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Modernize Your Operations To Transform IT Into A Department Of Doers

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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY KYNDRYL | FEBRUARY 2023

Introduction

Digital transformation is key to moving businesses forward, but all too often, companies are held back due to operational inefficiencies. While many organizations are embracing the new digital reality with app modernization, hybrid IT computing, and internet of things (among many other initiatives), these organizations are not transforming their operating models commensurately.

Successful IT operations in today's increasingly fast-moving environment require an overhaul of traditional approaches. Modern operations is a cultural philosophy, a continuous application of digital technologies, a shift in organizational accountability, an empowerment of the “doers” or “operators,” and, most importantly, a constant focus on the customer outcome and value from their perspectives. And partnerships are the key to continuous improvement that will enable operations to best address current and future business needs.

Key Findings



Nearly half of surveyed IT decision-makers said their operating models prevent them from making quick decisions based on changes to the business and that they can easily adapt to unforeseen events.



Only 55% of surveyed IT decision-makers noted that they are able to effectively scale operations when needed today despite this being a major selling point of cloud scalability.



Nearly half of surveyed IT decision-makers said they struggle to control and predict IT costs in the cloud and to identify security vulnerabilities.

Only Half Of Respondents Rated Their Organization’s Adaptability, Speed, And Scalability As Good

Organizations have traditionally operated in siloes, with information being transmitted “over the wall” per prescribed policies. With the accelerated speed of business today, a company’s employees, shareholders, and customers expect better.

Adaptability, speed, and scalability are the cornerstones for success in today’s rapidly evolving business environments. If businesses are unable to easily adapt to unforeseen events, quickly respond to disruptions from competitors or the market, or effectively scale operations as needed, they will perish.

“How well would you rate your organization’s ability to do the following?”

- **Good**
We have some of the technology, tools, and partners in place to help be agile across the organization.
- **Very well**
We have all of the technology, tools, and partners in place to help be agile across the organization.

Easily adapt to unforeseen events



Quickly respond to disruptions from competitors or from the market



Effectively scale operations when needed



Quickly access a well-integrated system or platform of data, information, and applications



Base: 361 global IT decision-makers in charge of modernizing IT operations at their organization
 Note: Total percentages may not equal separate values due to rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Kyndryl, September 2022

Today's Operations Are Unable To Keep Pace With Business Needs

Less than half of survey respondents noted that their operating models are able to keep pace. Only 49% agreed that their operations organization is structured to be flexible, and only 53% agreed that their operating models enable them to make quick decisions based on changes to the business. Organizations must reassess their operations fundamentals and reorient their practices to not only keep speed with the increasing complexity and volume of obligations, but also to become a key component of overall business success.

Critically, more than half of survey respondents noted that they struggle to control and predict IT costs in the cloud, and only 43% said they are easily able to identify why they have security issues. Operations should be the backbone of a business, but they are instead often bogged down by minutiae and unable to guide business decisioning.

“Please state your level of agreement to the following statements.”

- Agree
- Strongly agree

Our operating models enable us to make quick decisions based on changes to the business.



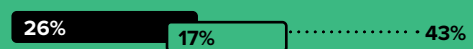
My operations organization is structured to be flexible so we can easily adapt to absorb major changes.



We struggle to control and predict IT costs in the cloud.



We are easily able to identify why we have security issues.



Despite Recongizing That Current Approaches Fall Short, Many Organizations Struggle To Change

Sixty percent of respondents surveyed said they struggle to evangelize the need to modernize operations at their organization, and 58% said they struggle to measure the impact of modernizing their organization’s operations on the bottom line.

Despite current operations falling short of business needs and goals, many organizations struggle to overcome inertia when modernizing their IT operations. Sixty-one percent of respondents said they recognize that simply buying a new tool set it not enough for a true transformation. Modern operations require a cohesive approach that brings alignment from across the business.

“Please state your level of agreement to the following statements.”

● Agree ● Strongly agree

Our technology tool set does not sufficiently modernize our operations.



We struggle to evangelize the need to modernizing our operations across the business.



We struggle to measure the impact of modernizing our operations on the bottom line/business.



We struggle to manage the alignment of our key stakeholders.



Challenges With Hiring And Retaining The Necessary Skill Sets Are Key Impediments To Change

The top people-related challenge that surveyed decision-makers said their organizations face is a lack of skill sets: 42% of respondents noted that their organization does not have the right skill sets to manage its current operating model, 34% said their organization requires too many skilled workers, and nearly a third noted that they struggle to retain enough employees. In fact, 37% noted that they spend too much time on resource management and trying to balance the lack of skilled employees with the work that needs to be done.

“Which of the following people-focused challenges do you face with your current operating models?”



42%

We don't have the right skill sets.



37%

We spend too much time on resource management.



34%

We require too many skilled workers.



32%

We struggle to retain enough employees.



29%

IT employees spend too much time managing the minutia, rather than strategic tasks.



1%

We don't face any challenges.

Current Operating Models Leave Room For Human Error And Create Redundancies

The top process-related challenge that surveyed decision-makers said their organizations face with their current operating models is a lack of automation that leads to human errors not being caught. Similarly, more than a third noted that their disjointed workflows lead to redundancy and poor working experiences. Coupling these two process-related challenges with the people-related challenges noted previously reveals that operating models require too much skilled manpower at too high of a personnel cost.

Nearly 40% of respondents noted that departments are currently misaligned on priorities and that they spend too much time managing costs. Misaligned priorities can often also lead to unnoticed redundancies and therefore increase costs. Additionally, focusing on day-to-day cost implications rob operations of a more strategic focus on business needs.

“Which of the following process-focused challenges do you face with your current operating models?”

Lack of automation leads to human errors not being caught.

44% · 

Departments are misaligned on priorities.

39% · 

We spend too much time managing cost.

39% · 

Disjointed workflows lead to redundancy and poor working experiences.

37% · 

Our resources and patterns are not standard.

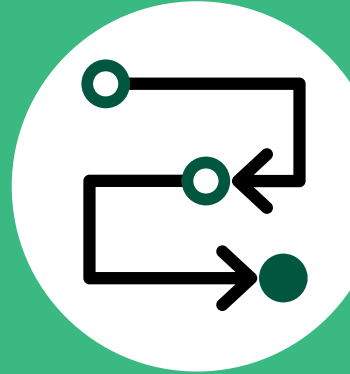
30% · 

We lack role-based policies and controls.

28% · 

We lack visibility into planned and actual cloud spend.

26% · 

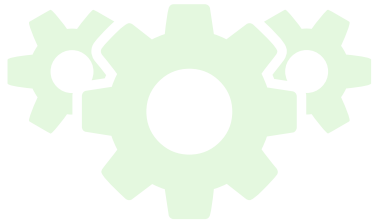


Current Operating Models Lack Automation

Reducing the reliance on the human element in IT operations is the promise of AI- and ML-based automation. By detecting human errors, enacting self-healing, and managing the complexity of modern IT environments, AI- and ML-based automation reduces costs and improves the quality of IT operations so the human labor pool can pursue more strategic and profitable ventures.

With increased global governance over data privacy and protection, organizations need comprehensive security controls to ensure that customer data is protected, and many must be compliant with laws and regulations. Critically, more than a third of surveyed decision-makers also noted that they are not embedding security throughout their current operating models. And this leaves them open to vulnerabilities that could fundamentally disrupt their businesses.

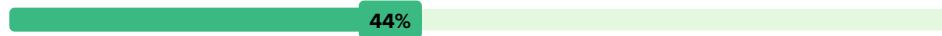
“Which of the following technology-focused challenges do you face with your current operating models?”



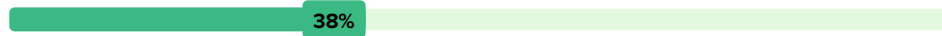
We lack AI, machine learning, and related automation for self-healing operations.



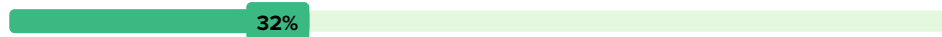
We lack AI to support human roles managing complexity.



We don't embed security throughout the operating models.



Our poor system integration leads to fractured working environments.



Modernization Leads To Lower Costs, Fewer Silos, And Faster Decisioning

Recognizing that their current operating models are insufficient and leave them vulnerable in today’s fast-changing market, organizations are increasingly ready to modernize operations. Transforming your operations into a modern department of doers will not only lower costs and break down operational silos, but, critically, it will empower users to make faster and more informed decisions. When time is of the essence, using a cohesive approach to operations will increase innovation speed and enable faster time to value, as well.

“You indicated you’d either like to outsource your transformation and/or work with a partner to outsource your transformation.”

- Completely outsource
- Partner with a provider or co-manage

“How would you approach the following stages?”



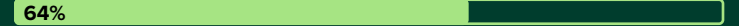
Nearly 60% Of Survey Respondents Plan To Partner With A Vendor To Transform Their Operations

Only 14% of surveyed decision-makers believe they have the resources internally to transform their organization’s operations to a modern approach (i.e., one that includes a cultural philosophy, a continuous application of digital technologies, a shift in organizational accountability, and empowerment of doers or operators with a constant focus on the customer outcome and value from their perspective).

True transformation requires a partnership to help guide organizations through the change management, upskilling, and platform integration necessary for a complete transformation. In fact, respondents who plan to outsource and/or work with a partner to transform their operations are most looking to partners during the ideation phase to understand gaps, develop strategies, and design plans.

“What benefits have you derived, or do you anticipate deriving, from transforming your operating model into a modern operations model?”

Lower costs



Fewer operational silos



Empower users to make faster and more informed decisions



Faster innovation



Faster time to value



Improved cost management



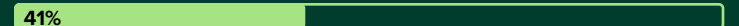
A more adaptable organization



Better visibility across our environment



A more responsive business to comp threats



Upskilling, Tools, And Collaboration StanAre The Top Requirements For Partners

When looking to partners to help with their modernization transformations, decision-makers have a clear idea of what they require. Upskilling employees is the top requirement for survey respondents, which harkens back to the top challenge with their current operations: insufficient skill sets in-house. Additionally, decision-makers want partners that will have a clear perspective and approach as to which tools/technologies will best suit their needs while also being able to integrate their existing/planned technologies. A one-size-fits-all approach is not enough. Partners must have a co-innovation mindset.

Interestingly, surveyed decision-makers said having the ability to upskill employees, tools/technology, and collaboration are all more important than specific expertise. This points to the importance of a true partnership, rather than an outsourcing mission.

“What are your requirements for your partner to modernize operations?”

They can help upskill our employees.



They come to table with a bunch of tools/technology.



Partner with someone willing to incorporate our existing or planned technologies



Help us collaborate better across service lines



Co-innovation partnership mindset



Has deep local expertise



They have a long history of executing these transformations.



Has deep industry expertise



Conclusion

Operations must step up by breaking out of their traditional, rigid, and siloed practices. However, many organizations struggle to modernize their operational practices, especially via a cohesive system tested for cloud-readiness.

- Businesses look to partners to help modernize their operations. They expect partners to have tools/technologies and integrate current tools and processes. Organizations reap the benefits of this dual approach with fast time to market from the model and best practices embedded in the offering from the customization that a managed service provider can bring to light.
- Modernized operations help tame costs, break down organizational silos, and empower business units to make decisions based on data insights. This can lead to faster innovation and time to value in addition to business resiliency.

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Forrester's Infrastructure & Operations
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Methodology

This Opportunity Snapshot was commissioned by Kyndryl. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 361 global IT decision-makers in charge of modernizing IT operations at their organization. The custom survey began and was completed in September 2022.

ABOUT FORRESTER CONSULTING

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Demographics

REGION	
APAC (China, Japan, Australia, New Zealand)	43%
EMEA (France, UK, Germany)	42%
North America (US, Canada)	15%

RESPONDENT LEVEL	
C-level executive (e.g., CIO, CTO, etc.)	6%
Vice president of IT	34%
Director	60%

COMPANY SIZE	
20,000 or more employees	15%
5,000 to 19,999 employees	38%
1,000 to 4,999 employees	47%

WORKLOAD/APPLICATIONS ENVIRONMENT	
Multicloud	42%
Hybrid cloud	58%



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