



THE COST OF DOING NOTHING:

# HOW LEGACY SYSTEMS DRAIN **IT BUDGETS**

Highlights the hidden financial impact  
of relying on outdated technology.



<b>Net sales:</b>				
Products	\$ 51,529	\$ 52,301	\$ 213,883	\$ 225,847
Services	12,511	10,599	46,291	39,748
<b>Total net sales (1)</b>	<b>64,040</b>	<b>62,900</b>	<b>260,174</b>	<b>265,595</b>
<b>Cost of sales:</b>				
Products	35,238	34,697	144,996	148,164
Services	4,489	4,119	16,786	15,592
<b>Total cost of sales</b>	<b>39,727</b>	<b>38,816</b>	<b>161,782</b>	<b>163,756</b>
<b>Gross margin</b>	<b>24,313</b>	<b>24,084</b>	<b>98,392</b>	<b>101,839</b>
<b>Operating expenses:</b>				
Research and development	4,110	3,750	16,217	14,236
Selling, general and administrative	4,578	4,216	18,245	16,705
<b>Total operating expenses</b>	<b>8,688</b>	<b>7,966</b>	<b>34,462</b>	<b>30,941</b>
<b>Operating income</b>	<b>15,625</b>	<b>16,118</b>	<b>63,930</b>	<b>70,898</b>
Other income/(expense), net	502	303	1,807	2,005
<b>Income before provision for income taxes</b>	<b>16,127</b>	<b>16,421</b>	<b>65,737</b>	<b>72,903</b>
Provision for income taxes	2,441	2,296	10,481	13,372
<b>Net income</b>	<b>\$ 13,686</b>	<b>\$ 14,125</b>	<b>\$ 55,256</b>	<b>\$ 59,531</b>
<b>Earnings per share:</b>				

## EXECUTIVE SUMMARY

Legacy applications are often the unseen anchors dragging down IT budgets. These aging systems, despite their diminishing utility, continue to demand significant resources for maintenance, infrastructure, and compliance. They not only create financial burdens but also slow down operations and increase organizational risks in an era where agility and digital transformation are paramount.

The challenge lies not just in the direct costs of keeping these applications running but in the opportunity costs of resources diverted from strategic innovation. Maintaining these systems often means grappling with escalating costs, navigating outdated governance frameworks, and struggling to scale in a competitive landscape. For enterprises aiming to optimize IT budgets and accelerate innovation, application retirement offers a transformative solution.

**Solix Technologies**, a pioneer in enterprise data management and archiving solutions, empowers organizations to address these challenges head-on. By simplifying the retirement of legacy applications, **Solix** enables businesses to reduce IT overhead, free up resources for strategic initiatives, and maintain seamless access to critical data—all while achieving compliance and reducing risks. This ebook explores the essential aspects of application retirement and its role in optimizing IT costs, helping decision-makers chart a sustainable path forward.





## APPLICATION RETIREMENT

provides a solution by securely archiving data

# UNDERSTANDING APPLICATION RETIREMENT

Application retirement, application sunsetting, or decommissioning refers to the structured process of decommissioning outdated or redundant software applications while ensuring continued access to essential data. As organizations evolve, legacy applications often become a liability due to high maintenance costs, compatibility issues, and regulatory compliance challenges. Application retirement provides a solution by securely archiving data from these systems, enabling businesses to eliminate associated infrastructure and licensing costs without compromising data accessibility.

The process involves identifying applications that no longer serve business needs, assessing their data for archival, and implementing retention policies to meet regulatory requirements. Retired applications' data remains accessible through modern tools, ensuring business continuity and compliance.

By transitioning away from legacy systems, organizations can optimize IT budgets, reduce operational complexities, and reallocate resources toward innovation and growth. Application retirement not only supports digital transformation but also strengthens governance, making it a crucial strategy in today's dynamic IT landscape.



# THE TRUE COST OF LEGACY APPLICATIONS

Legacy applications are more than outdated systems—they are financial and operational burdens that drain resources and hinder innovation. Maintaining these systems often requires significant investments in infrastructure, licensing, and support, while their limitations increase compliance risks and reduce business efficiency. Understanding these hidden costs is crucial for organizations striving to optimize IT budgets.

## Financial Impact

Dedicated Hardware  
Specialized Operating Systems  
Specific Database Versions  
Specialized Expertise  
Maintenance Cost  
And Time  
Annual Licensing Fees  
Higher Energy Consumption



## Operational Bottlenecks

Lack Of Modern Integration Workflows  
Inefficiencies  
Slower Performance  
Higher Manual Dependency  
Outdated Code Bases

## Compliance Risks

Modern Industry Regulations  
Inadequate Audit Trails  
Data Retention Issues  
Cost Of Non-Compliance  
Data Breaches





## Financial Impact

The financial burden of legacy applications extends far beyond initial expectations. Organizations frequently underestimate the total cost of legacy systems. These applications often require costly hardware, specialized expertise, and extensive maintenance efforts. Furthermore, as vendors stop supporting older software, businesses may face increased downtime and repairs. The longer these systems are in place, the more resources are drained, leaving less for innovation and growth.

Organizations spend approximately **\$1.14 trillion** annually on maintaining existing IT investments, including legacy systems.

## I. THE TRUE COST OF LEGACY APPLICATIONS - FINANCIAL IMPACT

- ✓ **Dedicated Hardware:** Legacy applications often require outdated and specialized hardware, which is costly to maintain and replace. As hardware becomes obsolete, finding parts or compatible systems becomes increasingly complex, leading to higher expenses and potential downtime.
- ✓ **Specialized Operating Systems:** Legacy systems are frequently dependent on operating systems that are no longer supported by vendors. This necessitates additional investment in keeping these systems secure and functional, including paying for extended support or custom patches.
- ✓ **Specific Database Versions:** These applications are tied to old database versions that lack modern features and security measures. Licensing costs for maintaining these outdated databases can be substantial, as vendors often charge a premium for legacy support.
- ✓ **Specialized Expertise:** Maintaining legacy applications often requires skilled professionals with knowledge of outdated technologies. Hiring or retaining such experts is expensive, as the demand for their expertise far outweighs the supply.
- ✓ **Maintenance Cost and Time:** Routine maintenance for legacy systems is both time-consuming and expensive, as issues require custom fixes and detailed troubleshooting due to the lack of vendor support and documentation.
- ✓ **Annual Licensing Fees:** Although outdated, legacy applications often incur steep annual licensing fees. These costs are disproportionately high compared to the value these systems deliver, making them a drain on IT budgets.
- ✓ **Higher Energy Consumption:** Legacy systems are usually inefficient, consuming more power than modern equivalents. This not only increases energy bills but also impacts sustainability efforts, adding an environmental cost to the financial burden.

## II. THE TRUE COST OF LEGACY APPLICATIONS - OPERATIONAL BOTTLENECKS

- ✓ **Lack of Modern Integration:** Legacy systems often lack compatibility with modern tools and software, creating integration challenges. This limits the ability to streamline operations or adopt new technologies, stifling innovation and reducing operational efficiency. Nearly 60% of financial services CTOs say legacy technology is too costly and inadequate for modern applications.
- ✓ **Workflow Inefficiencies:** These systems were not designed to handle the dynamic needs of today's businesses. As a result, workflows often involve redundant steps and manual intervention, which slows down efficiency and increases error rates. According to the 'Data and Analytics in a Digital-First World' report, 62 billion analytic work hours are lost annually due to inefficiencies of legacy systems.
- ✓ **Slower Performance:** Aging infrastructure and outdated technology result in slower processing speeds and higher latency. This not only frustrates end-users but also affects customer satisfaction and overall service delivery.
- ✓ **Higher Manual Dependency:** Without modern automation capabilities, legacy applications require more manual processes, increasing the risk of errors and the cost of labor. This dependency ultimately slows down operations and limits scalability.
- ✓ **Outdated Code Bases:** Legacy applications are built on old programming languages or frameworks, making upgrading or integrating with newer systems difficult. This outdated code limits the application's ability to evolve and adapt to changing business requirements. Over 60% of IT leaders indicate that outdated code and technical debt moderately to severely affect their company's data infrastructure.



### Operational Bottlenecks

Legacy applications tend to create significant operational bottlenecks. They often lack integration capabilities with modern systems, leading to workflow inefficiencies and delays in key processes. Additionally, outdated technology can result in slower performance, increased risk of system failures, and higher reliance on manual intervention. These operational disruptions slow down progress and innovation.

Research in the UK reveals that nearly **48% of UK employees** lose over three hours daily due to outdated and inefficient systems, which reduces productivity.



## Compliance Risks

As data privacy and security regulations evolve, legacy systems may struggle to meet new compliance standards. These outdated applications often lack the necessary security features, exposing sensitive data to vulnerabilities. Moreover, auditing and tracking data on legacy systems can be cumbersome, making it difficult to demonstrate compliance with modern legal and industry regulations.

According to a Gartner report, companies relying on outdated systems are **40% more prone** to compliance failures, increasing the risk of fines and reputational harm.

### III. THE TRUE COST OF LEGACY APPLICATIONS - COMPLIANCE RISKS

- ✓ **Modern Industry Regulations:** Legacy systems often fail to meet current regulatory standards, such as GDPR, CCPA, or HIPAA. Adapting these systems to comply requires significant investments, which many organizations cannot afford.
- ✓ **Inadequate Audit Trails:** Outdated systems lack robust logging and tracking capabilities, making it difficult to maintain proper audit trails. This not only complicates compliance but also increases the likelihood of undetected security breaches.
- ✓ **Data Retention Issues:** Legacy systems struggle to meet modern data retention requirements, such as long-term archival and secure deletion. This can lead to excessive storage costs or non-compliance penalties for improper data handling.
- ✓ **Cost of Non-Compliance:** Failure to meet regulatory standards can result in hefty fines, lawsuits, and reputational damage. The inability of legacy systems to adapt to evolving regulations increases these risks exponentially.
- ✓ **Data Breaches:** Legacy systems often lack advanced security features, making them vulnerable to cyberattacks. A single breach can result in millions of dollars in damages, legal costs, and loss of customer trust, highlighting the true cost of maintaining these outdated systems. Unpatched vulnerabilities in legacy applications are linked to 60% of data breaches, exposing organizations to significant compliance and security risks.



# WHY APPLICATION RETIREMENT IS **ESSENTIAL**?

As businesses expand, their application landscapes often become cluttered with outdated or redundant systems. This can lead to increased operational costs, security vulnerabilities, and inefficiencies. Application retirement or decommissioning outdated applications offers a strategic solution to these challenges.

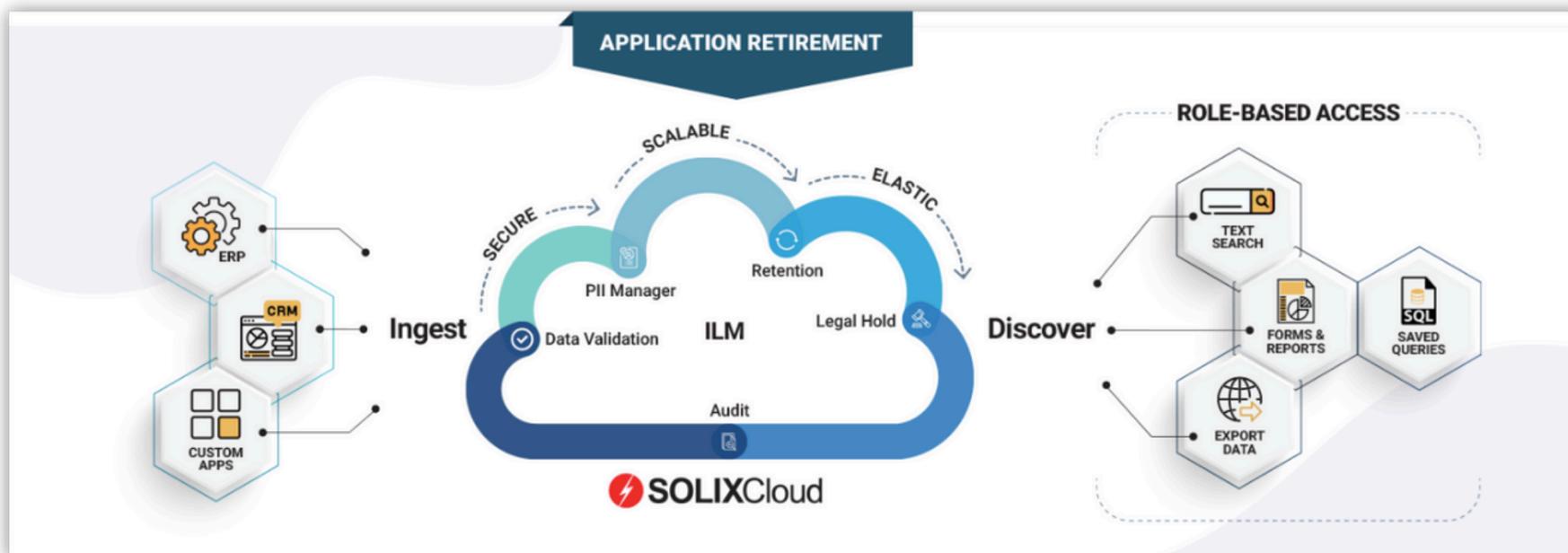
- ✔ **Addressing Legacy Application Challenges:** Application retirement offers a structured approach to addressing the challenges posed by outdated systems. By eliminating redundant applications, organizations can significantly reduce costs, enhance operational efficiency, and mitigate compliance risks. The process not only declutters the IT landscape but also creates opportunities for innovation and growth.
- ✔ **Rationalizing Application Portfolios:** Retiring redundant or obsolete applications allows businesses to streamline their portfolios. This rationalization reduces resource wastage, minimizes duplication of efforts, and focuses IT resources on critical business operations. Organizations can achieve enhanced clarity and efficiency in managing their IT systems.
- ✔ **Freeing Up Resources:** The retirement of legacy applications liberates significant IT budgets and human resources. These freed-up resources can then be directed toward innovative projects and strategic initiatives, fostering organizational growth and competitiveness.
- ✔ **Enabling Cloud Transformation:** Application retirement catalyzes cloud adoption by removing technical debt that often impedes migration efforts. Organizations can transition from inflexible, on-premises infrastructure to scalable, cloud-based solutions that offer greater agility and cost-effectiveness.





# MEET SOLIXCLOUD APPLICATION RETIREMENT

At the forefront of application retirement solutions is SOLIX, a technology designed to facilitate the seamless decommissioning of legacy applications. SOLIX Application Retirement and Decommissioning enables organizations to rationalize their application portfolio and reduce infrastructure costs. SOLIX application retirement as-a-service helps organizations transition away from complex, on-prem legacy application management to SaaS-based, modern alternatives. The SOLIX Application Retirement as-a-service solution is composed of three main components:



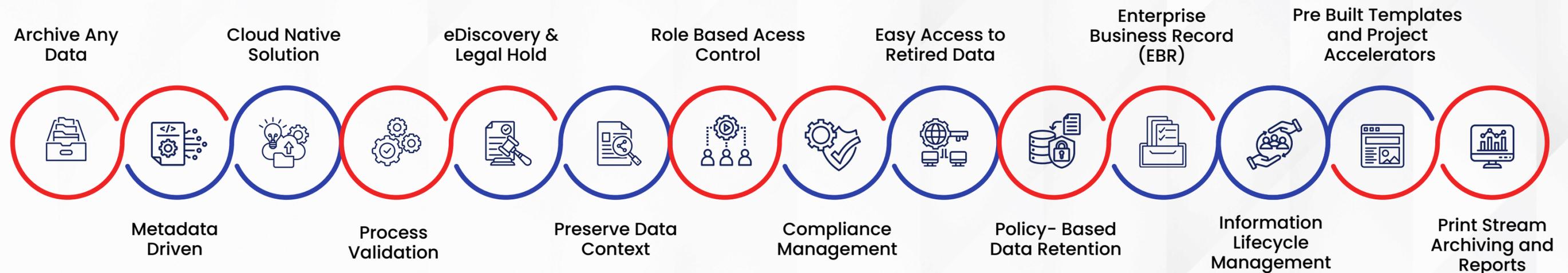
- ✓ SOLIX Common Data Platform (CDP) software-as-a-service in the Microsoft Azure cloud (or private cloud)
- ✓ The SOLIX Application Retirement Process and Methodology
- ✓ SOLIX Application Retirement Factory Services

The SOLIX platform supports businesses in effectively managing their application lifecycle. By providing a structured approach to application retirement, organizations can reduce operational costs, mitigate risks related to data loss, and maintain compliance with various regulatory requirements.



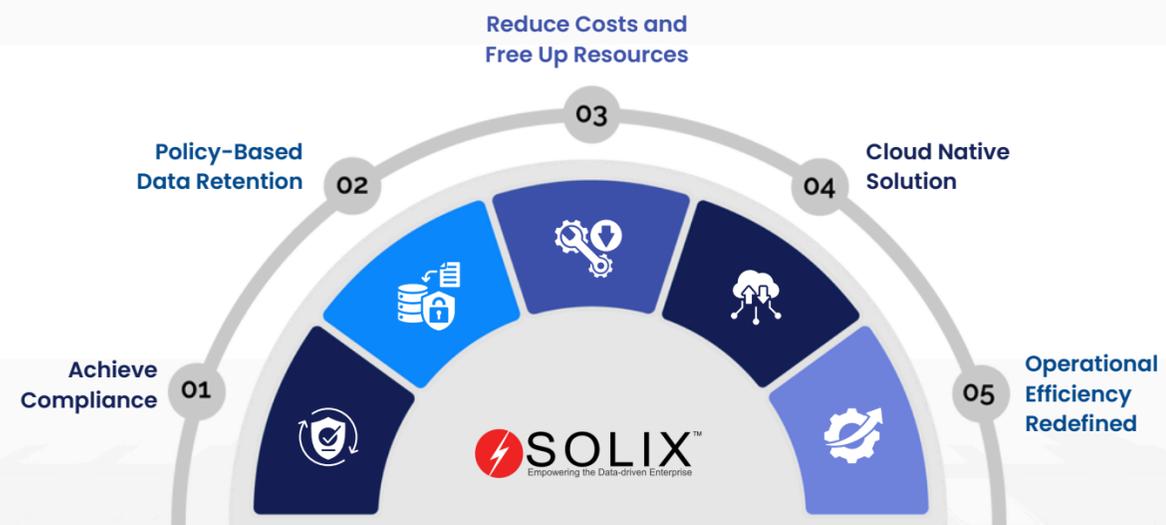
SOLIX Application Retirement and Decommissioning enables organizations to rationalize their application portfolio and reduce infrastructure costs. We help organizations transition from complex, on-prem legacy application management to SaaS-based, modern alternatives. The following are the key capabilities that have made the SOLIX Application Retirement solution the customer's choice for a very long time.

## Key Capabilities of SOLIX Application Retirement



# IT COST OPTIMIZATION: THE SOLIX EDGE

The SOLIX Application Retirement Solution offers a suite of unparalleled benefits that empower enterprises to seamlessly transition from legacy systems to modern IT environments. The solution empowers organizations to achieve significant IT cost optimization by consolidating and streamlining data management processes. Additionally, its advanced data lifecycle management capabilities help organizations eliminate data redundancy and comply with regulatory requirements, ensuring cost savings while maintaining robust governance and security.



- ✓ **Achieve Compliance:** SOLIX with its comprehensive and flexible ILM and legal hold features for compliance and legal requirements. Additionally, the solution provides a comprehensive audit report of all actions performed, including data ingestion, access, deletion, updates, and export. This helps compliance officers manage the compliance program effectively.
- ✓ **Policy-Based Data Retention:** Advanced Information Lifecycle Management (ILM) helps organizations navigate complex regulations and minimize accidental data deletion. Data is retained only as required by law, with automatic or manual purge options. A custom rules engine allows for tailored retention policies, while standard retention plans cover key regulations like PCI DSS, HIPAA, FISMA, GDPR, and CCPA.
- ✓ **Reduce Costs and Free Up Resources:** By moving legacy applications to low-cost Cloud storage, SOLIX Application Retirement frees up expensive hardware resources and software licenses in your production environment. It also eliminates maintenance and support efforts, freeing up valuable time for IT personnel. These result in significant cost and resource optimization while ensuring continued access to retired data for business reporting and regulatory compliance.
- ✓ **Cloud Native Solution:** SOLIX offers application retirement as a fully managed, low-cost, pay-as-you-go service. It is secure and compliant and can scale according to your enterprise's needs. SOLIX is designed to control costs, boost application performance and availability, and meet compliance objectives.
- ✓ **Operational Efficiency Redefined:** Expert-driven project delivery at SOLIX encompasses a meticulous approach, integrating advanced automation, industry expertise, and proven methodologies for tailored workflows. It ensures precision, efficiency, seamless application decommissioning, risk mitigation, and accelerated timelines, offering enterprises a collaborative and standout solution for optimized project execution.

# REAL-WORLD ROI: SUCCESS STORIES

## Challenges

A world-leading tool manufacturing company renowned as the foremost provider of engineered fastening systems with over 100 manufacturing facilities globally faced significant challenges with legacy systems. These outdated, resource-intensive applications were dispersed across multiple locations, resulting in high operational costs, data model inconsistencies, security vulnerabilities, compliance issues, and reduced IT efficiency.

## Solution

The company initiated a data archiving strategy for selected legacy applications to address these challenges. By leveraging **SOLIX**, they successfully decommissioned legacy applications while seamlessly migrating historical financial and operational data to a cost-effective, compliant, and secure archive. This unified, searchable archive not only resolved data model inconsistencies but also eliminated infrastructure overhead.

Impressed by the success of the initial implementation, the company extended its data archiving strategy globally with **SOLIX**. This strategic expansion facilitated better handling of merger and acquisition activities and delivered measurable benefits, including significant cost savings, improved regulatory compliance, enhanced litigation support, streamlined data life cycle management, operational efficiency, and robust data security and integrity. This partnership exemplifies how **SOLIX** empowers enterprises to transform their data management processes, driving efficiency, reducing complexity, and unlocking value from legacy systems.

### Company

Manufacturer of industrial tools, household hardware, and security products

### Headquarters

USA

### Key Applications

- Archival of 20+ legacy application systems globally (independent projects)
- Inflight SAP 4.7 migration
- Archival of 70+ M&A applications





## **SOLIX'S VISION**

**SOLIX's** vision is to simplify enterprise data management for a future-ready IT landscape by empowering organizations to manage their data with efficiency, compliance, and sustainability. Recognizing that data is the backbone of every enterprise, **SOLIX** provides tools to archive, access, and analyze historical data, transforming it from a liability into a valuable asset. By embedding policy-driven governance into application retirement and data archiving, **SOLIX** ensures compliance with current and future regulatory standards. Additionally, **SOLIX** contributes to global sustainability by reducing the carbon footprint of IT operations through the decommissioning of energy-intensive legacy systems. With a relentless focus on innovation, compliance, and sustainability, **SOLIX** aims to unlock the true potential of enterprise data while shaping a more agile, cost-effective, and environmentally responsible IT future.





## **ADDITIONAL RESOURCES**

Additional Resources: eBook on Application Retirement, Datasheet on SOLIX, and a Personalized Demo.



[Ebook](#)



[Datasheet](#)



[Personalized Demo](#)



# THANK YOU



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