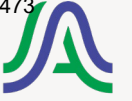




Application Rationalization

Audit and Finance Committee | April 15, 2026





Austin

A Partnership Across the Organization

47

All 47 departments engaged

26

Collaborative workshops with departments

73

City employees contributed their expertise directly

1,005

Application surveys collected

5,653

IT Spend contract documents analyzed starting from 2023

2,895

Contracts identified as applicable to applications

24

Consolidation Initiatives defined with a phased three-year roadmap

Value Realized and Execution Enabled



1. A Three-Year Roadmap to Enterprise Simplification

The team identified **24** consolidation initiatives and more than **230 potential** application retirements. Established a phased plan to modernize and **reduce duplication by 19.4%** over three years. **Annual potential savings of \$49M - \$142M.**

2. New Visibility with Decision-ready data foundation

For the first time, the City has structured **visibility into 5,653 IT contracts and 953 active IT contracts**, along with an understanding of application-to-contract relationships. This information was not available in one usable view prior to the rationalization efforts.

3. Verified Annual Savings – **\$8.1M**

- **\$878K** in Act Now Savings
 - **\$708K** in cloud optimization opportunities traced back to MS Advisor reports, and
 - **\$170K** in VMware/Nutanix savings
- **\$7.2M** annual savings through **28** contract retirements resulting from consolidations over 3 years, with every dollar traced back to contracts. These are confirmed savings, not projected estimates.

Savings Opportunity by Confidence Level



Savings opportunities are organized by confidence levels based on the strength of supporting data and execution dependencies.

| TIER | CONFIDENCE | CONSERVATIVE ANNUAL SAVINGS | DESCRIPTION |
|--------------|--|-----------------------------|---|
| A | VERIFIABLE: ACT NOW | \$878K - \$2M | The dollar amount is backed by Microsoft's own cloud billing tool and Parsolvo analysis reports. We can point you to the supporting document. No assumptions required. |
| | VERIFIABLE: EXECUTION-DEPENDENT OVER TIME | \$22M - \$65M | Traceable to real contracts; dependent on the quality of executing consolidation initiatives over 3 years; Departments adopt the new system, old contracts cancelled, infrastructure decommissioned rather than abandoned. |
| B | NEGOTIATION-DEPENDENT | \$16M - \$50M | Requires case-by-case vendor negotiation. The exact savings depend on what the City can negotiate with each vendor, and every vendor is different. Outcomes vary by contract structure. |
| C | PROJECTION / ESTIMATE | \$10M - \$25M | Estimates of remaining cloud and virtual resource optimization portfolio, and Cloud tenant consolidation. Best available estimate using actual data supplemented by industry benchmarks; will be refined as access is granted and data becomes available. |
| TOTAL | FULL PROGRAM | \$49M - \$142M/year | |

Savings by Initiative Category



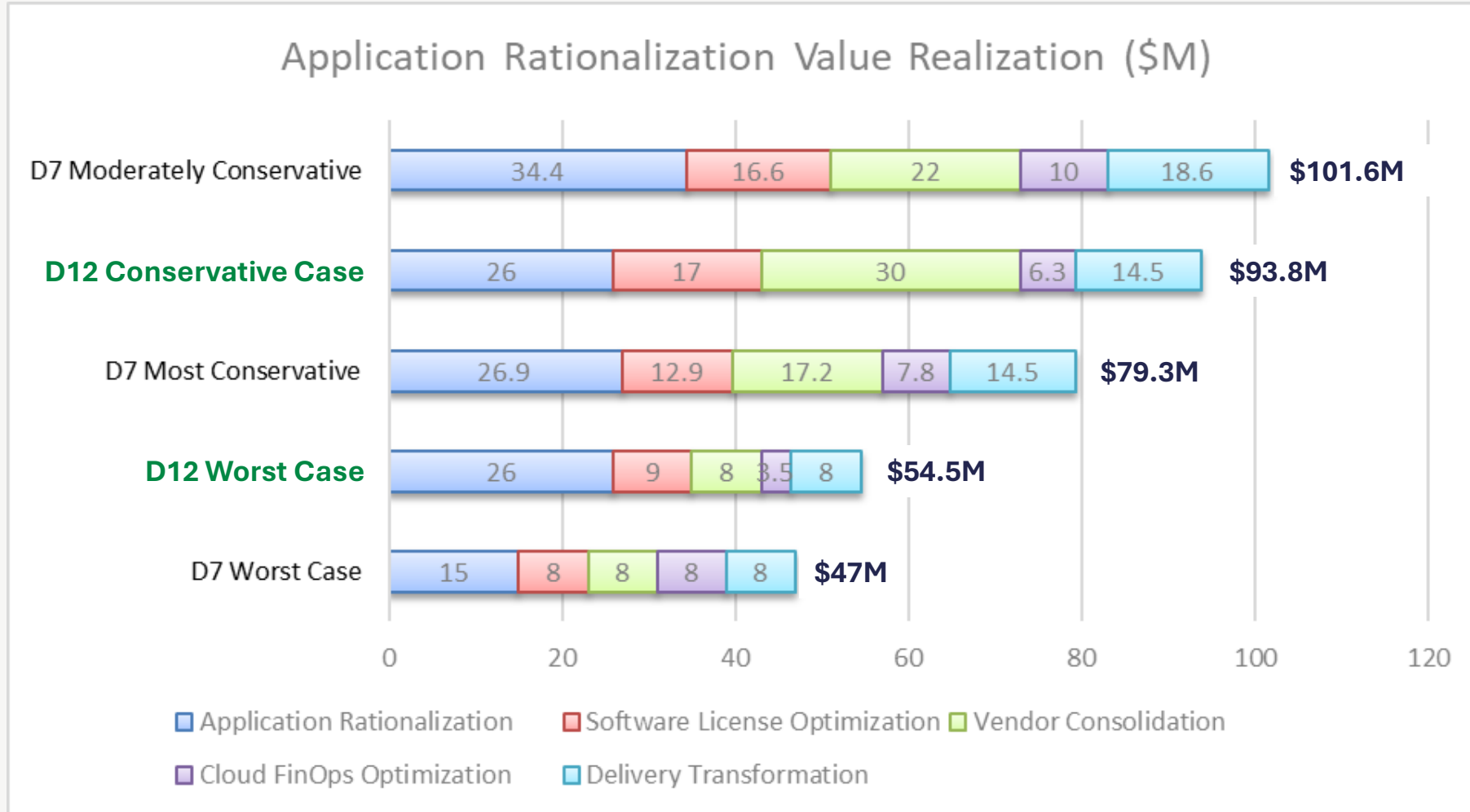
Deliverable 7 identified five savings categories. Deliverable 12 advanced the analysis with contract-level evidence for each.

| CATEGORY | D7 PROJECTED | D12 STATUS |
|-------------------------------|--------------|--|
| Application Rationalization | \$8 - 34.4M | \$8.1M verified; remainder dependent on execution of infrastructure reduction (\$8M), support & maintenance contract terminations (\$6.6M), and integration decommissioning (\$3.3M) |
| Software License Optimization | \$5 - 16.6M | \$9-17M/year through: removal of unused seats (\$4-6M), right-sizing license types (\$3-6M), and compliance avoidance (\$2-5M); 16,623 idle licenses estimated per Flexera benchmark (validation required) |
| Vendor Consolidation | \$4 - 22.0M | Negotiation-dependent; Gartner benchmark targets moving from 413 to ~200 vendors. Consolidating resellers to the top 5 can conservatively achieve \$8M in savings using volume leverage |
| Cloud FinOps Optimization | \$6 - 10.0M | \$830K annually verified based on assessment of 25-30% footprint; assessments of additional tenants and data centers pending. Tenant consolidation from 4+ tenants to 2 represents an additional \$1-3M |
| Delivery Transformation | \$6 - 18.6M | Redeployment, productivity, and natural attrition (Per Gartner 2025 Public Sector IT Staffing Benchmarks) |

Where categories lack verified contract-level numbers, the savings opportunity exists based on industry benchmarks but was not quantified with contract data in this engagement.

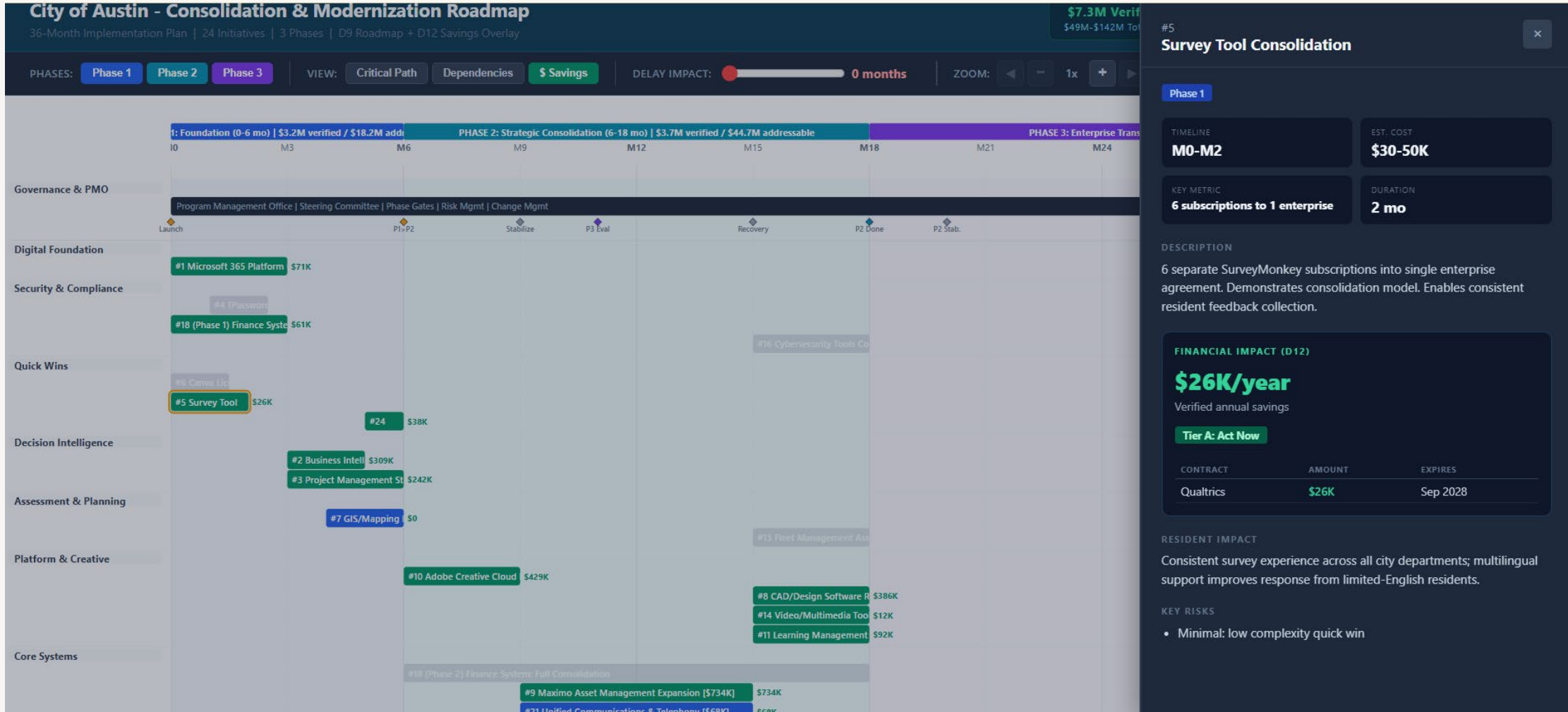
Roadmap Savings by Category

Deliverable 7 to Deliverable 12





The Roadmap – 24 Initiatives



Sustaining Results Through Governance



1 Portfolio Governance Board

CIO-Chaired Oversight

Monthly KPI reviews (30 min) track portfolio health, savings realization, and compliance across all 47 departments.

Quarterly Deep Dives

60-minute sessions to review trends, overlaps, risks, and savings recommendations with Finance, HR, IT, department reps, and security.

Decision Authority

The IT Steering Committee and the Technology Leadership Board directly lead the governance effort. Board approves rationalization actions, escalations, timelines, and exception requests.

2 Technology Intake Gates

Two-Gate Acquisition Process

Validated with the Enterprise Architecture team to prevent new application sprawl at the front door.

Gate 1: Functional Fit & Strategic Alignment

Portfolio check-in and capability mapping
Complexity sizing (small, medium, large)

Gate 2: Security & Compliance Review

Enterprise architecture review and security/compliance screening

3 Domain Stewardship

Enterprise Architects as Domain Owners

Nine functional domains: Asset Management, Citizen Services, Finance, HR, Parks, Planning/Permitting, Public Safety, Transportation, Utilities.

Ongoing Responsibilities

Technology and security assistance, portfolio oversight, acquisition approval, quarterly reviews, vendor coordination, and data quality stewardship.

Growth Target

Control portfolio growth at approximately 5% annually (vs. historical 12-15% unchecked growth). Maximize current application investments through effective governance.

Risks and Challenges



1. **Vendor & Contract Negotiation:** Outcomes vary by vendor and contract structure. Not all negotiations will achieve projected savings rates.
2. **Project Execution:** Each consolidation initiative requires migration, data conversions, report inventory, adoption, change management, and decommissioning. Complexity varies by department and platform.
3. **Department Adoption:** 47 departments have established tools and workflows. Consolidation requires change management and stakeholder alignment.
4. **Continuous Rationalization Sustainability:** Without ongoing process discipline and staffing, the portfolio grows again through the same decentralized decision making that created the current state.
5. **Automation considerations:** Without some form of automation, there is a high risk that application sprawl will return. It took over 4 months for this project team to collect the necessary data. That is not a sustainable process. Possible areas of automation include Application Inventory, License Utilization, Contract Linkage, Actual IT Spend, and Cloud Optimization
6. **Compile data for assessments not completed:** Cloud assessments for remaining Azure environments, all Amazon Web Services (AWS) environments, Oracle, and remaining VMware and Nutanix