Kyndryl Readiness Report: 90% Confident in IT, but 39% Say It's Future-Ready

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Inaugural global study, with exclusive data from AI-powered Kyndryl Bridge, shows how executives rank risks, prioritize investments, and balance technology and talent

- Security and regulations top lists of executives' concerns
- AI return on investment limited by skills, compliance, compatibility
- End-of-life technology a top challenge for CEOs
- Talent drives overall readiness

NEW YORK, Oct. 16, 2024 /PRNewswire/ -- Kyndryl today released the 2024 Kyndryl Readiness Report, which explores the paradox of why 90% of executives believe their IT infrastructure is best-in-class but only 39% of them think it's ready to manage future risks. The report also shows how IT modernization is helping companies gain a competitive edge, even as just 42 percent of businesses currently see positive return on investment from AI.

In the digital economy, business leaders say they're relying on their IT to mitigate risk, build talent and take advantage of new tools. Yet while 94% of leaders say technology modernization is a high priority for their companies, data from Kyndryl shows that 44% of mission-critical IT infrastructure is approaching or at end-of-life, increasing vulnerability and raising barriers to modernization. Business leaders say they need help with decision making and talent development.

The Kyndryl Readiness Report combines feedback from 3,200 senior decision-makers with insights from Kyndryl Bridge, the Company's AI-powered digital business platform, to illustrate global business challenges and opportunities across markets and industries.

Additional highlights:

- **AI ROI elusive:** While 76% of businesses are investing in traditional AI and machine learning, only 42% see a positive return on investment. The biggest barriers to AI adoption remain data privacy concerns (31%), uncertain ROI (30%) and compliance challenges (26%).
- **End-of-life technology challenge:** Nearly all modern businesses face the challenge of keeping their systems up to date. 64% of CEOs are worried about outdated IT, and Kyndryl Bridge shows that 44% of mission-critical IT infrastructure is approaching or at end-of-life.
- **Technology is outpacing training:** Over 40% of leaders are experiencing technology skills gaps that hinder modernization progress.
- **Security still top concern:** 65% of executives are worried about cyber-attacks, and only 30% feel ready to manage those risks.
- **Leaders report business-tech alignment:** Companies farther along in digital transformation report greater collaboration between business and technology leaders, and greater ROI on technology projects.

"The work we do at Kyndryl to run and transform complex IT infrastructures for thousands of enterprise customers, has given us a deep perspective on how companies can identify opportunities to overcome today's business challenges," said Martin Schroeter, Chairman and CEO of Kyndryl.

"Readiness is an ongoing challenge and it's about empowering people, aligning tools with culture and embracing the complex journey of digital transformation across the entire organization."

Report maps out risks and benefits

Cybersecurity tops the list of business concerns: 65% of business leaders are worried about cyberattacks, and only 30% feel ready to manage them. Similarly, 59% express concern over climate and environmental disruptions, yet just 25% believe their systems can effectively respond.

An accelerating regulatory landscape is also top of mind for executives, as major measures come online. While 48% of executives are concerned that the pace of regulation is moving too fast, 66% see regulation as having a positive effect overall.

Despite these challenges, businesses that do modernize are realizing clear benefits from those projects. Looking back on the past year, leaders said they have experienced improved efficiency (85%), greater innovation (71%) and an improved employee or customer experience (60%). However, there is still room to improve as executives see less of an impact in data security and compliance with regulations (34%) and from sustainability-based outcomes such as decreased energy use or emissions (27%).

Even companies that have adopted more advanced IT tools, like automation programs that monitor and solve for issues across an entire IT estate, have room for additional improvement. Kyndryl Bridge shows an average of 8% of IT issues are remediated by automation without human intervention. Kyndryl sees the potential for up to 30% of IT issues being resolved through automation - potentially saving companies billions of dollars per year in maintenance costs and prevented downtime.

Creating a roadmap to readiness
As the data indicates, organizations face tough decisions in their readiness journeys. By plotting out blind spots and difficult trade-offs, the Report offers a roadmap to readiness in a rapidly changing business landscape.

1. **Being 'people-ready' is just as important as being 'tech-ready.' IT is everyone's business.** Organizations farther along on their technology journeys also report alignment between business and technology leaders. With IT playing a more prominent role in shaping workplace culture and processes, CIOs and CTOs who collaborate across the C-suite will be more prepared to bring employees along with upgrades in technology. Leaders who nurture a skilled workforce are more likely to feel ready for future risks, so investing in talent development, particularly in AI and cybersecurity, is crucial.
2. **Weigh the new vs. the familiar:** To build the case for smart investments, leaders need to understand how new tools will integrate not only with technology but the company culture, processes and goals. Balancing immediate needs with long-term investments will help leaders navigate complex modernization challenges. And new capabilities, like AI, rely on a solid data foundation; investing in the foundation first may achieve higher ROI in the long term.
3. **Reframe the conversation about tech debt:** The data shows that in an evolving market, with nearly everyone confronting aging infrastructure, businesses are not alone in the end-of-life technology challenges. Reducing technical debt eliminates operational inefficiencies and unlocks potential for faster growth—an investment in future agility and innovation. This includes fully embracing new capabilities like automation to increase efficiency and reduce downtime.

To read the full report, read Kyndryl's 2024 Readiness Report.

Methodology
The 2024 Kyndryl Readiness Report is based on a comprehensive survey conducted by Edelman DXI, gathering insights from 3,200 senior decision-makers across 25 industries, including healthcare, manufacturing, energy, and finance. The survey, conducted between July 1 and August 12, 2024, captured perspectives from C-suite executives (CEOs, CFOs, CIOs, and CTOs) and senior directors from companies across 18 global markets, including the United States, Brazil, China, Germany, and the UK.

About Kyndryl
Kyndryl (NYSE: KD) is the world's largest IT infrastructure services provider, serving thousands of enterprise customers in more than 60 countries. The company designs, builds, manages and modernizes the complex, mission-critical information systems that the world depends on every day. For more information, please visit www.kyndryl.com.

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