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Turn It Off or It Didn't Happen: A Fixed-Fee Legacy Disposition Assessment for One Bureau's Portfolio

IT Modernization: decide which legacy systems to keep, fix, replace or retire, what each decision does to the authorization boundary, and how to fund it, before any build starts.

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Executive Summary

Most federal modernization budgets are already being spent, just not on modernization. GAO has reported for years that most federal IT spending goes to operating and maintaining existing systems. The money that could replace an aging platform is the money that keeps it running, and every year the platform gets older, the people who can safely change it get fewer, and the list of security findings that cannot close without a platform change gets longer.

The usual response is a multi-year rewrite with no working software until the end. What most bureaus need first is smaller: a documented decision for every system in a bounded portfolio, with its authorization impact and a funding path.

This paper is for CIOs, system owners, chief architects, CFOs, CISOs and ISSMs, and the CORs who buy the work. It describes Avalon Technology Services' IT Modernization service, which starts with one engagement:

- **A fixed-fee legacy disposition assessment for one bureau's portfolio.** Unclassified, planned at about ten systems. Inventory and dependency mapping, risk scoring, a keep, fix, replace or retire decision for every system with written rationale, an authorization-impact note for each decision, a target architecture outline, a sequenced increment roadmap, a funding strategy, and decommission criteria written before any build. The market band is \$60K to \$250K firm fixed price over 6 to 12 weeks.
- **A conditional pilot follow-on.** One system modernized end to end in 8 to 12 week increments, staffed with named hires, one engagement at a time.

Section 9 works through an illustrative ten-system portfolio carrying \$11.1M a year in operations and maintenance (O&M). The three largest systems carry 62% of that cost. Three systems score as retire candidates whose one-time transition cost pays back in about four to five months of eliminated run cost. The illustrative assessment fee is \$78K.

The service assesses and engineers. It does not grant, guarantee or speed an authorization. Security assessment and authorization decisions remain with the agency's assessors and Authorizing Official (AO), and savings are counted only after a system is actually turned off.

Why Legacy Systems Stay On

Each of these familiar phrases points to a decision not yet made.

What the agency says	What it usually means
"Our O&M eats most of the budget."	No one has ranked which systems cost the most to run and which could be retired
"The one person who knows it is retiring."	Staffing depth is a risk factor nobody has scored or funded
"We have POA&M items we literally cannot close without replacing the platform."	The finding is a modernization decision wearing a security label
"GAO (or the IG) flagged us and leadership wants a plan."	Oversight wants a defensible roadmap, not a slide
"Our last modernization attempt failed."	The last attempt was too big to cancel and had no working software until the end
"We can't get our data out of it."	Every new initiative, including AI, is blocked by one platform

Why It Concentrates in Government

- **One-year money rewards running, not replacing.** That is why Congress created the Technology Modernization Fund (TMF) and IT working capital funds under the MGT Act.
- **Change is expensive inside an authorization boundary.** Systems calcify because every move re-enters the Risk Management Framework (RMF).
- **Procurement lead time is long.** A replacement decided today may not be on contract for a year.
- **Oversight names systems without funding the fix.** FITARA scorecards and GAO reviews do not pay for replacements.

The Mandates and the Calendar

Driver	What it requires	What it means for this engagement
NIST SP 800-37 Rev. 2 and SP 800-53 Rev. 5	RMF steps for changed systems; the current control catalog	Every disposition gets an authorization-impact note for the ISSM
OMB M-22-09 (Jan 26, 2022) and CISA Zero Trust Maturity Model 2.0	Civilian zero trust strategy across identity, devices, networks, applications and workloads, and data	Target architecture notes show which pillars each increment advances
DoD Zero Trust Strategy	Target-level zero trust capabilities by the end of FY2027	Legacy platforms that cannot meet target level are scored as such
CISA BOD 26-02 (Feb 6, 2026)	End-of-support edge devices: inventory in 3 months, decommission in 12, replace in 18	End-of-support dates feed the risk score and the roadmap sequence
CISA BOD 26-04 (Jun 10, 2026)	Risk-based remediation clocks; replaced BOD 22-01 and BOD 19-02	Unpatchable platforms are flagged where a clock cannot be met
OMB M-26-14 (May 2026)	A risk-based logging model; replaced M-21-31	Logging requirements are written into the target architecture
OMB M-26-05 (Jan 23, 2026)	Agencies set risk-based software assurance policies; NIST SP 800-218 (SSDF) is guidance	Increments follow the agency's own policy; SBOMs only where the contract asks
FedRAMP Consolidated Rules (Jun 25, 2026)	Offerings are "FedRAMP Certified" in classes A through D; certification covers the provider's offering only	A cloud or SaaS destination still needs the agency's own authorization

Driver	What it requires	What it means for this engagement
TMF, working capital funds, FITARA	TMF was extended through Sep 30, 2026; agencies should confirm its current status. GAO-26-107737 (2026) found small TMF savings so far	The funding strategy names more than one path
DoD RMF under CSRMC (Sep 24, 2025)	RMF, DoDI 8510.01 and eMASS remain in use	Unclassified DoD components follow the same pattern

Typical triggers: a GAO, IG or FISMA finding that names a system; Windows Server 2016 end of support in January 2027; a BOD 26-02 edge device inventory; the last maintainer retiring; a funding decision; and year-end O&M funds.

What the Assessment Does

The assessment is destination-agnostic. It does not start from "move to the cloud" or "buy a product". It starts from the portfolio and asks one question per system: keep, fix, replace or retire. Its signature outputs are retire and tolerate decisions, funding paths and decommission criteria.

Step	Activities
Kickoff and data call	Government lead and steering cadence confirmed, dependencies dated in writing, data call issued for costs, contracts, diagrams and SSPs
Inventory and dependencies	Every in-scope system, its interfaces, its data stores, its incumbent O&M contract and who can change it
Risk scoring	Age, platform supportability, staffing depth, end-of-support exposure, unclosable POA&M items and mission criticality, on weights agreed at kickoff
Disposition	Gartner TIME quadrant (tolerate, invest, migrate, eliminate) plus a 7R pattern (rehost, replatform, refactor, rearchitect, replace, retire, retain), with written rationale
Authorization impact	For each disposition: whether the boundary changes, which RMF steps re-open and which POA&M items the change would remediate
Roadmap and funding	Target architecture outline, increments sequenced by risk and dependency, rough-order cost, and funding options
Decommission criteria	For every retire or replace decision: the exit test, a capped parallel run and the records disposition, written before any build

Avalon works in the agency's own repositories and tools. Code analysis uses tools the agency already licenses or approves, and no agency data leaves the agency environment.

Deliverables

Deliverable	Format
Legacy Portfolio Assessment and Risk Report	PDF report and scoring workbook (Excel)
Disposition Matrix	Excel, with a one-page summary per system
Target Architecture Outline	Diagrams, architecture decision records, zero trust alignment notes
Roadmap and Funding Strategy	Briefing deck and narrative; TMF proposal support where the agency pursues it
Authorization-impact notes and boundary-change inputs	Word, for the ISSM's SSP and POA&M
Decommission criteria per retire or replace decision	Word, written as statement-of-work language
Readout	Live briefing to the CIO, system owners, CISO and CFO

Where the Engagement Stops

The assessment does not design landing zones, plan migration waves, build pipeline evidence or mature delivery pipelines; those are separate Avalon services. It does not resell hardware or software, provide staff augmentation, take on long-term O&M, transform mainframe code or work in classified environments.

Authorization Impact, Stated Accurately

Replacing a platform changes components; retiring a system removes interfaces from other systems' boundaries; moving to a FedRAMP Certified service leaves the agency to authorize its own use. An authorization to operate does not carry over to a new

platform by default. The assessment makes those effects visible before money is committed, so the ISSM plans for them instead of discovering them at cutover.

Control area	What the assessment documents
CM-8 (system component inventory)	The in-scope components, interfaces and owners
SA-22 (unsupported system components)	Components past or near end of support, with dates
CA-5 (plan of action and milestones)	Open items that cannot close without a platform change, by system
PL-2 (system security plan)	Boundary-change inputs for each disposition
SI-2 (flaw remediation)	Platforms that cannot meet BOD 26-04 clocks
AU family	Logging gaps against the agency's M-26-14 decisions

Accurate	Not accurate
Identifies the technology conditions behind open POA&M items and which disposition would remediate them	Closes POA&M items
Produces boundary-change inputs for the ISSM	Achieves, preserves or speeds an ATO
A defensible disposition for every system	Brings the bureau into FISMA compliance
A break-even estimate per retire decision	Guarantees a savings percentage

How an Engagement Runs

Phase	Timing	What happens
Initiation and access	Agency-dependent	Accounts, badging, tool access, data call; dated as government-furnished dependencies
Discovery and scoring	Weeks 1–5 of work	Inventory, dependency mapping, SME interviews, risk scoring
Disposition and authorization impact	Weeks 4–7	TIME and 7R decisions, one-page summaries, ISSM review
Roadmap, funding and readout	Weeks 7–8	Increment sequence, funding options, decommission criteria, five-business-day agency review, final briefing
Pilot follow-on (separate, conditional)	4–7 months	One system, 8–12 week increments, each ending in working software and a cancel-or-continue decision

The base case is about eight weeks of work after access; federal onboarding time is dated separately.

What the Agency Provides

- A government lead with decision authority and a biweekly steering meeting.
- System owner and subject matter expert time of four to eight hours a week per in-scope system during discovery.
- Access to source code, architecture diagrams, SSPs, POA&Ms and incumbent O&M contract files, or a paired-hands model where agency staff run queries.
- ISSO or ISSM participation for authorization-impact notes.
- Dated government-furnished items. When they slip, the schedule moves day for day through an equitable adjustment.

What Is Not Included

Included	Separate work
A disposition for every in-scope system	Executing the dispositions, unless bought as the pilot follow-on
Authorization-impact notes	Writing the SSP, managing the POA&M or the authorization package
Funding options and TMF proposal support	Guaranteed funding or savings
Destination-agnostic target outline	Landing zones, migration waves or cloud design
Licensing and procurement advice	Hardware, software or license resale
Knowledge transfer	Long-term O&M or staff augmentation
Unclassified systems	Classified, IC or mainframe transformation scope

How Avalon Staffs It

Avalon takes one engagement at a time, works business hours, and works on unclassified systems only. Avalon's founder serves as engagement lead and project manager at full time, with one named modernization architect at half time. Avalon has no past federal engagements under this service. FAR 15.305 says an offeror without a record of past performance may not be evaluated favorably or unfavorably on that factor; what protects the agency is a named team, a fixed price and a bounded scope.

Because the assessment shapes the follow-on statement of work, Avalon raises organizational conflict of interest (FAR subpart 9.5) before the contracting officer does. Assessment deliverables are vendor-neutral, and the agency may choose to treat Avalon as assessment-only on that program.

Requirement	How it is handled
Modernization architect	Named personnel whose certifications and investigation level match the agency's requirements, listed in the proposal, hired or subcontracted
Security credential for the ISSM liaison role	A certified security lead named in the proposal where the agency requires one
Civilian or DoD access	Public Trust or the investigation level the agency requires, as a condition of the engagement; DoD privileged access only with personnel who meet the agency's workforce requirements
Data handling	Work stays in the agency's environment; no Avalon-side handling of controlled unclassified information
Pilot follow-on	Offered only with named hires for the technical lead and engineers, listed in the proposal
Insurance and contract vehicles	Any coverage the solicitation requires is a condition of award; Avalon does not hold a GSA Schedule or a governmentwide contract today

Pricing and How to Buy

Engagement	Market-norm range	Avalon
A: Legacy disposition assessment, up to about 25 systems, 6–12 weeks	\$60K–\$250K	Firm fixed price; illustrative \$78K for ten systems
B: Pilot modernization of one system, 4–7 months	\$250K–\$1.2M	FFP milestones or T&M with a not-to-exceed; conditional, with named hires
C: Multi-system program, 12–36 months	\$1.5M–\$8M per year	Not offered today

The assessment sits under the \$350,000 simplified acquisition threshold, so it can be bought as an open-market purchase. Purchases between the \$15,000 micro-purchase threshold and the SAT are generally set aside for small business when two or more capable small businesses are expected to compete. Above the SAT, or inside a larger modernization task order, a prime can subcontract the work to Avalon. Time-and-materials pricing requires a timekeeping system the government accepts; Avalon does not propose cost-reimbursement.

Prices are fixed against a named system list. A system added after kickoff is priced from the per-system hours in Section 9. It costs a fraction of one year of the O&M it examines.

Illustration: Ten Systems, One Bureau

The figures below are a planning illustration for one representative unclassified bureau portfolio, not a quote and not a result from any engagement. In a real assessment the agency enters every per-system value, and the weights are agreed at kickoff.

System	Platform	O&M/yr	Age	Maint.	POA&M	Risk	Crit.
S1 Grants management	Oracle Forms	\$2.9M	22	2	7	86	5

System	Platform	O&M/yr	Age	Maint.	POA&M	Risk	Crit.
S2 Case management	COBOL batch, Java front end	\$2.4M	31	1	4	82	5
S3 Financial interface hub	.NET Framework on Windows Server 2016	\$1.6M	15	3	5	70	4
S4 Licensing portal	Classic ASP	\$900K	19	1	6	94	2
S5 Document imaging	Vendor product, on premises	\$1.1M	12	2	2	56	3
S6 Reporting warehouse	Relational database, scheduled ETL	\$700K	10	3	3	51	3
S7 Training records	PowerBuilder	\$300K	20	1	2	88	1
S8 Facilities requests	Desktop database with macros	\$150K	17	1	2	72	1
S9 Correspondence tracker	Java web application	\$600K	9	4	1	39	2
S10 Public data API	Python in containers	\$450K	4	5	0	20	4
Total		\$11.1M			32		

POA&M counts only items that cannot close without a platform change. Risk is a 0 to 100 score: each factor is rated 1 to 5 and weighted 25 for staffing depth, 25 for end-of-support exposure, 20 for platform supportability, 20 for unclosable POA&M items and 10 for age. Mission criticality (1 to 5) is the value axis. A system scoring 60 or higher on risk and 3 or higher on criticality is a migrate candidate; high risk with low criticality is an eliminate candidate.

The three largest systems carry \$6.9M of \$11.1M, or 62% of portfolio O&M. That concentration is the first budget finding: the modernization decision that matters most to the CFO involves three systems, not ten.

Dispositions

TIME quadrant	Systems	7R pattern
Migrate (high value, poor condition)	S1, S2, S3	Replace, refactor, replatform
Eliminate (low value, poor condition)	S4, S7, S8	Retire
Invest (high value, sound condition)	S5, S6, S10	Retain and keep current
Tolerate (low value, sound condition)	S9	Retain as is; revisit at end of support

26 of the 32 unclosable POA&M items sit on the six migrate and eliminate systems. Those are the items the ISSM can tie to a funded decision instead of carrying them as risk acceptances year after year. S3 runs on Windows Server 2016, so its replatform increment is sequenced first, since end of support arrives in January 2027.

Break-Even on Retire and Replace Decisions

System	Decision	One-time cost	O&M now	Run cost after	Break-even (months)	At +50% cost
S4 Licensing portal	Retire	\$260K	\$900K	\$120K	4.0	6.0
S7 Training records	Retire	\$90K	\$300K	\$40K	4.2	6.2
S8 Facilities requests	Retire	\$60K	\$150K	\$0K	4.8	7.2
S1 Grants management	Replace	\$3.2M	\$2.9M	\$1.3M	24.0	36.0

Break-even month is the one-time transition cost divided by the monthly run cost eliminated. The three retire candidates cost \$410K to transition and remove \$1.2M a year of net run cost; each pays back in under five months, and in under eight months even if transition costs run 50% over plan. The S1 replacement is a different kind of decision: about two years to break even, three years at the high case, which is why it needs a funding strategy and a capped parallel run, not just a business case. None of these figures is a promised saving. Savings are counted only in a decommission report after the system is actually off.

What the Assessment Costs

Scope	Systems	Hours	Weeks at 60 hrs	Rate-band range	Planning fee
Small	6	352	5.9	\$40.5K–\$73.9K	\$60K
Base	10	480	8.0	\$55.2K–\$100.8K	\$78K
Large	15	640	10.7	\$73.6K–\$134.4K	\$104K
KB ceiling	25	960	16.0	\$110.4K–\$201.6K	\$156K

Hours are 160 fixed (kickoff, data call, architecture outline, roadmap, funding strategy and readout) plus 32 per system: 8 for inventory and dependencies, 8 for interviews, 6 for scoring, 6 for the disposition summary and 4 for the authorization-impact note. The team works 60 hours a week at a blended \$115 to \$210 an hour. The ten-system base case is 480 hours over 8 weeks, \$55.2K to \$100.8K, quoted at \$60K to \$100K firm fixed price. The six-system case prices at the \$60K floor of the band. The 25-system ceiling stays inside the price band but runs 16 weeks at this staffing, past the 12-week norm, so it needs a second named hire. Every case sits under the simplified acquisition threshold.

Common Pitfalls

Pitfall	How to avoid it
"While you're in there" scope creep	The disposition matrix becomes the contractual baseline; new asks go through change control
The decommission that never happens	Decommission is a dated deliverable with exit criteria and a capped parallel run
Data migration optimism	Profile real data during discovery and price migration on evidence
Assuming the ATO carries over	Authorization-impact note before every increment; the AO decides
Promising savings before the assessment	Break-even estimates only; savings verified after turn-off
Lift-and-shift called modernization	Rehost is one of seven patterns, chosen only when the rationale supports it

Conclusion and Next Step

A modernization that leaves the old system running has not happened. The work that changes a bureau's budget is a clear decision for every system, the authorization effect of each decision, a funding path, and an exit test written before anyone builds anything. Most bureaus can buy that decision quickly, inside a fixed price, before committing to a program.

The natural first step is the fixed-fee legacy disposition assessment: one bureau's unclassified portfolio, planned at about ten systems, about eight weeks of work, under the simplified acquisition threshold, ending in a scored inventory, a disposition matrix, authorization-impact notes, a funded roadmap and decommission criteria. To discuss a portfolio, contact Avalon Technology Services at contact@AvalonTechServices.com.

Appendices

Appendix A: Glossary

7R

Disposition patterns for a system: rehost, replatform, refactor, rearchitect, replace, retire, retain.

ATO

Authorization to operate: the Authorizing Official's decision to accept the risk of operating a system. It is not a certification and does not carry over to a new platform by default.

FedRAMP Certified

The 2026 FedRAMP designation for a cloud provider's offering, in classes A through D. It covers the offering only; the agency authorizes its own use.

Gartner TIME

A rationalization model: tolerate, invest, migrate or eliminate.

Strangler fig

Replacing a legacy system piece by piece behind a stable interface until the old system can be turned off.

TMF

Technology Modernization Fund: a central fund for agency modernization projects, generally repaid by the agency.

Working capital fund

An agency IT fund under the MGT Act that can carry modernization money across fiscal years.

Appendix B: Illustration Assumptions

All values are planning assumptions for one representative unclassified bureau portfolio. None is drawn from a specific agency, a real system or a completed engagement.

Assumption	Value	Basis
Portfolio	10 systems, \$11.1M O&M a year, 32 unclosable POA&M items	Planning assumption
Risk weights	Staffing 25, end of support 25, platform 20, POA&M 20, age 10	Agreed at kickoff in a real engagement
Transition costs	S1 \$3.2M, S4 \$260K, S7 \$90K, S8 \$60K	Planning assumption
Assessment hours	160 fixed + 32 per system	Planning assumption
Team	Lead/PM 1.0 FTE, named architect 0.5 FTE, 60 hours a week	One engagement at a time
Rates	\$115–\$210 an hour blended	Market-norm band, unclassified
Price check	Base fee \$78K	Inside the \$60K–\$250K band

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