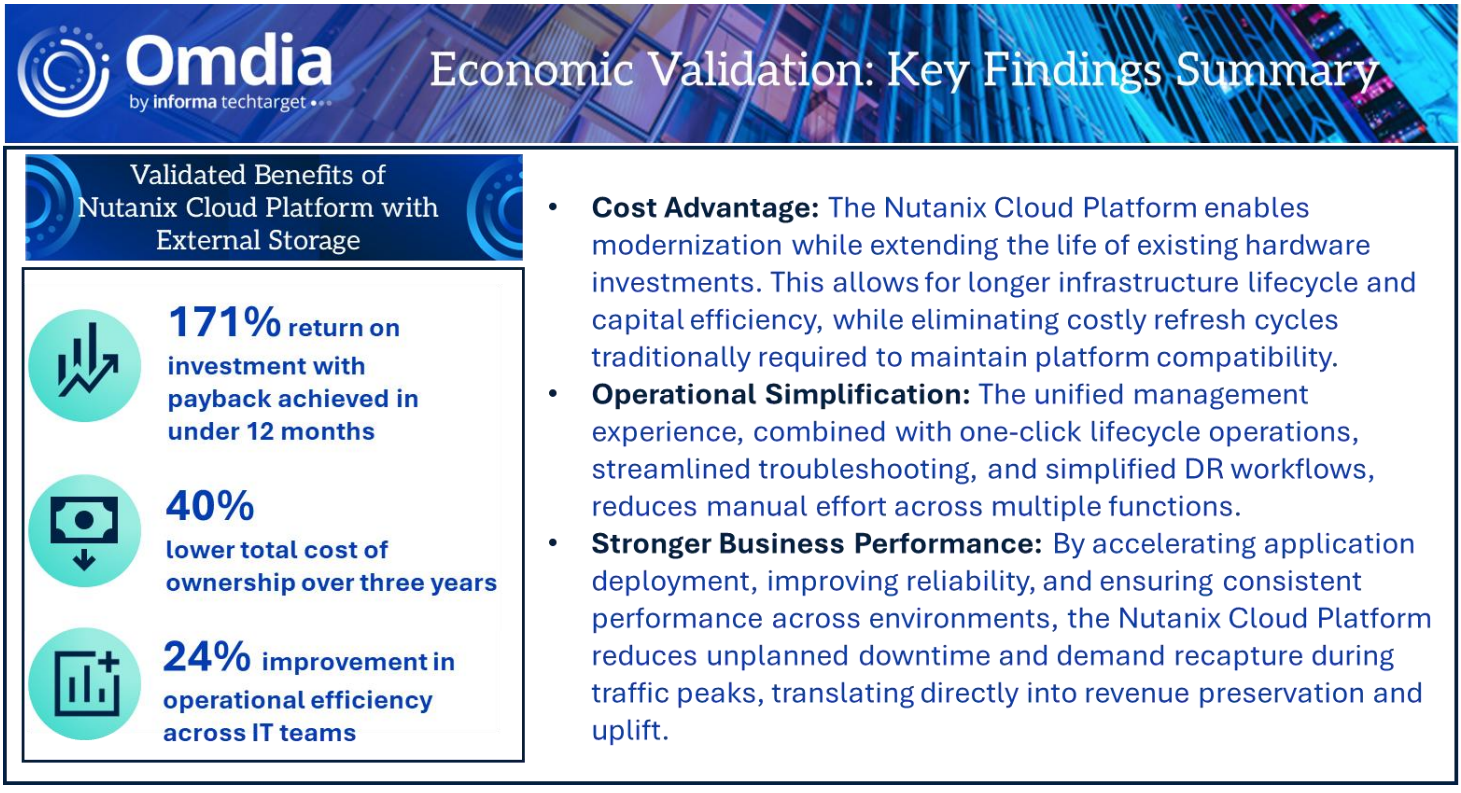


Introduction

This Economic Validation from Omdia focused on the quantitative and qualitative benefits that organizations can expect from using Nutanix Cloud Platform to build, operate, secure, and govern a resilient and scalable IT infrastructure, and migrate virtualization to a modern hypervisor, while continuing to leverage existing storage arrays.

Challenges

Organizations have traditionally implemented a three-tier architecture built on separate compute, storage, and networking layers. They adopted this model because, historically, it offered modularity across its tiers, security due to layer isolation, scalability, and vendor flexibility. Over time, these environments became deeply embedded in IT ecosystems, supported by significant investments in hardware, software, and specialized teams. While this approach worked well for legacy applications and early virtualization, it struggles to keep pace with today's dynamic, cloud-driven demands.

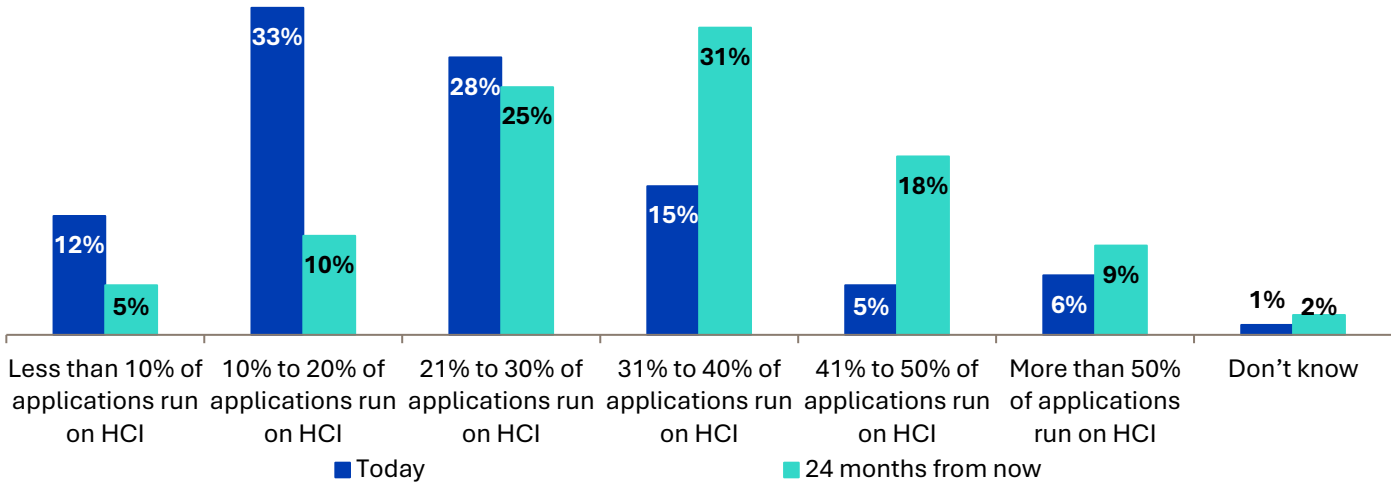
The limitations of three-tier environments are increasingly evident. IT and development teams face rising pressure to deliver applications faster and at scale, while also adapting quickly to changing business requirements. The complexity of hybrid environments, where workloads span on-premises, cloud, and edge locations, creates operational silos that slow innovation and require manual management. The explosion of data at the edge drives demand for flexible, integrated infrastructure that traditional bespoke architectures cannot easily provide. Separate compute, storage, and networking layers lead to high costs and slow provisioning, while scaling often requires disruptive and expensive forklift upgrades. Organizations that want flexibility, such as maintaining external storage alongside modern platforms, also struggle to find vendors that support these requirements without locking them into proprietary solutions.

Enterprise Strategy Group (now Omdia) surveyed enterprise organizations and found that the shift away from three-tier environments is already underway. Many companies currently run only a small fraction of their workloads on hyperconverged infrastructure (HCI), but adoption is accelerating as they look for ways to simplify operations and reduce the complexity described earlier. According to the research, the number of organizations running at least 31% of their applications on HCI was expected to significantly grow within just two years,[1] signaling a clear move toward integrated platforms that eliminate silos and support hybrid strategies. This trend reflects a growing recognition that traditional architectures cannot keep pace with demands for speed, scalability, and flexibility, especially as data growth and edge computing continue to reshape IT priorities.

[1] Source: Enterprise Strategy Group (now Omdia) Complete Survey Results, *Navigating the Cloud and AI Revolution: The State of Enterprise Storage and HCI*, February 2024.

Figure 1. Organizations are increasing the adoption of HCI

Approximately what percentage of your organization's production business applications/workloads are run on HCI today? Approximately what percentage of your organization's production business applications/workloads do you expect will run on HCI in 24 months? (Percent of respondents, N=170)



Source: Omdia

With these challenges in mind, organizations are looking for solutions that simplify operations, reduce infrastructure silos, and support hybrid and multicloud strategies without costly disruptions. They need platforms that can scale efficiently, integrate compute and storage, and offer flexibility for environments that require external storage options. Addressing these needs is critical for enabling faster application delivery, managing edge data growth, and maintaining security across diverse IT landscapes.

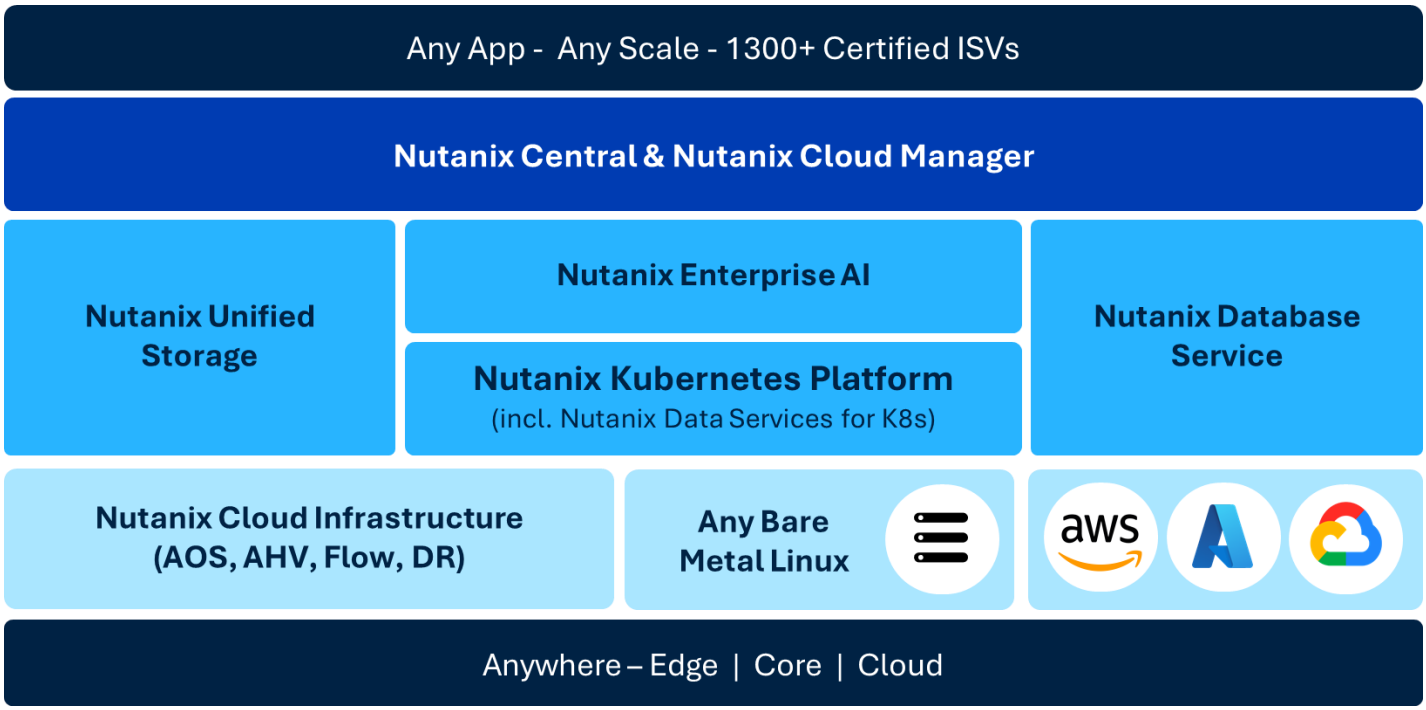
The solution: Nutanix Cloud Platform

The Nutanix Cloud Platform provides a unified infrastructure that combines compute, storage, networking, and virtualization into one system, including its native AHV hypervisor to avoid separate licensing. It supports hardware flexibility and scalability without requiring proprietary appliances, enabling incremental expansion and compatibility with external storage or Nutanix HCI. Its architecture is designed for hybrid and multicloud environments with native cloud integration. Management is centralized through the Nutanix Prism interface for infrastructure and application administration. Security features include microsegmentation, least-privileged access, and storage-level encryption for resiliency.

Key features include:

- **Architectural flexibility**: Run Nutanix Cloud Platform with AHV hypervisor while using external storage.
- **Deployment flexibility**: Maintain external storage alongside modern infrastructure platforms without locking into proprietary solutions.
- **Unified management**. Manage the entire stack through the intuitive Nutanix Prism interface.
- **Ransomware defense**: AI-driven detection with a recovery guarantee for mission-critical data.
- **Modernized disaster recovery (DR)**: VM-centric DR with policy-driven automation.

Figure 2. The Nutanix Cloud Platform with external storage



Source: Omdia

Omdia economic validation

Omdia completed a quantitative economic analysis of the Nutanix Cloud Platform. Omdia's Economic Validation process is a proven method for understanding, validating, quantifying, and modeling the economic value propositions of a product or solution. The process leverages Omdia's core competencies in market and industry analysis, forward-looking research, and technical/economic validation. Omdia conducted in-depth interviews with end users to better understand and quantify how the Nutanix Cloud Platform has impacted their organizations, particularly in comparison with previously deployed and/or experienced automation solutions. This included vendor-provided automation tools, open source automation tools and platforms, and developer-created scripts. The customers that Omdia spoke with were organizations using the Nutanix Cloud Platform to build automation capabilities across their IT environments and build automation into their service offerings. The qualitative and quantitative findings were used as the basis for a simple economic model comparing the costs and benefits of growing, managing, and maintaining automation capabilities with the Nutanix Cloud Platform.

Nutanix Cloud Platform economic overview

Omdia's economic analysis revealed that that the Nutanix Cloud Platform has provided its customers with significant savings and benefits in the following categories:

- **Improved total cost of ownership (TCO).** Nutanix reduces TCO by eliminating legacy infrastructure refresh cycles, hypervisor licensing, third-party operational tooling, and separate DR software, while also avoiding the risk and complexity traditionally associated with large-scale modernization.
- **Team efficiencies across multiple departments.** Nutanix enhances efficiency across business units by unifying management, simplifying core operations, accelerating provisioning, and streamlining DR

workflows, all while enabling IT infrastructure, security, development, and data protection teams to reclaim time and reduce the friction inherent in traditional virtualization environments.

- **Better business performance.** Nutanix strengthens business performance by accelerating time to market for digital services, improving reliability and performance consistency, and enabling organizations to capture more revenue opportunities through faster delivery, fewer outages, and more responsive scaling during periods of peak demand.

Improved TCO

In legacy environments, organizations must continually buy or renew certain licenses tied to infrastructure, virtualization, tooling, and DR. With Nutanix, those spending categories are materially reduced or eliminated because core capabilities are delivered natively within the platform.

> **"Being able to migrate to Nutanix and still reuse our existing storage was definitely a key differentiator in our evaluation and decision."**

Customers reported cost avoidance or savings in the following categories:

- **Infrastructure-related cost.** Modernizing legacy environments often require new servers, storage certification cycles, controller upgrades, and refreshed maintenance contracts simply to remain supported. These refresh events introduce significant operational risk because each new hardware generation triggers compatibility checks, firmware updates, and complex dependency chains across the infrastructure stack. Replatforming also adds deployment complexity, prolonging testing and change management cycles and increasing the likelihood of upgrade-related issues. With Nutanix, existing servers, external storage, and Ethernet/networking typically remain valid. As a result, organizations avoid unnecessary spending and high-risk, high-effort activities associated with traditional modernization.
- **Hypervisor-related cost.** If the customers we spoke with had remained on their previous virtualization platform, they would have continued to face recurring, hardware-dependent licensing costs that typically increase over time. These environments often require separate licenses for hypervisor, management tooling, advanced features, and annual support renewals. These are all line-item costs that tend to increase with subscription renewal cycles, packaging changes and bundling, or mandated support upgrades. With Nutanix NCI, the native hypervisor is included at no additional cost and eliminates per-CPU, per-core, and feature-based hypervisor entitlements. As a result, organizations avoid the ongoing virtualization licensing and renewal expenses they otherwise would have incurred. An interviewee shared: "Our previous platform kept increasing its costs every renewal cycle, so we were looking for ways to lower our licensing cost per core."
- **Third-party application-related cost.** In their legacy environment, organizations also relied on a broad ecosystem of third-party tools for monitoring, automation, security policy enforcement, log analytics, and capacity forecasting. These products were typically required because traditional architecture separates compute, storage, and networking operations, often creating the need for multiple specialized consoles, overlapping tools, and additional operational overhead. With Nutanix, these capabilities are delivered natively through a unified operational plane, including monitoring, automation, lifecycle management, policy enforcement, and analytics. In many cases, these built-in features can replace existing third-party solutions that require separate licensing and ongoing costs. Fewer logs, fewer integrations, and fewer standalone platforms translate directly into avoided ongoing software licensing and renewal costs.

- **DR-related cost.** Legacy DR strategies often incurred significant costs for DR software, including replication engines, orchestration tools, multi-site failover licensing, and workload-level protection entitlements. These solutions typically scale with the number of nodes, workloads, or protected virtual machines, making them a recurring and often-growing expense. Nutanix provides native replication, built-in orchestration, and integrated RPO/RTO controls, while also eliminating per-VM DR licensing. In many cases, Nutanix's integrated DR capabilities can replace third-party replication and orchestration tools that carry separate per-VM or per-node licensing costs. By embedding DR as a platform capability rather than a separate software stack, organizations avoid a substantial amount of ongoing DR and business continuity spending.

Team efficiencies across multiple departments

"Not having to run multiple infrastructures definitely helps us, as it creates less effort overall for the teams."

Organizations operating traditional virtualization-centric environments often manage infrastructure through a patchwork of consoles, tools, and siloed workflows. These fragmented operating models introduce friction across multiple technical teams, increase operational burden, and slow the organization's ability to respond to change. As cloud-like operational models mature, enterprises increasingly recognize that efficiency gains must come not only from technology consolidation but also from simplifying day-to-day work for the teams responsible for planning, operating, securing, and recovering the environment. Nutanix materially streamlines these activities by unifying key operational functions, resulting in measurable efficiency improvements across infrastructure, security, development, and DR teams.

Customers reported savings and benefits in the following categories:

- **IT infrastructure team efficiencies.** Customers reported significant time savings within IT infrastructure teams due to unified lifecycle operations, simplified upgrades, and consolidated troubleshooting workflows. In traditional environments, infrastructure specialists spend considerable time coordinating across compute, storage, and network layers, manually executing patches, and reconciling discrepancies across multiple management consoles. These repetitive activities were not only labor-intensive but also introduced operational risk when version drift, dependency issues, or complex upgrade sequences occurred. With Nutanix, teams benefit from one-click operations, integrated lifecycle automation, and a single management plane that reduces manual effort and shortens both planned and unplanned operational tasks. These efficiencies translate directly into reclaimed time for higher-value architecture and optimization work. An interviewee told Omdia: "Being able to reuse our existing storage infrastructure and avoiding parallel environments helps a lot. We have around 30 people managing infrastructure, so any time savings we are able to create per person will add up."
- **IT security team efficiencies.** Customers noted that, in prior environments, their teams often needed to manage security controls across multiple layers (i.e., hypervisor, firewall, network segmentation tools, and log pipelines), each of which imposed its own policies, audit requirements, and change workflows. This fragmentation slowed the rollout of new policies, increased the likelihood of misconfigurations, and placed a significant burden on teams responsible for compliance and incident response. Nutanix's integrated microsegmentation, built-in encryption, and unified visibility streamline these processes and reduce the number of tools and workflows security teams must coordinate. As a result, policy enforcement becomes simpler, security posture becomes more consistent, and incident response accelerates due to clearer visibility across the operational stack.

- **Development team productivity gain.** Nutanix also enables development teams to operate more efficiently. Prior to adopting Nutanix, developers often faced delays waiting for infrastructure provisioning, resolving inconsistencies across dev/test/pro environments, and troubleshooting platform behaviors unrelated to application logic. These delays introduced friction into release cycles and limited the organizations' ability to move quickly. By providing self-service provisioning, fully automated environment setup, and consistent infrastructure across environments, Nutanix reduces wait time and removes infrastructure bottlenecks. This accelerates continuous integration/continuous delivery (CI/CD) pipelines, shortens feedback loops, and enables developers to focus more of their time on delivering features rather than managing dependencies.
- **Data protection and DR team efficiencies.** Traditional DR tools often require separate software stacks, complex runbooks, and significant manual coordination to plan, test, and validate failover. These activities can consume substantial time each quarter or year and introduce operational risk if recovery workflows drift from documented procedures. Nutanix's built-in replication, automated failover and failback, and simplified DR testing reduce this burden by enabling more frequent and reliable testing with far fewer manual steps. As a result, organizations not only improve resilience and RPO/RTO outcomes, but they also reclaim valuable engineering time previously spent on labor-intensive DR processes.

Better business performance

As organizations simplify operations and reduce friction across technical teams, these improvements naturally translate into stronger business performance. In traditional virtualization-centric environments, operational bottlenecks, inconsistent environments, and manual processes often slow the pace of innovation, impact customer experience, and constrain the organization's ability to grow. By contrast, Nutanix enables teams to operate more fluidly, respond to change more rapidly, and support business-critical initiatives with greater speed and reliability. These downstream benefits, driven by cumulative time savings, faster application delivery, a more resilient platform, and improved performance consistency, translate into measurable business outcomes that extend beyond IT.

Customers reported savings and benefits in the following categories:

- **Overall productivity gain.** As previously noted, migrating to Nutanix created time efficiencies across IT infrastructure, security, development, and DR teams that directly contributed to improved organizational productivity. These reclaimed hours enabled teams to focus on initiatives such as optimizing system architecture, strengthening security posture, improving CI/CD pipelines, conducting proactive performance tuning, and developing more resilient DR strategies. For development teams in particular, faster environment provisioning and consistent infrastructure translated to accelerated innovation cycles and increased release frequency. Across different functions, Nutanix helped shift capacity away from mundane tasks toward higher-value engineering, planning, and improvement efforts that benefit the business as a whole.

> **"Being able to reuse our existing infrastructure helps us avoid a lot of delays we'd have if we had to replace everything. Upgrading or rebuilding the whole environment would be a very lengthy process."**

- **Potential revenue gain.** All these benefits combined also feed into improvements that boost revenue outcomes by enabling faster delivery, greater reliability, and a more consistent user experience.

Traditional environments often impede product launches and digital service enhancements due to slow provisioning, inconsistent test environments, and longer change windows. With Nutanix's automation, self-service capabilities, and unified management, teams accelerated the deployment of revenue-bearing features and reduced delays in bringing new services to market. Customers noted meaningful reductions in unplanned downtime, which directly protects digital revenue streams and improves an organization's ability to capture demand during traffic spikes through more consistent performance and rapid scale-out options. Together, these improvements enhance customer satisfaction, increase conversion and retention rates, and reduce performance-related revenue leakage.

Omdia analysis

Omdia leveraged the information collected through vendor-provided material, public and industry knowledge of economics and technologies, and the results of customer interviews to create a three-year TCO and ROI model. Omdia interviewed customers who recently transitioned from a traditional virtualization-based environment to Nutanix, while maintaining their own storage technology. Together, this information helped to form the basis for our modeled scenario.

Why this matters

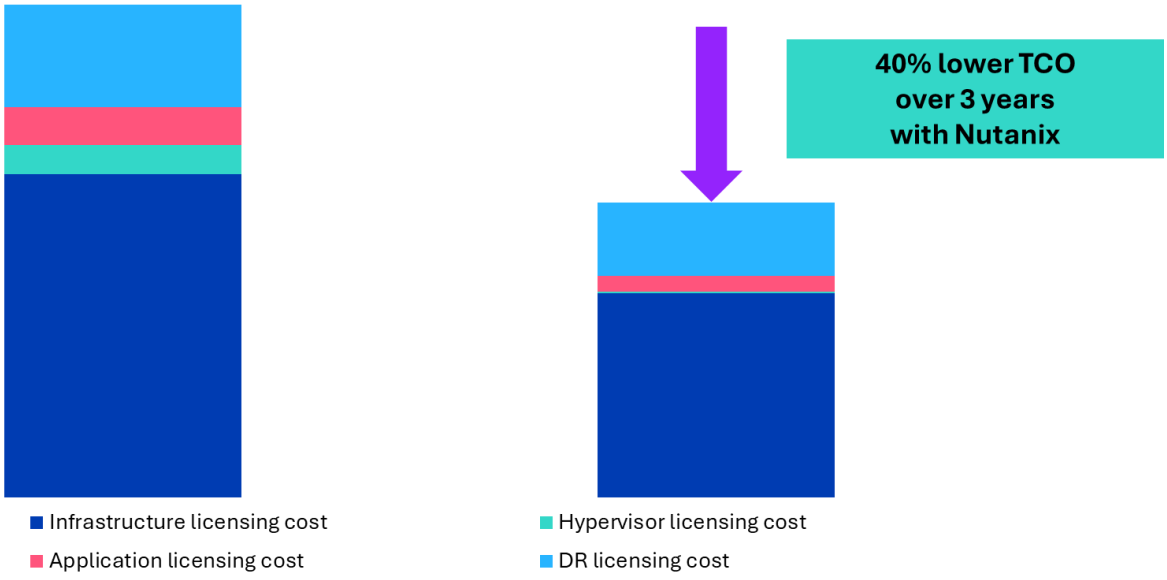
With Nutanix's automation, self-service capabilities, and unified management, teams accelerated the deployment of revenue-bearing features and reduced delays in bringing new services to market.

The modeled enterprise represents a typical enterprise organization going undergoing infrastructure modernization:

- **Business size:** $500 million in annual revenue and 2,000 employees.
- **IT profile:** IT budget equal to 3-5% of revenue, with infrastructure consuming 10-15% of the IT budget.
- **Environment scale:** 100 compute nodes, existing external storage, and standard Ethernet networking.
- **Digital business:** 35% of total revenue derived from digital channels.
- **Modernization approach:** Transition from a traditional hypervisor-centric architecture to Nutanix NCI with external storage.
- **Nutanix deployment cost:** $800,000 a year for a full deployment, adjusted by the adoption curve. This based on the assumption of 100 nodes with 40 cores per node. Omdia recommends contacting Nutanix for a more accurate pricing to your specific organization.
- **Adoption curve:** 90% in Year 1, 95% in Year 2, 98% in Year 3.

Omdia's analysis found that Nutanix NCI with external storage reduced TCO by approximately 40% over three years, as highlighted in Figure 3. The ability to modernize without replacing existing servers, storage arrays, or fabric infrastructure helps organizations avoid a major refresh cycle that traditional infrastructure platforms typically require. These avoided refresh events represent the single largest contributor to TCO improvement. The inclusion of the AHV hypervisor within NCI eliminates a substantial category of recurring virtualization licensing expenditures. Interviewed customers also reported reduced reliance on multiple standalone operational tools, such as infrastructure monitoring, automation and orchestration, and hypervisor tooling, which are all consolidated into native Nutanix capabilities.

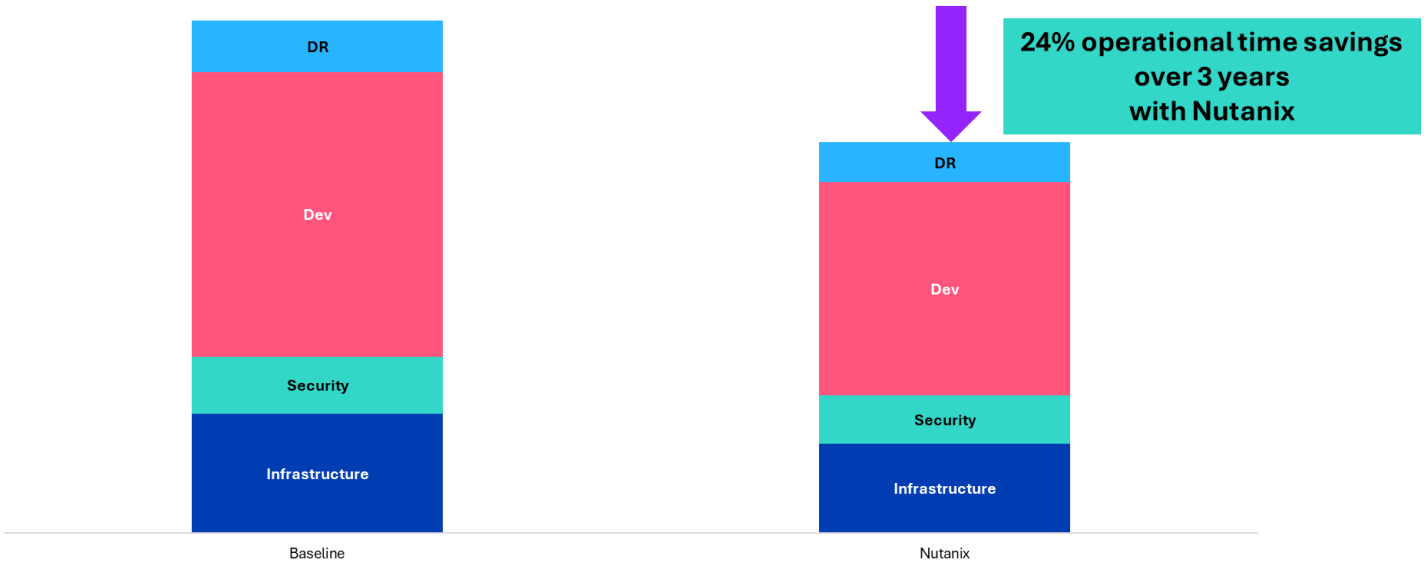
Figure 3. Three-year cost advantage driven by hardware reuse and eliminated virtualization licensing



Source: Omdia

On the operational side, as shown in Figure 4, Nutanix delivered a 24% efficiency gain across IT infrastructure, security, development, and DR teams. This result reflects both the simplification of day-to-day operations and the broad reduction in repetitive or coordination-heavy work. Interviewed customers consistently highlighted the impact of unified management, one-click automation, simplified microsegmentation workflows, faster environment provisioning, and dramatically streamlined DR planning and testing. Omdia's model moderated these gains using a conservative productivity recapture curve, assuming that only a portion of hours saved is translated into new productive output.

Figure 4. Cross-department efficiency gains enabled by unified operations and reduced manual work

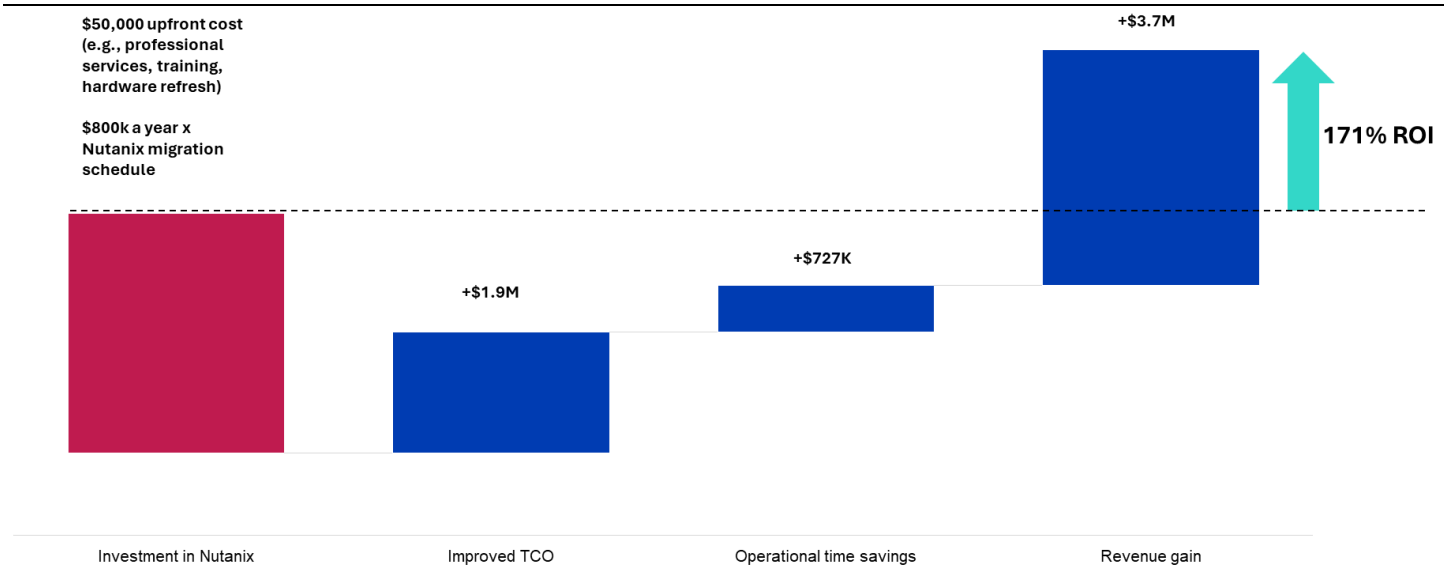


Source: Omdia

In addition to TCO and efficiency improvements, Nutanix produced meaningful business performance uplift. Faster time to value for revenue-generating releases accelerated the recognition of digital revenue. Improved reliability reduced unplanned downtime, while performance consistency enabled the organization to better capture demand during volume spikes. Customers described a more predictable and stable environment, resulting in higher conversion rates, fewer customer-impacting incidents, and reduced performance-related leakage.

When aggregated, as shown in Figure 5, these cost-avoidance, operational efficiency, and business performance benefits produced a three-year net ROI of approximately 171%. This result largely stems from two factors: (1) large structural cost avoidance tied to hardware reuse and the removal of virtualization licensing, and (2) rapid time to benefit due to fast migration and immediate operational simplification.

Figure 5. Combined TCO, efficiency, and performance gains yield a three-year net ROI of 171%



Source: Omdia

Issues to consider

Omdia's models are built in good faith upon conservative, credible, and validated assumptions; however, no single modeled scenario will ever represent every potential environment. Each organization has a unique set of challenges that it must overcome and opportunities that can be achieved through automation. The benefits received by an organization depend on the size of the organization, the nature of the business, and the current capabilities, characteristics, and composition of its IT organization, along with many more variables. Omdia recommends that you perform your own analysis of available products and consult with your Nutanix representative to understand and discuss the differences between the solutions through your own proof-of-concept testing.

Conclusion

Enterprises are increasingly challenged by the operational and financial constraints of traditional virtualization-centric architectures, where hardware-linked refresh cycles, licensing costs, and fragmented operations slow innovation and inflate IT budgets. As organizations look to modernize without disrupting existing investments in servers, storage, and networking, they seek solutions that enable hybrid flexibility while extending the useful life of existing hardware assets and reducing dependence on layered third-party tools. Across interviews and modeled scenarios, Nutanix Cloud Platform with external storage directly addresses these challenges by enabling organizations to modernize on their own timelines, preserve existing infrastructure investments, and simplify the underlying environments that support their digital services.

The findings show that Nutanix delivers value across multiple dimensions of the business. Customers benefit from a materially lower TCO profile, driven by avoided refresh events, reduced virtualization licensing, consolidation of operational monitoring, and DR capabilities that, in many cases, replace standalone third-party solutions requiring separate licensing and ongoing renewals. Operational efficiencies compound these savings by reducing manual effort across teams responsible for infrastructure, security, application delivery,

and data protection, resulting in higher ROI through simplified operations and reduced tool sprawl. Combined, these improvements strengthen business performance by accelerating time to market for new offerings, reducing revenue lost to downtime or performance issues, and enabling organizations to capture more opportunities during peak demand.

For organizations evaluating modernization strategies, the results demonstrate that Nutanix offers a pragmatic, low-disruption path to simplification and improved outcomes. While every environment is unique, the economic benefits modeled in this report remain compelling even under conservative assumptions and varied operational postures. Omdia encourages readers to engage directly with Nutanix to explore how these findings map to their own environments and to assess the potential value through structured assessments or proof-of-concept deployments tailored to their infrastructure and application needs.

Get in touch: www.omdia.com askananalyst@omdia.com