

# IT cost savings: **a guide to application rationalization**

**SAP** LeanIX

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# Section 1

## Introduction

Staying competitive in the new digital economy requires agility. You have to quickly address new challenges, predict future roadblocks, and capitalize on time sensitive opportunities. However, in their quest for speed, many organizations have amassed thousands of applications without any coordinated planning.

As a result, many find themselves relying on an unorganized array of applications with overlapping functionality, varying lifecycles, and different supporting technologies, leading to major integration issues and company-wide inefficiencies. Not only are such IT landscapes chaotic and complex, but they are expensive to maintain. What's worse, this unmanageable complexity makes the organization slower and less agile, defeating the original purpose of these technology investments.

### **In this white paper, you will learn:**

- When it's time to rationalize the application landscape, and why
- How to make the business case for application rationalization
- The steps you should take to rationalize your portfolio and start saving

To take advantage of emerging technologies, provide first-class customer service, scale globally, and optimize spend, enterprises need a rationalized application landscape.

Driving innovation while controlling costs is a high priority for CIOs. Application rationalization should be, too.

## Section 2

### To rationalize, or not to rationalize...

## What is application rationalization?

Application portfolio rationalization is the act of streamlining your existing application portfolio to improve efficiency, reduce complexity, minimize technology risk, and lower total cost of ownership (TCO). The application rationalization process ultimately provides the basis for numerous cost-saving initiatives, including:

- Software license optimization
- End-of-life application sunsetting
- Server optimization
- Project rationalization
- Data storage optimization
- Retiring obsolete and low-value applications
- Eliminating redundancies
- Standardizing common technology platforms

Application rationalization, along with active [application portfolio management](#), is crucial to the overall health of the company. It aligns the application portfolio with strategic and operational goals as well as making it easier to scale the business. It also helps you reduce your carbon

footprint and attain sustainability goals. Finally, once you build rationalization into your organization's DNA, it prepares you to manage the complexity associated with rapid growth, mergers and acquisitions, global outsourcing, remote work, and the adoption of new business models.

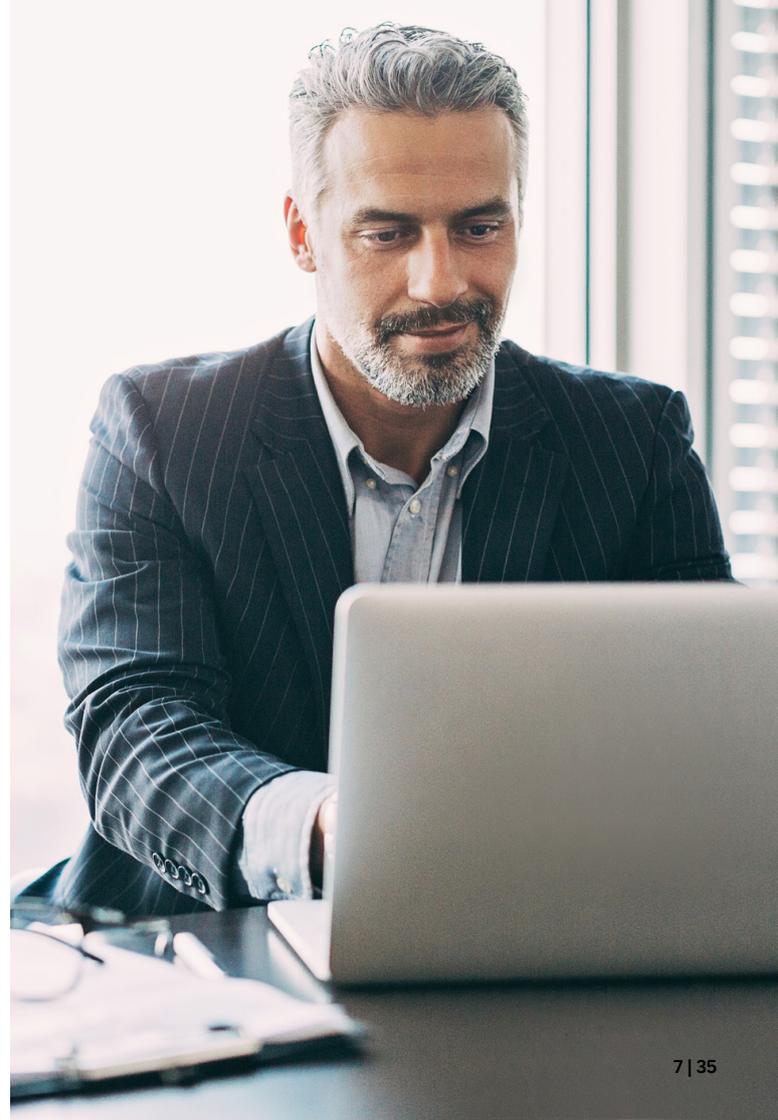
## Why rationalize? The key benefits of application rationalization

The most compelling reason for application rationalization is cost savings. According to Infosys and others, these potential savings can run into the millions of dollars, depending on the size of the organization.

IT leaders continually face pressure to adopt new technologies that improve company performance, from cloud computing and AI to advanced data analytics and process automation. Integrating these technologies into an existing landscape requires a considerable amount of time, energy, and organizational focus. Unfortunately, these scarce enterprise resources are too often tied up maintaining existing legacy systems.

Application rationalization changes all that. By helping organizations streamline processes, eliminate unneeded solutions, and reduce maintenance costs, it frees up the time, money, and personnel needed to develop and implement profitable innovations.

Without active application rationalization and portfolio management, organizations inevitably experience application sprawl – the unmanaged and unmanageable growth of the IT portfolio. The overspend, inefficiency, and rampant technology risk that sprawl brings with it directly impedes an organization's ability to remain competitive.



## Section 3

# Making the business case for application rationalization

Many CEOs and CFOs see the IT budget as an area of overspend and are continually looking for ways to reduce expenses.

According to Flexera's 2022 Tech Spend Pulse Report, large enterprises with over 10,000 employees spend an average of 6% of revenue on IT. By eliminating redundant applications, companies can reduce costs by up to 15%, freeing up that budget for digital transformation activities.

While application rationalization requires an initial investment, when executed properly, it pays back dividends in savings. Consolidating similar applications, eliminating redundancies, and replacing outdated technology with modern alternatives can significantly change an organization's cost structure while creating an environment that promotes innovation (see Figures 1 and 2).

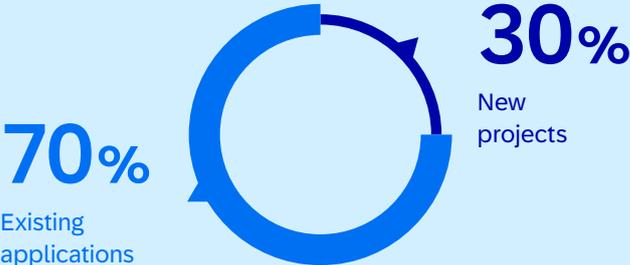


Figure 1  
A typical split of IT budget

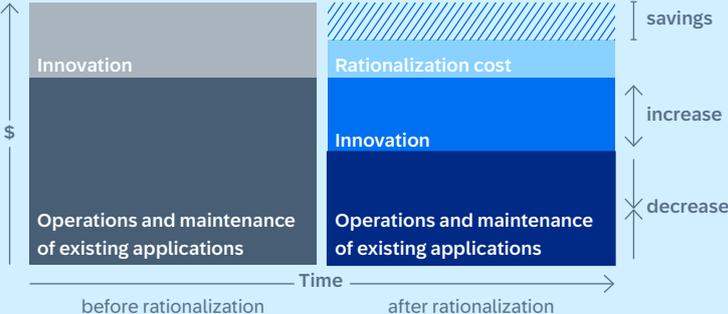


Figure 2  
The financial mechanics of application rationalization

## Key methods to drive savings

When proposing application rationalization projects, business leaders often ask enterprise architects (EAs) to present a business case or a comprehensive, realistic estimate of potential cost savings. The following sources of saving and cost reduction can help make the case.



over  
**75%**

of organizations lose at least 10 percent of their IT budgets to unnecessary spending each year

Source: SAP LeanIX cost optimization survey 2023

### 1. Rationalize software licenses

Large enterprises can easily have hundreds – or even thousands – of applications deployed at any one time. Each of these applications comes with a software license contract that requires oversight, negotiation, and renewal at some point during the year.

Application rationalization can reveal wasteful spending on unused or redundant software licenses. When rationalizing software licenses, CIOs and enterprise architects must work together to determine which licenses are truly required to achieve business goals and identify those that should be decommissioned. Comprehensive visibility into all software licenses arms IT leadership with a roadmap to consolidate vendors and eventually negotiate discounts.

Simply put, with fewer applications you pay fewer licensing fees. Likewise, with fewer contracts, you spend less time keeping track of them. Gaining control of your software license estate thus drives substantial savings in annual software spend and ongoing license management.



70%

of CIOs believe that at least one-fifth of their applications could be consolidated by eliminating redundant functionality

## 2. Decommission little-used or redundant applications

70% of CIOs believe that at least one-fifth of their applications could be consolidated by eliminating redundant functionality. Applications that are seldom used, never used, or overlooked, cost organizations millions each year. Larger enterprises often have duplicate applications with intricate, custom-built add-ons that mimic similar functions. An application rationalization program can uncover these costly redundancies, resulting in reduced IT spend.

Consider this: SAP LeanIX conducted an application rationalization project at a large engineering firm. It was discovered that one sales team regularly used an unsupported version of a retired CRM system to produce a single report. This unsupported application not only exposed the company to avoidable data security risk, but cost the company close to \$1.5 million each year. An application matrix report, with risks highlighted, plainly showed business leaders which applications were of low value and, like this one, barely used. The company decided to retire this CRM instance and selected one global standard CRM application for all user groups across the company.

### 3. Reduced compliance risk and cost of governance

The ongoing proliferation of data privacy regulations means that organizations must actively track compliance across their application portfolio. Application rationalization allows the enterprise to analyze the portfolio, facilitate transparency, and identify areas where compliance risk needs to be addressed.

For example, under the European Union's General Data Protection Regulation (GDPR), your organization needs to document how you obtain, transfer, store, and handle data. If an application you are running overcollects customer personally identifiable information (PII), and your IT

**20M€**

risk of penalties for violations  
of GDPR compliance

leaders do not know where the data is stored, how, when and by whom it is accessed, or how it is manipulated, then this application would be out of compliance. [Violations of GDPR](#) compliance put organizations at risk of penalties as high as 20 million euros or 4% of annual global turnover, whichever is higher.

### 4. Infrastructure and data center consolidation

Infrastructure and data center consolidation are essential outcomes of a successful application rationalization endeavor. Running fewer applications more efficiently results in less money spent on servers, cloud storage, and associated maintenance costs.

For example, after one application rationalization program, a real estate services firm presented the TCO of each application to the prospective application owners. Upon seeing the staggering figures, the application owners agreed to retire 120 applications.

In addition to reducing complexity, the company avoided \$1.4 million in annual server and storage expenses by repurposing assets instead of buying new ones.

### **5. Reduced maintenance & training cost**

Every deployed application requires some amount of support from vendors or in-house employees. If there are fewer applications to support, there will be less money spent on maintenance. Freeing up resources that had been devoted to supporting a sprawling application landscape will also enable businesses to reinvest in innovative projects that add real value.

### **6. Project rationalization**

Managing multiple complex projects at the same time can be costly and confusing. With application rationalization, teams can categorize projects into the following organizational groups:

- 1. Projects that have high business value and directly support the IT strategy**
- 2. Projects that have high business value but don't directly align with the IT strategy and should be slightly reshaped**

- 3. Projects that align with the IT strategy but have little business value and should be delayed**

- 4. Projects that have low business value and no IT relevance, which should be abandoned**

Such a classification exercise makes it easy to identify opportunities where applications can be decommissioned, vendors consolidated, and low-value projects canceled.

## 7. Vendor consolidation

Vendor consolidation is a powerful and cost-effective outcome of application rationalization. Consolidating your application providers to a just handful of vendors gives you the leverage to negotiate for better pricing, reduces time spent on paperwork, and directly increases your buying power. A global study by the [Everest Research Institute](#) reports that having fewer suppliers lowers TCO by 22-28% annually. Gartner likewise reports that many organizations can cut spending on software by as much as 30% by implementing software license optimization best practices.

TCO reduction by having fewer suppliers



Cost reduction by implementing software license optimization best practices



## 8. Vendor management

In addition to vendor consolidation, having a full view of their application landscape means that business leaders can more effectively manage their software vendor pool as it evolves. A well-maintained and detailed application inventory simply makes budgeting and the negotiation of service-level agreements that much easier.

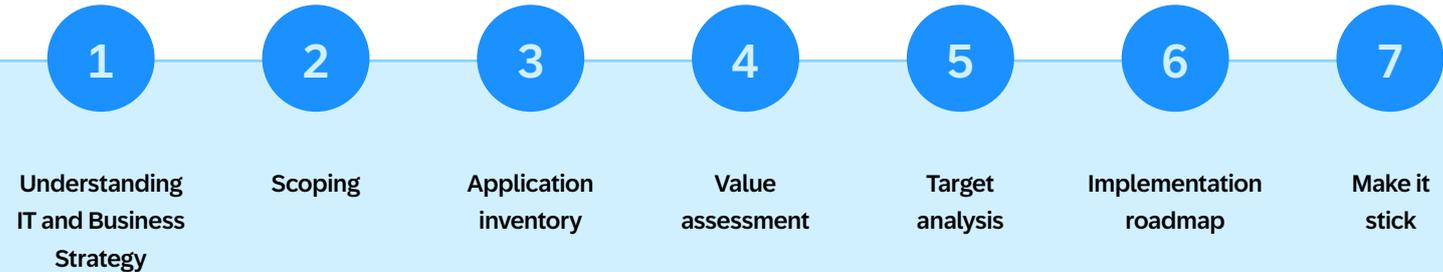
## Section 4

# The guide to application rationalization

## Almost every organization has taken inventory of their application landscape at one time or another.

Unfortunately, many businesses perform an application rationalization exercise once, then revert back to previous practices of accumulating software without proper analysis, planning, or foresight. By contrast, application rationalization is best achieved through a step-by-step process with continual iteration and adjustment. A successful approach for application portfolio rationalization begins with a clear

understanding of IT and business strategy. With this in mind, you can then define the scope of your efforts, build your application inventory, assess individual applications, plan the target landscape, and then focus on implementation. Once you're done, it's critical to institute best practices and processes that ensure lasting success.



## 1. Understand your IT and business strategy

Because application rationalization is a strategic, rather than an administrative, exercise, this first step is the most important part of your rationalization initiative. Take your time to understand where you stand as a business today, where you want to go, and what's important to focus on as you work towards your strategic goals.

For example, let's say the goal of your initiative is "reduce IT spend by 10% within the next two years." Setting aside the "why" for the moment, ask yourself:

### **Who will be reducing spend?**

- Is it the entire organization or just a couple of operating companies?
- Depending on the answer to the first question, who are the key stakeholders for this initiative?

### **What does "IT spend" mean specifically?**

- Does it refer to operating expenditure (OpEx) or capital expenditure (CapEx)?

- What different data points will inform your goal setting and where will you get them?
- What is the business driver for this reduction (the "why")?
- Besides spend, are there additional parameters that you need to consider (specific operational goals, for example)?

### **What does "within the next two years" mean?**

- Is this a hard deadline based on a specific target (IPO, M&A, and others)?
- Are there any critical milestones in between that you need to be aware of?
- How will you measure and show the success of your initiative and what KPIs do you need to implement?

Understanding your strategy, your mandate, and your constraints are key prerequisites for a successful application rationalization initiative.

There are several steps you can and should take in order to fully understand the strategic starting point of this process:

**1. Review your IT and business strategy documents.**

Pay special attention to ways that the stated strategy might influence your initiative.

**2. Understand what success means.** Based on the desired outcome, define meaningful and business-driven KPIs to demonstrate and measure the progress of the initiative as well as the results you achieve.

**3. Define the initiative's strategic cornerstones and targets.** Document these in the corresponding [objective fact sheets in SAP LeanIX](#). Link them with parent/child relations to highlight how they work together.

**4. Identify relevant stakeholders.** Conduct a proper stakeholder assessment, categorizing stakeholders by interest and position to better understand their influence and their level of expected participation in the project. Be prepared to define different change and communication strategies for each stakeholder group.



## 2. Set application rationalization scope

Some companies choose to rationalize all applications at once, thinking it will save time. This method may sound appealing initially, but experience has shown that its likelihood of success is low. A hasty approach can mean sinking large amounts of money in up-front investment with a high risk of the project failing to meet its objectives.

A more practical method involves breaking the process down into multiple iterative projects. This creates a more focused scope. As a best practice, focus each individual rationalization project on the set of applications that support a specific business capability or organizational unit. Of course, keep your strategic business goals in mind while creating these specific projects.

When deciding on the scope of your application rationalization efforts, it is important to consider your operating model. One way to look at the operating model is to consider the degree of process standardization and process integration it calls for (see Figure 3).

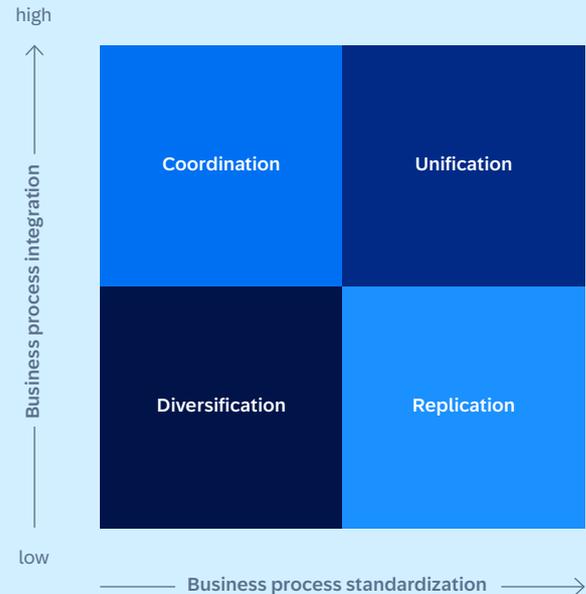


Figure 3  
Overview of generic operating models

## Standard scoping considerations

After a decade of performing and supporting application rationalization projects on organizations of all sizes in all industries, SAP LeanIX has compiled a set of best practices for these different operating models (see below), although the set is by no means exhaustive. The specific business goals and challenges you face naturally influence the scope of your organization's particular application rationalization efforts.

**A.**

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### **Diversified operating**

**model:** Independent business units with different business models

The best application rationalization projects for this model include optimizing processes and applications within each business unit individually, with the objective of improving efficiency. There will most likely be an individual rationalization project within each business unit.

**B.**

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### **Coordinated operating**

**model:** Unique business units with strongly coordinated transactions

The best application rationalization projects for this integrated operating model include rationalizing information assets with the objective of establishing a single source of truth that provides easy access to key information across the enterprise.

**C.**

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### **Unified operating**

**model:** Single business with global process standards

Unified operating business models benefit from a broad scope of application rationalization enabling enterprise systems to standardize organizational processes and improve them as much as possible.

**D.**

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### **Replicated operating**

**model:** Independent but very similar business units

This model benefits from establishing standard infrastructure and application components for global efficiencies one business unit at a time. A goal of this model is to share, rather than replicate, systems across the entire enterprise.

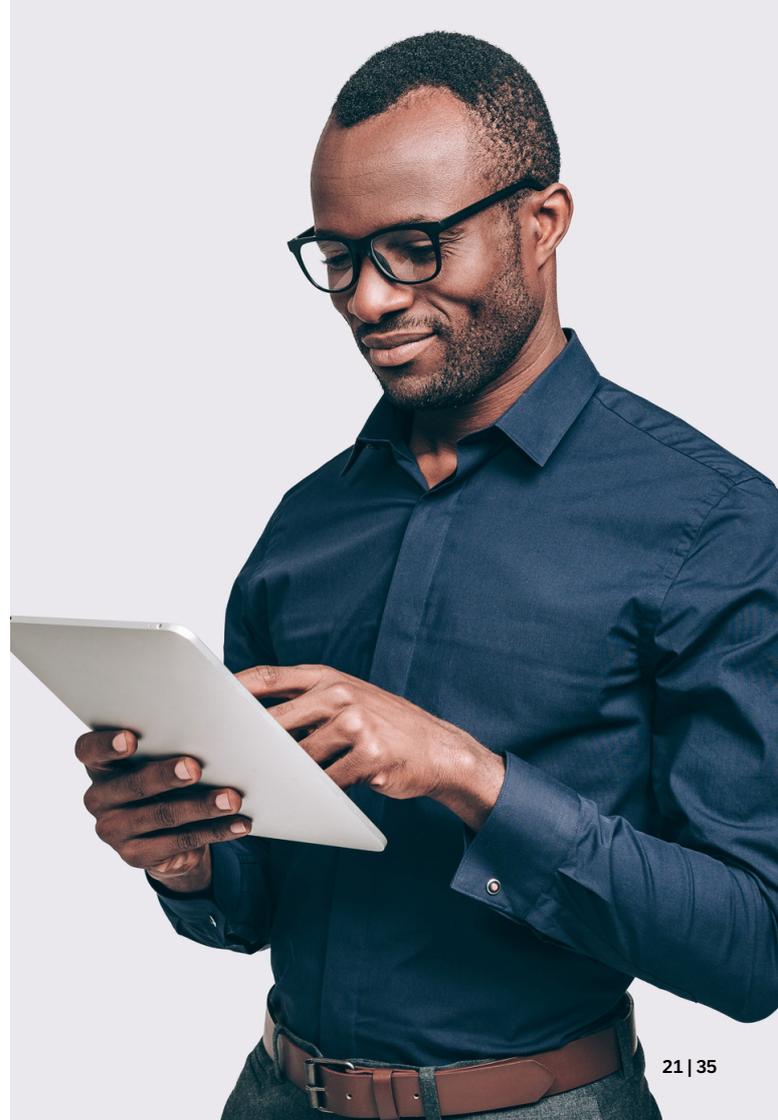
All organizations, regardless of operating model, benefit from rationalizing IT architecture with an eye to standardizing processes and consolidating applications.

Another general consideration for initial rationalization projects is to focus on quick wins. Early gains enable you to progress at an appropriate pace while generating the necessary enthusiasm to finance other innovative projects.

During the scoping phase, it is imperative to involve business and IT leaders in the process to help prioritize, delegate, and support ongoing rationalization projects. With points of view from across the business, you're sure to get the full picture and maintain ongoing alignment.

### **3. Enrich application data**

The process of rationalization begins with capturing key data about the entire inventory of applications deployed in the first targeted scope. In this step, you gain critical insight into each application and its relevance to the business so you can plan the roadmap for your desired future state.



Virtually every organization has executed an application inventory effort at some time or another. These efforts are usually one-time events involving the collection of application data in a new spreadsheet (one that is probably different from and unrelated to the one created 18 months earlier). Creating isolated, one-off applications spreadsheets calls for significant effort and provides no value. Instead, we recommend beginning the inventory process with purpose-built, professional tools, like SAP LeanIX. This will vastly improve the inventory process, in part by automatically ingesting and collecting data via surveys and integrations with other enterprise tools.

Typically, an organization will start by loading all available application data (for example, from Excel, Sharepoint, Visio) into [SAP LeanIX Application Portfolio Management](#). This data will form the basis of the inventory. SAP LeanIX offers automated integrations to other helpful tools, like configuration management databases (CMBDs), business process management (BPM) tools, and enterprise resource planning systems (ERPs) help create the basic inventory.

Remember, as helpful as these tools and automations are, there is no substitute for human intervention when it comes to certain tasks, such as ensuring completeness of application portfolio data by adding information on supporting business stakeholders and application ownership, for example. SAP LeanIX facilitates this with user-friendly workflows.

### **Which data to collect**

During an application rationalization project, you will need to collect pertinent information about every application your company uses. However, it makes sense to follow some basic principles when structuring this data. For example, categorizing applications by business capabilities is much better than categorizing them according to business processes (although collecting this process data is important). Gartner defines business capability modeling as a technique for representing an organization's fundamental operating model independent of the organization's overall structure, specific processes, people, or departments. Business capabilities show everything that a business is able to do or should be able to do in order to meet current and future goals.

Rather than get lost in the details of business processes, a target business capability model helps structure the application rationalization process. By looking at a map of capabilities and how different applications support or enable them, you can decide which applications are vital, which are not, and which could potentially be decommissioned. Business capabilities serve as a structuring element to uncover redundancies in IT, as well as areas for strategic investment or divestment.

At a minimum, the datasets you collect should include applications, the business capabilities they support, and the user groups that use them.

Knowing who uses what applications and which business capabilities those applications support is crucial for proper planning and executing your application rationalization activities.

#### 4. Assess the application portfolio

Application evaluation can be relatively simple or fairly elaborate, depending on organizational needs and maturity. For some organizations, reviewing support for mission objectives and capturing estimated application costs will itself be a substantial accomplishment, and enough to identify applications to decommission because they no longer serve a relevant purpose. If this type of insight isn't obvious based on the data you have collected, a more detailed evaluation is required.

Remember, you need to assess and evaluate every single application. For larger application landscapes supporting more complex business models, you will need an equally advanced application rationalization model to perform a thorough assessment.

#### The pragmatic approach

SAP LeanIX captures the functional and technical fit of every application in your portfolio. This information provides critical direction for an initial assessment. Fit is usually decided by a designated stakeholder by the detailed stakeholder responses you have gathered. SAP LeanIX surveys simplify the collection of these responses.

## These are the definitions we suggest for each category:

### FUNCTIONAL FIT

The degree of support for business capabilities or processes. If you only consider one criteria, it should be the functional fit.

### TECHNICAL FIT

How does the application fit with technical standards?  
Is it based on aging technologies?

1

**Unreasonable:**  
Not enough or wrong functionality

**Inappropriate:**  
Replacement mandatory

2

**Insufficient:**  
Rudimentary functional support

**Unreasonable:**  
Replacement recommended

3

**Appropriate:**  
Supports all major functions

**Adequate:**  
Some parts of the application could be optimized

4

**Perfect:**  
High number of functions available

**Fully appropriate:**  
No change needed apart from regular maintenance

At SAP LeanIX, we determine functional and technical fit based on a simple 1-4 scale. We chose an even number deliberately to mitigate the tendency for rankings to gravitate towards the middle. These criteria allow you to rank the applications in your portfolio in a way that is easy to understand. Specifically, you can arrange your applications on two axes, thus dividing your portfolio into four generic types, each with different recommended actions. (We will elaborate more on determining the target state later in the document.)

In Figure 4, you see an example of a SAP LeanIX survey used to collect the information above. The survey is designed in a way that makes it as easy as possible for recipients to complete. All information collected is automatically applied to the SAP LeanIX inventory.

The screenshot shows a web-based survey interface for 'Application Inventory Project'. At the top, there are three filter buttons: 'Application' (blue), 'AsiaPacific' (green), and 'Sunset' (red). Below this, the survey is divided into two main sections, each with a blue header bar. The left section is titled 'Business Criticality' with a rating of four upward-pointing arrows and a value of 'Business Operational'. Below the header, there is a text prompt: 'In your judgement, identify the appropriate service level and disaster recovery requirements.' followed by a sub-header 'Business Criticality Description' and a large light blue text input area. The right section is titled 'Functional Fit' with a rating of four stars and a value of 'Appropriate'. Below the header, there is a text prompt: 'In your judgement, how well does this Application meet the business requirements today and in the near future (next 2 years).' followed by a sub-header 'Functional Fit Description' and a large light blue text input area. At the bottom right of the form, there are three buttons: 'Cancel', 'Save & Next', and 'Save'.

**Figure 4**  
A pragmatic survey for application rationalization

## Further assessment criteria

The criteria described previously enable the basic scoring of applications. They can be easily understood and prevent spending excessive time in the initial assessment phase. Still, it is often important to delve deeper in your analysis. The following criteria can be applied for further evaluation of the application portfolio:

### **Strategic value**

Does the application support the business strategy?

### **Available skills**

Do employees have the necessary skill set to use this application to their best advantage?

### **User satisfaction**

To what degree are users satisfied with the application's performance and benefits?

### **Availability of alternatives**

Are there better alternatives such as commercial or off-the-shelf solutions?

### **Total cost of ownership**

What is the sum of all costs attributed to the application?

### **Principles and standards**

How well does the application conform to defined architectural principles and standards (for example, standard technologies, cloud-first strategy, and others)?

### **Security risks**

Does the application pose any security risk due its data interdependencies?

### **Documentation and training**

How helpful are the available documents and training materials?

In Figure 5 below, we have summarized criteria that you can apply to these assessment standards. Figure 6 shows a detailed view of how a SAP LeanIX Survey can be used to easily collect this data.

- Functional**
  - Breadth and adequacy of functionality
  - Availability
  - Usability
  - Accessibility
- Technical**
  - Architecture Scalability
  - Maintainability
  - Reusability
  - Security
  - Integration options
- Strategic value**
  - Alignment to business strategy
  - Impact on business KPIs (for example, revenue, customer satisfaction)
  - Organizational dependencies
- Costs**
  - Operations and support costs
  - Maintenance and development costs
  - Licensing costs
  - Training costs
- Data**
  - Accuracy and quality
  - Accessibility of data
  - Flexibility of data
  - Maintainability
  - System of record

Figure 5  
Overview of potential application assessment criteria

**Application Inventory Project**

Application

Functional Fit Survey 2020

Application Contribution

4 - High contribution  
 3 - Some contribution  
 2 - Minor contribution  
 1 - No contribution

Staff Training

4 - Very well trained  
 3 - Trained  
 2 - Poorly trained  
 1 - Not trained

Application feedback

4 - Very positive  
 3 - Positive  
 2 - Rather negative  
 1 - Negative

Alternative Applications

4 - Yes  
 1 - No

If yes, potential alternatives:

Cost annual figures

Operations and support:  
Maintenance and development:  
Licensing:  
Training:

Draft Feedback

Figure 6  
A detailed example of an application rationalization survey

## 5. Decide the target state

During the rationalization process, you will determine the value of each application as it relates to your overarching business goals. In this section, we will introduce several ways to derive the target application portfolio from your assessment. At the end of this phase, you will decide what to do with every application. The four possible outcomes are described below, and from these outcomes, you can define your target architecture.

### Tolerate, invest, migrate, eliminate

At the end of the evaluation process, your organization will have gathered enough pertinent information to recommend actions for each deployed application. The Gartner® TIME framework (tolerate, invest, migrate, eliminate) is widely used and very effective for this step.

#### Tolerate



Tolerate the application if it is doing its job (certain amount of value in good technical shape) or if there is no reasonable alternative

#### Invest



Invest in modernizing the application as it is of high value to the business (high-value application supported by aging technology)

#### Migrate



**Retire** the application, migrate data and users to another existing application (redundant applications)



**Standardize** multiple applications on a common version/technology platform



**Merge** applications (either physically, logically, or both)



**Replace** the application with a commercial off-the-shelf solution

#### Eliminate



**Retire** the application without replacement (for example, not used, low value, based on aging technology)

## Decision Flowchart

The flowchart below details a high-level decision tree for deciding the outcome of a single application. If the decision tree leads you to multiple outcomes, consider the relative business cases, such as unique business goals, application lifecycles, and availability of domain experts.

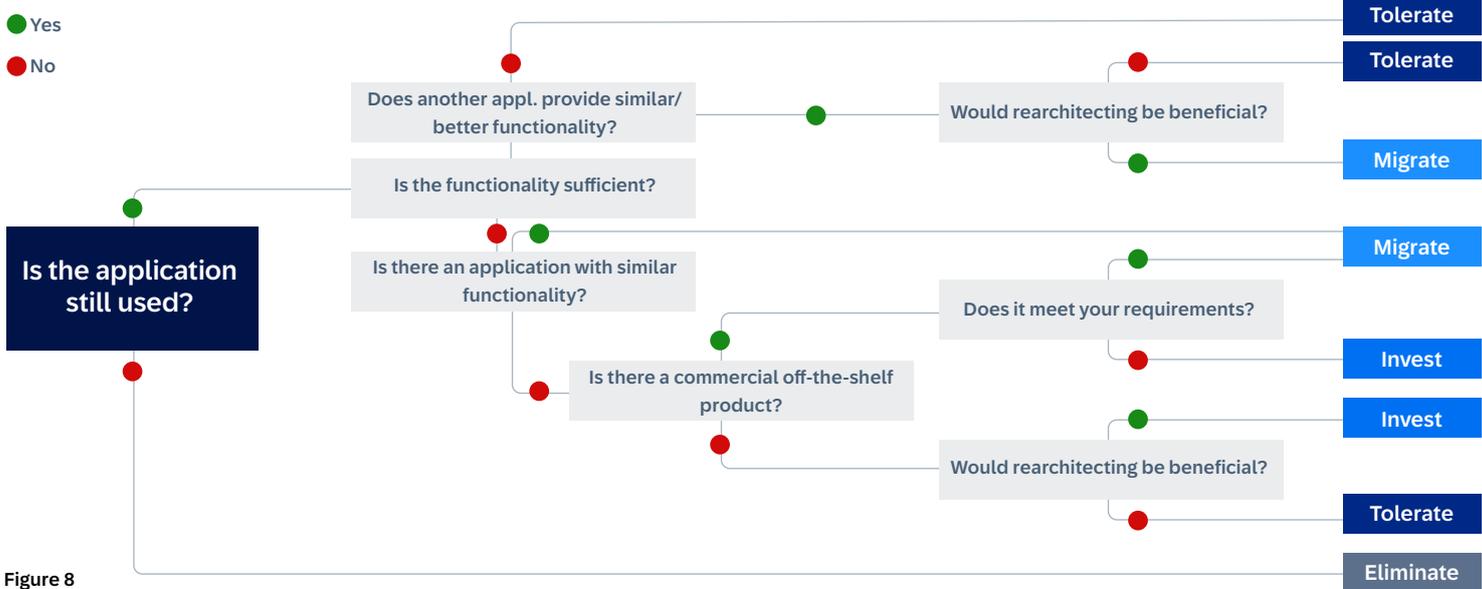


Figure 8  
Decision tree for application rationalization

If you'd like to speed up the TIME assessment for each application, learn more on determining the right classifications and automation possibilities [here](#).

## Application matrix

The application matrix is an invaluable tool for discovering redundancies. The matrix promptly displays the application in question in the middle, forming a matrix with user groups (for example, organizations or teams) and business capabilities (the supported business functions).

This view enables you to uncover redundancies (for example, multiple HR systems being used across all regions) for the selected scope. Different views (for example, functional fit, technical fit, business criticality, and cost) illuminate the problem from different angles. See Figure 9 for a sample SAP LeanIX Application Matrix.

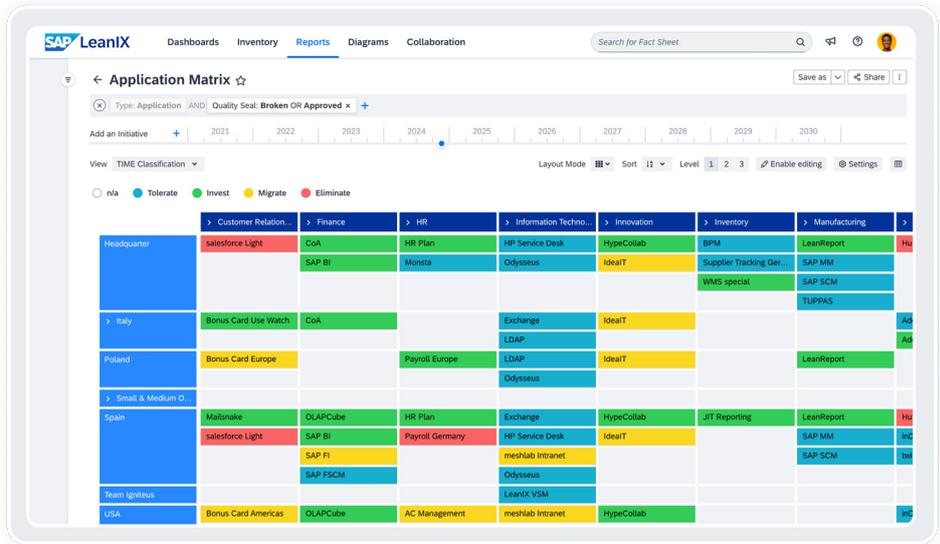


Figure 9  
SAP LeanIX Application Matrix



## Enforce out-of-the-box solutions and reuse

When deciding what to do with a particular application, project leaders are often tempted to invest in customization in order to fit the application to the desired business capability. Unfortunately, this reduces flexibility and often creates its own form of technical debt, because the customizations need to be maintained and updated on into the future. From an enterprise architecture perspective, customization should be considered only when absolutely necessary to meet legal requirements or provide meaningful competitive advantage. In other words, it is better to approach customization as a last resort. Naturally, it is not always possible for a large global enterprise to select one application for each business capability, across all regions, for every supporting user group. Nevertheless, EAs and CIOs should look for cost-effective solutions rather than automatically defaulting to costly customization efforts.

## 6. Plan the implementation roadmap

Application rationalization efforts will most likely be carried out in several waves – immediate, mid-term, and long-term. The immediate wave focuses on elimination (for example, retirement of unused applications), the mid-term wave includes migrations and consolidations (for example, to move all local applications to the same version), and the long-term wave consists of full rewrites and technical upgrades.

It is imperative to get business leaders, IT leaders, and EAs together to review recommended actions and formulate a best-fit roadmap for moving forward. Involving stakeholders while designing your target architecture establishes transparency and aligns all relevant parties.

At the end of the mapping phase, you should have defined architecture standards and established a framework for future analysis.

## 7. Make it stick

Now that the application portfolio has been evaluated and optimized, it is time to focus on continually maintaining the health of your IT landscape. One-off application rationalization projects may save the organization money at first, but they lack the long-term value that continuous application portfolio management brings.

Ongoing governance of your application portfolio is equally important as your initial application rationalization. Be sure to track the operational quality of your remaining applications to help determine the most appropriate adjustments going forward. A clean, organized IT landscape provides a valuable background against which to assess the necessity of new applications and prevent wasteful purchases.

Having a new, data-driven portfolio also allows your company to collect and analyze real-time metrics and identify opportunities for improvement while preventing your company from reverting to application sprawl.

SAP LeanIX offers a wide array of pre-defined reports and dashboards to build roadmaps and track progress for application rationalization initiatives. Learn more [here](#).



### Short-term quick wins

For example, retirement of low-value applications



### Mid-term consolidation

For example, consolidation to one application/version



### Long-term enhance

For example, full technical rewrite of applications

# Summary

Application portfolios grow organically – that is, they grow in an unplanned way often driven by immediate needs and short-term thinking.

At the same time, every business today runs on applications. This means that the state of your application portfolio will have a direct impact on business performance.

The immediate benefit of application rationalization, as we have shown, will be cost savings. This is an important benefit, since companies also depend on available financial resources to succeed. But the ultimate goal of

application rationalization is to articulate an architectural vision that supports business strategy, enhances business processes, conforms with organizational principles and standards, and addresses stakeholder concerns and objectives.

Yes, application rationalization will dramatically cut costs, but more importantly, it will help optimize your application stack, establish transparency between stakeholders, and free up spend to invest in innovation for a competitive edge.

Could your organization benefit by realizing millions in savings from a rationalized application landscape?

**Let SAP LeanIX show you the way.**

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