

kyndryl.

2024 Predictions

Insights by Kyndryl Experts
Chapter I



Executive Summary

In the year ahead...

Digital transformation has become synonymous with business evolution. It's a paradigm that has emerged as organizations around the world recalibrate their strategies to embrace rapid technological change, while navigating a challenging macroeconomic environment.

As enterprises continue to modernize their mission-critical operations, deciding how and where to allocate investment will gravitate toward several secular IT trends. Those include:

- Preparing organizational data for the deployment of artificial intelligence (AI)-powered technologies.
- Striking a balance between on-prem and cloud-based workload processing.
- Modernizing complex IT estates to increase visibility over mission-critical operations, proactively addressing challenges before they impact the business.
- Addressing an industry-wide skills shortage that increasingly requires focusing on in-demand skills in growing areas of security, Mainframe and core computing.

Because Kyndryl operates at the heart of these secular trends, each year, our senior business leaders and experts share insights into how mission-critical IT infrastructure will evolve in the coming year. This year, their insights are presented across three reports and highlight one or more of the above secular trends.

In this first report, we explore insights provided by our global practice leaders, covering areas that include: Security & Resiliency, Network & Edge, Cloud, Mainframe (z&i), Digital Workplace and Apps, Data & AI. Forthcoming reports will explore predictions and insights focused on specific industries, skills and sustainability.

“Business leaders are going to be considering how to implement generative AI and carefully examining their workloads and architecture with an eye to efficiency. The reality is setting in that driving value with cloud requires strategic effort.”

Harish Grama, Global Practice Leader, Cloud

“It used to be that whatever the question was, the answer was move off the mainframe to the cloud. That vocabulary does not exist anymore now it is all about Hybrid.”

– *Petra Goude, Global Practice Leader, Core Enterprise & zCloud*

“Companies need to invest now in systems and tools that enable increasingly scarce talent to maximize potential.”

– *Ivan Dopplé, Global Practice Leader, Digital Workplace*

Simplifying mission-critical systems

The Big Picture

In the coming year, enterprises will take steps to achieve greater strategic alignment and resource optimization as they sharpen scrutiny over investments in their mission-critical operations.

Guiding that decision-making is the strong desire to simplify how IT estates are managed, the result of a challenging macroeconomic landscape that has enterprises worldwide looking to rein technology costs while still achieving their strategic business goals. Also at work is an imperative to reduce layers of technological complexity created during the pandemic era, when enterprises accelerated their digital transformation journeys. During that period, many investments were layered over already-ageing infrastructure – the technological equivalent of constructing new buildings atop the crumbling foundations of Venice.

As enterprises look to course correct and get back to basics, their aim will be to pragmatically modernize their infrastructure, simplify complex IT environments and implement security for high-quality data to put toward innovation.

2024 Outlook

- Without visibility and with variable pricing, cloud costs have proven difficult to control. For this reason, enterprises will increasingly turn to game-changing FinOps technology, which aligns financial, technical, and business teams to more effectively manage cloud investments.
- More enterprises will adjust their cloud-first strategies in pursuit of a 'right workload on the right platform' hybrid strategy.
- Many enterprises are staring down end-of-life and end-of-service assets on which their business operations depend. Modernizing and simplifying IT environments involves new security investments. Between regulatory requirements, board-level engagement, and a high likelihood of disruption, enterprises increasingly see aging infrastructure as a security issue.
- Recognizing the symbiotic relationship between employee technology experiences and customer satisfaction will drive investment in digital workplace technology. A smoother, more efficient internal tech ecosystem boosts productivity and directly impacts the quality of customer interactions.

“In 2024, we’re going to be defining innovation as new ways to solve really old problems.”

–Kris Lovejoy, Global Practice Leader, Security & Resiliency



Percentage of enterprises who say they struggle to control and predict IT costs in the cloud¹.



Enterprises that report an inability to recover their systems as top security challenge².



Percentage of workloads enterprises are choosing to keep on-prem³.

Data excellence will fuel AI success

The Big Picture

Over the past year, the use of AI across industries has become rampant – with many executives playing catch-up or trying to stay on top of AI developments evolving at a rapid pace. Leveraging the power of artificial intelligence begins with one simple truth: AI systems are only as good as the data on which they're trained.

That rule will be an especially important one to internalize as enterprise technology leaders look to deploy AI-powered tools and solutions to create more predictive insights that enable them to better support their mission-critical IT infrastructures and drive business value.

Data excellence is not an optional checkbox; it's a strategic necessity. In the coming year, data accuracy, accessibility, security and ethical use throughout an organization will increasingly become a board-level discussion as enterprises consider how AI will complement their overarching growth goals.

2024 Outlook

- Rapid growth of the global AI market is giving rise to a new corporate role that has gained momentum: the Chief AI Officer (CAIO). Their responsibility? Ensuring enterprise data is properly managed and deployed toward advancing business objectives.
- Out of necessity, global enterprises will dedicate investment toward getting their data organized for leveraging new AI tools and solutions that will continue to flood the market.
- The mainframe will continue to prove useful to enterprises who want to modernize and embrace AI solutions, including generative AI. Its ability to manage large volumes of critical data in a security rich environment will open the door for those innovations.

“It’s important to have well-organized data for your AI to run. It’s like if you were on a train going full speed – you better have tracks to sustain that speed.”

– *Nicolas Sekkaki, Global Practice Leader, Apps, Data & AI*



Percentage of enterprises using services firms for assistance with their data and AI strategies⁴.



Enterprises that report they struggle to avoid data debt⁵.



Average growth of machine learning models between 2021 and 2023⁶.

Optimizing for resilient, strong IT estates

The Big Picture

In the evolving landscape of digital transformation, enterprises are witnessing a seismic shift in their operational paradigm.

In the pursuit of innovation, efficiency and agility, the importance of working on a modernized network with advanced security capabilities has become the cornerstone of any strategic imperative.

From a security perspective alone, global enterprises saw increases in the number of weekly cyberattacks and ransomware extortions in the first half of 2023 compared to the prior year.

Woven into the fabric of every enterprise, networks are at the center of modernization. They are the lifeline knitting every facet of an enterprise — on-premises servers, cloud infrastructures, edge data centers and more. They transcend physical boundaries and define the very essence of a modern digital business.

As enterprises look to modernize their networks and adopt new technologies, the need for agile infrastructures capable of adapting to evolving business needs will become ever paramount in fortifying cybersecurity measures and empowering enterprises to harness their full potential.

2024 Outlook

- Enterprises will accelerate steps to modernize their networks, driven by increased digitization in recent years and the advent and acceptance of more distributive workforces and remote working.
- More enterprises will adopt AIOps for managing and improving the performance of their networks in real-time. These tools provide immense power toward using predictive analytics to proactively detect problems before they impact business health.
- Enterprises will prioritize resiliency across their networking and broaden their approach to include operational resilience as they navigate a complex and intense threat landscape. Removing silos as part of a SecOps model can enable collaboration between security and operations teams to resolve issues faster and avoid downtime.

“We’re at point in which new technologies around software are mature and ready for primetime. Enterprises see it’s time to make changes in their networks to prepare to adopt them.”

— *Paul Savill, Global Practice Leader, Network & Edge*



Reduction in latency that can be experienced from a modernized network⁷.



Percentage of enterprises that claim an inability to leverage data insights to improve operations⁸.

Kyndryl's Experts



Ivan Dopplé
Global Practice Leader
Digital Workplace



Petra Goude
Global Practice Leader
Core Enterprise & zCloud



Harish Grama
Global Practice Leader
Cloud
Harish passed away in December 2023. In his honor, we've included his insights in this report.



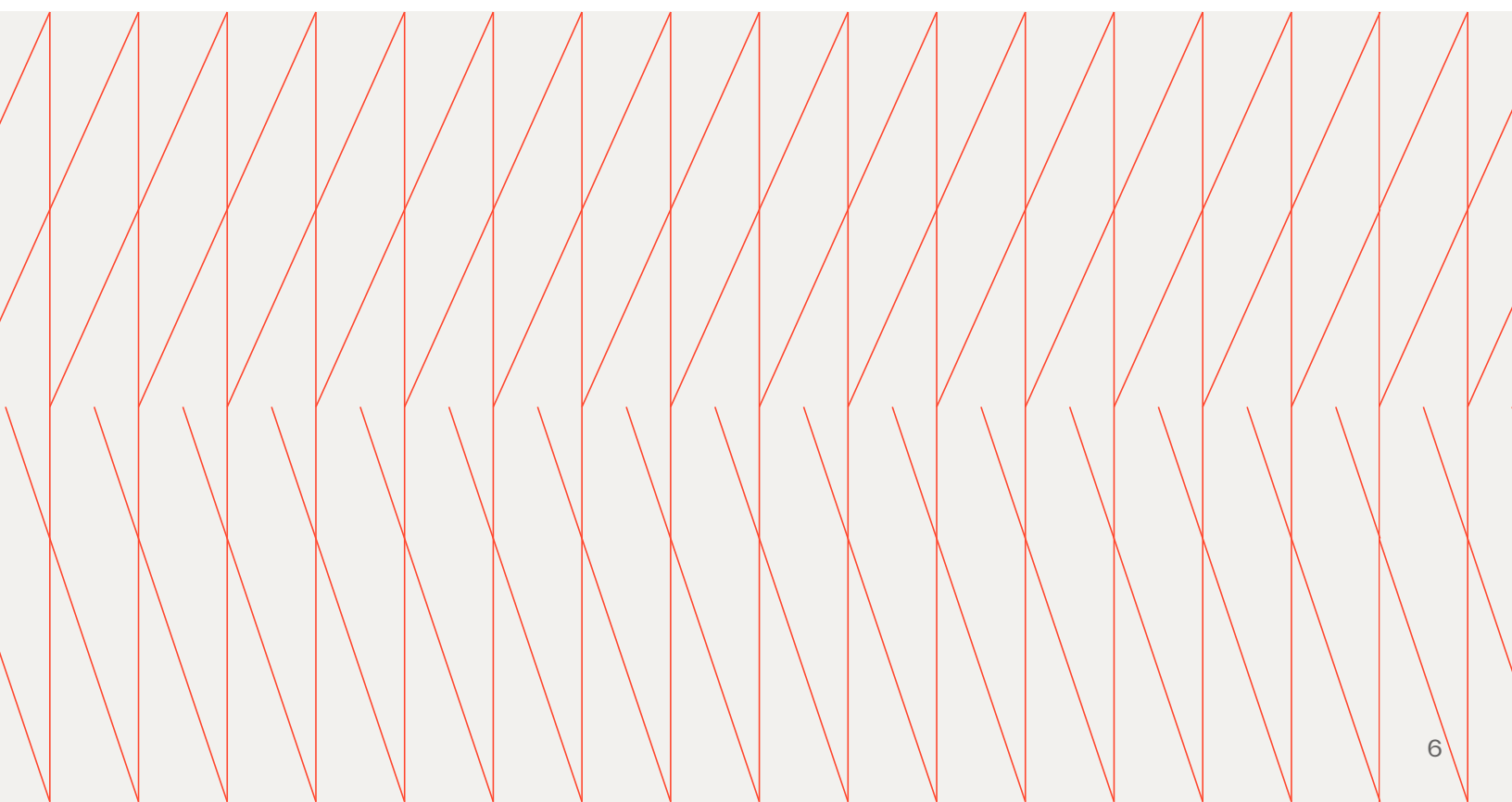
Kris Lovejoy
Global Practice Leader
Security & Resiliency



Paul Savill
Global Practice Leader
Network & Edge



Nicholas Sekkaki
Global Practice Leader
Apps, Data & AI



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.

30+

Years of experience

60+

Countries

Headquartered in New York City

3,300+

Patent portfolio

230+

Data centers globally

6

Global Practices

- Applications, Data & AI
- Cloud
- Core Enterprise & zCloud
- Digital Workplace
- Network & Edge
- Security & Resiliency

8.8 million

Training hours completed by Kyndryls in Fiscal Year 2023

98 hours

Average training hours per employee in Fiscal Year 2023



© Copyright Kyndryl Inc. 2023. All rights reserved.

This document is current as of the initial date of publication and may be changed by Kyndryl at any time without notice. Not all offerings are available in every country in which Kyndryl operates. Kyndryl products and services are warranted according to the terms and conditions of the agreements under which they are provided.

The performance data and client examples cited are presented for illustrative purposes only. Actual performance results may vary depending on specific configurations and operating conditions. Kyndryl products and services are warranted according to the terms and conditions of the agreements under which they are provided.

Sources

¹ [Kyndryl Newsroom article, 2023](#)

² [Kyndryl: State of IT Risk Report](#)

³ [Kyndryl: State of Mainframe Modernization Report](#)

⁴ [Frost & Sullivan + Kyndryl report, 2022](#)

⁵ [Kyndryl: AI Pitfall Report, 2022](#)

⁶ [Vanguard + Kyndryl Report, 2023](#)

⁷ [Kyndryl case study](#)

⁸ [Kyndryl AIOps Report, 2021](#)