Cloud Innovation Survey 2025

kyndryl

Contents

Foreword

Against the backdrop of excited and hopeful conversations around AI, there are questions about how companies use cloud technologies.

Global enterprises seek guidance on cloud optimization for agility and innovation in the age of AI. In our own work at Kyndryl, I hear from our customers: How can we use the cloud in the most strategic way possible to build, compete and grow? And how do we keep pace with all of the compelling new tools that cloud providers continue to unveil?

Kyndryl's Cloud Innovation Survey, which is based on insights collected from almost 1,900 business and IT leaders worldwide, starts an investigation into the answers.

A new cloud innovation index serves as the cornerstone of the research and defines best-practice behaviors proven to produce the best outcomes against stated business objectives *and* in response to such a dynamic environment.

The results paint a picture of leaders and laggards — those that meet the objectives they set out for themselves and those who do not — showcasing the striking differences between how each group thinks about and uses the cloud to support their businesses.

The leaders who emerge have an enterprise ethos rooted in cross-functional collaboration; a pragmatic but ambitious approach to modernization; and a growth mindset that prioritizes flexibility and forward progress.

At a time when organizations need the speed and flexibility of cloud to stay ahead in an AI-first world, it's clear that the bridge between ambition and achievement is built through purposeful co-innovation across business, IT and the extended partner ecosystem.

—**Nicolas Sekkaki**, Global Practice Leader, Cloud, Kyndryl

Methodology

The Kyndryl Cloud Innovation Survey gathered responses from almost 1,900 business and technology leaders in six broad markets to test a point of view that five characteristics distinguish organizations leading in cloud transformation:

- → **Business and IT alignment**
- → **Pragmatic modernization**
- → **Operational excellence**
- → **AI maturity**
- → **Ecosystem activation**

The survey was conducted by the marketing research agency, KS&R, on behalf of Kyndryl. Fieldwork was conducted via online survey in June 2025.

1,882 respondents

C-suite and executive-level professionals across lines of business and IT

6 geographic regions

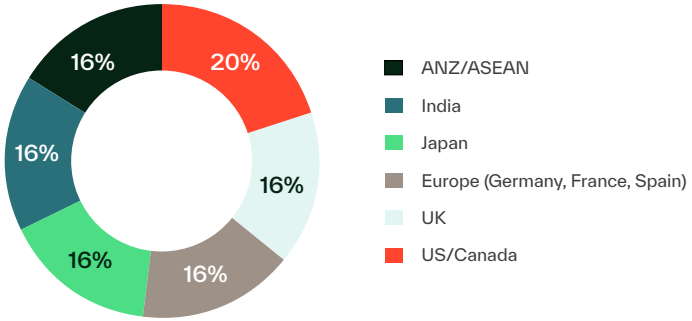
- ANZ/ASEAN, US/Canada, Europe, India, Japan, UK
- Respondents from 14 countries

5 focus industries

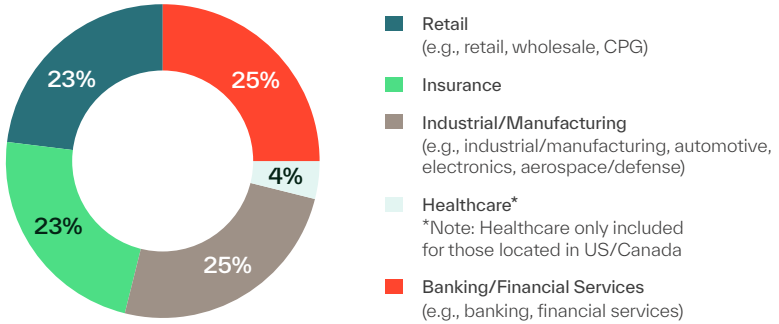
- Banking/financial services
- Healthcare (US/Canada only)
- Insurance
- Industrial/Manufacturing
- Retail

Respondent profile

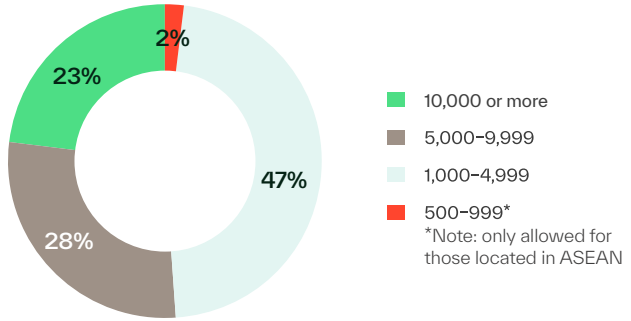
In what country/region do you reside?



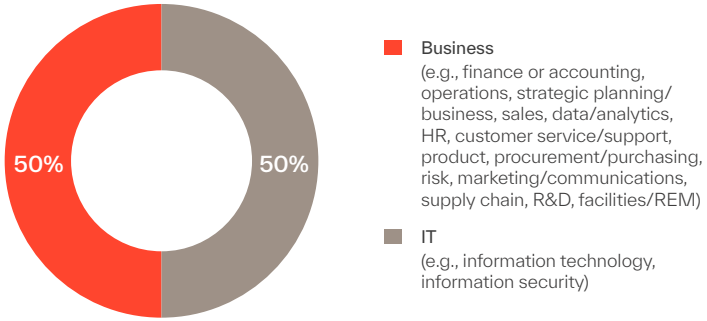
What industry best represents the primary line of business of the organization that you work for?



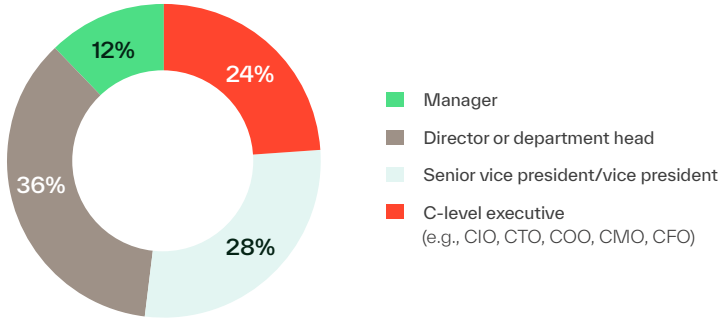
Full-time employees worldwide?



Which department of your company do you work in?



Which of the following categories best describes your position/job title?



What makes a leader?

The Cloud Innovation Survey reveals what sets enterprise leaders apart in their use of cloud technologies.

Respondents' answers to questions across five leadership pillars reveal characteristics of leaders and laggards.

↑ Leaders

were defined as those who scored in the top 10%, indicating excellence across all five pillars. The remaining sample was allocated along a bell curve.

↓ Laggards

were classified as those who scored in the bottom 20%, indicating a lack of maturity in innovating on cloud.

See the "Cloud innovation index" starting on page 13 for data and discussion. →

Pillars of leadership

1. **Business and IT alignment:** Share in setting, executing and measuring goals and key perfomance indicators (KPIs)
2. **Pragmatic modernization:** Use a strategic, iterative approach to cloud modernization
3. **Operational excellence:** Incorporate advanced platform engineering and unified observability
4. **AI maturity:** Harness AI for core business functions and have a documented position on responsible AI
5. **Ecosystem activation:** Drive co-innovation through deep cloud and tech partnerships

Key takeaways

Leaders are six times more likely than laggards to achieve success with their cloud objectives.

The gulf makes clear that leaders work differently. Data and discussion on the following pages reveals how.

Leaders distinguish themselves by how they organize, innovate and already use AI.

Strategy

Leaders use cloud strategy to drive organizational alignment.

Operations

Leaders approach cloud as an operating model for innovation.

Outlook

Leaders are shifting to a cloud-native approach to thrive in the AI era.

Strategy

Leaders use cloud strategy to drive organizational alignment.

Cloud is shifting from a technical topic to a driver of collaboration.

Business line leaders clamor to use cloud providers' latest tools and capabilities in order to evolve customer experiences. They need IT in the room and in lockstep to help rationalize what's possible for their unique operations. **Six out of 10** cloud leaders say business and IT are completely aligned on cloud initiatives. They prioritize the conversations, work out how technology can power the business roadmap and then bring in cloud partners to push them even further.

64% of leaders activate cloud capabilities by design — correlating with their roadmap — rather than simply because they can. They're also **15 times** more likely to co-innovate with providers for business value. AI initiatives highlight this further. Policies on responsible AI are crucial for accelerating innovation while reducing risk, but nearly impossible to create without alignment. Nearly **88%** of leaders (versus 8% of laggards) have a documented stance on responsible AI, indicating much tighter organizational alignment.

Go back to the overview menu of "Key takeaways" for leaders.

15x

Leaders 15 times more often say they **co-innovate with cloud providers** and participate in early access programs.

6/10

Cloud leaders who say business and IT are **completely aligned on cloud objectives**.

64%

Cloud leaders who **activate cloud provider capabilities based on their strategic roadmap**.

88%

Leaders who have a documented stance on **responsible AI**.

% = respondents selecting "strongly agree"; totals may not equal 100%

Operations

Leaders approach cloud as an operating model for innovation.

Leaders embed cloud services at the heart of their operating model, aligning people, processes and technology to drive innovation. Top performers are **four times** more likely to use multiple public clouds intentionally (instead of ad hoc). They are also **15 times** more likely to employ advanced platform engineering principles, such as developer self-service and built-in security guardrails, to support new capabilities.

This strategic orientation shows up in where they invest: **46%** of leaders channel cloud spending to launch new products and services, compared to only **34%** of laggards, who instead focus **71%** of their efforts on cost reduction.

Leaders also embed AI deeply. **70%** of leaders already deploy AI for mission-critical business processes, cementing a future-ready operating foundation.

70%

Cloud leaders who use AI for mission-critical business processes.

4x

Cloud leaders four times more often have intentionally chosen to use multiple clouds.

15x

Cloud leaders 15 times more often have a mature platform engineering approach.

	Leaders	Laggards
Indicate operational **efficiency/cost reduction** is a top objective	40%	71%
Indicate **new products and/or service innovation** is a top objective	46%	34%

% = respondents selecting “strongly agree”; totals may not equal 100%

Go back to the overview menu of “Key takeaways” for leaders.

Outlook

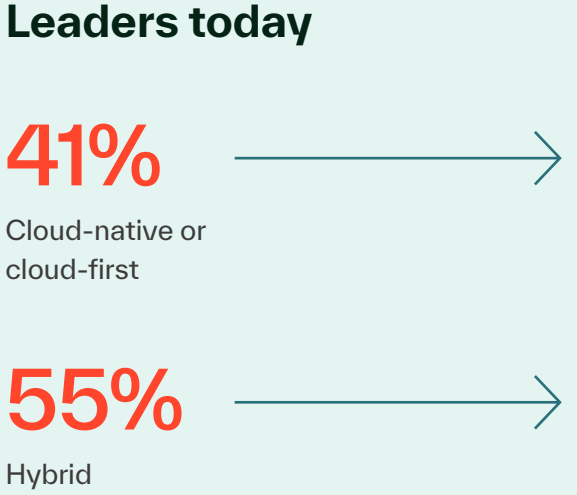
Leaders are shifting to a cloud-native approach to thrive in the AI era.

55% of leaders identify their current cloud strategy as a hybrid approach. Asked to forecast what they expect their approach will be in two years, the number drops to **38%**. The data suggests a significant shift to cloud-native or cloud-first. Today, **41%** of leaders describe themselves as cloud-native or cloud-first. The number spikes to **59%** in two years.

Conversations with IT leaders suggest a shift from hybrid to cloud-native indicate plans for AI-native operations. Cloud-native companies become well-positioned to move quickly and scale with the flexibility required to operate AI solutions.

Confidence that their company's technology infrastructure can support enterprise-wide use of AI is **five times** higher among leaders compared to laggards.

Go back to the overview menu of "Key takeaways" for leaders.



5x

Leaders are 5 times more confident that their company's technology infrastructure can support enterprise-wide use of AI.

% = respondents selecting "strongly agree"; totals may not equal 100%

Cloud innovation index discussion

Cloud innovation index

Survey findings across five leadership pillars illustrate what sets leaders apart from laggards.

1. Business and IT alignment →
2. Pragmatic modernization →
3. Operational excellence
4. AI maturity →
5. Ecosystem activation →

Responses were scored against a rubric designed for the survey to quantify levels of maturity.

↑ **Leaders**

scored in top 10% across all pillars.

↓ **Laggards**

scored in bottom 20% across all pillars.

Business and IT alignment

Leaders are far more likely to align on an organizational roadmap with clear objectives and priorities.

Cloud innovation index leaders treat business and IT as twin engines. 68% of top performers say they're aligned on planning and investment decisions — more than four times the number of laggards who work this way. 63% of leaders have fully integrated cross-functional teams and cross-training, versus 11% of laggards. This depth of partnership is backed by shared real-time dashboards, which leaders use four times more than laggards (55% versus 14%).

The alignment fuels innovation. 61% of leaders collaborate with the business on activities such as hackathons, ideation sessions and experimental pilots, versus only 17% of laggards. By embedding IT experts directly into creative forums, these organizations turn strategic alignment into tangible competitive advantage.

Survey question: Thinking about your organization's business and IT alignment, how much do you agree or disagree with the following statements?

Business and IT are aligned for planning and investment decisions

68%
Leaders

16%
Laggards

	Leaders	Laggards
Business and IT have cross-functional teams and cross-training	63%	11%
Business and IT teams have shared dashboards	55%	14%
Business and IT teams are working together to innovate and experiment with tactics like hackathons and ideation sessions	61%	17%

% = respondents selecting "strongly agree"; totals may not equal 100%

Business and IT alignment

While leaders are aligned on cloud initiatives, no clear patterns emerge around who leads AI initiatives.

Leaders are much more likely than laggards to report that business and IT have complete agreement on cloud objectives (60% versus 9%). Leaders also are seven times more likely to align on KPIs for cloud adoption (65% versus 9%).

Regarding leadership of AI initiatives, specifically, only 26% of respondents overall said business and IT are equal (50/50) partners. This was consistent across leaders and laggards, indicating no clear alignment yet in terms of who leads AI. This reflects how most companies are still learning their way into what AI technology can do for their business and how to organize around AI for greatest impact.

Survey question: Focusing on cloud infrastructure, how much do you agree or disagree with the following statements?

Strongly agree that business and IT teams are completely aligned on cloud objectives

60%
Leaders

9%
Laggards

	Leaders	Laggards
Strongly agree that business and IT teams have aligned KPIs for cloud adoption objectives	65%	9%

26%

Of **all respondents** who say their business and IT teams partner, 50/50, to lead AI initiatives

% = respondents selecting “strongly agree”; totals may not equal 100%

Pragmatic modernization

Leaders modernize to build an AI-ready foundation.

Cloud innovation leaders double down on both core and cutting-edge investments. 64% of leaders are accelerating cloud infrastructure modernization — versus just 37% of laggards. 68% are embedding AI and automation into IT operations (versus 38%). By strengthening their platform and automating key workflows, these organizations build a resilient backbone that scales reliably even under pressure.

Leaders are also priming for the next wave of innovation. 57% are investing in cloud infrastructure to power customer-facing generative AI use cases (versus 25% of laggards), 55% for employee-facing AI scenarios (versus 28%), and 50% are enhancing network performance to meet AI demands (versus 36%).

Survey question: Which, if any of these cloud infrastructure investments has your organization made over the past 2–3 years?

	Leaders	Laggards
Investing in cloud infrastructure modernization	64%	37%
Investing in AI/automation for IT operations	68%	38%
Investing in cloud infrastructure for customer-facing generative AI use cases	57%	25%
Investing in cloud infrastructure for employee-facing generative AI use cases	55%	28%
Investing in network infrastructure enhancements	50%	36%

% = respondents selecting “strongly agree”; totals may not equal 100%

Pragmatic modernization

Leaders intentionally adopt a multicloud environment, often based on workload or geography.

Earlier in the report we noted the disparity between leaders (84%) and laggards (21%) in terms of intentionally choosing to use multiple public clouds. Among all respondents, only 18% said they only use one public cloud today, reflecting widespread interest in the advanced capabilities that public cloud providers make available.

Leaders are also more likely to compose multicloud environments by choosing providers based on workload (68%) or geography (57%). The latter is notable, particularly given the tenor of conversations about data sovereignty.

Survey question: Which of the following would you say best characterizes your organization?

Intentionally choosing to use multiple clouds

Leaders	Laggards
84%	21%

Percent of **all respondents** who only use one public cloud today: 18%

Survey question: What specifically describes your multicloud environment in your organization?

	Leaders	Laggards
Cloud provider is chosen selectively based on workload	68%	35%
Cloud provider is chosen selectively based on department or geography	57%	29%

% = respondents selecting “strongly agree”; totals may not equal 100%

Operational excellence

Leaders are 15 times more likely to have a fully established platform engineering approach.

Most organizations recognize platform engineering is a cornerstone of modern cloud strategies.

Nearly three-quarters (74%) of survey respondents use platform engineering in some capacity, and another 15% of companies are getting started with it. Among the leader group, 75% have robust platform engineering approaches compared to just 5% of laggards.

As data and AI platforms become more prominent, there's an opportunity for organizations to extend platform engineering capabilities into integrated AI platforms, creating a scalable foundation for AI adoption.

Survey question: How would you categorize your organization's approach to platform engineering and platform teams?

Have a fully-established platform engineering approach

75%
Leaders

5%
Laggards

74%

Of **all respondents** use platform engineering approaches in some capacity

15%

Of **all respondents** are beginning implementation

% = respondents selecting "strongly agree"; totals may not equal 100%

Operational excellence

Leaders are 69 times more likely to have unified, full-stack observability with AI-driven insights.

Enterprise professionals know that visibility is essential, but only 17% of responders report having end-to-end observability across public cloud, on-premises and software-as-a-service (SaaS), giving them the real-time insights required to proactively spot issues, optimize performance and sustain growth in complex environments.

The gap between leaders and laggards is staggering: top performers are 69 times more likely to run unified, AI-driven observability versus those still using siloed, legacy tools (69% versus 1%).

Survey question: How would you describe observability for your organization's IT environment today?

Have unified, full-stack observability with AI-driven insights

17%
All respondents

69%
Leaders

1%
Laggards

% = respondents selecting "strongly agree"; totals may not equal 100%

AI maturity

Leaders have a documented position on responsible AI and are confident in their ability to support enterprise-wide use of AI.

Among all survey respondents, 25% have yet to begin discussing a position on responsible AI — the importance of which cannot be overstated when it comes to balancing innovation and risk-taking.

It's a different story for the leader group: 88% of leaders have a documented position on responsible AI, compared to just 8% of laggards.

Leaders (92%) are also five times more likely to say they are very confident their cloud infrastructure can support enterprise-wide AI, compared to 18% of laggards.

Very confident their cloud infrastructure can support enterprise-wide use of AI

92%
Leaders

18%
Laggards

	Leaders	Laggards
Have a documented position on responsible AI	88%	8%

25%

Of **all respondents** companies have not begun discussing a position on responsible AI

% = respondents selecting "strongly agree"; totals may not equal 100%

AI maturity

There's a large gap between perceived capability and actual AI deployment.

Only 13% of organizations currently run full production AI workloads for mission-critical processes — not surprising given the advanced use cases doing so represents. The activity is almost exclusively the domain of leaders: 65% of leaders do so, compared to fewer than 1% of laggards.

Another 25% of cloud leaders say they are implementing AI into selected business processes. Meanwhile, 13% of laggards haven't started work on how they'll scale cloud infrastructure to support AI. It's a small number but notable given pervasive discussion about AI across industries and geographies.

In terms of using machine learning operations (MLOps) and large language model operations (LLMOps) to streamline AI development and scalability, 59% of leaders already do so — compared to 19% of laggards. An additional 40% of leaders expect to do so in the next 12 months.

Survey question: Which of the following best describes where your organization is with regards to management of your cloud infrastructure to support AI?

Use AI for mission-critical business processes

13%

All respondents

65%

Leaders

<1%

Laggards

Percent of **laggards** who have not yet started exploring how to scale infrastructure to support AI

13%

	Leaders	Laggards
Use MLOps and LLMOps to streamline AI development	59%	19%

% = respondents selecting "strongly agree"; totals may not equal 100%

Ecosystem activation

Leaders include cloud providers in strategy development.

49% of cloud innovation leaders share roadmaps and leverage cloud partner programs in their strategic planning, compared to 24% of laggards. 33% of leaders co-innovate via cloud providers' early-access or pilot programs versus just 2% of laggards. The numbers demonstrate a much different approach to working with cloud providers.

Laggards are also over three times more likely (20% versus 6%) to exclude providers from strategy development, a gap that further underscores why leaders capture more value from their ecosystem.

Survey question: How would you describe your organization's current approach to leveraging and managing your cloud provider ecosystem?

Share roadmaps and use public cloud provider programs for scale

49%
Leaders

24%
Laggards

Co-innovate with cloud providers and participate in early access programs

33%
Leaders

2%
Laggards

20%

Of **laggards** don't engage with cloud providers for strategic planning

% = respondents selecting "strongly agree"; totals may not equal 100%

Ecosystem activation

Leaders collaborate with cloud providers to integrate and activate cloud capabilities across workflows.

Cloud innovation leaders put words into action: 64% activate provider services directly against their strategic roadmaps (versus 6% of laggards), 56% weave partners into development and operations (DevOps) and security workflows (versus 10%), and 61% leverage financial operations (FinOps) principles to optimize spend (versus 7%).

This deep integration with cloud providers embedded in planning, development, security and cost management helps drive faster releases, tighter governance and improved ROI.

Survey question: How much do you agree or disagree with the following statements?

Enlist or activate cloud provider capabilities based on a strategic roadmap

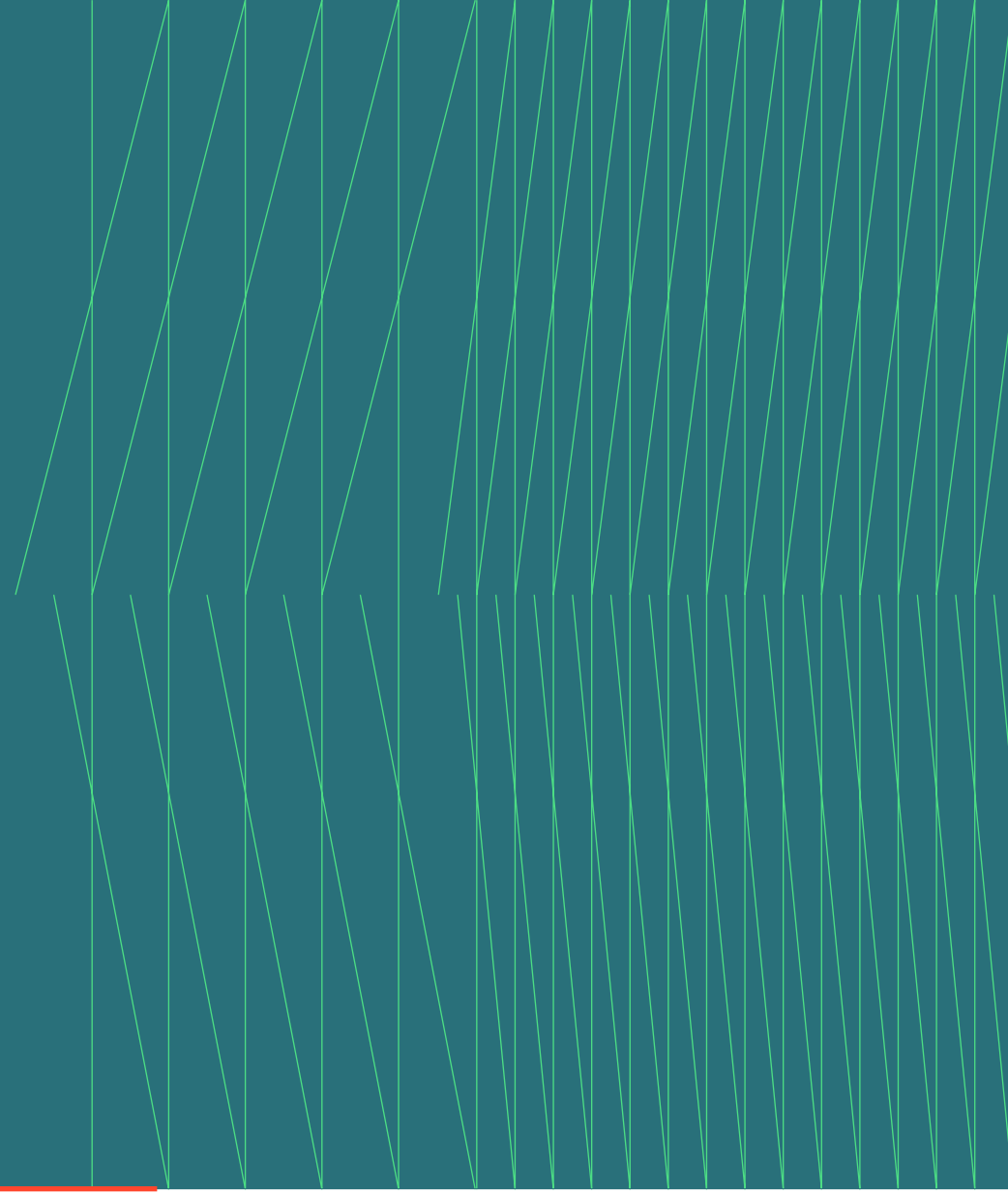
64%
Leaders

6%
Laggards

	Leaders	Laggards
Collaborate with could providers within DevOps, security and IT operations workflows	56%	10%
Engage cloud providers with FinOps principles to maximize IT investments	61%	7%

% = respondents selecting “strongly agree”; totals may not equal 100%

Actions to emulate the leaders



Actions to emulate the leaders

Today's leaders don't view cloud as just another technology project, but as the operating model that powers innovation.

Kyndryl's Cloud Innovation Survey confirms that leaders are more likely to prioritize growth objectives as the primary driver of cloud initiatives. They're four times more likely to adopt multicloud strategies, 15 times more likely to adopt advanced platform engineering and are moving in the direction of cloud-native operating models.

In the AI era, the gap between leaders and laggards is wide and growing. The index gives us a useful framework for considering how an organization's innovation philosophy can set a foundation for success as new tools and capabilities emerge.

Consider the practical activities on the following page to emulate what the leaders do.

Actions to emulate the leaders

Align the organization on the business value derived from cloud initiatives

- Define and communicate measurable business goals and outcomes aligned to cloud initiatives.
- Identify a transformation champion to rally support and drive momentum.
- Engage all stakeholders regularly to review cloud impact and direction.

See how MM Group unified teams and modernized operations around cloud.

Take steps towards developing a platform for innovation

- Build a modular, scalable IT architecture based on cloud-native principles.
- Provide teams frictionless and secure access to cloud capabilities.
- Establish cloud platforms embedded with AI frameworks, capabilities, governance and tooling.

See how Carrefour Belgium used cloud platforms to speed integration and innovation.

Foster a cloud-native operating model and organizational philosophy

- Shift to product-oriented cross-functional teams mapped to business outcomes.
- Embed cloud-native operational practices such as DevOps, FinOps and a cloud center of excellence (CCoE).
- Invest in culture change to embrace an AI-native mindset for your organization.

See how LifeLabs applied FinOps to guide cloud transformation.

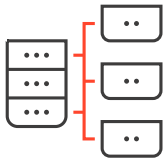
How Kyndryl helps

In a world where the pace of change is only increasing, enterprise success requires constant reinvention.

Leaders gain and retain competitive advantage by enabling continuous transformation while maintaining operational excellence.

We deliver on this mandate by applying modern skills, industry expertise and IP to run and transform our customers' businesses.

Learn more →



Organizational change management

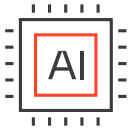
We are devoted to progressing our customers' digital transformation through a shared culture of continuous modernization.

Cloud-native services

We help you lay out the right foundation and operational framework for your cloud-native applications on hyperscaler public clouds.

Application services

We deliver a portfolio of specialized offerings designed to enhance our customers business operations. From application consulting to migration and modernization to managed services, each service is crafted to ensure their applications are efficient, up to date and seamlessly integrated.



AI services

We help you deliver and evolve your AI strategy across five pillars — strategy, experiences, architecture, governance and security — aligned to your goals, tailored to your environment and ready for what's next.

Glossary of terms

AI-native: refers to products and companies built from the ground up with artificial intelligence at the core of their operations and services

Cloud: a network of remote servers that store, manage and process data over the internet instead of on local computers

Cloud-first: an infrastructure approach that prioritizes cloud-based solutions over traditional on-premises systems when planning or upgrading IT infrastructure

Cloud migration: moving data, applications or services from local systems to the cloud

Cloud-native: an operating model and culture built for continuous innovation and scalability

Cloud storage: saving data on remote servers accessed via the internet

DevOps: a set of practices that combines software development and IT operations to shorten development cycles

FinOps: a cloud management practice that combines financial accountability with cloud engineering and operations

Hybrid cloud: a mix of public and private clouds that work together to share data and applications

Multicloud: using multiple cloud services from different providers to avoid dependency on one vendor

On-premises: computing infrastructure that is physically located and managed within an organization's facilities

Operating model: how an organization uses its people, processes and technology to deliver value to customers and achieve its business goals

Platform: a collection of hardware and software resources, typically housed in a data center, that are offered as a service over the internet

Private cloud: cloud infrastructure used exclusively by one organization, offering more control and security

Public cloud: cloud services offered over the internet by third-party providers and shared among multiple users

SaaS: a method of delivering software applications over the internet, on demand, often through a subscription model

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