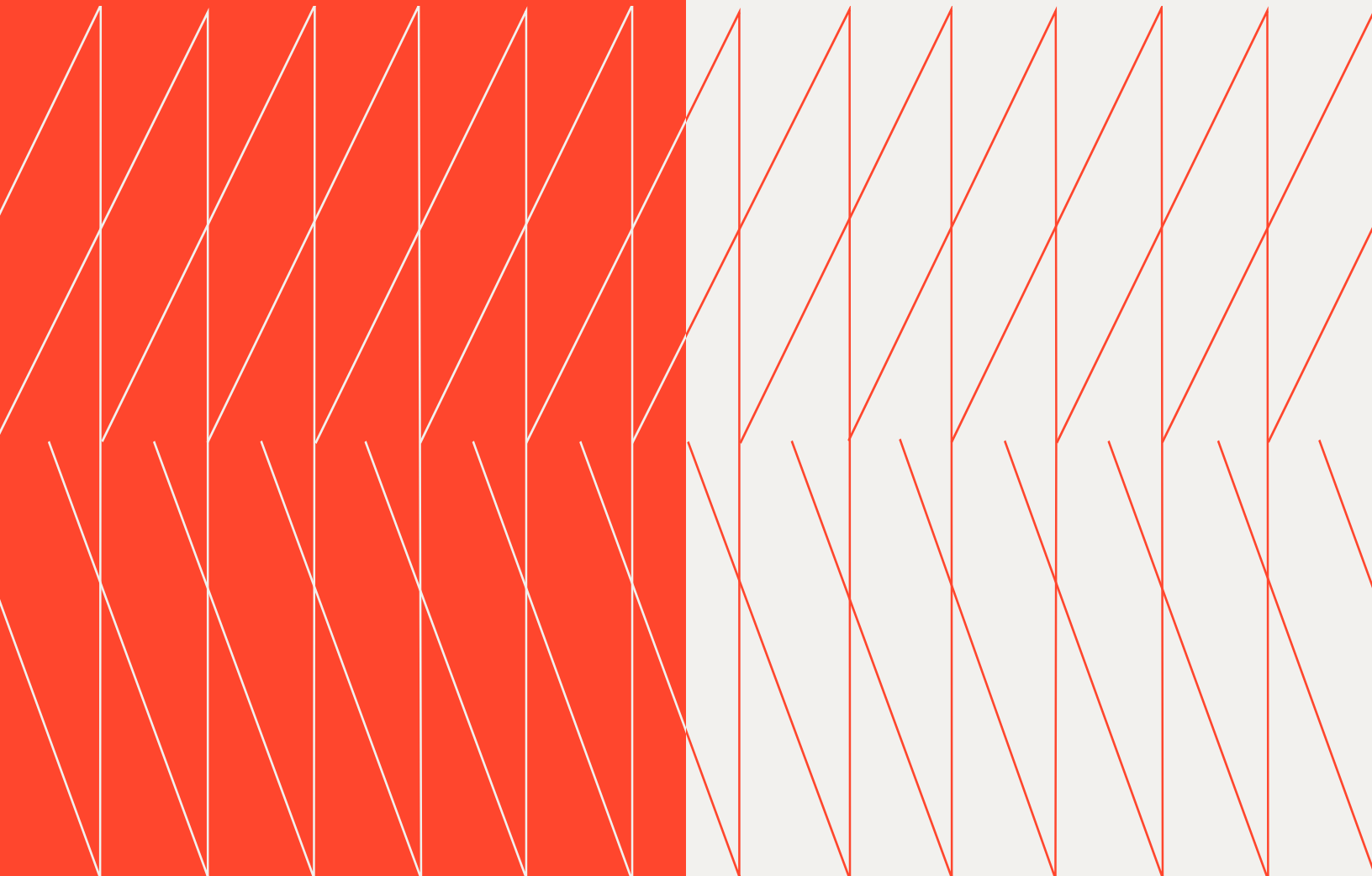


# CIO Expert Exchange Summary

Tuesday,  
September 12, 2023



Host:

**Stewart Hyman**

Chief Technology Officer, Kyndryl Canada

**Overview**

In this Expert Exchange session, several CIOs convened to discuss the below topics. The agenda was determined based on mutual interest, determined through advance interviews with participants.

**Assessing The Value Of Cloud**

- Many organizations have found immense value in migrating their workloads to the cloud. Public and private companies alike are exploring cloud opportunities around business continuity and speeding up operations, such as analytics work and application processing.
- While it offers many advantages, moving to the cloud is expensive, pushing up the monthly expenditures of businesses. Cloud upgrades require proper financial planning and an understanding of what the move brings. Therefore, to justify the rise in operational costs, organizations should only move functions that must inevitably be moved. Due to the sensitive nature of some industries, such as Healthcare, moving fully to the cloud is not an option, as the inevitable downtimes and outages can't be tolerated.
- Periodic software upgrades and misalignments make transitions to the cloud challenging. The upgrades frequently render older applications obsolete and unsupported, making it difficult for companies to keep up. Misalignments between timelines for cloud updates and the changes required for a company's 24/7 operation limits transitions as well. In such cases, service providers often advise users to design their applications for resiliency. This requirement for modernization adds to the cost of moving to the cloud, and such costs should be considered when transitioning.
- *"It really comes down to that financial planning, and understanding where modernization versus just a straight shift and lift and shift move brings value. That unfortunately, seems to be something that a lot of companies have overlooked in that strategy."*

**Cloud Cost Optimization**

- In terms of cloud cost optimization, large organizations can control the cost of deployment through FinOps. This includes app rationalization, which involves reducing applications in the process of lift and shift, as well as app modernization, which involves leveraging cloud databases, leveraging the ability to turn apps on and off, or scaling the workloads rather than building for the peak demand.
- The mainframe approach can also help companies minimize cost. This involves modernizing an application by breaking it down into all the piece parts, turning to an individual app, and modernizing or moving individual components of the application to standard industry off-the-shelf capabilities. To this point, some vendors have been operating without the mainframe, but are instead compartmentalizing individual costs and incrementally doing the optimization to reduce cost piece by piece.
- Companies in the initial stages of migration can adopt a data-centric approach. This involves identifying the data and applications needed to run the business, and then deciding how to move to a platform or the cloud. Once in the cloud, automation is done to allow business managers to reduce costs by integrating between cloud and other applications. Savings are realized not on the infrastructure cost itself, but through the management of applications and data.

- *"We've got a bit of a focus on FinOps because I think we've got to put the costs back - the cost management or consumption management back to the application owners and back to the demand created by the business."*

**Generative AI: Opportunities and Threats**

- The CIOs discussed how generative AI can help optimize costs. It is evident that generative AI can do much of the work done by employees in a more efficient manner, and vendors are encouraging businesses to embrace AI with the promise that it will revolutionize businesses by increasing productivity while saving money. The CIOs pointed out that moving to the cloud requires a different skill set, and utilizing generative AI can bring real value to business operations.
- While generative AI can be used within workflows, it can potentially lead to data breaches, and most organizations have privacy restraints to adhere to. Use cases that create data are not yet able to protect the data, hence the need to focus on services control. Data protection is fundamental because if data is rightly protected, it will not move across devices where anybody can access and run it through AI tools, potentially leading to a breach.
- Embracing new technology is inevitable and companies should formulate policies, develop guidelines, and publish standards that regulate use cases. Organizations must educate and train their staff, run cybersecurity awareness campaigns, and set up AI governance to talk through use cases to ensure that AI tools are used safely. In one example, an organization is using sandboxes and proof of concept to regulate the use of generative AI. Automation and machine learning tools such as smart audit tools can be used to track whether users use the technology appropriately.
- Both internally and with customers, Kyndryl has seen success with generative AI application in four areas. It is important to note that all areas require fact-checking processes to mitigate inaccuracies.
  - Document summarization - AI creates summaries of large documents for ease of human consumption.
  - Text generation - AI can be used in multiple use cases such as blog posts, emails to internal teams, marketing slogans, etc.
  - Sentiment analysis - Natural language text from customer reviews can be used for customer sentiment analysis.
  - Support document creation - Creation of support documents or standard operating procedure documents.
- *"It's very important, especially for our firm, to not stifle innovation. We have a centralized board where anyone who has an idea about using ChatGPT to satisfy a customer or use case, they have a place they can go and do so in a secure way."*

**The Expert Exchange** is hosted by Kyndryl, Inc. Please contact **Jose George** with any questions about Kyndryl or this Exchange.



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