



Everest Group Application Transformation Services PEAK Matrix® Assessment 2024 – Europe

Focus on Kyndryl

April 2024



Introduction

In light of evolving customer expectations and the need for enhanced productivity and efficiency, the importance of application transformation has grown significantly for enterprises.

To harness the full potential of emerging technologies, businesses are taking transformation steps and moving away from outdated legacy systems. With the looming macro-economic uncertainty, European enterprises are focusing on application transformation initiatives to realize business value with each transformation step. Further, there is a sustained drive toward sustainability, compliance, and regulatory adherence. Service providers are, in turn, enhancing their offerings through strategic partnerships with technology and platform providers and developing Intellectual Property (IP) to deliver higher Return on Investment (RoI) and gain enterprise confidence. Additionally, they are making substantial investments to expand their regional delivery centers in Europe to bolster local service delivery and ensure better proximity to customers.

In this research, we present an assessment and detailed profiles of 26 application transformation service providers featured on the [Application Transformation Services PEAK Matrix® – Europe](#).

Each provider profile provides a comprehensive picture of its service focus, key IP / solutions, domain investments, and case studies. The assessment is based on Everest Group's annual RFI process for calendar year 2023, interactions with leading application transformation service providers, client reference checks, and an ongoing analysis of the application transformation services market.

This report includes the profiles of the following 26 leading application transformation service providers featured on the Application Transformation Services PEAK Matrix – Europe:

- **Leaders:** Accenture, Capgemini, Deloitte, HCLTech, IBM, Infosys, TCS, and Wipro
- **Major Contenders:** CI&T, DataArt, DXC Technology, Fujitsu, Hitachi Digital Services, Kyndryl, LTIMindtree, Mphasis, Nous Infosystem, PwC, Sopra Steria, Stefanini, Tech Mahindra, and UST
- **Aspirants:** Datamatics, SLK Software, Sonata Software, and Virtusa

Scope of this report

Geography: Europe

Industry: Market activity and investments of 26 leading application transformation service providers

Services: Application transformation services

Application Transformation Services PEAK Matrix® – Europe | characteristics

Leaders

Accenture, Capgemini, Deloitte, HCLTech, IBM, Infosys, TCS, and Wipro

- Leaders have displayed a focused vision and strategy to drive application transformation for European enterprise clients through a credible suite of branded IP and solution accelerators and a balanced services portfolio with mature advisory and implementation capabilities
- They are making strategic investments to expand their partnership ecosystem with hyperscalers, transformation-centric technology vendors, and niche start-ups; they continue to keep pace with market dynamics and make headway into disruptive themes such as generative AI to deliver productivity benefits across the Software Development Life Cycle (SDLC)
- Providers in this category have built strong onshore and nearshore capabilities across Europe to expand their localized service delivery footprint to ensure European enterprises' geo-specific objectives such as adherence to regulatory compliances, meeting ESG mandates, and maintaining cultural nuances in delivery are taken care of

Major Contenders

CI&T, DataArt, DXC Technology, Fujitsu, Hitachi Digital Services, Kyndryl, LTIMindtree, Mphasis, Nous Infosystem, PwC, Sopra Steria, Stefanini, Tech Mahindra, and UST

- While these providers are driving focus on strengthening their service offerings through dedicated investments in IP development and partner network expansion, their service portfolios and delivery capabilities are not as balanced as those of Leaders
- They continue to exhibit strong industry credentials for delivering application transformation services across key verticals, geographies, and enterprise buyer groups in Europe, making them strong competitors to Leaders

Aspirants

Datamatics, SLK Software, Sonata Software, and Virtusa

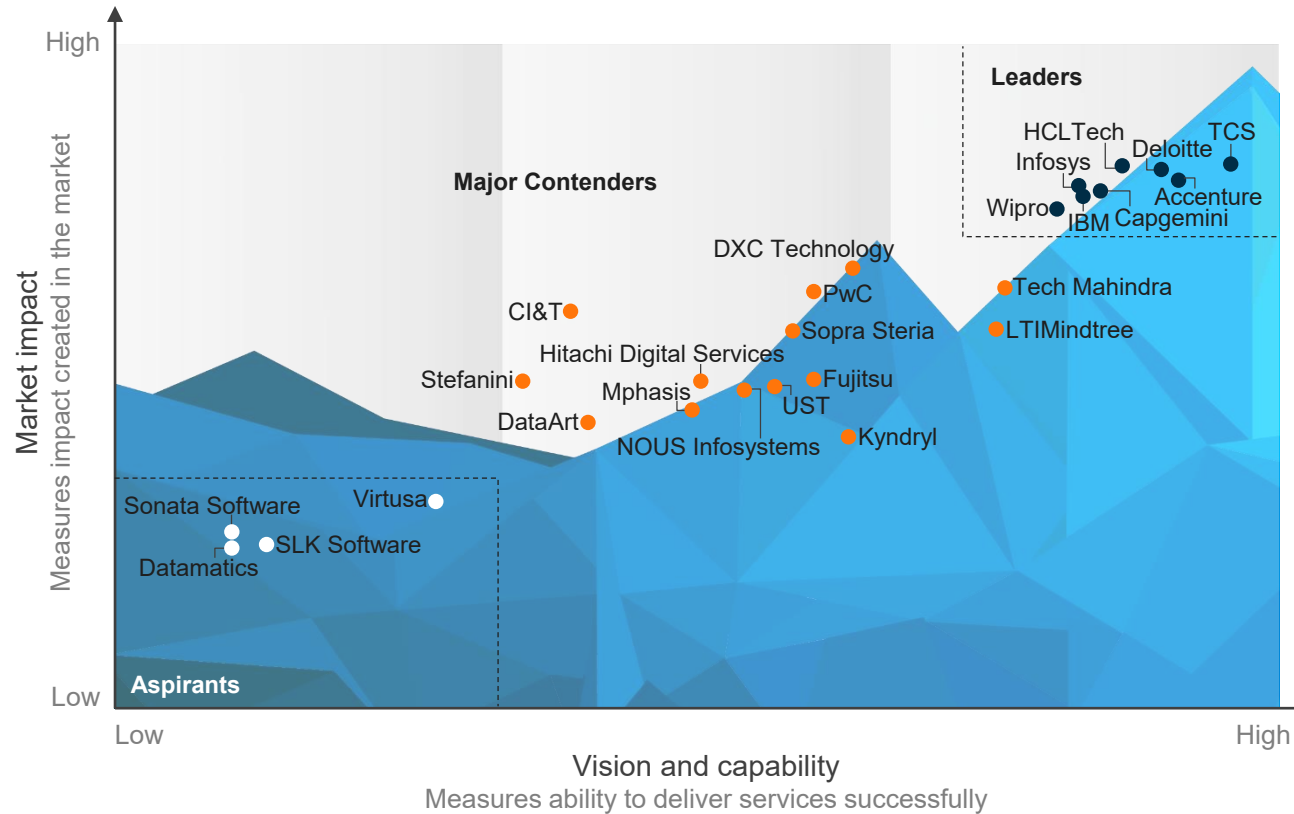
- Providers in this category have limited market presence, delivery footprint, and customer portfolio
- However, they are gradually increasing their investments to develop focused solution accelerators, expand their partner network, and augment their services portfolio to compete in the mature transformation services market

Everest Group PEAK Matrix®

Application Transformation Services PEAK Matrix® Assessment 2024 – Europe | Kyndryl is positioned as a Major Contender

Everest Group Application Transformation Services PEAK Matrix® Assessment 2024 – Europe^{1,2,3}

- Leaders
- Major Contenders
- Aspirants



1 Assessments for Accenture, Capgemini, and Virtusa excludes service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, provider public disclosures, and Everest Group's interactions with buyers
 2 Analysis of IBM is based on capabilities after the split into IBM and Kyndryl
 3 Analysis for Kyndryl and Infosys includes partial inputs from the service provider, and is based on Everest Group's estimates that leverages its proprietary data assets, service provider public disclosures, and interaction with buyers
 Source: Everest Group (2024)

Kyndryl profile (page 1 of 5)

Overview

Vision for Application Transformation Services

Kyndryl is an IT infrastructure services provider that serves thousands of enterprise customers in over 60 countries. As a focused, independent firm, it builds on its foundation of accomplishment by bringing in the right partners, investing in its business, and collaborating with its clients to help them realize their full potential. It interacts with applications on a daily basis as it supports its clients and accelerates its base services to bring in new services in this sector.

Scope of services

Kyndryl's services cover:

- Consulting, migration, design, modernization, implementation, and management for enterprises, as well as COTS and bespoke applications, on distributed, power, and mainframe platforms
- Bespoke applications leveraging SOA, cloud-native, microservices, monolithic, and low-code/no code architectures

Application transformation services revenue (2022)

<US\$200 million	US\$200-500 million	US\$500 million-US\$1 billion	>US\$1 billion
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Application transformation revenue mix (2022)

● Low (<0%) ● Medium (10-20%) ● High (>20%)

By geography

- | | | |
|----------------|------------------------------|----------|
| ● UK & Ireland | ● Nordics | ● DACH |
| ● Benelux | ● France and Southern Europe | ● Others |

By function

- | | | |
|------------|------------------|-----------------------------|
| ● Advisory | ● Implementation | ● End-to-end implementation |
|------------|------------------|-----------------------------|

By industry

- | | | |
|--|--------------------------------|-------------------------------------|
| ● BFSI | ● Energy and utilities | ● Manufacturing |
| ● Electronics, hi-tech, and technology | ● Healthcare and life sciences | ● Telecom, media, and entertainment |
| ● Public sector | ● Retail and CPG | ● Travel and transport |
| ● Others | | |

By buyer size

- | | | |
|--|--|--|
| ● Small (annual client revenue <US\$1 billion) | ● Medium (annual client revenue US\$1-5 billion) | ● Large (annual client revenue US\$5-10 billion) |
| ● Very large (annual client revenue US\$10-20 billion) | ● Mega (annual client revenue >US\$20 billion) | |

Kyndryl profile (page 2 of 5)

Solutions, partnerships, and recent investments

[NOT EXHAUSTIVE]

Proprietary solutions for application transformation services

Solution name	Details
Application and workload cloud adoption and Well-Architected Framework (WAF) assessments	This tool analyzes application and workload readiness for cloud migration, as well as recommended dispositions and cloud selection. It also evaluates the application's alignment with the WAF.
Cloud landing zone design and build	This solution helps in the creation and deployment of landing zones using WAF and customer design concepts.
Software-defined migration and modernization	This automation framework is used for the migration of virtual machines and databases to public and private clouds; leveraging a wide range of cloud-native and third-party tools. This tool allows the deployment of custom code/scripts for multiple migration and modernization use cases, resulting in accelerated delivery and reduced costs.
Application Modernization Accelerator	This accelerator helps to analyze monolithic applications, determine potential microservices, and create boilerplates for the recommended/finalized microservices.

Application transformation services partnerships

Partner name	Details
Microsoft	It is an Azure Expert Managed Services Partner and holds competencies in business applications (with specialization in low-code application development), Digital and App Innovation Azure, and Microsoft Cloud. It is also collaborating with Microsoft to enable the adoption of enterprise-grade generative AI solutions on the Microsoft Cloud.
AWS	It is an AWS Premier Tier Services Partner and supports the AWS Mainframe Modernization service. As part of its collaboration with AWS, Kyndryl has established an innovation factory to co-create generative AI and ML solutions focused on accelerating business transformation for its enterprise clients.
Google Cloud	It is a Premier Partner of Google Cloud and has achieved 31 Google Partner Expertise globally. It focuses on joint solution development in the areas of Google Cloud migration and modernization, applications, data and AI services for Google Cloud, and mainframe modernization.

Kyndryl profile (page 3 of 5)

Solutions, partnerships, and recent investments

[NOT EXHAUSTIVE]

Application transformation services investments

Investment name/theme	Details
Acquisition	It acquired Finnish financial IT service provider, Samlink, to expand its capabilities in Finland and the Nordics.
Innovation	It has invested to set up joint innovation labs in collaboration with all major hyperscalers.
Partnership	It is partnering with Dynatrace to provide joint offerings on application modernization, unified observability, and enhanced AIOps.

Kyndryl profile (page 4 of 5)

Case studies

CASE STUDY 1

Mainframe modernization for an EMEA-based insurer

Business challenge

The client's mainframe operating system and most of its systems software relied on legacy technology. It wanted to enable digital-first and cloud-first strategies and mitigate material IT risk. To accomplish that, the client needed to move its infrastructure, software, and mainframe data to a robust and security-rich cloud architecture.

Solution

Kyndryl modernized and transformed the client's legacy IT systems through unique hybrid solutions including managed extended cloud IaaS for IBM Z®. It migrated nearly 10,000 logical volumes of data and helped the client adopt smart technologies that could create and automate industry-leading actuarial models for its analysts. It also executed over 5,500 test cases during the project.

Impact

- Enabled 30% performance gain and greater cost predictability
- Enabled flexibility and future growth by changing from a fixed to a variable cost model

CASE STUDY 2

Simplifying operations for a global software company providing services to financial institutions

Business challenge

The client desired to shift its operational burden of maintaining infrastructure and applications in customer environments to a SaaS model. It aimed to develop and provide new features to clients as rapidly as possible.

Solution


Kyndryl designed and implemented a standardized, automated, and fully managed cloud landscape for SaaS platforms over four continents in various top-tier data centers. It moved customers from various on-premise environments to the SaaS platform.

Impact

- Boosted performance by 30-40% for most customers
- Enabled the swift onboarding of new customers
- Allowed for rapid and simple change of capacity and prices










Kyndryl profile (page 5 of 5)

Everest Group assessment – Major Contender

Measure of capability:  Low  High

Market impact

Vision and capability

Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
								

Strengths

- Enterprises looking for consulting-led transformation engagements would find Kyndryl a good fit due to its strong capabilities and offerings for portfolio assessment and transformation strategy roadmap formulation
- Kyndryl's Software-defined Migration and Modernization (SDMM) tool would play a pivotal role in simplifying and expediting the migration process by automating the transfer of workloads from on-premises to cloud environment
- It serves a balanced client base for application transformation services across key verticals and has a portfolio serving all levels of the market, from midsize to large

Limitations

- Lack of in-house solutions and verticalized offerings serving multiple use cases for application transformation limits its visibility in the market
- Limited proof points of delivering large-scale, complex engagements, leveraging different transformation methodologies hinder its ability to establish itself as a preferred partner in Europe
- Enterprises looking for localized delivery across certain geographies in Europe such as Benelux and the Nordics might not find it to be a suitable fit as its capabilities in these regions lag peers

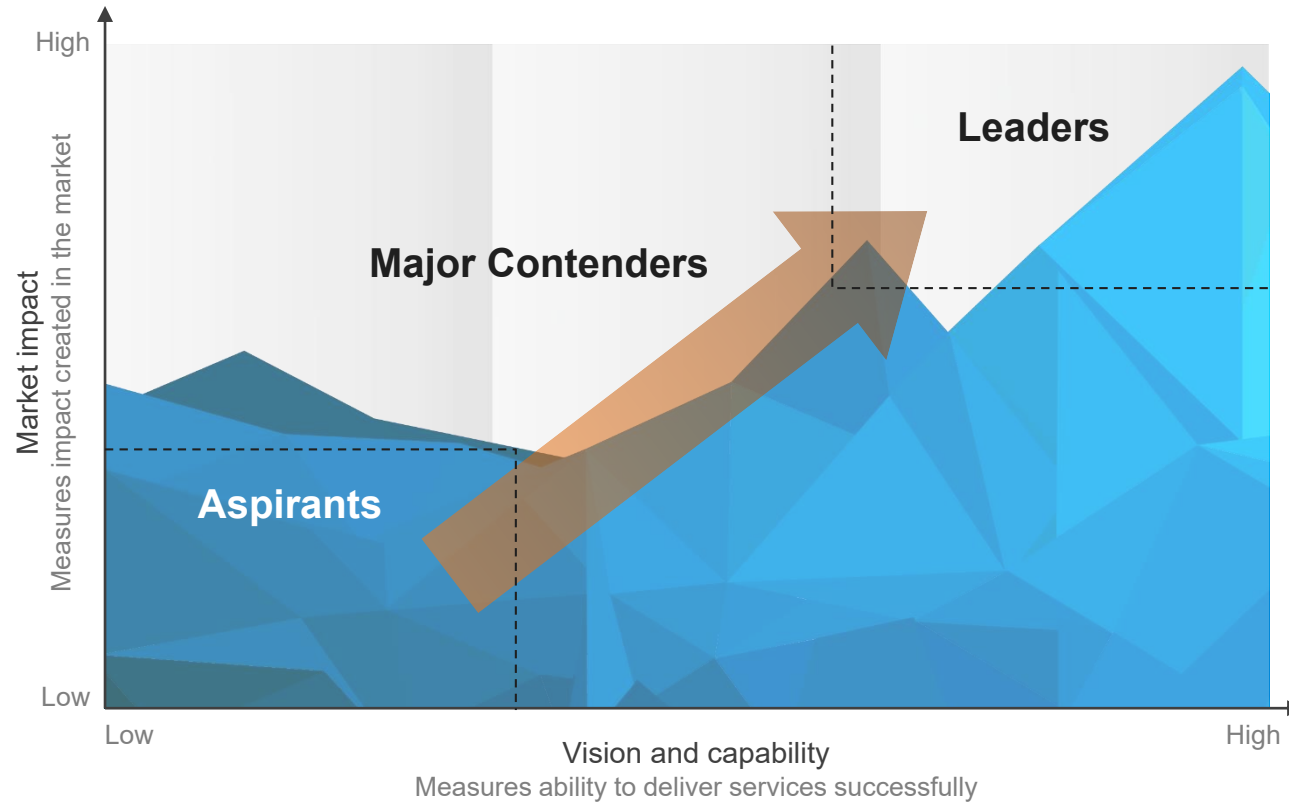
Appendix

PEAK Matrix framework

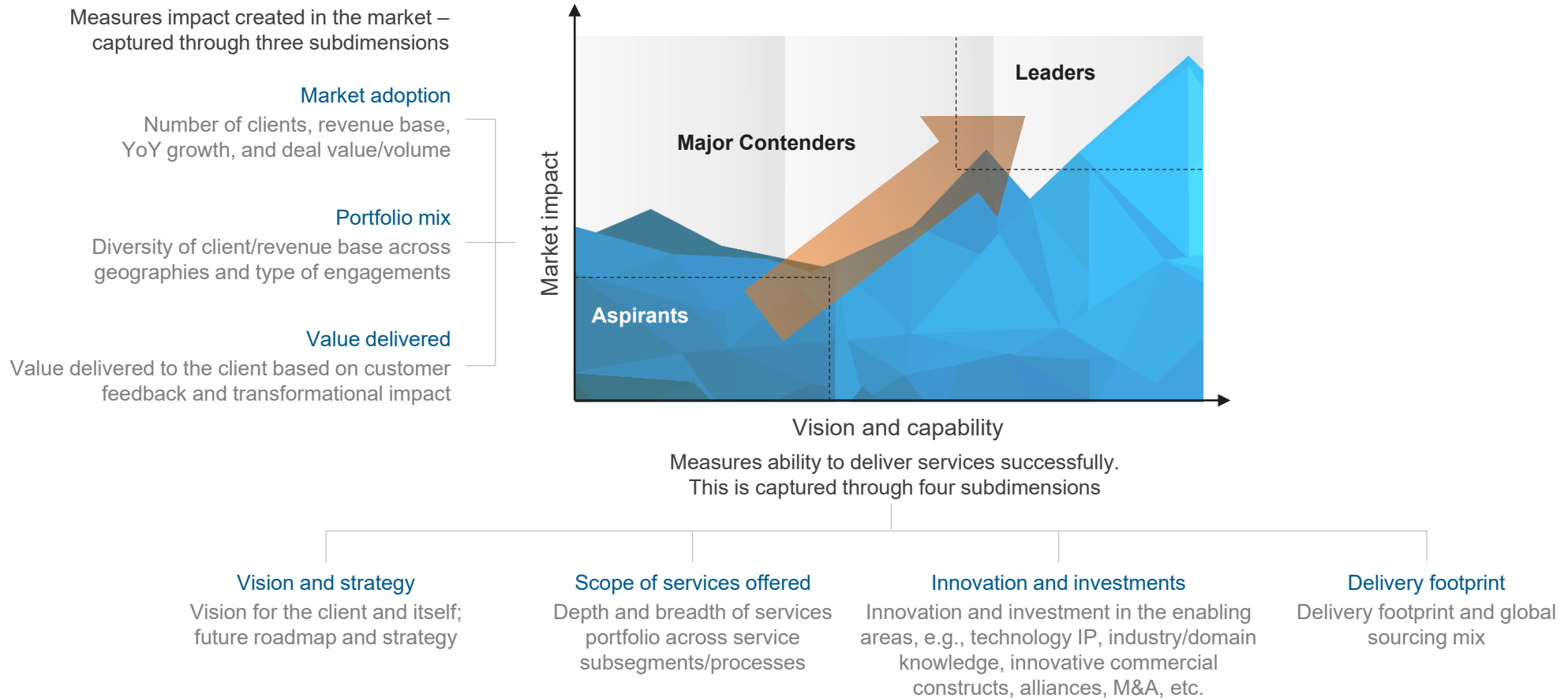
FAQs

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix



Services PEAK Matrix® evaluation dimensions



FAQs

Q: Does the PEAK Matrix® assessment incorporate any subjective criteria?

A: Everest Group's PEAK Matrix assessment takes an unbiased and fact-based approach that leverages provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information. In addition, we validate/fine-tune these results based on our market experience, buyer interaction, and provider/vendor briefings.

Q: Is being a Major Contender or Aspirant on the PEAK Matrix, an unfavorable outcome?

A: No. The PEAK Matrix highlights and positions only the best-in-class providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition.

Q: What other aspects of the PEAK Matrix assessment are relevant to buyers and providers other than the PEAK Matrix positioning?

A: A PEAK Matrix positioning is only one aspect of Everest Group's overall assessment. In addition to assigning a Leader, Major Contender, or Aspirant label, Everest Group highlights the distinctive capabilities and unique attributes of all the providers assessed on the PEAK Matrix. The detailed metric-level assessment and associated commentary are helpful for buyers in selecting providers/vendors for their specific requirements. They also help providers/vendors demonstrate their strengths in specific areas.

Q: What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

A: Enterprise participants receive summary of key findings from the PEAK Matrix assessment

- For providers
 - The RFI process is a vital way to help us keep current on capabilities; it forms the basis for our database – without participation, it is difficult to effectively match capabilities to buyer inquiries
 - In addition, it helps the provider/vendor organization gain brand visibility through being included in our research reports

Q: What is the process for a provider / technology vendor to leverage its PEAK Matrix positioning?

A: Providers/vendors can use their PEAK Matrix positioning or Star Performer rating in multiple ways including:

- Issue a press release declaring positioning; see our citation policies
- Purchase a customized PEAK Matrix profile for circulation with clients, prospects, etc. The package includes the profile as well as quotes from Everest Group analysts, which can be used in PR
- Use PEAK Matrix badges for branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with Everest Group; please contact your CD or contact us

Q: Does the PEAK Matrix evaluation criteria change over a period of time?

A: PEAK Matrix assessments are designed to serve enterprises' current and future needs. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality and to serve enterprises' future expectations.

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