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Datadog vs. New Relic vs. Dynatrace: The Observability Platform Verdict

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Full report with decision framework, pricing analysis, and pre-signing checklist.

Unvarnished Reviews Research

This report synthesizes data from 20,000+ verified user reviews and practitioner community posts collected from G2, Capterra, TrustRadius, PeerSpot, Gartner Peer Insights, Spiceworks, Reddit r/devops and r/sysadmin, Stack Overflow, and Hacker News. Pricing data reflects vendor pricing pages, CostBench verified transaction data, Vendr benchmark data, and independent procurement analysis current as of June 2026. Full research methodology at unvarnishedreviews.com/methodology. Research Notes available on request at editorial@unvarnishedreviews.com.

The Verdict Up Front

Datadog is the market-leading observability platform, 47,000+ customers, the broadest integration catalog, the best visualization dashboards, and the most developer-friendly experience in the category. It is also the platform whose billing model has generated its own cultural phenomenon: "Datadog bill shock" now has dedicated Reddit threads, its own memes, and a permanent line item on FinOps team roadmaps. Most teams see invoices 2-3x higher than their first estimate, not because they misconfigured the platform, but because Datadog's multi-dimensional billing model compounds aggressively in ways that the pricing page does not disclose.

New Relic is the private-equity-owned platform that reset its pricing model to a data-ingest-plus-users structure, eliminating per-host charges and offering 100 GB/month free ingest. It was taken private by Francisco Partners and TPG in 2023 for \$6.5 billion and no longer trades publicly. Private equity ownership signals IPO readiness if growth targets are met, a strategic uncertainty that organizations evaluating multi-year New Relic commitments should factor in. Its pricing transparency is the best of the three; its AI capabilities (New Relic Grok) are growing rapidly.

Dynatrace is the enterprise-grade, AI-first observability platform, named a Gartner Magic Quadrant Leader for the 15th consecutive year with the highest Ability to Execute position. Its Davis AI engine performs causation-based root cause analysis rather than correlation-based pattern matching, a meaningful distinction when debugging cascading failures in distributed systems. Its OneAgent deploys automatically, discovers all services on a host without manual configuration, and provides full-stack coverage per host. For large enterprises with complex hybrid environments where downtime cost justifies premium pricing and manual instrumentation overhead is

unacceptable, Dynatrace is the most consistently recommended platform.

The observability market context: AI workload monitoring is now the fastest-growing observability category. LLM observability, tracking token consumption, latency, error rates, and costs for AI agent deployments, is a new and rapidly expanding requirement. All three platforms have launched dedicated AI/LLM observability features in 2025-2026. Which platform leads in this emerging category will significantly influence enterprise buying decisions over the next 24 months.

Platform Ratings and Market Position

Platform	PeerSpot Rank	PeerSpot Mindshare	G2	Customers
Datadog	#1 APM	5.3%	4.3 / 5	47,000+
Dynatrace	#2 APM	6.3%	4.4 / 5	Enterprise-dominant
New Relic	Gartner Leader (13th year)	,	4.3 / 5	16,000 paid

Dynatrace's higher mindshare despite fewer customers reflects its enterprise concentration, the platform is deployed at significantly larger organizations than Datadog's broader customer base. Both Datadog and Dynatrace are rated 8.7/10 on PeerSpot. New Relic's Gartner Leader position for the 13th consecutive year in 2025 validates its category standing despite private equity ownership.

The Billing Model: The Most Important Comparison in This Report

Before any feature comparison, understanding how each platform bills is the decision that determines real-world TCO, and the one most glossed over in sales conversations.

Datadog: Multi-Dimensional Billing, The Compounding Problem

Datadog sells more than 20 separately priced products. Each requires a separate purchase and introduces its own usage-based charges. The billing dimensions that compound:

Per-host infrastructure monitoring: \$15-\$18/host/month (Pro) or \$23-\$27/host/month (Enterprise). Hosts with ephemeral workloads, autoscaling groups, spot instances, bill at full rate unless aggressively excluded. Short-lived containers that exist for 5 minutes still generate charges.

Log management: Charged per GB ingested and per GB retained. At 500 GB/day with 30-day retention, not unusual for a company with a few hundred services, the annual log bill alone exceeds \$1 million.

Custom metrics, the cardinality trap: This is the billing mechanism that catches experienced teams off guard. A custom metric in Datadog is not just the metric name, it is the unique combination of the metric name and all its tags. Consider a metric called ``api.request.latency`` with three tags: `endpoint` (10 values), `status_code` (5 values), and `customer_tier` (3 values). That single metric name generates $10 \times 5 \times 3 = 150$ unique time series, each billable. The Pro plan allots 100 custom metrics per host. Adding a single tag with high cardinality,

such as ``customer_id``, can instantly multiply metric counts into the thousands, triggering significant overage fees at \$5 per 100 custom metrics per month.

The three meters teams consistently forget:

1. Custom metrics cardinality explosion, each unique tag combination is a separate billable metric
2. Indexed spans, separate from ingested spans, separately priced
3. Log rehydration from archive, pulling archived logs back into search for post-incident analysis triggers a separate fee

These three alone can add 20%-40% to a bill that looked reasonable at estimate time.

The high-watermark billing model: Datadog records usage every hour for the entire month. At the end of the month, it takes the 99th percentile of those hourly readings. Scaling infrastructure up for a traffic spike bills the spike level, not the average.

Clicking can enroll you in paid services: Documented by CostBench, enabling certain Datadog features through the UI automatically enrolls the account in paid services without clear notification.

"Datadog bill shock" is now a cultural phenomenon. It has its own Reddit threads, its own memes, and its own dedicated FinOps line item at mid-market and enterprise organizations. It is not caused by misuse, it is caused by a pricing model that is intentionally complex and compounds at scale.

New Relic: Data Ingest + Users, The Clearest Model

New Relic's 2021 pricing overhaul eliminated per-host charges entirely. The current model charges based on:

- **Data ingest:** \$0.30/GB above the free tier
- **Users:** Full users (engineers who query and analyze) charged per seat; core users (limited access) at lower rates; basic users free

The key advantage: Unlimited hosts, agents, containers, devices, and cloud functions at no additional cost. The no-per-host model eliminates the autoscaling cost risk that makes Datadog expensive in elastic environments. 100 GB/month free ingest makes initial evaluation genuinely frictionless.

The key risk: At high ingest volumes, New Relic's per-GB model can exceed Datadog's per-host model for data-heavy workloads. A team generating 1 TB/day in telemetry data will pay significantly, modeling your actual data volume before committing is essential.

Dynatrace: Per-Host Full-Stack, The Enterprise Value Model

Dynatrace charges per monitored host with full-stack coverage included, one OneAgent per host provides infrastructure metrics, APM traces, log monitoring, real user monitoring, and AI-driven root cause analysis. No separate per-product purchases.

The key advantage: For large enterprise environments with many hosts and complex applications, Dynatrace's per-host full-stack model can be 2-3x cheaper than assembling equivalent Datadog products. One independent analysis puts Dynatrace at 3.6x cheaper than Datadog and 2.9x cheaper than New Relic for a specific large-enterprise scenario.

The key caveat: Dynatrace's per-host pricing assumes full coverage. For bursty workloads, Lambda functions, short-lived containers, costs

vary and require explicit modeling. Dynatrace also introduced Davis Data Units (DDU) for some services, a consumption-based billing layer that adds complexity to the otherwise clean per-host model.

Architecture: The Technical Distinctions That Matter

Datadog: Integration Breadth and Developer Experience

Datadog's competitive advantage is the combination of a 650+ integration catalog, developer-native instrumentation, and the best visualization dashboards in the category. Its unified platform, where infrastructure metrics, APM traces, logs, RUM, and security signals share a common data model, enables correlations that siloed tools cannot provide.

The tradeoff: Datadog's instrumentation requires explicit configuration of agents, integrations, and pipelines. Adding a new service to full observability coverage is not automatic, it requires developer effort. For organizations with many services and active engineering teams, this is manageable. For large enterprises with thousands of services and heterogeneous environments, the instrumentation overhead is significant.

Dynatrace: Automatic Discovery and Causation-Based AI

Dynatrace's OneAgent deploys on a host and automatically discovers all running processes, services, and dependencies without manual configuration. The Smartscape topology map continuously tracks every

relationship between services, infrastructure components, and users, a real-time dependency map that updates as the environment changes.

Davis AI performs causation-based root cause analysis, determining not just that a problem exists but what caused it, in automated fashion. When a transaction fails in a distributed system with dozens of interdependencies, Davis identifies the root cause without human analysis. This is a meaningful distinction from correlation-based alerting that requires analyst interpretation.

The Grail data lakehouse, Dynatrace's unified storage layer introduced in 2022 and made generally available in 2024, separates storage from compute, enabling automated correlations between logs, traces, and metrics at query time rather than at ingest time.

New Relic: Unified Telemetry Database and Developer Accessibility

New Relic's NRDB (New Relic Database) stores all telemetry signal types, metrics, events, logs, traces, in a unified database queryable through NRQL (New Relic Query Language). This unified storage model means correlating an infrastructure metric with an application trace with a log event does not require stitching data across separate stores.

New Relic Grok, the platform's AI assistant, enables engineers to debug via natural language conversation rather than query languages. For development teams that want to ask "why did my API latency spike at 2pm?" and receive an answer in plain language, Grok's conversational interface is a genuine productivity improvement. The platform's February 2026 launch of Agentic AI Monitoring, providing service maps of agent interactions, agent performance views, and trace drill-down for multi-agent systems, directly addresses the growing LLM observability requirement.

What Users Actually Report

Datadog: What Works

PeerSpot and G2 reviewers consistently praise three areas: integration breadth, visualization quality, and developer experience. Datadog's support for multiple programming languages is specifically described as "first-class", with instrumentation libraries that are actively maintained and documentation that is current. The correlation capability, connecting infrastructure metrics, application traces, and log events in a single investigation workflow, is described as genuinely time-saving for incident response.

For cloud-native environments (AWS, Azure, GCP) running Kubernetes-heavy workloads, Datadog's native integration depth is unmatched. Practitioners specifically describe the dashboard experience as the best in the category, flexible, fast, and developer-friendly enough that engineering teams will actually use it rather than defaulting to ad-hoc log searches.

Datadog: What Doesn't Work

Bill shock is the defining complaint, so well-documented that it has moved from user complaint to industry cultural reference. Practitioner communities and FinOps forums consistently document invoices 2-3x above estimate. The specific mechanisms: cardinality explosions from tag combinations, ephemeral host billing, log rehydration charges, and the automatic paid service enrollment from UI feature exploration.

Vendr negotiation data: Push back hard on initial pricing quotes and demand detailed breakdowns of per-service costs. Users report achieving substantially better pricing through aggressive negotiation. For contracts over \$300K, request a Drawdown Agreement that provides discounted rates on both committed and on-demand services.

The monitoring agent's own logs count toward your log quota, a specific and deeply frustrating billing characteristic documented by CostBench that compounds log costs in high-volume environments.

Dynatrace: What Works

Gartner Peer Insights and PeerSpot reviewers consistently praise three things: automatic discovery through OneAgent, Davis AI root cause analysis, and the depth of full-stack visibility from a single agent deployment.

Davis AI is specifically described as the most mature root-cause analysis engine in the category, performing causation-based analysis that directly identifies the source of problems in complex distributed systems without requiring analyst interpretation. For large enterprises where incident response time is measured in business impact per minute, Davis's automated root cause capability is the platform's most compelling differentiator.

OneAgent's automatic instrumentation, discovering applications and services without manual configuration, is praised for reducing the instrumentation overhead that Datadog's explicit configuration model requires. For enterprises with thousands of services and heterogeneous technology stacks, this automatic discovery represents meaningful engineering time savings.

Dynatrace: What Doesn't Work

Alerting and false alarms are the most consistent complaint, practitioners describe alert fatigue from Davis AI's confidence thresholds requiring calibration before they reliably signal genuine incidents without noise.

Complex UI is documented across G2 and community reviews, the platform's depth creates a learning curve that requires dedicated

training investment. Initial hardships in learning Dynatrace's Grail query language and Davis configuration are specifically documented.

Pricing complexity for non-standard workloads. While the per-host model is clean for traditional server infrastructure, Davis Data Units for event-based and serverless workloads add a complexity layer. Organizations with significant serverless or Lambda workloads should model DDU costs explicitly before signing.

New Relic: What Works

TrustRadius and G2 reviewers consistently praise New Relic's pricing transparency, unified telemetry database, and the accessibility of its AI assistant for engineering teams. The no-per-host model is specifically called out as the most rational pricing approach for modern elastic infrastructure, where host counts fluctuate constantly and per-host billing creates unpredictable costs.

New Relic's 2024-2025 UI overhaul is specifically noted as a significant improvement, making the platform more competitive with Datadog's developer experience. Grok's conversational debugging interface is praised by engineering teams who want to investigate incidents without learning NRQL query syntax.

The 100 GB/month free tier enables genuine evaluation without credit card anxiety, a meaningful advantage for organizations that want to validate the platform against their actual workloads before committing.

New Relic: What Doesn't Work

Private equity ownership uncertainty. New Relic was taken private by Francisco Partners and TPG in 2023 for \$6.5 billion and no longer trades publicly. Private equity ownership historically prioritizes exit timelines, through IPO or secondary sale, over long-term product investment. Owners have signaled IPO readiness if growth hits 25%

CAGR. Organizations signing multi-year New Relic contracts should request product roadmap commitments and pricing protection for the full contract term, and factor in the possibility of a future acquisition or strategic direction change.

Feature depth at enterprise scale. While New Relic's unified model is appealing, enterprises with complex hybrid environments consistently find Dynatrace's automatic discovery and Davis AI depth more appropriate for their scale and complexity requirements.

Pricing Reality (June 2026)

Datadog

Product	Price
Infrastructure (Pro)	\$15/host/month (annual)
Infrastructure (Enterprise)	\$23/host/month (annual)
APM (Pro)	\$31/host/month (annual)
APM (Enterprise)	\$34-\$40/host/month (annual)
Log Management	~\$0.10/GB ingested; retention separate
Custom Metrics	100/host included; \$5/100 metrics overage
RUM	Per session
On-demand surcharge	~50% premium vs. annual

The real-life total: A typical engineering team using 4-6 Datadog products simultaneously, infrastructure, APM, logs, RUM, custom metrics, synthetics, faces a bill that is not the sum of individual

product prices. It is the sum of individual product prices plus the cardinality, retention, and overage charges that compound on top of them.

Vendr benchmark: Competitive evaluation achieves 15%-30% below list pricing. Drawdown Agreements for \$300K+ contracts provide additional discounted rates.

New Relic

Component	Price
Data ingest	100 GB/month free; \$0.30/GB above
Full users	~\$99/user/month
Core users	~\$49/user/month
Basic users	Free
Hosts	Unlimited, no per-host charge

The real-life total: For teams with moderate data volumes (under 500 GB/day), New Relic's model is frequently the most predictable and lowest-cost of the three. For teams generating high telemetry volumes, the per-GB model can exceed Datadog's per-host model rapidly.

Dynatrace

Component	Price
Full-Stack Monitoring	\$69/host/month (8 GB RAM, annual)
Infrastructure Monitoring	\$21/host/month (annual)
Davis Data Units	Consumption-based; varies by workload

The real-life total: For a 200-host enterprise environment using full-stack monitoring, infrastructure, APM, logs, RUM, AI root cause, Dynatrace's per-host model is frequently 2-3x cheaper than equivalent Datadog product assembly. For environments with significant serverless or event-driven workloads, DDU costs require explicit modeling.

TCO Comparison: 100-Host Enterprise, Full-Stack Observability (Annual)

Platform	Estimated Annual Cost	Key Variable
Datadog (infra + APM + logs)	\$120,000-\$300,000+	Log volume and custom metrics cardinality
New Relic (full users + ingest)	\$80,000-\$200,000+	Data ingest volume
Dynatrace (full-stack monitoring)	\$83,000-\$165,000	Workload type (server vs. serverless)

Dynatrace's per-host full-stack model delivers the most predictable enterprise TCO for traditional server infrastructure. Datadog's range is widest, reflecting the bill shock potential from cardinality and log volume variables. New Relic's model is the most predictable for data-volume-aware teams.

The AI Observability Frontier

The fastest-growing observability requirement in 2026 is LLM and AI agent monitoring, tracking token consumption, latency, error rates,

costs, and trace visibility for AI workloads. All three platforms have launched dedicated capabilities:

Datadog LLM Observability: Monitors OpenAI, Anthropic, LangChain, and other LLM providers. Bills per LLM request monitored, a new billing dimension that compounds for organizations running high-volume AI inference workloads.

Dynatrace AI Observability: Davis AI extends to monitor AI agent behavior, detecting anomalies in LLM response quality and latency. The causation-based architecture is particularly valuable for multi-agent systems where a failure in one agent cascades through dependent agents.

New Relic Agentic AI Monitoring (February 2026): Service maps of agent interactions, agent performance views, and trace drill-down for multi-agent systems. The most recently launched of the three, and the most conversationally accessible through Grok.

The billing implication for AI workloads: Each AI request generates observability data, traces, logs, metrics, that flows through the billing model of each platform. High-volume LLM inference can generate significant observability costs that were not in the infrastructure monitoring budget. Model AI observability costs explicitly before enabling full-stack LLM monitoring at production scale.

The Decision Framework

Choose Datadog if:

- Your organization is cloud-native (AWS, Azure, GCP) running Kubernetes-heavy workloads

- Developer experience and visualization quality are the highest priority, Datadog's dashboards are the best in the category
- Your engineering team values fast onboarding and the broadest integration catalog
- You have dedicated FinOps or platform engineering resources to manage billing complexity
- You have negotiated pricing explicitly, competitive quotes from Dynatrace and New Relic produce meaningful Datadog discounts
- You have modeled custom metrics cardinality and log volume explicitly before signing

Choose Dynatrace if:

- Your organization is large enterprise with complex hybrid environments, on-premises, multi-cloud, and legacy systems alongside modern services
- AI-driven automatic root cause analysis is a priority, Davis AI's causation-based approach eliminates manual alert triaging
- You want OneAgent's automatic full-stack discovery without manual instrumentation investment
- Your environment has 50+ hosts where Dynatrace's per-host full-stack model produces better TCO than Datadog's product assembly
- Your team does not want to manage the cardinality and log volume billing complexity inherent to Datadog's model
- Uptime criticality is high enough that automatic incident remediation (not just detection) is a requirement

Choose New Relic if:

- Pricing predictability and transparency are the primary procurement requirement
- Your team wants to avoid per-host charges in elastic autoscaling environments

- You want the most conversationally accessible AI debugging experience through Grok
- You are evaluating LLM observability as a primary use case, New Relic's February 2026 Agentic AI Monitoring launch positions it well for this emerging requirement
- You have requested roadmap and pricing commitments for the full contract term given private equity ownership

The pre-signing checklist for all three:

1. Model your actual data volume, log GB/day, trace volume, custom metric count, before accepting any price estimate
2. For Datadog: run a cardinality audit of your proposed metric tagging strategy before enabling custom metrics at scale
3. For New Relic: model data ingest at your actual peak volume, not average volume
4. For Dynatrace: model DDU consumption for any serverless or Lambda workloads separately from per-host costs
5. Run competitive quotes from all three, Datadog and Dynatrace both respond to competitive pricing from the other

The Bottom Line

Datadog, New Relic, and Dynatrace are all enterprise-grade observability platforms. The right choice is not about which has the most features, it is about billing model fit, infrastructure type, team size, and the real TCO that emerges from modeling actual usage against each platform's specific billing dimensions.

Datadog wins on developer experience, visualization, and integration breadth. Its bill shock problem is real, documented, and cultural, not incidental. The platform is genuinely excellent. Its pricing model is genuinely complex. Organizations that understand both thrive on it; organizations that underestimate the billing complexity regret it.

Dynatrace wins for large enterprises with complex hybrid environments where automatic discovery, causation-based AI root cause analysis, and predictable per-host TCO are the requirements. Its 15-year Gartner Leader position is the strongest independent validation in the category.

New Relic wins on pricing transparency, per-host-free economics for elastic environments, and the most accessible AI debugging experience. Its private equity ownership is the most important strategic risk factor for multi-year contract decisions.

The universal first step before any observability platform decision: run your actual telemetry volume, hosts, GB/day of logs, trace volume, custom metric count, through each platform's pricing calculator. The number you get will be different from what the sales deck shows. That difference is the most important data point in this evaluation.

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