The Business Value of IT Modernization with Kyndryl

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BUSINESS VALUE HIGHLIGHTS

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334%
three-year ROI

$750,900
higher revenue per
modernized application

36%
lower IT
infrastructure costs

10 months
to payback

18%
higher productivity,
impacted line of
business users

60%
more IT infrastructure staff
time for innovation

29%
increase in modernization
team productivity

54%
faster to execute
business change

Executive Summary

Modernizing IT systems is typically on the wish list for CIOs, but implementing modernization initiatives often falls short due to conflicting priorities, high costs, and perceived risks. Many organizations discovered that their IT estates failed to meet their digital transformation aspirations over the past decade, yet committed technology budgets had precluded investments in much-needed modernization initiatives. Organizations can only delay modernization for so long, and many are initiating strategic investments to reduce IT operating costs due to legacy tech debt, prepare for greater use of AI across the business to enhance digital initiatives, launch new applications requiring greater system performance, improve security and resiliency, and meet digital sovereignty and industry compliance objectives.

Many organizations that have successfully embarked on strategic modernization programs of their IT infrastructure and applications have learned that thoughtful, proven, data-driven, and AI-enabled transition methodologies, which the right services partner can offer, can address the risks. They have also learned that the business value arising from effective modernization far outweighs the costs.

IDC conducted in-depth interviews with organizations using Kyndryl services to carry out and support IT modernization initiatives. Interviewed organizations, representing varied industry verticals, reported significant benefits from leveraging

Kyndryl's consulting, infrastructure, and modernization expertise to efficiently and effectively modernize business-critical applications and systems. By completing migrations faster and more efficiently, they can leverage the benefits of modernization, such as improved agility and performance.

On average, IDC calculates that study participants will realize $41.37 million in annual benefits from their hybrid IT modernization initiatives with Kyndryl in the following areas:

- **Accelerating modernization initiatives,** thus requiring fewer resources and reducing the time to realize value through modernization benefits

- **Improving IT and developer productivity** by having a more modern, agile infrastructure that supports more seamless development activities

- **Enhancing system reliability and security,** with fewer outages, faster recovery times, and improved application functionality, ensuring higher employee productivity

- **Driving better business results** by having the required infrastructure and services to meet customer needs and demand

- **Realizing infrastructure cost savings and efficiencies** from optimized design, resource rightsizing, and reduced reliance on less efficient legacy systems

Situation Overview

Enterprise organizations globally have continuously balanced competing business and technology objectives. The business imperatives to grow, innovate, and transform have directed technology investments in applications that offer differentiated value to clients—such as digital commerce apps and self-service kiosks—while also shaping broader technology objectives and investment priorities aimed at enabling workforces, managing financial risk, securing assets and data, enhancing sustainability, and accelerating digital transformation. Many enterprises funded these investments through innovation funds, which often drew away funds to maintain existing investments and led to increased technology debt for most organizations. Businesses had to allocate technology staff to projects that executed the technology initiatives, thereby constraining standard maintenance operations. Even when organizations successfully kept IT systems and applications current, many found that IT environments missed many new technologies necessary to support and secure modern digital businesses.

Today, many enterprises are prioritizing strategic investment areas that reflect the underlying technology priority to modernize their IT environments.

IDC's *Future Enterprise Resiliency and Spending Survey,* December 2024, found the following investment intentions by organizations that will significantly increase IT spending:

- 30% of organizations aim to migrate on-premises applications to the public cloud.

- 28% of organizations target enhancing cyber-resiliency.

- 27% of organizations plan to modernize infrastructure in corporate datacenters.

- 28% of organizations intend to modernize corporate applications.

A major factor driving higher investments is the preparation for greater use of AI across business operations. Almost 60% of organizations modernizing datacenter infrastructure are also investing in infrastructure automation and AI-enabled observability solutions.

Digital transformation, which has accelerated since 2020, has resulted in stable or higher IT budgets as costs in other business areas face increased scrutiny. Companies are becoming smarter about how they spend, with more IT spend moving from capex to opex to match consumption. These organizations are also getting smarter about IT modernization.

Members of corporate executive suites agree that the CIO's role in advancing digital initiatives is to modernize IT in line with the business's objectives. However, CIOs understand that effective IT modernization is a collective effort with service and technology partners, as successful initiatives involve expertise, knowledge, and skilled resources that internal staffing teams may not be able to fully provide.

Kyndryl Services and IT Modernization

Kyndryl is a diversified, global infrastructure services provider, generating $15 billion in annual revenue from consulting, integration, and managed services. Kyndryl became independent when it launched as a spinoff from IBM in 2021 as a publicly listed company. The company leverages more than 30 years of experience in implementing and managing complex infrastructure and application environments to create its own best practices, capabilities, methodologies, and culture. Kyndyl has seen many of the previously identified challenges when modernizing hybrid IT environments to support digital transformation and has incorporated those lessons into a pragmatic approach.

Kyndryl often sees companies' transformation journeys taking twice as long and costing twice as much as anticipated when organizations try a big bang approach, resulting in many modernization initiatives falling short of expectations. Instead of the big bang approach, Kyndryl proposes that companies adopt an agile and continuous transformation model that matches the appropriate amount of technology change to the customer's business dynamics. Kyndryl's approach applies to all elements of an enterprise's technology stack, but it particularly applies to highly interdependent systems, applications, and data that support the core of the customer's business and pose substantial risk if not handled carefully.

The company's approach pragmatically limits change to only what requires alteration within an iterative modernization strategy. The approach leverages Kyndryl Bridge, the company's AI-powered, open integration platform that observes, integrates, and orchestrates more than 1,200 client environments. Organizations use the data and insights from Kyndryl Bridge to discover the interdependencies between hybrid IT systems, applications, and data to better inform their modernization strategies. Kyndryl's pragmatic approach also leverages its relationship with each technology partner to deliver the best combined expertise to the customer's initiative. The company's approach leverages its three decades of experience working with clients to deploy, manage, and transform workloads in public cloud, private cloud, and mainframe platforms. Kyndryl's technology and industry consultants map out specific modernization projects using intellectual property assets, such as its integrated digital enterprise framework and Kyndryl Vital, to ensure they continuously create value and deliver innovation. Kyndryl's secret sauce for pragmatic IT modernization is that it considers the entirety of the transformation value equation from core hardware to end user workflow and change management ensuring that modernization initiatives meet and exceed customers' expectations.

The Business Value of IT Modernization with Kyndryl

Study Demographics

IDC conducted in-depth interviews with six global organizations to evaluate the business value of using Kyndryl services to support their IT modernization initiatives. IDC designed the interviews to understand the impact of the IT modernization initiatives and Kyndryl's role in these initiatives.

As **Table 1** (next page) shows, interviewed organizations represented a mix of industries, including biotechnology, consumer goods, financial services, insurance, media, and retail, and were headquartered across the United States, Germany, Italy, and Switzerland.

On average, they employed over 52,000 people (median of 36,750) and generated annual revenues of $31.25 billion (median of $14.69 billion), demonstrating the large-enterprise scale of their business operations.

TABLE 1

Demographics of Interviewed Organizations

Demographics	Average	Median
Number of employees	52,083	36,750
Number of IT staff	2,242	450
Number of business applications	3,004	600
Revenue per year	$31.25B	$14.69B
Countries	United States (3), Germany, Italy, Switzerland	
Industries	Biotechnology, Consumer Goods, Financial Services, Insurance, Media, Retail	

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Kyndryl as a Strategic Partner for IT Modernization

Study participants chose to work with Kyndryl to carry out their IT modernization initiatives due to its deep technical expertise and ability to manage complex, multicloud environments. They valued Kyndryl's experience in migrating and modernizing legacy systems and appreciated its capabilities across different infrastructures, applications, and operations. They selected Kyndryl as a partner in the context of IT modernization designed to improve agility, reduce costs, and leverage enhanced capabilities of hybrid cloud infrastructures. They also described seeing IT modernization as a path for improving overall IT performance, scalability, and time to market while enabling innovation through modern technologies such as AI and cloud-native platforms.

Interviewed organizations commented both on their overall objectives of IT modernization and their selection of Kyndryl as a partner:

Depth of expertise and capabilities:
"Kyndryl brings consulting, design, and deep expertise that help us execute modernization more quickly. Their involvement makes the process faster and more efficient."

Strong technical expertise across different cloud ecosystems:
"Kyndryl has strong technical expertise and is cloud-agnostic across public clouds. They offer full-stack capabilities, including infrastructure, application, and operational support, as well as project, transformation, and change management, which makes them a highly versatile partner for us."

Experience, providing impactful best practices:
"We work with external partners like Kyndryl because they bring experience from working with diverse clients across industries. That gives us access to best practices, recommendations, and insights we wouldn't have internally."

Support for tailored hybrid modernization:
"Kyndryl helps us in assessing options and migrating legacy workloads to hybrid platforms — they help us choose the right infrastructure approach."

Study participants are using Kyndryl to modernize complex IT environments that span on-premises and cloud infrastructures. On average, they have modernized 194 applications. These modernized environments play a strategically important role in their day-to-day business operations, with an average of 32% of organizational revenue tied to the applications that have undergone modernization with Kyndryl's support. The scope and scale reflect a transformation effort that targets improved performance, scalability, and business impact. **Table 2** provides more information about the applications and environments participants have modernized with Kyndryl support.

TABLE 2
Modernized IT Environments with Kyndryl

	Average	Median
Number of modernized applications	194	75
Number of on-premises servers	107	113
Number of TBs	343	258
Percent of revenue related to modernized applications	32%	29%

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

IT Modernization Initiatives

Study participants have focused on modernizing various applications and systems with Kyndryl, with the common goal of improving their accessibility, scalability, and performance. Interviewed Kyndryl customers discussed modernization in the context of business-critical applications and systems that are core to their business activities, including enterprise resource planning (ERP) systems, customer relationship management (CRM) systems, financial planning and analysis applications, legacy mainframe applications, data analytics and big data platforms, and industry-specific applications. Overall, the objectives of their modernization initiatives with Kyndryl come back to having IT infrastructures, applications, and systems that meet the demands of their increasingly digitized and technology-focused businesses.

Study participants provided details about the focus of their IT modernization initiatives with Kyndryl, including the following:

- **Enabling the migration and modernization** of hundreds of applications and systems, including legacy mainframe systems, into a **hybrid cloud environment,** improving performance, availability, and cost control

- **Building and managing a hybrid infrastructure** that improves flexibility, time to market, and cost efficiency for internal systems, such as ERP and CRM

- **Migrating legacy systems to the cloud,** providing greater availability and performance while avoiding hardware refreshes and reducing operational burden

- **Modernizing critical workloads by redesigning infrastructure for hybrid cloud use,** resulting in better performance, improved customer service, and enhanced developer productivity

- **Leading the migration and modernization** of most applications to a public cloud platform, enabling consolidation and improved agility and scalability

Business Value and Quantified Benefits of IT Modernization with Kyndryl

Study participants reported that the above-mentioned Kyndryl-supported IT modernization initiatives have delivered substantial and differentiating gains in agility, performance, and cost efficiency. By modernizing legacy systems and migrating workloads to hybrid cloud environments, interviewed Kyndryl customers have reduced the time to market, improved infrastructure scalability, and enhanced application performance. They cited Kyndryl's technical expertise and ability to manage complex, multicloud environments as

enabling faster completion of modernization activities, better workload optimization, and more effective use of IT resources, factors that drive overall positive outcomes.

Study participants spoke about the most important benefits of their IT modernization initiatives that Kyndryl services supported:

Driver of seamless and efficient migrations from legacy systems:
"One of the key benefits of our relationship with Kyndryl has been the seamless migration and modernization of legacy systems. Before Kyndryl, it was extremely difficult to migrate and modernize these systems. Now, we can move them effectively."

Modernization synergies drive innovation:
"Because Kyndryl truly understands our current technology stack and how we operate, they're able to propose innovations that are highly relevant."

Foundation for being more proactive overall:
"As a result of hybrid IT modernization with Kyndryl, we're not just reactive but can be proactive. When new requirements come up, we can respond quickly and meet them, which improves our time to market."

Performance improvements that drive improved business outcomes:
"We have seen a 25% reduction in order processing time after modernization with Kyndryl. That means we can capture revenue faster. Customer service ratings have improved, fewer resources are needed to support the system, and the application performs better."

IDC calculated that organizations carrying out IT modernization initiatives with Kyndryl will achieve average annual benefits of $213,100 per modernized application ($41.37 million per organization) in terms of:
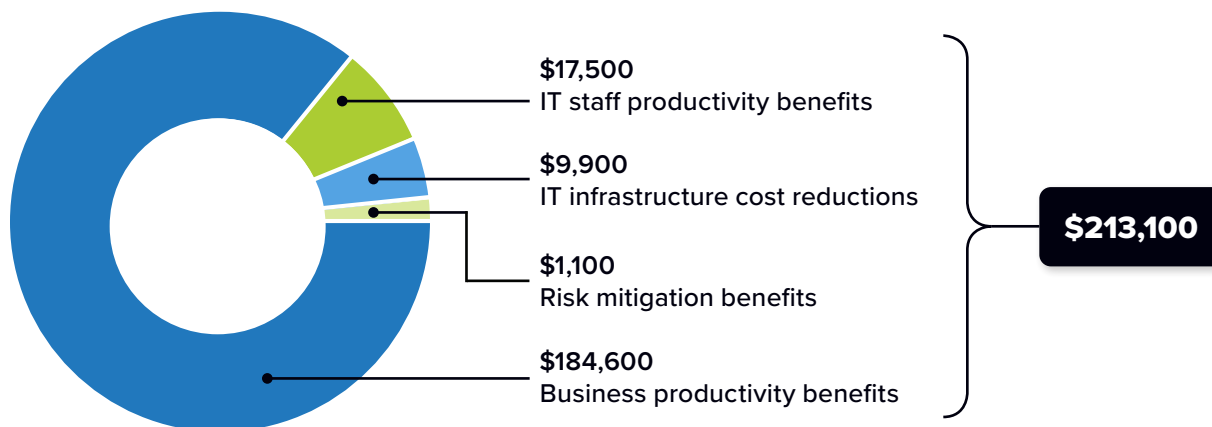
- **Business productivity benefits:** Study participants benefit from higher employee productivity and improved business outcomes, as their modernized IT environments and applications provide a better foundation for running their day-to-day businesses. IDC calculates that they will realize net revenue and productivity gains worth an average of $184,600 per modernized application per year ($35.84 million per organization).

- **IT staff productivity benefits:** Streamlined IT operations and reduced manual effort create efficiencies for IT infrastructure, security, modernization, and development teams. IDC puts the value of these time savings and productivity gains at an annual average of $17,500 per modernized application ($3.39 million per organization).

- **IT infrastructure cost reductions:** Interviewed organizations leverage Kyndryl's best practices and advice to optimize infrastructure design and resource consumption, resulting in average savings of $9,900 per modernized application per year ($1.92 million per organization).

- **Risk mitigation and user productivity benefits:** Study participants reduce downtime and improve system reliability, minimizing disruptions to their business operations. IDC calculates that they will realize higher net productivity worth an annual average of $1,100 per modernized application ($214,800 per organization).

FIGURE 1

Average Annual Benefits per Modernized Business Application
($ per interviewed organization)

$17,500
IT staff productivity benefits

$9,900
IT infrastructure cost reductions

$1,100
Risk mitigation benefits

$184,600
Business productivity benefits

$213,100

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Efficiencies in Carrying Out Modernization

Partnering with Kyndryl has enabled study participants to modernize their applications and environments more efficiently and effectively. Study participants cited Kyndryl's guidance, proven methodologies, and scalable infrastructure solutions as driving these benefits. As a result, interviewed organizations noted that Kyndryl has helped them accelerate modernization timelines through structured migration processes, rightsized workloads, and the application of its experience with both legacy and cloud-native systems. Thus, these organizations have avoided delays, reduced internal resource strain, and completed complex modernization projects with greater confidence and speed.

Kyndryl's involvement has also ensured alignment of modernization efforts with business goals, enabling organizations to prioritize critical applications and optimize infrastructure for performance and cost. With Kyndryl, study participants have benefited from accelerated deployments, reduced complexity, and improved scalability, which has allowed them to establish a stronger foundation for ongoing innovation and digital transformation efforts.

Interviewed organizations described how Kyndryl has accelerated their modernization efforts:

Considerably faster and more cost-effective to modernize:
"Modernization on our own would have taken longer and cost more. What took five to seven months with Kyndryl would have stretched to nine to 12 months."

Faster to execute changes:
"With Kyndryl, depending on the complexity, we're typically ready to implement changes within 24 hours. That might take around 16 staff hours. Previously, it would have taken double that."

Significant staff and time efficiencies in modernization:
"If we had carried out application modernization without Kyndryl, it would have taken significantly more time and cost more."

Table 3 shows the positive impact Kyndryl has had on study participants' modernization activities. They reported a 29% improvement in modernization team efficiency, meaning that they require fewer staff resources to effectuate migrations and benefit from the positive results of modernization earlier. One study participant commented on the tangible impact of faster modernization on their business: *"Modernizing our technologies with Kyndryl has enabled us to deliver more advanced and intelligent services to the business. It's generating real, tangible, bottom-line business value."*

❯ **TABLE 3**
Modernization Team Efficiencies

| Efficiencies, FTEs per Organization	Before/ Without IT Modernization with Kyndryl	With IT Modernization with Kyndryl	Difference	Benefit
Required equivalent FTEs for same workloads	31.5	**22.4**	9.1	29%
Value of required equivalent FTE time ($ per organization per year)	$3.15M	**$2.24M**	$913,500	29%

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Agility and Development Benefits

IT modernization with Kyndryl has enhanced study participants' IT agility and development capabilities by providing more flexible and elastic hybrid IT infrastructures. Interviewed organizations reported that they can now spin up compute and storage resources much faster, allowing them to respond more readily to business needs. Kyndryl's expertise in hybrid cloud architecture, workload optimization, and infrastructure design, as well as simply moving to more optimized, modern infrastructures, has made these agility gains possible.

Study participants reported that their modernized environments, with Kyndryl's support, have enabled them to reduce the time to deploy new infrastructure resources from an average of 11.2 days to 2.5 days. They attributed this substantial improvement in agility — 78% faster — to Kyndryl's ability to streamline provisioning processes, leverage hybrid cloud environments, and apply best practices in infrastructure design and automation (see Figure 2).

FIGURE 2

Time to Deploy Infrastructure Resources
(Number of days)

11.2

78% faster

2.5

Before/Without IT modernization with Kyndryl

With IT modernization with Kyndryl
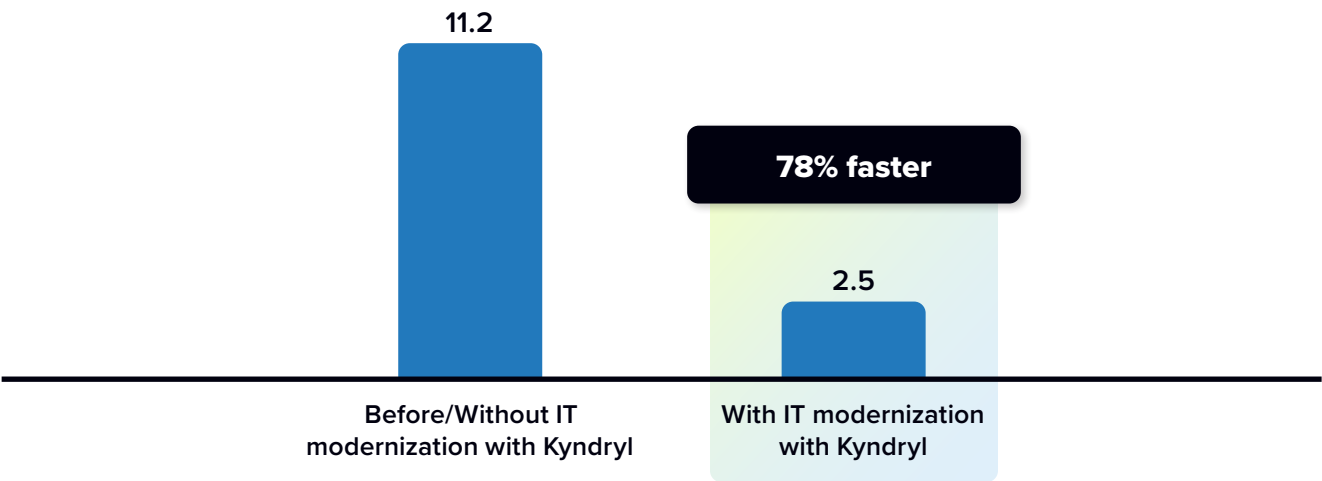
n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Agility gains put study participants in a better position to implement the changes their businesses require. As **Figure 3** (next page) shows, study participants reported making these changes 54% faster, cutting more than a week, on average, from the required time. They linked this acceleration to Kyndryl's modernization frameworks and cloud-native capabilities, which have allowed IT teams to respond more quickly and efficiently to evolving business requirements.

❯ **FIGURE 3**

Time to Execute Changes and Adopt New Business Technology
(Number of days)
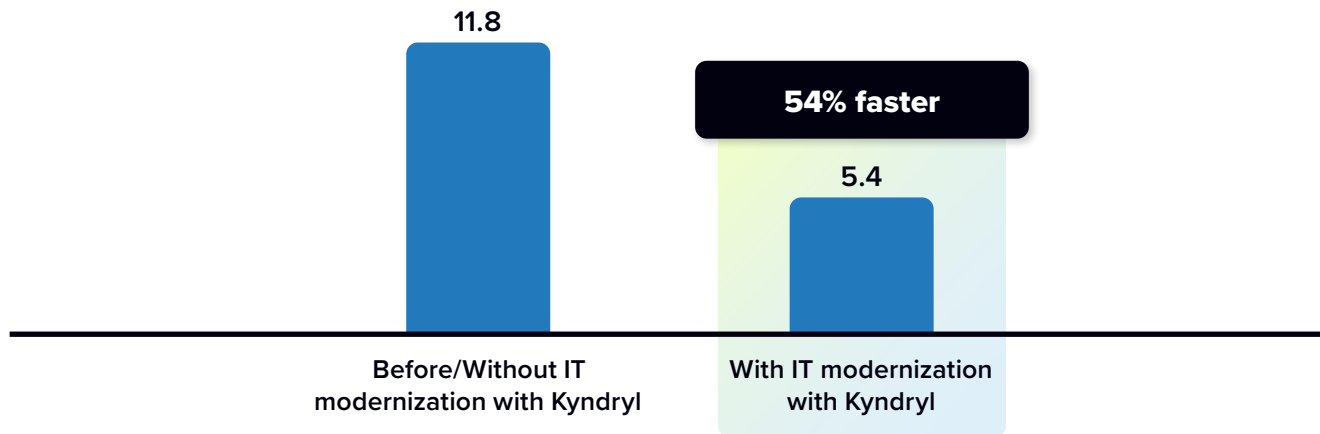
n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

In terms of development, participants noted that Kyndryl-supported modernized environments improved infrastructure compatibility, performance, and scalability, boosting developer productivity. Teams can deliver new features and updates more quickly and in line with business needs. Kyndryl's ability to provide rightsized infrastructure and integrated management tools, including Kyndryl Bridge, contributed to more effective DevOps practices and reduced the time to market.

Interviewed Kyndryl customers explained how they have enabled more effective development activities:

Modern IT infrastructure improves development team productivity:
"With our hybrid IT modernization with Kyndryl, we're on more modern hardware, which speeds up development because it's more compatible with deployment. That's helped with new features, bug fixes, and overall productivity."

Ease of accessing infrastructure resources improves development team capabilities:
"Because we can quickly provide the necessary storage, hardware, and environments with hybrid IT modernization with Kyndryl, our development productivity increases. Thanks to Kyndryl, our 100 developers are 20–25% more productive."

Study participants reported that their development teams are, on average, 18% more productive after IT modernization with Kyndryl. Improved infrastructure performance, faster access to IT resources, and better compatibility with modern tools and deployment pipelines have driven these gains.

❯ **FIGURE 4**

Impact on Development Team Productivity
(Equivalent productivity in FTEs)
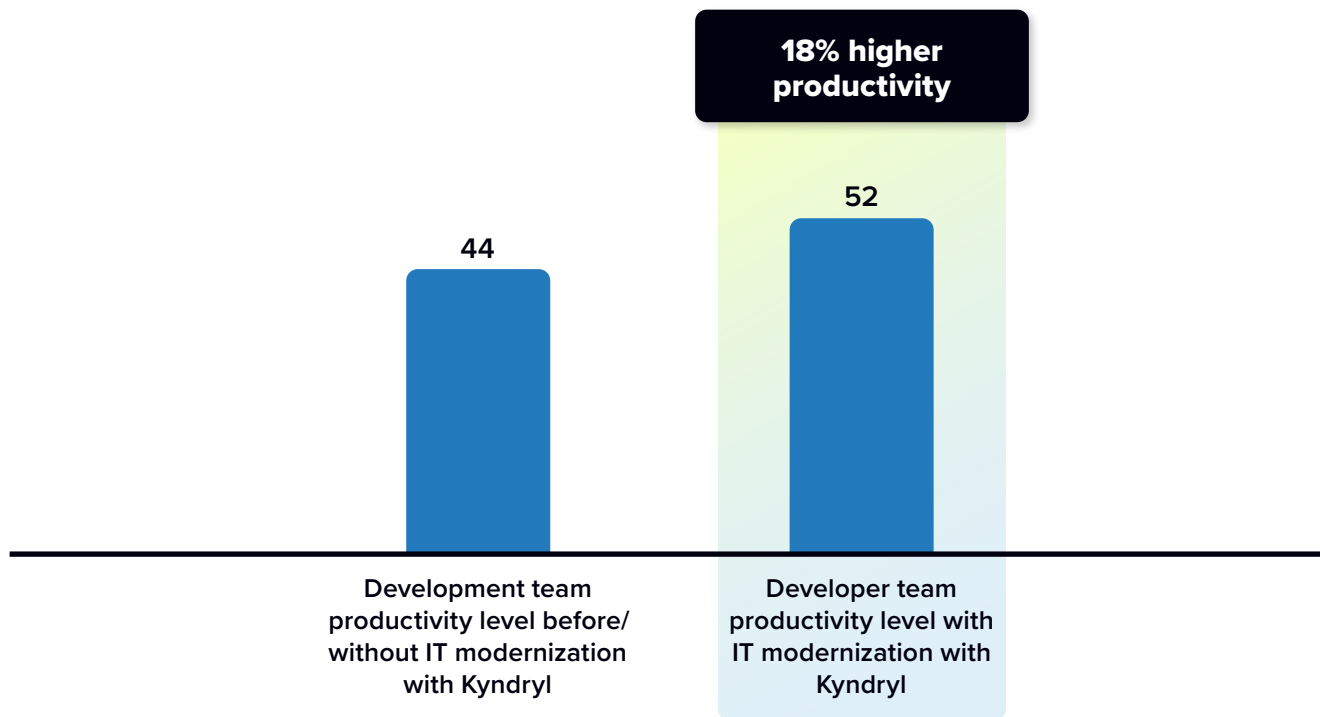
n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Performance and Productivity Benefits

IT modernization with Kyndryl has notably improved application performance and availability for study participants. Organizations reported that applications now run more efficiently, with faster response times and fewer disruptions. Study participants attributed these gains to Kyndryl's expertise and best practices, migration to optimized hybrid cloud environments, and the implementation of proactive monitoring and management practices. Several participants highlighted that Kyndryl's infrastructure design and operational support reduced system complexity and improved critical workload reliability.

In terms of availability, interviewed organizations now experience fewer unplanned outages, which translates into measurable productivity gains for end users. One study participant explained how Kyndryl Bridge helps ensure application availability and quality: *"We use Kyndryl Bridge because it provides analytics that give us visibility into our workloads. It offers insights into performance and the underlying infrastructure, which helps with overall management. Once applications are in production, Bridge makes managing them more efficient."*

As **Table 4** shows, study participants reported reducing the frequency of unplanned outages by an average of 33% and resolving those that do occur 45% faster. Combined, these translate to an average reduction in unplanned downtime of 81%, meaning that employees face fewer disruptions and maintain consistent and uninterrupted access to critical applications.

TABLE 4

Impact on Unplanned Downtime KPIs

Unplanned Downtime KPIs	Before/ Without IT Modernization with Kyndryl	With IT Modernization with Kyndryl	Difference	Benefit
Number of unplanned outages per year	1.3	**0.9**	0.4	33%
MTTR, hours	5.8	**3.2**	2.6	45%
Minutes of productive time lost per user per year	10.3	**1.9**	8.4	81%
Productivity loss per year in FTEs per organization	4.8	**0.9**	3.9	81%
Value of lost productivity per organization per year	$333,200	**$61,900**	$271,300	81%

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Study participants reported significant operational efficiencies in the form of higher employee productivity levels due to IT modernization with Kyndryl. These gains relate directly to employees having higher-performing and more functional applications to use on a day-to-day basis. On average, interviewed organizations reported a 17% boost in employee productivity levels for significant numbers of employees through faster, more reliable application performance. By modernizing infrastructure and optimizing workloads, Kyndryl has enabled smoother user experiences and quicker task execution, allowing employees to focus more on value-added activities, representing a substantial operational efficiency for study participants.

TABLE 5

User Productivity Impact

Equivalent Productivity, FTEs per Organization	Before/ Without IT Modernization with Kyndryl	With IT Modernization with Kyndryl	Difference	Benefit
Equivalent productivity level, FTEs per organization	12,957	**15,185**	2,229	17%
Value of equivalent productivity per organization	$907.0M	**$1,063.0M**	$160.0M	17%
Value of equivalent net productivity per organization	$907.0M	**$930.4M**	$23.4M	3%

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Business Benefits

IT modernization with Kyndryl has helped study participants achieve better business outcomes in terms of revenue growth and the ability to win and retain more business. By enabling faster service delivery and improving the user experience, Kyndryl has allowed organizations to respond more quickly to customer needs and market opportunities. Modernization efforts have led to gains in areas such as faster order processing, improved customer satisfaction, and the ability to scale services more effectively, all of which directly contributed to increased revenue and competitive advantage.

Kyndryl's role in optimizing infrastructure and modernizing critical workloads also helped organizations reduce the time to market for new offerings and improve service delivery. These capabilities translated into tangible business value, with participants attributing sizable revenue gains to the improved speed, reliability, and scalability of their IT environments. In some cases, organizations reported that modernization enabled them to capture revenue faster and support higher volumes of business without proportional increases in cost or staffing.

Study participants spoke about these improved business outcomes:

More proactive in supporting business:
"Our leadership has realized that we are less reactive with Kyndryl-driven hybrid IT modernization. We react quicker and are ahead of business needs with the platform and infrastructure."

Much faster to respond to business needs:
"What used to take a week, we can now do in an hour with hybrid IT modernization with Kyndryl. With our hybrid infrastructure environment, we can spin up a server instantly, which is something that wasn't possible before."

Faster modernization means earlier ability to leverage to obtain good business results:
"There's a clear benefit to completing modernization more quickly with Kyndryl. Now that the system is modernized, our order-cycle time is faster, so customer orders move through and are processed more quickly, which means we can capture revenue sooner."

Table 6 shows that interviewed organizations will achieve an average of $145.79 million in higher annual revenue per year. With an assumed 15% operating margin, this translates to $21.87 million in annual net revenue gains.

❯ **TABLE 6**

Business Productivity Benefits — Higher Revenue

Benefits	Per Organization	Per Modernized Application
Higher revenue per year	$145.79M	**$750,900**
Assumed operating margin (%)	15%	**15%**
Higher net revenue per year	$21.87M	**$112,600**

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

IT Cost and Operations Optimization

IT modernization with Kyndryl has enabled study participants to optimize infrastructure costs and improve the efficiency of their IT infrastructure and security teams. By helping organizations migrate from costly on-premises environments to hybrid and multicloud architectures that it designed with specific workload characteristics in mind, Kyndryl has enabled better resource utilization and reduced the need to refresh expensive hardware environments. Study participants credited Kyndryl's expertise in rightsizing infrastructure, leveraging cloud-native tools, and applying best practices in system design and management as key factors in achieving these cost savings.

They spoke about how IT modernization with Kyndryl has delivered cost savings:

Substantial cost savings through improved design and rightsizing:
"Kyndryl recommends specific cloud infrastructures that are optimized for the workload, which rightsizes resources and reduces costs. They also play a key role in making sure the workload is both optimized and scalable, so if it needs to handle more data or expand in the future, it's already been designed and set up to support that growth efficiently."

Infrastructure cost savings:
"Before working with Kyndryl, we had 100 applications running on premises, costing around $40 million per year. Since then, we've added over 200 new applications. If we had tried to run these on premises, the cost would exceed $100 million annually. … Kyndryl helps us save tens of millions with better use of multicloud."
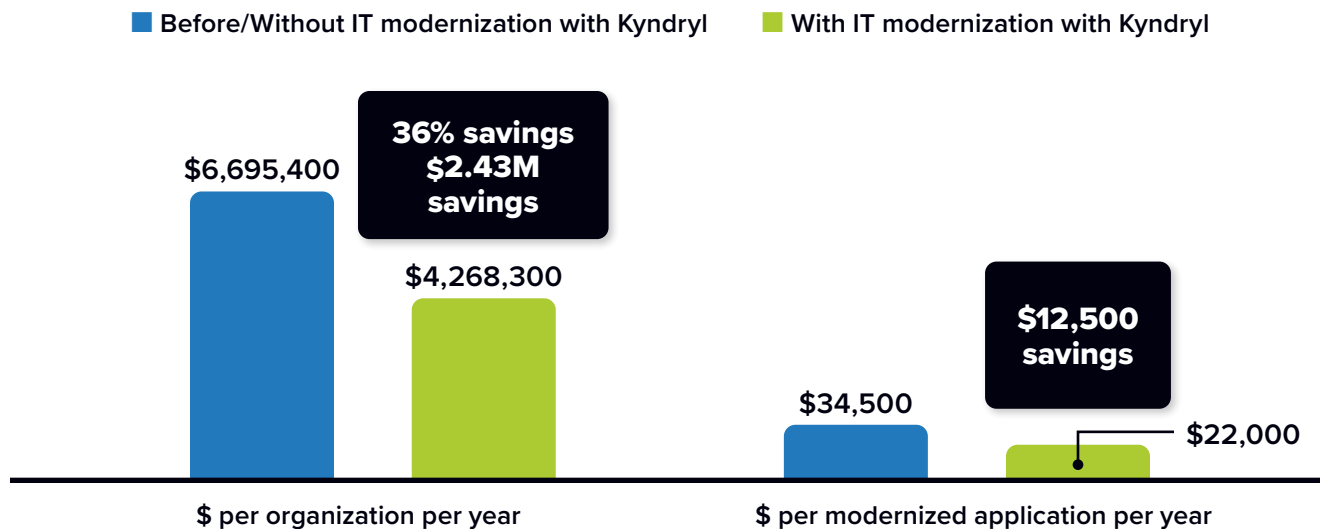
❯ **Figure 5** shows the significant 36% cost savings that study participants attributed to establishing cost-effective hybrid IT infrastructures with Kyndryl, translating to a notable $2.43 million in savings per organization per year.

FIGURE 5
Impact on IT Infrastructure Costs
($ per year)

For an accessible version of the data in this figure, see Figure 5 Supplemental Data in Appendix 3.

■ **Before/Without IT modernization with Kyndryl**   ■ **With IT modernization with Kyndryl**

$6,695,400   **36% savings $2.43M savings** $4,268,300

$12,500 savings

$34,500 $22,000

$ per organization per year   **$ per modernized application per year**

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Kyndryl's support and successful modernization have also allowed infrastructure and security teams to operate more efficiently by reducing manual workloads and streamlining operations. Organizations reported that they require fewer full-time staff to manage and secure the same workloads, and that teams could dedicate more time to innovation and strategic initiatives. Kyndryl's automation capabilities, proactive monitoring, and integrated management tools, such as Kyndryl Bridge, were instrumental in reducing operational overhead and improving team productivity. As Table 7 shows, study participants reported an average 17% efficiency gain for their infrastructure teams with IT modernization with Kyndryl, including increasing the share of team time devoted to innovative activities by 60%, demonstrating the operational impact of Kyndryl's modernization support.

❯ TABLE 7
Impact on IT Infrastructure Teams

Efficiencies, FTEs per Organization	Before/ Without IT Modernization with Kyndryl	With IT Modernization with Kyndryl	Difference	Benefit
Value of required equivalent FTE time ($ per organization per year)	$5.70M	**$4.72M**	$985,800	17%
Required equivalent FTEs for same workloads	57.0	**47.2**	9.9	17%
Percent of time available for innovation	24%	**39%**	15%	60%

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

As **Table 8** (next page) shows, teams responsible for securing their organizations' IT environments also benefit significantly from IT modernization with Kyndryl, achieving average efficiency gains of 22%. In addition, study participants connected IT modernization with Kyndryl to improvements in security KPIs, including identifying security threats 30% faster, resolving security breaches 18% faster, and suffering 7% fewer impactful security breaches overall.

TABLE 8

Impact on IT Security Teams

Efficiencies, FTEs per Organization	Before/ Without IT Modernization with Kyndryl	With IT Modernization with Kyndryl	Difference	Benefit
Value of required equivalent FTE time ($ per organization per year)	$7.17M	**$5.89M**	$1.58M	22%
Required equivalent FTEs for same workloads	71.7	**55.9**	15.8	22%

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

ROI Summary

IDC's analysis found that organizations will achieve strong value through IT modernization initiatives with Kyndryl. On average, IDC projects that total three-year discounted benefits from the modernization initiatives and Kyndryl engagements will be worth $96.35 million per organization ($496,200 per modernized application). These benefits will be realized against average three-year discounted investment costs of $22.19 million per organization ($114,300 per modernized application). These benefits and investment costs would result in a robust 334% ROI and an average payback period of 10 months. These findings underscore both the efficiency and value of Kyndryl's modernization support, as well as the broader value for study participants of carrying out hybrid IT modernization initiatives.

❯ TABLE 9
ROI Analysis

Three-Year ROI Analysis	Per Organization	Per Modernized Application
Benefit (discounted)	$96.35M	$496,200
Investment (discounted)	$22.19M	$114,300
Net present value (NPV)	$74.15M	$381,900
ROI (NPV/investment)	334%	334%
Payback	10 months	10 months
Discount rate	12%	12%

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Challenges/Opportunities

Organizations always have the objective of modernizing their legacy IT environments; however, delivering on that objective is a significant challenge for most. Technology changes at a rapid pace, but business requirements change even faster. Organizations implement technology stacks that require investment and time to implement, stabilize, and secure before operating them effectively. Including the objective to continuously update and modernize IT environments adds another task to an already daunting challenge.

Considerations for organizations thinking about modernizing their IT environments with Kyndryl include:

- **Stakeholder expectation alignment:** Digital transformation involves a broad mix of C-suite executives with different technology priorities steering their digital initiatives, sometimes prolonging modernization efforts. Avoid the twice-as-long, twice-as-costly experience of many organizations by working with Kyndryl to engage with key stakeholders in a consultative approach to understand the entire organization's digital ambitions, evaluate the implications to the IT environment, and map out the future needs to incorporate them into the modernization road map.

- **Change management and adaptation:** Modernizing any IT environment can pose technology challenges, and modernizing legacy environments often impacts technology, processes, and people. IT employees and their business stakeholders can struggle with adaptation, slowing down modernization progress. Work with Kyndryl Consult to engage with stakeholders early and often to ensure that people and processes adapt alongside the technology.

Conclusion

IDC's research demonstrates that organizations undertaking IT modernization initiatives with Kyndryl are achieving substantial business and operational value. By leveraging Kyndryl's technical expertise, proven methodologies, and integrated platform capabilities, study participants have modernized complex IT environments more efficiently and effectively. These efforts have translated into measurable gains in agility, infrastructure performance, developer productivity, and business responsiveness while reducing costs and operational overhead.

The quantified benefits of modernization with Kyndryl include a 334% three-year ROI, a 10-month payback period, and over $41 million in average annual benefits per organization. Beyond financial returns, organizations reported an improved ability to meet evolving business demands, faster time to market, and enhanced support for innovation. As organizations continue to prioritize digital transformation and prepare for broader AI adoption, Kyndryl's pragmatic and data-driven approach to modernization positions it as a valuable partner in enabling resilient, scalable, and future-ready IT environments.

Appendix 1: Methodology

IDC utilized its standard Business Value/ROI methodology for this project, gathering data from organizations that are using Kyndryl services to drive and support IT modernization initiatives.

Based on interviews with organizations that use Kyndryl for IT modernization, IDC performed a three-step process to calculate the ROI and payback period:

1. **IDC gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of IT modernization initiatives with support from Kyndryl.** In this study, the benefits included infrastructure cost savings, IT staff efficiency improvements, development and user productivity gains, and higher net revenue.

2. **IDC created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Kyndryl and undertaking IT modernization, and can include additional costs related to migrations, planning, consulting, and staff or user training.

3. **IDC calculated the ROI and payback period.** It conducted a depreciated cash flow analysis of the benefits and investments for the organizations' IT modernization initiatives with Kyndryl over a three-year period. ROI is the ratio of the NPV and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on several assumptions, which are summarized as follows:

- Multiplying time values by burdened salary (salary + 28% for benefits and overhead) quantifies efficiency and manager productivity savings. For the purposes of this analysis, IDC has used its standard assumptions of an average fully loaded salary of $100,000 per year for IT staff members and an average fully loaded salary of $70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).

- IDC calculates the net present value of the three-year savings by subtracting the amount that organizations would have realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

- Because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All dollar figures in this White Paper are in USD.

Appendix 2: Quantified Benefits of IT Modernization with Kyndryl

Table 10 provides details about the ways in which study participants capture value through their IT modernization initiatives with Kyndryl. IDC calculates that they will achieve benefits worth an annual average of $41.37 million per organization ($213,100 per modernized application).

Note: All numbers in this document may not be exact due to rounding.

TABLE 10

Annual Quantified Financial Benefits

Category of Value	Average Quantitative Benefit	15% Margin Assumption Applied	Calculated Average Annual Value*
IT infrastructure cost savings	36% lower cost, saving $2.43M per year	No	$1.92M
Modernization team efficiencies	29% more efficient, worth 9.1 FTEs; $100,000 salary	No	$723,200
IT infrastructure team efficiencies	17% more efficient, worth 9.9 FTEs; $100,000 salary	No	$780,400
Security team efficiencies	22% more efficient, worth 15.8 FTEs; $100,000 salary	No	$1.25M
Development team productivity gains	18% more productive, worth 8 FTEs; $100,000 salary	No	$636,600
Unplanned downtime, productivity gains	81% less unplanned downtime, 3.9 FTEs in higher productivity, $70,000 salary	No	$214,800
Higher revenue, business enablement	$145.79M higher revenue per year, 15% margin	Yes	$17.31M
Higher user productivity; improved performance and access	17% higher productivity for 12,957 users, worth 2,229 FTEs in productivity gains; 15% margin; $70,000 salary	Yes	$18.52M
Total annual benefits	**$41.37M per organization/$213,100 per modernized application**		

Note: *includes 7.5 months deployment time, year 1; n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Appendix 3: Supplemental Data

This appendix provides an accessible version of the data for the complex figures in this document. Click "Return to original figure" below each table to get back to the original data figure.

FIGURE 5 SUPPLEMENTAL DATA

Impact on IT Infrastructure Costs

Impact	$ per organization per year	$ per modernized application per year
Before/Without IT modernization with Kyndryl	$6,695,400	$34,500
With IT modernization with Kyndryl	$4,268,300	$22,000
Difference	**$2,427,100**	**$12,500**

n = 6; Source: IDC Business Value In-Depth Interviews, June 2025

Return to original figure

About the IDC Analysts

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Research Vice President, Worldwide Services, IDC

Jason Bremner is research vice president for IDC's Worldwide Services program, providing research insights and thought leadership on the key issues and trends affecting the services markets globally. In this role, Bremner is responsible for ensuring consistency, completeness, and accuracy across forecasts and shares by working with more than 120 IDC analysts across project-oriented services, managed services, and support services. The analyst team that Bremner leads helps technology vendors, IT professionals, and business executives make insight-driven, strategic decisions on technology marketing, sales, and deployments. Bremner is also the lead analyst for IDC's Canadian Services research, providing insights and thought leadership on the key issues and trends affecting the Canadian services markets.

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Matthew Marden is responsible for carrying out custom business value research engagements and consulting projects for clients in several technology areas, focusing on determining the return on investment of their use of enterprise technologies. Marden's research often analyzes how organizations are leveraging investment in digital technology solutions and initiatives to create value through efficiencies and business enablement.

More about Matthew Marden

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