Technology Transformation: From the Back-office to the Boardroom

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In the last several years, enterprises around the world experienced a discernible shift in approach to the technology underpinning their mission-critical workloads. With the migration to clouds to find innovation, a pivot to resiliency strategies in response to an ever-evolving landscape of cybersecurity threats and with the advent of powerful new artificial intelligence tools, decisions about technology investments and digital transformations have become a boardroom priority.

This is because what were conversations solely about technology are now about business outcomes – and the two are inextricably linked. Everything you want your organization to accomplish in the next five years – operational efficiency; employee engagement and retention; improved customer experience, brand reputation and growth – can be supported by investments in the modernization and transformation of technology. I'm the proud leader of the world's largest IT infrastructure services company, Kyndryl, and we're helping enterprises implement and manage large-scale technology transformations while we continue to run the mission-critical systems underpinning their businesses.

And we do so with fresh insight because we recently underwent our own transformation.

EFFICIENCY
& PRODUCTIVITY

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Nothing is perfect, so don't let "perfection" become the enemy of simplicity. Out-of-the-box solutions can go a long way toward advancing your broader business goals.

In late 2023, Kyndryl completed a massive two-year transformation of the technologies that run our company. Unlike most large businesses, though, we did not have the luxury of selecting our own timeframe to tackle this work. We had just two years, and the clock started ticking the moment we became an independent company. We had to move every system on which our business runs – IT, procurement, finance, people systems and more – off the infrastructure we inherited (as dictated by IBM's separation arrangement). My experience suggests a project of this size and scale would take most enterprises more than five years. Through this process, and from helping our global customers in their transformations, we became our own 'customer zero,' learning valuable lessons along the way that have helped position us in ways I didn't fully appreciate until we emerged on the other side.

One thing is certain: Embarking on a multi-year, multi-phase technology transformation is complex, but it's worth the effort if your vision is bold and you're brave enough to avoid customization.

Simplify Complexity

The average enterprise IT estate – the back-office hardware and software systems used to run a company – is a complicated and heterogeneous thicket of tools and solutions. Businesses typically have expanded their systems over the years, often without subtracting, resulting in what is called "tech debt." This IT estate is easily taken for granted, noticed only when things go wrong. And yet, many of these mission-critical systems are aging and need to be modernized to keep the organization running smoothly, securely and capably to bring the business into the future.

The complex work required to do this can't be underestimated – for example, if you're running a bank that serves millions of people, you have to keep the bank running while simultaneously and seamlessly transforming it. That is no small task. It takes vision, perseverance and expertise to keep your leadership team, investors and employees aligned and excited about the changes that impact efficiency and productivity.

Before embarking on a multi-year digital transformation journey, senior leadership teams – the CIO's office, human resources, operations, finance and other key stakeholders – must be unified and accountable for delivering results, not solely focused on the activities ahead. And to keep everyone's "head in the game," get ready for setbacks and unexpected twists and turns.

When we mapped out Kyndryl's transformation, it was clear that nearly every process, system and platform we inherited at spin had to be reevaluated – most of them removed entirely. This radical simplification of our operations enabled us to save on operating costs, slice out business friction caused by unnecessary processes and equip our people with the efficient tools they need to show up for our customers in a fast, flat and focused way.

It was very complex work. So our senior leadership team rallied around a transformation plan that incorporated three key directives:

1. **MODERNIZE** for efficiency and growth by upgrading apps and mission-critical infrastructure across public, private and hybrid cloud to be more efficient, agile and responsive to business needs. This can include enhancing employee productivity in hybrid workplaces, as well as improving and measuring customer experiences.

2. **INNOVATE** for differentiated experiences by unlocking the hidden value of data and emerging technologies to deliver distinctive employee and customer experiences – using cloud, data, AI, 5G, edge and other state-of-the-art technologies.

3. **SECURE** for a resilient business by protecting more and recovering faster. The goal is to enable business continuity even in the event of an attack. That's why modern IT strategies must enable the prioritization and identification of attacks and threats to enable quick recovery.

— *Embrace 'Big Data' Before AI* —

The truth about artificial intelligence is that it's only going to be as good as the data that companies feed it. With that in mind, it's important for businesses to have a structure for their data before they ask AI to analyze it. If you feed AI disorganized sets of data, the outcome, at best, won't be useful. And, at worst, it can create problems. This is why enterprises are beginning to invest in robust big data architectures, which include developing a data strategy that aligns with business goals, analysis tools and techniques.

Another part of that strategy is preparing and educating employees on how to use AI insights effectively. Experts need to have confidence in AI's functionality and judgment. For example, Kyndryl's services delivery teams have to trust what the machines are doing without intervention. When AI identifies a pattern that indicates a process is not running well, we need to be able to rely on a self-healing architecture. To get to this level of trust, people must be comfortable and confident working with AI.

Additionally, it's critical to balance AI innovations with strong cybersecurity and resiliency strategies. New tools – while beneficial – offer new vectors for bad actors to exploit. With the right partners, enterprises can adopt

new technologies at scale while still protecting their most sensitive information.

Move Fast

Ambitious transformation projects rarely go according to plan, and leadership teams must be as flexible and efficient as possible. Having a core transformation team with experts from across the company can help manage phase-outs of legacy systems and promptly address risks.

Speed is important because leaders who move too slowly in their technology transformations risk being outpaced by their competition and their employees becoming fatigued by changes. But those who can successfully implement the technology that is right for them will help ensure the viability of their business for years to come.

Nothing is perfect, so don't let "perfection" become the enemy of simplicity. Out-of-the-box solutions can go a long way toward advancing your broader business goals. Standardized business platforms and agile delivery methods – anchored by a strong change management process and an organization-wide governance model – allowed us to modernize our technology environment at speed and scale. One of the strongest guiding principles for Kyndryl's transformation was using out-of-the-box configurations to eliminate software customization, which reduced complexity and lowered costs.
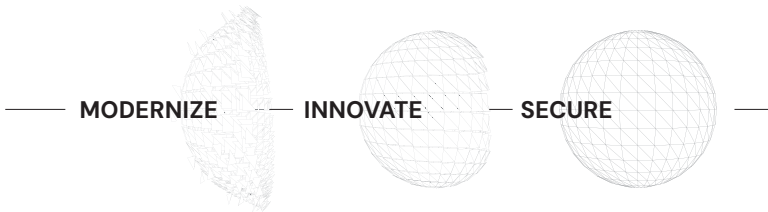
The Importance of Culture

When employees are equipped with the right IT tools and their work becomes more efficient, they then share that halo effect with colleagues

BIG DATA
ARCHITECTURES

Developing a data strategy that aligns with business goals, analysis tools and techniques.

— MODERNIZE — INNOVATE — SECURE —

and customers. That's why employee engagement in the technology transformation process is essential to long-term success. Leadership must make the case for (sometimes painful) change.

As we launched Kyndryl, we set out to define a new services culture – our desire to create shared success for employees, customers, investors and partners. This culminated in the formulation of The Kyndryl Way – a set of six key principles that define how our people work together and deliver customer value as a fast, flat and focused team.

The Kyndryl Way has been foundational to our business growth, and it's been the rallying cry throughout our two-year technology transformation. By making our transformation about supporting each other to live The Kyndryl Way, we recast the hard work of digital modernization into a point of pride for our global team.

Trust Your Team

It's a common thing for leaders – including me – to say, "Surround yourself with people smarter and better than you." It's another thing to actually trust those people to do their work. It was fabulous to see my senior leadership team come together around a common goal to modernize and transform our IT systems – and to see them succeed.

Kyndryl's transformation was high stakes, fast paced and extremely rewarding. Leading this company, at this moment in time, is a great privilege that allows me to see first-hand the power technology provides in driving business outcomes, operational efficiency, employee engagement, growth and so much more.