Why would you do such a crazy thing?

Software compatibility

VMMs can run pretty much all software (since they can pretty much all OSes)

Resource utilization

Machines today are powerful, want to multiplex their hardware

Isolation

Seemingly total data isolation between virtual machines

Encapsulation

Virtual machines are not tied to physical machines

Many other cool applications

Debugging, emulation, security, speculation, fault tolerance...

OS backwards compatibility

Backward compatibility is bane of new OSes as it requires huge efforts to innovate but not break

→ Security considerations may make it impossible in practice