

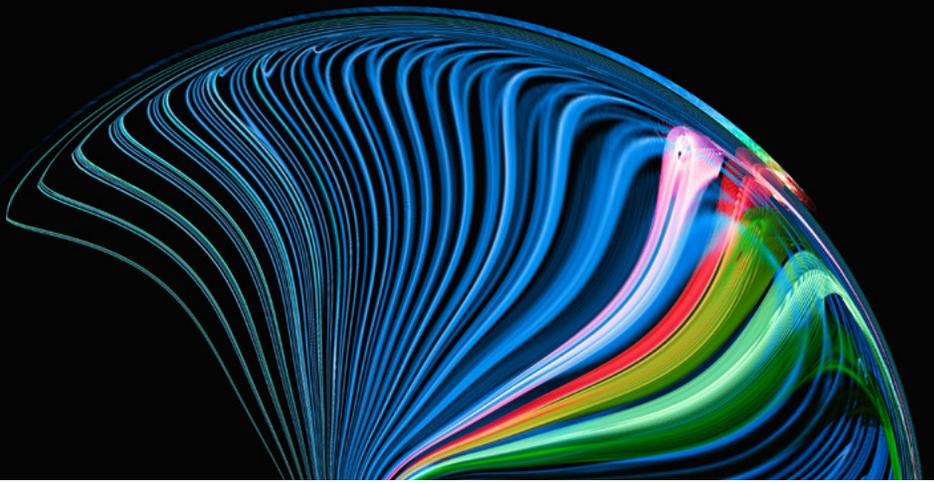
READINESS REPORT

kyndryl

Executive Summary Report

2025

*From our
Chairman and CEO*



Martin Schroeter
Chairman and Chief
Executive Officer
Kyndryl

Last year's inaugural Kyndryl Readiness Report revealed a paradox: While 90% of leaders said their IT infrastructure was best in class, only 39% thought it was ready for future risks and disruptive forces. Since then, organizations and their people have continued to be put to the test, navigating macroeconomic uncertainty and the rapid rise of emerging technologies such as agentic AI.

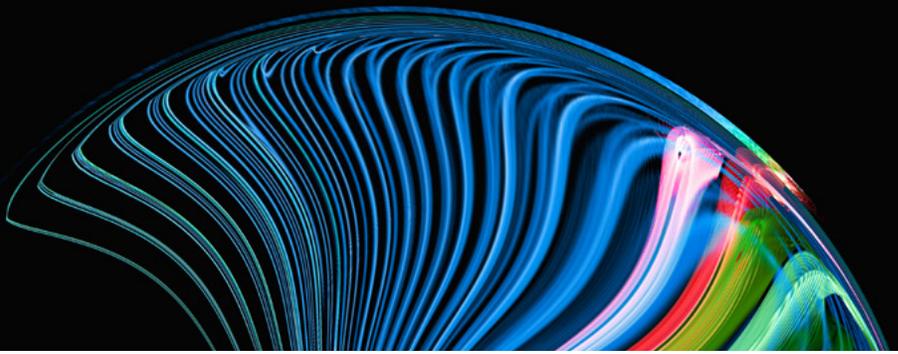
So it's no surprise that the findings in this year's Report — which draws on exclusive data from Kyndryl Bridge, our AI-powered open integration digital business platform, and insights from 3,700 business executives — uncovered a readiness tipping point across their IT estates and their workforces. Tip one way, and they will turn obstacles into competitive differentiators. Tip another, and they will risk their competitiveness.

AI

With the promise to solve complex problems faster, improve customer experiences and continuously optimize how work gets done, companies are turning to AI because it can represent a step change in how they operate their business. Our report shows that AI investments are up 33% over the past year — across the spectrum of traditional machine learning, generative AI, data centers for AI, and AI agents that can reason, adapt and act to achieve specific goals.

As investments in AI increase, the pressure to scale it and demonstrate its value rises as well with three in five leaders reporting that they feel more pressure this year to deliver positive return on their AI investments. This is a people readiness challenge as much as a technology readiness challenge as 87% of leaders believe that AI will fundamentally change roles and responsibilities in their organizations within 12 months. But the majority of leaders worry that their workforce lacks the skills needed to fully seize AI opportunities.

From our
Chairman and CEO



The organizations that become pacesetters will successfully navigate these technology, people and regulatory readiness hurdles with a clear leadership vision and investment in innovation – to ‘tip the right way’”

Geopolitics

With geopolitical and regulatory pressures intensifying, leaders are forced to rethink where and how their data is stored, processed, accessed and secured. 65% reported making changes to their cloud strategies in response to new regulations, supply chains, tariffs and other geopolitical uncertainties. And nearly a third of leaders cited regulatory or compliance concerns as the primary barrier limiting their organization’s ability to scale recent technology investments.

These are not abstract concerns for global business leaders. The organizations that become pacesetters will successfully navigate these technology, people and regulatory readiness hurdles with a clear leadership vision and investment in innovation – to ‘tip the right way’ and turn potential obstacles into successful differentiators.

As a leader in mission-critical enterprise services and partner to thousands of customers in 60 countries, Kyndryl is honored to work with industry leaders, thinkers and policy makers on solutions to ready organizations for the realities of now and possibilities in the future.

Martin Schroeter
Chairman and Chief Executive Officer





Contents





The Readiness Tipping Point

AI and geopolitics are upending longstanding business and tech conventions. Organizations need to solve for five tech and talent challenges or be left behind.

This year's Readiness Report shows how organizations are being tested as they navigate two major disruptions: the effects of AI and of an increasingly fragmented geopolitical and regulatory landscape. Organizations are no longer preparing for disruption — they're reacting to it in real time.

By combining insights from 3,700 senior leaders and decision-makers across 21 countries with data from Kyndryl Bridge, the company's AI-powered open integration digital business platform, the Readiness Report sheds new light on how business leaders see five specific readiness challenges ahead of them: getting solid tech foundations, managing global data, evolving workforces, pressure to scale AI pilots, and aligning leadership. It also shows what they're already doing to prepare their tech and workforces to address them and what's successful.

How organizations address these challenges will determine whether they can transform hurdles into differentiators — allowing them to navigate risk with agility and scale game-changing tech to win. 



Methodology

The Kyndryl Readiness Report combines survey data from 3,700 senior leaders and decision-makers across 21 countries with insights from Kyndryl Bridge, the company's AI-powered, open integration digital business platform. The Report uncovers the drivers, barriers and trade-offs that can make or break the ability of organizations to protect, sustain and accelerate their performance and future-proof their mission-critical processes.

21 countries

- | | | |
|-----------|--------------|----------------------|
| Australia | India | Singapore |
| Belgium | Ireland | Spain |
| Brazil | Italy | Sweden |
| Canada | Japan | United Arab Emirates |
| China | Mexico | United Kingdom |
| Denmark | Netherlands | United States |
| France | Saudi Arabia | |
| Germany | | |

United States, Japan (n=300); Australia, Brazil, Canada, China, France, Germany, India, Ireland, Italy, Mexico, Spain, United Kingdom (n=200); Belgium, Denmark, Netherlands, Saudi Arabia, Singapore, Sweden, United Arab Emirates (n=100)

24 industries, with a focus on 8 core industries

- | | |
|--|--------------------|
| Banking and financial services | Retail |
| Energy and utilities | Technology |
| Healthcare | Telecommunications |
| Insurance | Others |
| Manufacturing (including consumer products) | |

Banking and financial services (n=768), energy and utilities (n=391), healthcare (n=337), insurance (n=369), manufacturing (including consumer products) (n=613), retail (n=114), technology (n=357), telecommunications (n=338).

Respondent profiles

Within this report, 50% of respondents are C-Suite level executives, and 50% are senior directors and business unit leaders who influence technology decisions. Half of respondents represented companies with \$1 billion or more in revenue. Half represented business leaders (i.e., CEOs, CFOs, and their organizations); half represented technology leaders (i.e., CIOs, CTOs, and their organizations).

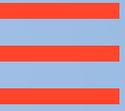
The survey was conducted by Edelman DXI on behalf of Kyndryl. Fieldwork was conducted via online survey and telephone interview between June 20 and August 15, 2025.

1,200 companies

This report contains aggregated and anonymized data from 1,200 companies on Kyndryl Bridge, the company's business platform, which delivers 12 million AI-driven insights monthly. Kyndryl Bridge uses operational data, IP and embedded AI to provide observability across an enterprise's entire IT estate. Kyndryl Bridge data in this report is from August 2025.

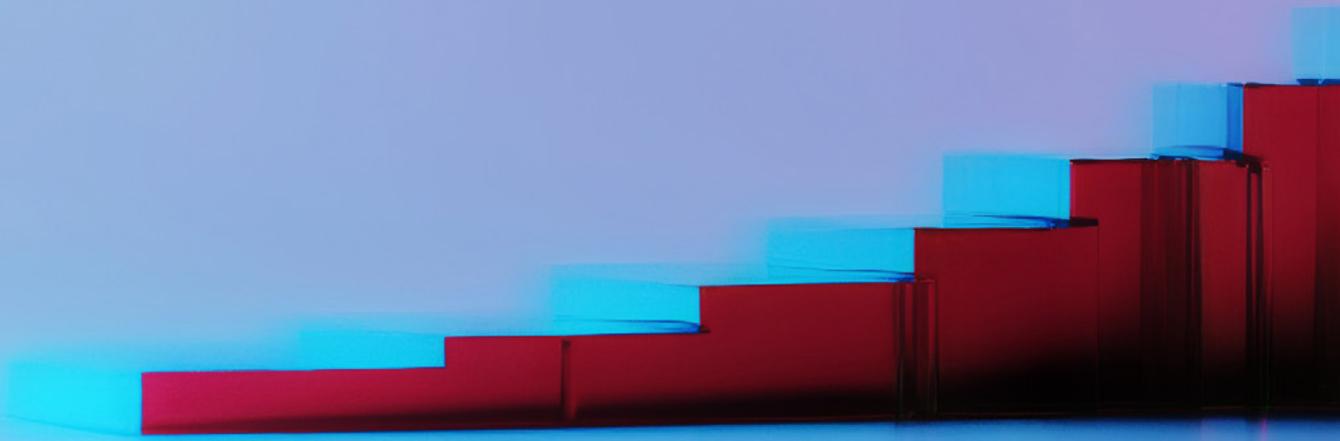
People Readiness Report

Portions of this report cite Kyndryl's People Readiness Report, which surveyed 1,100 business and technology leaders in 8 markets (Brazil, United States, United Kingdom, Spain, France, Germany, Japan, and India) to uncover how organizations are managing the pace of change related to technological innovation and the actions they must take to better prepare their workforces. The survey was conducted by Edelman DXI on behalf of Kyndryl between February 20 and March 21, 2025.



01.

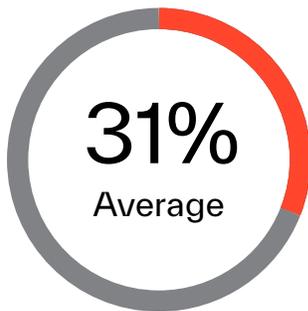
Solid foundations:
Can IT meet today's
security and agility
challenges?



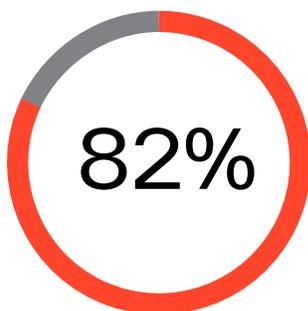
Solid foundations

Compared to the 2024 Readiness Report, organizations continue to feel unprepared for future risks, especially as AI accelerates disruption and exposes readiness gaps. Only 31% of organizations this year feel completely ready across external risks – a slight uptick from 29% last year.

While security threats continue to lead leaders' concerns, most have experienced and are not prepared for the broader web of outages, disruptions, and regulatory expectations now unfolding.



Only 31% feel ready across external business risks



Experienced a cyber-related outage this year

To withstand these risks and rising regulatory pressures, they still say upgrading their IT infrastructure is the best way to mitigate external business risks. They also see a wide range of benefits from doing so, particularly in efficiency and innovation.

Modern cyber resilience strategies and new technologies such as AI depend on a foundational tech and data stack. Reinforcing this foundation is essential to building trust, increasing business agility, maintaining uptime and defending against disruption. ☰

3 in 4

organizations are investing in AI for cybersecurity – more so than any other AI capability

Top actions taken to mitigate external business risks

% selected

1. Upgrading IT infrastructure



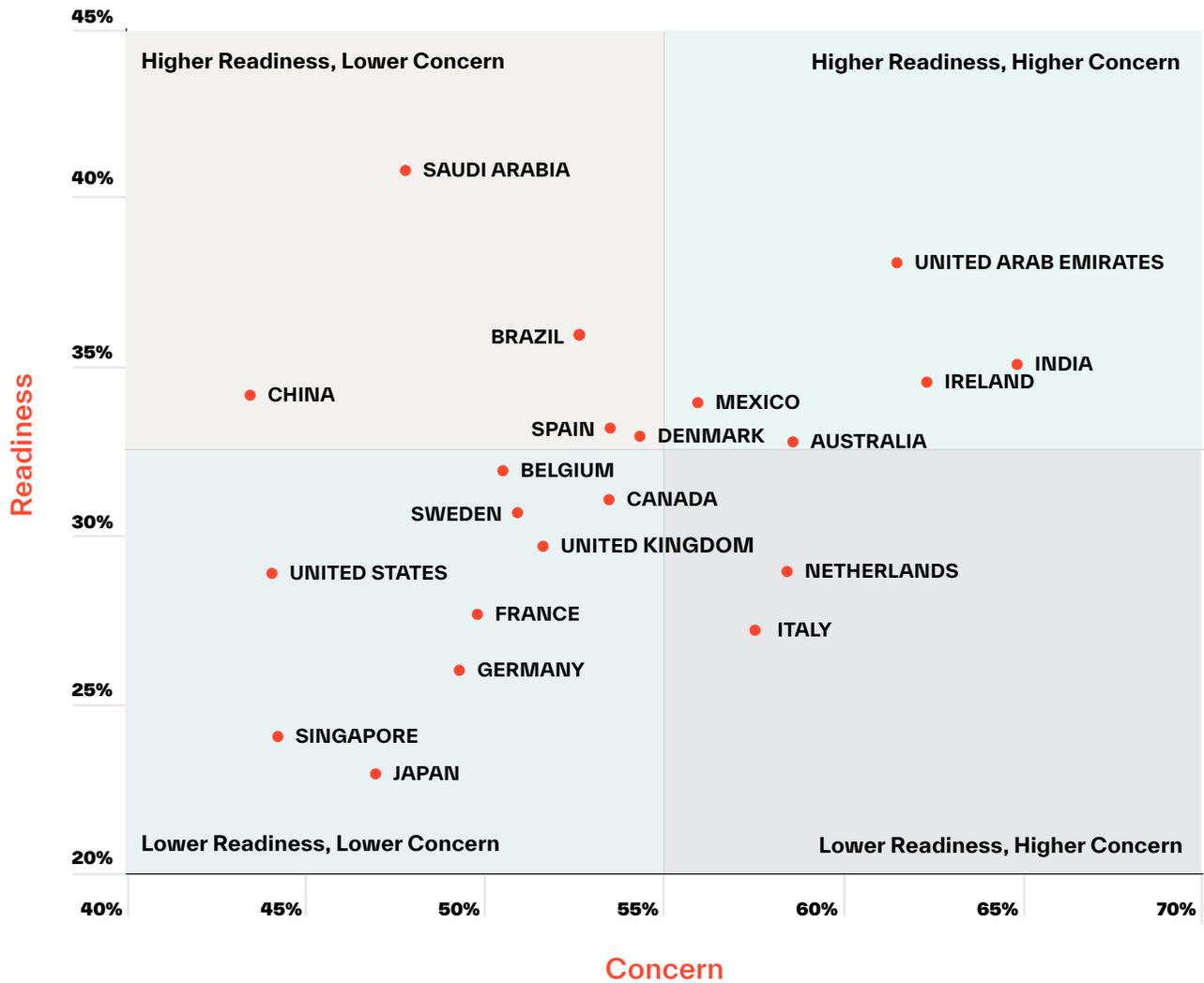
2. Implementing robust cybersecurity measures



Despite varying levels of concern across external business risks, Saudi Arabia and UAE report the highest readiness on average

European countries like the Netherlands and Italy report higher levels of concern, but lower-than-average readiness

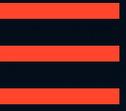
Readiness vs Concern - By Market



Q12: When thinking holistically about the external risks your organization faces, how concerned are you about each of the following? Base: Same as Q13.

Q13: How ready would you say your organization currently is to manage the following external business risks? Base: Total (n=3700); US, Japan (n=300) Canada, Brazil, Ireland, Mexico, UK, Spain, France, Germany, Italy, China, India, Australia (n=200) Belgium, Netherlands, Sweden, Denmark, UAE, Saudi Arabia, Singapore (n=100)





02.

Agile cloud and data: Can digital strategies navigate a fragmented global landscape?



Cloud has provided organizations with many benefits, and companies are now focusing on optimization, business agility and data governance

Cloud adoption has surged, unlocking new value and accelerating growth for businesses across the globe – but organizations are reporting new challenges from both legacy infrastructure designed by “accident” and an increasingly fragmented regulatory environment.

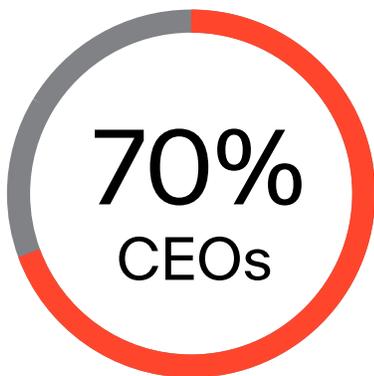
Now, with geopolitical pressures intensifying and regulations tightening, organizations are

being forced to rethink where and how their data is stored, processed, accessed and secured. In addition, businesses are now attempting to build agile capabilities on top of those environments.

With optimization top of mind, organizations are moving toward agile cloud strategies built for a more competitive, regulated, and divided world. ☰

CEOs who say they arrived at their current cloud environment by accident, rather than by design

% Selected



Actions taken in response to geopolitical pressures

% Selected, Up to 3

45% Expanding use of encryption or other technical tools to secure data

44% Reevaluating data governance policies

41% Investing in data repatriation (i.e., moving data back from cloud environments to internal infrastructure)

65%



of organizations have made **changes to their cloud strategies** in response to new geopolitical pressures

Geopolitical pressures and evolving regulations are increasingly influencing IT decision-making

Compared to 12 months ago, geopolitical pressures have become more important in decision making around IT

% Selected

■ More important ■ Less important

Emerging data sovereignty/repatriation regulations



Exposure to tariffs/supply chain delays



Rising geopolitical instability/tensions



Q45: Compared to 12 months ago, how much more or less important have the following geopolitical pressures become in your organization's decision making around IT / tech modernization? Base: Total (n=3700)

31% cite regulatory or compliance concerns as a primary barrier limiting their organization's ability to scale recent technology investments (ranked 2nd among all barriers)

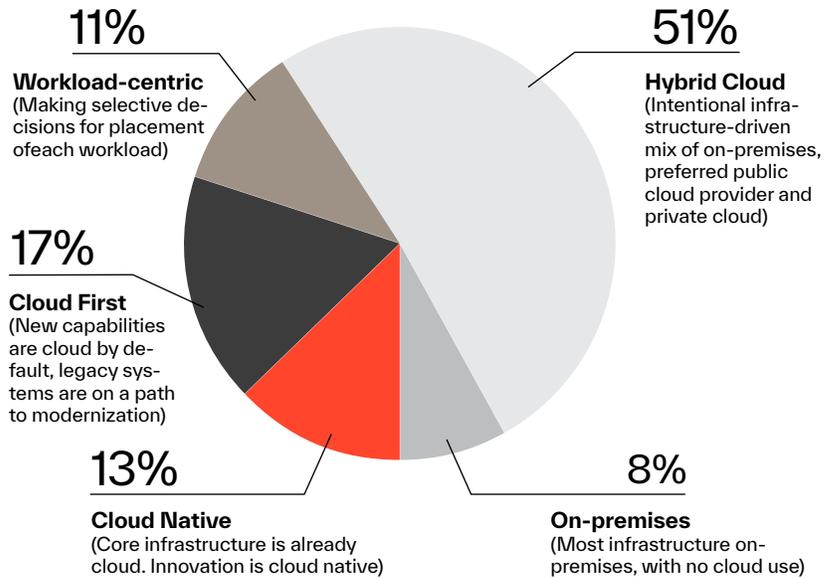
Q49: Which of the following are the primary barriers limiting your organization's ability to scale recent technology investments? Base: Total (n=3700)



As organizations rationalize their cloud strategies to a more agile architecture, they can more easily withstand external pressures and use AI

Approach to cloud infrastructure

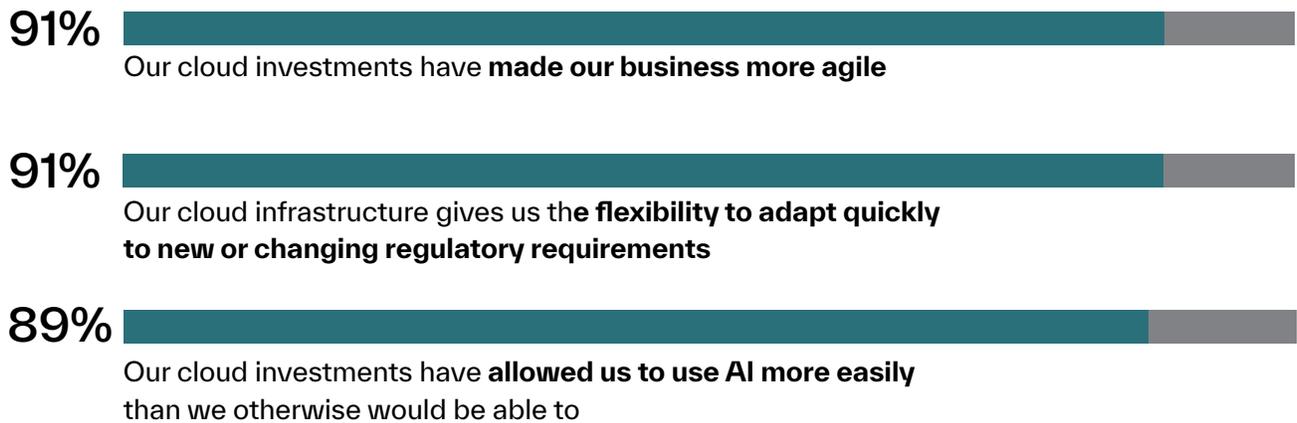
% Selected



Q51: Which of the following best describes your organization's current approach to cloud infrastructure?
Base: Knows Cloud Deployment Model (n=3693)

Organizational benefits due to cloud investments

% Agree



Q53: Please rate your level of agreement on the following statements related to your cloud model and migration. Base: Uses Cloud (n=3639).



Industry view: Telecomms and Energy & Utilities businesses are most likely to report they arrived at their current cloud environment by accident, rather than by design

Arrived at current cloud environment by accident

% Agree

| | |
|-----------------------|-----|
| Telecomms | 63% |
| Energy and Utilities | 61% |
| Banking and Financial | 58% |
| Healthcare | 57% |
| Insurance | 56% |
| Technology | 55% |
| Retail | 52% |
| Manufacturing | 51% |

Q53: Please rate your level of agreement on the following statements related to your cloud model and migration: We got to our current cloud environment by accident rather than by design. Base: Uses Cloud (n=3639); Sample size varies by industry





03.

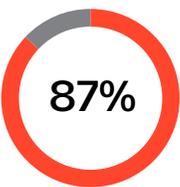
**Aligning workforce:
Can workforces keep
up with the speed of
innovation?**



People and culture are at the center of organizations as they adopt and realize efficiencies driven by AI implementation

Technology does not exist in a vacuum, and for organizations to benefit from new tools, they also need to mature their people and processes to adopt them. Workforce trust in new technologies and processes makes a significant difference between organizations that are ready and those that lag behind.

The challenge is urgent: 9 in 10 believe AI will completely transform roles and responsibilities at their organizations within the next year. Yet many worry their workforce may lack the skills, both technical and human, needed to fully seize these opportunities.



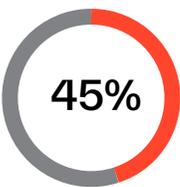
87% agree AI is going to completely transform roles and responsibilities at their organization over the next 12 months

CEO Perceptions of Organizational Culture

% Selected



48% My organization's culture stifles innovation



45% My organization's culture moves too slow in decision-making

The data shows that developing an organizational culture of strong adaptability helps, and CEOs are concerned about how to leverage culture and talent for success. Almost half say their culture stifles innovation and moves too slow in decision-making.

By contrast, those who describe their culture as dynamic and adaptable report stronger outcomes across multiple metrics. Most notably, they are more likely to report IT readiness and to have experienced positive ROI from their AI investments. ☰

Most concerning impacts of AI on the workforce

% Selected

| | |
|---|-----|
| Having the right technology skills to make the most of AI opportunities | 41% |
| Having the right core/human/cognitive skills to make the most of AI opportunities | 39% |
| How to upskill and reskill employees whose jobs are replaced with AI | 38% |

Organizations with strong cultural adaptability for continuous transformation are:

+22pts

more likely to report their IT infrastructure is ready to manage future risks

+15pts

more likely to have achieved positive ROI on their AI investments



AI innovation is outpacing workforce absorption – organizations anticipate complete role transformation, but lack workforce readiness



4 in 10

technical employees and over half of non-technical employees are not using AI on a weekly basis, posing opportunity for further adoption

Weekly AI Usage

Average % currently using AI on a weekly basis

61% Technical employees



43% Non-technical employees



Q43: Thinking about both technical and non-technical employees, approximately what percentage of your organization's workforce is currently using AI on a weekly basis (inclusive of machine learning, generative AI, and agentic AI)? Base: Total (n=3700)

Agreement about skills and talent

% Selected

87%

agree AI is going to **completely transform roles and responsibilities** at their organization **over the next 12 months**

Q19: How much do you agree or disagree with the following statements about your organization's IT skills & talent? Base: Total (n=3700)

Current workforce readiness for AI

% Ready

29%

say that their organization's workforce is currently **ready to successfully leverage AI** in the workplace

– *People Readiness Report*

Q3. How ready would you say your organization's workforce currently is to successfully leverage AI technology in the workplace? Base: Total (n=1100); Kyndryl People Readiness Report 2025





04.

Pilots that scale:
Can AI and other
innovations deliver
transformational
business value?



Pressure is mounting to scale technology beyond the pilot

The continuous advancement of innovative technologies, including AI, has created enormous potential for today's businesses to both find efficiencies and explore new revenue streams. Unsurprisingly, investments in AI are increasing, along with the pressure leaders feel to demonstrate that the technology pays off: 61% feel more pressure than 12 months ago.

In this context, are business leaders sure they are taking the right steps to move the technology from proof-of-concept ideas to real-world products?

The 2025 report shows that organizations have made progress getting to positive returns on investment for their AI projects, but most organizations still remain in the experimentation phase. They are hindered by integration complexity, regulatory and compliance concerns, and business-tech alignment on how to deliver those projects.

As technological innovation continues to accelerate, failure to scale AI initiatives poses a critical risk to competitiveness and growth.

33%

On average, organizations have increased their AI investment over the past year

Pressure to prove ROI on AI, compared to 12 months ago

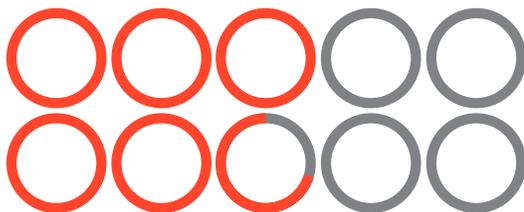
% Selected

61% More Pressure



57%

Over half agree that their innovation efforts often stall after the proof-of-concept phase



Top barriers to scaling technology investments

% Selected, Ranked Top 3

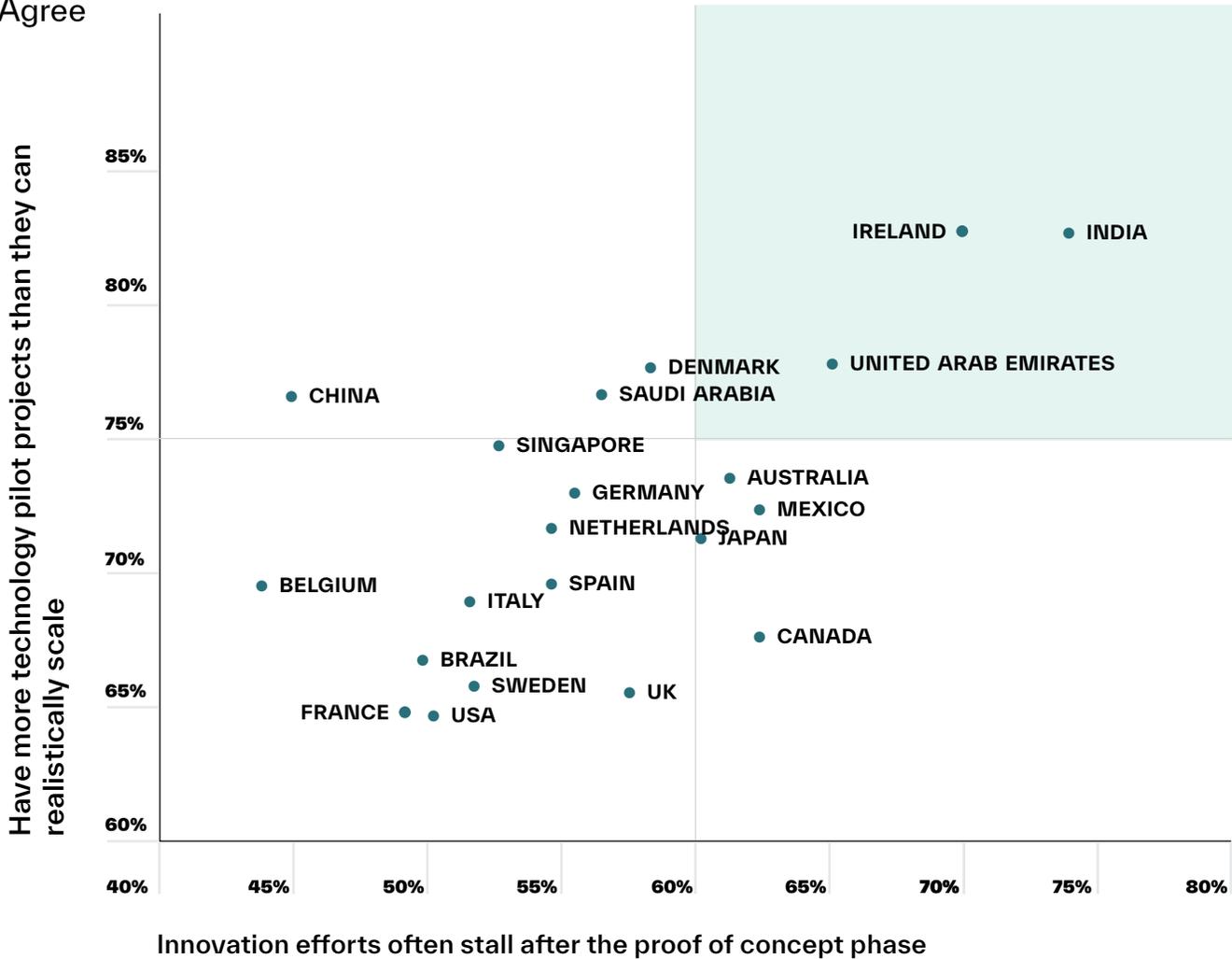
1. Complexity of technology environments (31%)
2. Regulatory or compliance concerns (31%)
3. Difficulty aligning business and technology teams (26%)

Challenges vary significantly by country: Ireland and India are more likely than other markets to struggle with scalability challenges and stalled pilot projects

Organizations in Ireland are more likely than those in other markets to cite complexity of tech environments as a top barrier inhibiting scalability (39% vs. 31% global average), while organizations in India struggle primarily with complexity, regulatory challenges and organizational resistance to change.

Scalability challenges, by market

% Agree



Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Base: Total (n=3700); All markets range from (n=100-300)





05.

Velocity and vision:
Can business and
technology align
quickly on the
best path
forward?



Velocity with vision amid increasing complexity

Pressure to move fast is at an all-time high. Organizations need to keep up not only with the pace of technology advancements but with competition in their own industries and fast-moving regulations.

Leadership decisions are being made under pressure. The case of cloud adoption can offer lessons about the next wave of technological disruption. As companies raced to move their data and processing to the cloud, about a decade ago, they sought economy, agility and scalability. Today they report clear benefits from their decisions: 91% report increased agility; 91% can more easily adapt to regulatory requirements, and 89% say it helps them more easily deploy AI.

Yet 95% say they would do it differently, given the chance to do it again. Overall, respondents would have increased their focus on security and compliance (40%), improved their internal communications (36%), appreciated the complexity of integration (36%), or invested more in relevant people and talent (36%).

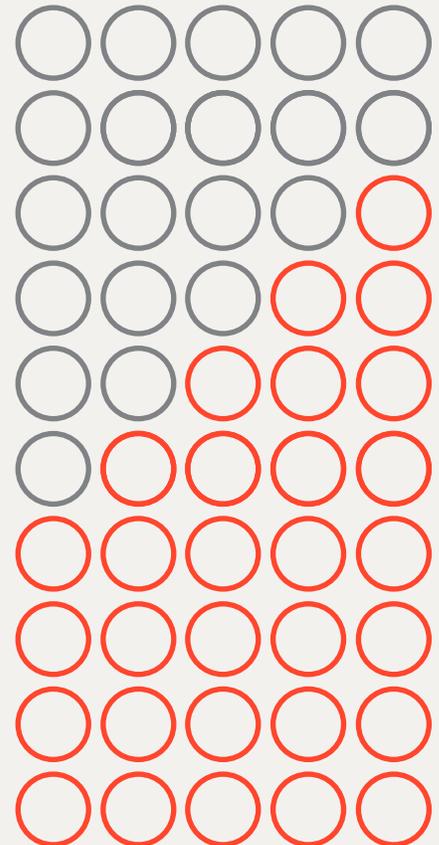
The cloud example shows that organizations still benefit from new technology even while everything isn't fully sorted out.

The survey also shows that business leaders have a diverse definition of return on investment. To some, it's operational efficiency; others prioritize employee engagement, increased agility, or increased revenue. There is no one-size-fits-all approach, and decisions aren't made in a vacuum. Aligning technology and business leaders — and rallying employees around a technology roadmap — has never been more important. ☰



60%

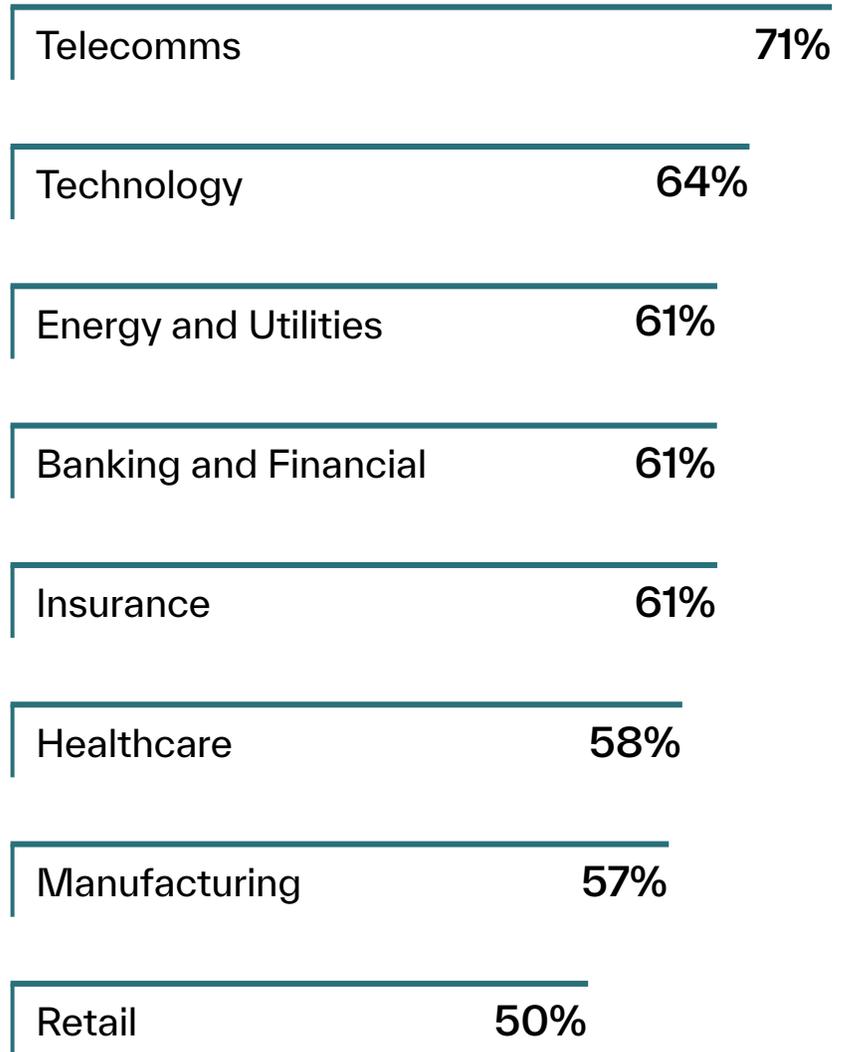
agree **their organization struggles to keep up with the pace of technological advancements**



Telecomms organizations are more likely to report they struggle with the pace of technological advancements, while Retail businesses are less likely to cite this as a challenge

“Our organization struggles to keep up with the pace of technological advancements”

% Agree



Q19: How much do you agree or disagree with the following statements about your organization's IT skills & talent? Base: Total (n=3700); Sample size varies by industry



Conclusion

How to Lead



Conclusion: How to lead



The tipping point: pacesetters

Culture, vision and innovation investment form the core differentiating indicators of organizations that are “tipping” the right way across the five challenges. By evaluating respondents across these criteria – organizational adaptability, ability to turn strategy into a clear inspiring vision and proportion of IT spend reserved for innovation vs. maintenance – organizations segment among three groups: pacesetters, followers and laggards. Pacesetters, which can be found in all countries and company sizes, see benefits across both their technology infrastructure and their workforces.

Pacesetters

Forward-looking organizations that pair strong vision with the investment and adaptability to act on it

Followers

Those making steady progress but slowed by organizational culture or operational gaps

Laggards

Organizations struggling to modernize, often constrained by legacy systems and siloed decision-making

Proportion of groups



On the following pages, we show how these three groups perform across the five tech and talent readiness hurdles.

Each company’s readiness was assessed on three 100-point dimensions (cultural adaptability, leadership vision, innovation investment). Composite scores were used to identify three typologies: Pacesetters, Followers, and Laggards.

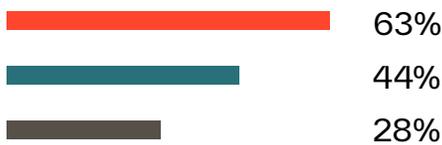
Pacesetters in culture, leadership and digital transformation are prioritizing the foundational infrastructure needed to drive resilience and agility

■ Pacesetters ■ Followers ■ Laggards

Solid foundations

Readiness of IT infrastructure

% Ready



Q17: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? (% Completely Ready)

Currently investing in cybersecurity AI capabilities

% Selected

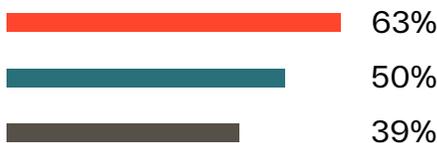


Q59: Is your organization currently investing in any of the following AI capabilities? Cybersecurity (e.g., fraud detection and risk management)

More agile cloud and data

"Our cloud investments have made our business more agile"

% Completely Agree



Q53: Please rate your level of agreement on the following statements related to your cloud model and migration. Base: Total (n=3700); Pacesetters (n=464); Followers (n=1800); Laggards (n=1436)

Pacesetters are less likely

-32pts vs laggards

to have innovation efforts delayed by foundational issues in their tech stack

Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Innovation efforts are often delayed by foundational issues in our technology stack

Pacesetters are more likely

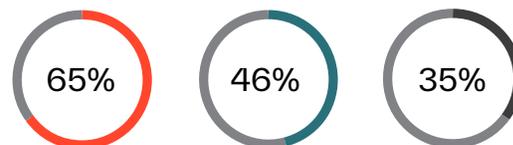
+20pts vs laggards

to have not experienced a cyber-related outage in the past year

Q47: Has your organization been impacted by any of the following significant cyber-related outages in the past year? We have not experienced any cyber-related outages

"Our cloud infrastructure gives us the flexibility to adapt quickly to new or changing regulatory requirements"

% Completely Agree

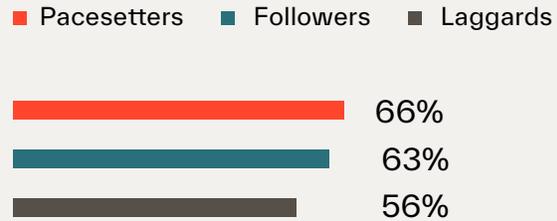


Pacesetters are also enabling a more innovative workforce and experiencing stronger scalability on innovation as well as better leadership alignment

Realigned workforce

Pacesetters see **+10pts** on weekly AI usage amongst technical employees

% of technical employees using AI weekly

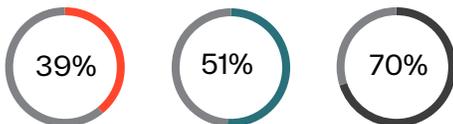


Q43: Thinking about both technical and non-technical employees, approximately what percentage of your organization's workforce is currently using AI on a weekly basis (inclusive of machine learning, generative AI, and agentic AI)? Technical employees

Pilots that scale

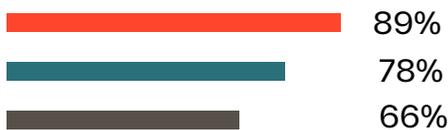
"Our innovation efforts often stall after the proof-of-concept phase"

% Agree



Q48: How much do you agree or disagree with the following statements about the pace of technological innovation at your organization? Our innovation efforts often stall after the proof-of-concept phase

% Experiencing positive ROI on either AI or Generative AI investments (net)

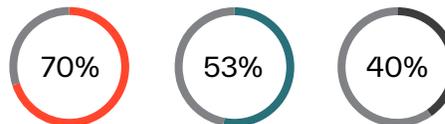


Q23: Thinking about the specific digital technologies, tools, or solutions your organization is currently investing in, how would you describe the return on investment (ROI) your company has experienced as a result of these investments? (% Positive ROI on AI/ML or Gen AI)

Leadership alignment

"Our CTO/CIO has a clear understanding of the business strategy and goals"

% Completely Agree



Pacesetters less likely

-10pts vs laggards

to agree that "our CEO and CFO are not aligned with the long-term value of technology investments"

Q64: How much do you agree or disagree with the following statements about the way your business makes decisions? Our CTO/CIO has a clear understanding of the business strategy and goals (% Completely Agree), Our CEO and CFO are not aligned with the long-term value of technology investments (% Completely Agree) Base: Total (n=3700); Pacesetters (n=464); Followers (n=1800); Laggards (n=1436)



As organizations mature, their barriers shift from basics to complexity

Pacesetters face higher-order challenges that reflect their transformation progress.

Unique barriers to scaling tech investments

Unique barriers are barriers that each segment experiences as a significantly higher rate than the other segments.

Pacesetters

More likely to cite the complexity of tech environments

Followers

More likely to cite regulatory and compliance concerns

Laggards

More likely to cite resource and skills gaps

As organizations advance, their challenges evolve. Pacesetters grapple with the complexity of integrating and scaling advanced technologies – a sign of maturity rather than weakness. Followers continue to navigate compliance and regulatory friction, while laggards remain constrained by skills and investment priorities.

Progress brings new opportunities – but also greater complexity to manage.

Q49: Which of the following are the primary barriers limiting your organization's ability to scale recent technology investments?

Moving from follower to pacesetter: What it takes by role

How each C-suite leader can accelerate readiness.

| Role | How to Drive Toward “Pacesetter” Status |
|----------------------------------|--|
| CIO/CTO | Shift from infrastructure maintenance to innovation enablement – modernize for agility, not just resilience. |
| CFO | Treat tech investment as a strategic asset, not a cost center; fund transformation through efficiency wins. |
| CHRO/Chief People Officer | Build workforce adaptability and AI fluency; align talent strategy with the pace of tech change. |
| CEO/Business Units Leads | Champion a unified vision for digital innovation; connect transformation outcomes to growth strategy. |



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