Everest Group Application Transformation Services PEAK Matrix® Assessment 2024 – North America

Focus on **Kyndryl**

April 2024

PEAK
MATRIX®

Introduction

In light of evolving customer expectations and the need for enhanced productivity, the importance of application transformation has grown significantly for enterprises. To harness the full potential of emerging technologies, businesses must embrace the cloud and move away from outdated legacy systems. With the looming macro-economic uncertainty, North American enterprises are driving more focus on business value realization and outcomes of their application transformation initiatives. Service providers are in turn enhancing their offerings through strategic partnerships with technology, and platform providers and developing Intellectual Property (IP) to deliver higher Return on Investment (RoI) and gain enterprise confidence. They are also investing substantially in next-generation technology themes such as low-code/no-code and generative AI to augment their solution offerings.

The full report, we present an assessment and detailed profiles of 28 application transformation service providers featured on the Application Transformation Services PEAK Matrix® – North America. Each provider profile

provides a comprehensive picture of its service focus, key IP / solutions, domain investments, and case studies. The assessment is based on Everest Group's annual RFI process for calendar year 2023, interactions with leading application transformation service providers, client reference checks, and an ongoing analysis of the application transformation services market.

This report includes the profiles of the following 28 leading providers featured on the application transformation services PEAK Matrix – North America:

- **Leaders:** Accenture, Deloitte, HCLTech, IBM, Infosys, TCS, Wipro

- **Major Contenders:** Apexon, Aspire Systems, Brillio, Capgemini, CI&T, DataArt,, DXC Technology, Hitachi Digital Services (formally Hitachi Vantara), HTC Global Services, Kyndryl, LTIMindtree, Mphasis, Nous Infosystems, SLK Software, Tech Mahindra, UST

- **Aspirants:** Datamatics, Dexian IT Solutions, Jade Global, Stefanini

Scope of this report

Geography: North America

Industry: Market activity and investments of 28 leading application transformation service providers

Services: Application transformation services

Application transformation services PEAK Matrix® characteristics

Leaders

Accenture, Deloitte, HCLTech, IBM, Infosys, TCS, and Wipro

- Leaders have displayed a focused vision and strategy to drive application transformation for North American enterprise clients through a credible suit of branded IP and solution accelerators and a balanced services portfolio with mature advisory and implementation capabilities

- They are making strategic investments to expand their partnership ecosystem with hyperscalers, transformation-centric technology vendors, and niche start-ups; they continue to keep pace with market dynamics and make headway into disruptive themes such as generative AI to deliver productivity benefits across the software development lifecycle (SDLC)

- Providers in this category have strong onshore and nearshore delivery capabilities in North America with a proven track record of delivering large, end-to-end, and complex application transformation engagements making them attractive partners for enterprise clients across industries

Major Contenders

Apexon, Aspire, Brillio, Capgemini, CI&T, DataArt, DXC Technology, Hitachi Digital Services, HTC Global Services, Kyndryl, LTIMindtree, Mphasis, Nous Infosystems, SLK Software, Tech Mahindra, and UST

- While these providers are driving focus on strengthening their service offerings through dedicated investments in IP development and partner network expansion, their service portfolio and delivery capabilities are not as balanced as those of Leaders

- They continue to exhibit strong industry credentials for delivering application transformation services across select verticals, enterprise buyer groups, and transformation methodologies, making them strong contenders to Leaders

Aspirants

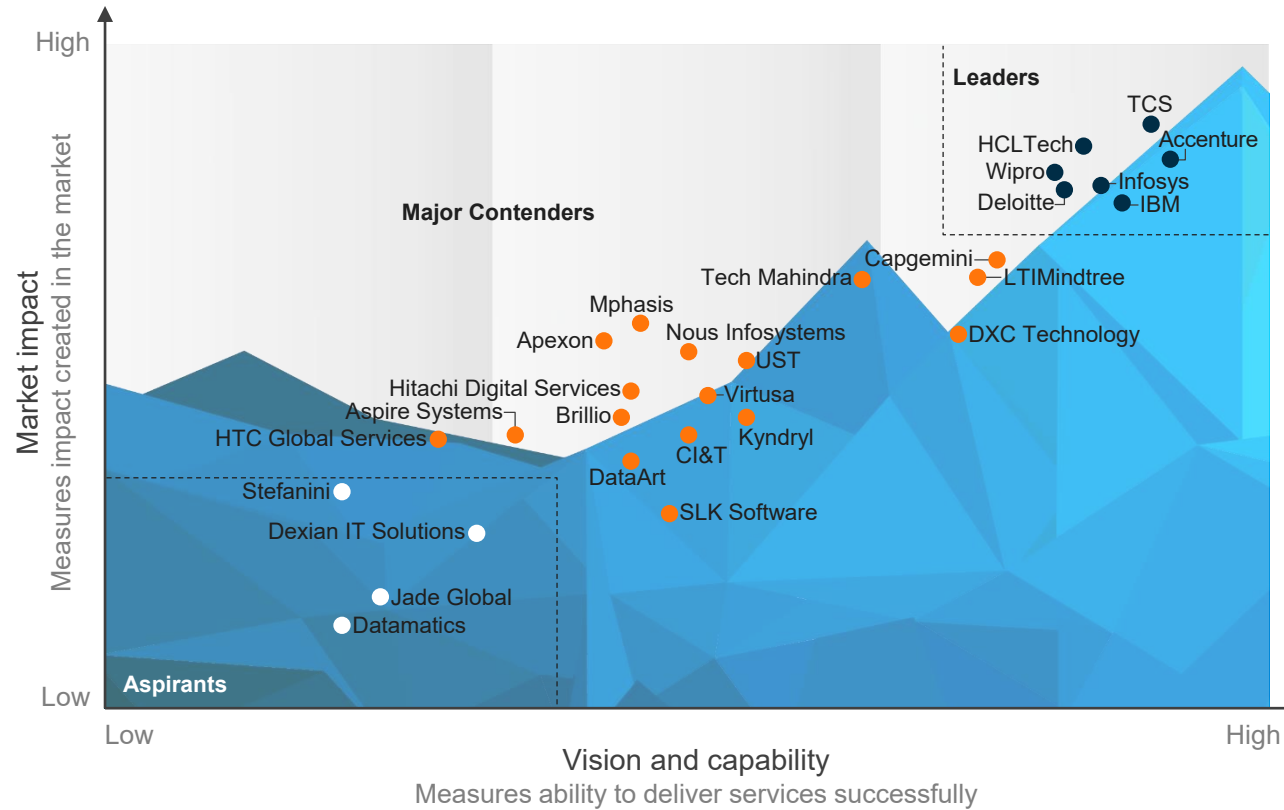Datamatics, Dexian IT Solutions, Jade Global, and Stefanini

- Providers in this category have limited market presence, delivery footprint, and customer portfolio

- However, they are gradually increasing their investments to develop focused solution accelerators, expand their partner network, and augment their services portfolio to contend in the mature transformation services market

Everest Group PEAK Matrix®

Application Transformation Services PEAK Matrix® Assessment 2024 – North America | Kyndryl is positioned as a Major Contender

Everest Group Application Transformation Services PEAK Matrix® Assessment 2024 – North America[1,2,3]

- ● Leaders
- ● Major Contenders
- ○ Aspirants

Market impact
Measures impact created in the market

High

Low

Leaders

TCS
HCLTech
Accenture
Wipro
Infosys
Deloitte
IBM

Major Contenders

Capgemini
Tech Mahindra
LTIMindtree
Mphasis
DXC Technology
Apexon
Nous Infosystems
UST
Hitachi Digital Services
Virtusa
Aspire Systems
Brillio
Kyndryl
HTC Global Services
CI&T
DataArt
Stefanini
SLK Software
Dexian IT Solutions
Jade Global
Datamatics

Aspirants

Low ——————————— High
Vision and capability
Measures ability to deliver services successfully

1 Assessments for Accenture, Capgemini, and Virtusa excludes service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, provider public disclosures, and Everest Group's interactions with buyers
2 Analysis of IBM is based on capabilities after the split into IBM and Kyndryl
3 Analysis for Kyndryl and Infosys includes partial inputs from the service provider, and is based on Everest Group's estimates that leverages its proprietary data assets, service provider public disclosures, and interaction with buyers
Source: Everest Group (2024)

Kyndryl profile (page 1 of 5)
Overview

Vision for Application Transformation Services

Kyndryl is an IT infrastructure services provider that serves thousands of enterprise customers in over 60 countries. As a focused, independent firm, it builds on its foundation of accomplishment by bringing in the right partners, investing in its business, and collaborating with its clients to help them realize their full potential. It interacts with applications on a daily basis as it supports its clients and accelerates its base services to bring in new services in this sector.

Scope of services

Kyndryl's services cover:

- Consulting, migration, design, modernization, implementation, and management for enterprises, as well as COTS and bespoke applications, on distributed, power, and mainframe platforms
- Bespoke applications leveraging SOA, cloud-native, microservices, monolithic, and low-code/no code architectures

Application transformation services revenue (2022)

<US$200 million	**US$200-500 million**	US$500 million-US$1 billion	>US$1 billion

Application transformation revenue mix (2022)

- Low (<0%) ● Medium (10-20%) ● High (>20%)

By geography

● US	● Canada	● Mexico

By function

● Advisory	● Implementation	● End-to-end implementation

By industry

● BFSI	● Energy and utilities	● Manufacturing
● Electronics, hi-tech, and technology	● Healthcare and life sciences	● Telecom, media, and entertainment
● Public sector	● Retail and CPG	● Travel and transport
● Others		

By buyer size

● Small (annual client revenue <US$1 billion)	● Medium (annual client revenue US$1-5 billion)	● Large (annual client revenue US$5-10 billion)
● Very large (annual client revenue US$10-20 billion)	● Mega (annual client revenue >US$20 billion)	

Kyndryl profile (page 2 of 5)

Solutions, partnerships, and recent investments

[NOT EXHAUSTIVE]

Proprietary solutions for application transformation services

Solution name	Details
Application and workload cloud adoption and Well-Architected Framework (WAF) assessments	This tool analyzes application and workload readiness for cloud migration, as well as recommended dispositions and cloud selection. It also evaluates the application's alignment with the WAF.
Cloud landing zone design and build	This solution helps in the creation and deployment of landing zones using WAF and customer design concepts.
Software-defined migration and modernization	This automation framework is used for the migration of virtual machines and databases to public and private clouds; leveraging a wide range of cloud-native and third-party tools. This tool allows the deployment of custom code/scripts for multiple migration and modernization use cases, resulting in accelerated delivery and reduced costs.
Application Modernization Accelerator	This accelerator helps to analyze monolithic applications, determine potential microservices, and create boilerplates for the recommended/finalized microservices.

Application transformation services partnerships

Partner name	Details
Microsoft	It is an Azure Expert Managed Services Partner and holds competencies in business applications (with specialization in low-code application development), Digital and App Innovation Azure, and Microsoft Cloud. It is also collaborating with Microsoft to enable the adoption of enterprise-grade generative AI solutions on the Microsoft Cloud.
AWS	It is an AWS Premier Tier Services Partner and supports the AWS Mainframe Modernization service. As part of its collaboration with AWS, Kyndryl has established an innovation factory to co-create generative AI and ML solutions focused on accelerating business transformation for its enterprise clients.
Google Cloud	It is a Premier Partner of Google Cloud and has achieved 31 Google Partner Expertise globally. It focuses on joint solution development in the areas of Google Cloud migration and modernization, applications, data and AI services for Google Cloud, and mainframe modernization.

Kyndryl profile (page 3 of 5)

Solutions, partnerships, and recent investments

[N O T   E X H A U S T I V E]

Application transformation services investments

Investment name/theme	Details
Geographic focus	It works with ISM Canda (a subsidiary of Kyndryl Canada) to provide application transformation services in the region.
Innovation	It has invested to set up joint innovation labs in collaboration with all major hyperscalers.
Partnership	It is partnering with Dynatrace to provide joint offerings on application modernization, unified observability, and enhanced AIOps.

Kyndryl profile (page 4 of 5)
Case studies

CASE STUDY 1
Modernized the core infrastructure for a leading financial services company

Business challenge
The client wanted to develop cutting-edge solutions for the financial industry, with a global scale in mind. The goal was to employ modern methodologies, ensuring the security, reliability, and consistency of the existing solutions on a worldwide scale. Additionally, the aim was to revamp the core infrastructure and stay ahead of the daily processing and storage demands that vary with industry trading volumes. The overarching objective was to achieve a seamless migration of business operations to a new environment without any downtime.

Solution
Kyndryl helped the client by evaluating and demonstrating platform and architecture readiness by testing production loads in the new environment. It created a migrated approach that provided stability while migrating at a rapid pace with no negative business impact. It promptly transferred important daily processes to the new platform and set up a private instance of IBM iSeries cloud technology.

Impact
- Enabled 20-30% faster processing, allowing daily batch procedures to be completed in less time
- Increased migration by 80%, completing the migration in seven weekends as opposed to 9-12 months
- Attained scalability by constructing an efficient and secure infrastructure that can scale on demand

CASE STUDY 2
Modernized a North American food services company's legacy IT estate

Business challenge
The client, in response to government regulations, new competition, and consumer demand for more personalized service, needed to consolidate multiple legacy IT systems. It wanted to shift target solutions to the cloud without impacting the delivery of essential health benefits to members.

Solution
As a preferred partner, Kyndryl helped the client modernize and manage its hybrid multi-cloud environment. It designed and built the target container platform across on-premises and public cloud and helped the client's IT department to reduce the size of its computing environment through code rewrites, along with preparing the system to run external-facing applications.

Impact
- Addressed 85% of high-volume issues without human intervention
- Enabled up to 150% improvement in application performance on modernized infrastructure
- Enabled a 25% reduction in the number of high-priority system incidents, thereby improving system uptime and reliability

Kyndryl profile (page 5 of 5)

Everest Group assessment – Major Contender

Measure of capability: ◐ Low ● High

Market impact				Vision and capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
◕	◐	◔	◑	◔	◔	◑	◔	◑

Strengths

- Enterprises looking for consulting-led transformation engagement would find Kyndryl a good fit due to its strong capabilities and offerings for portfolio assessment and transformation strategy roadmap formulation

- Its Software-defined Migration and Modernization (SDMM) tool helps to automate migration of workloads from on-premises to cloud

- Enterprises looking for mainframe transformation services stand to benefit from its robust capabilities and value proposition for mainframe modernization, migration, and integration services

Limitations

- Kyndryl's brand perception as an infrastructure-heavy service provider limits its ability to emerge as a preferred partner for applications-only transformation engagements

- Lack of market proof points of delivering large and complex application transformation engagements hinders its credibility in the market

- Investments to develop marquee solutions and verticalized offerings catering to multiple use cases for application transformation are limited

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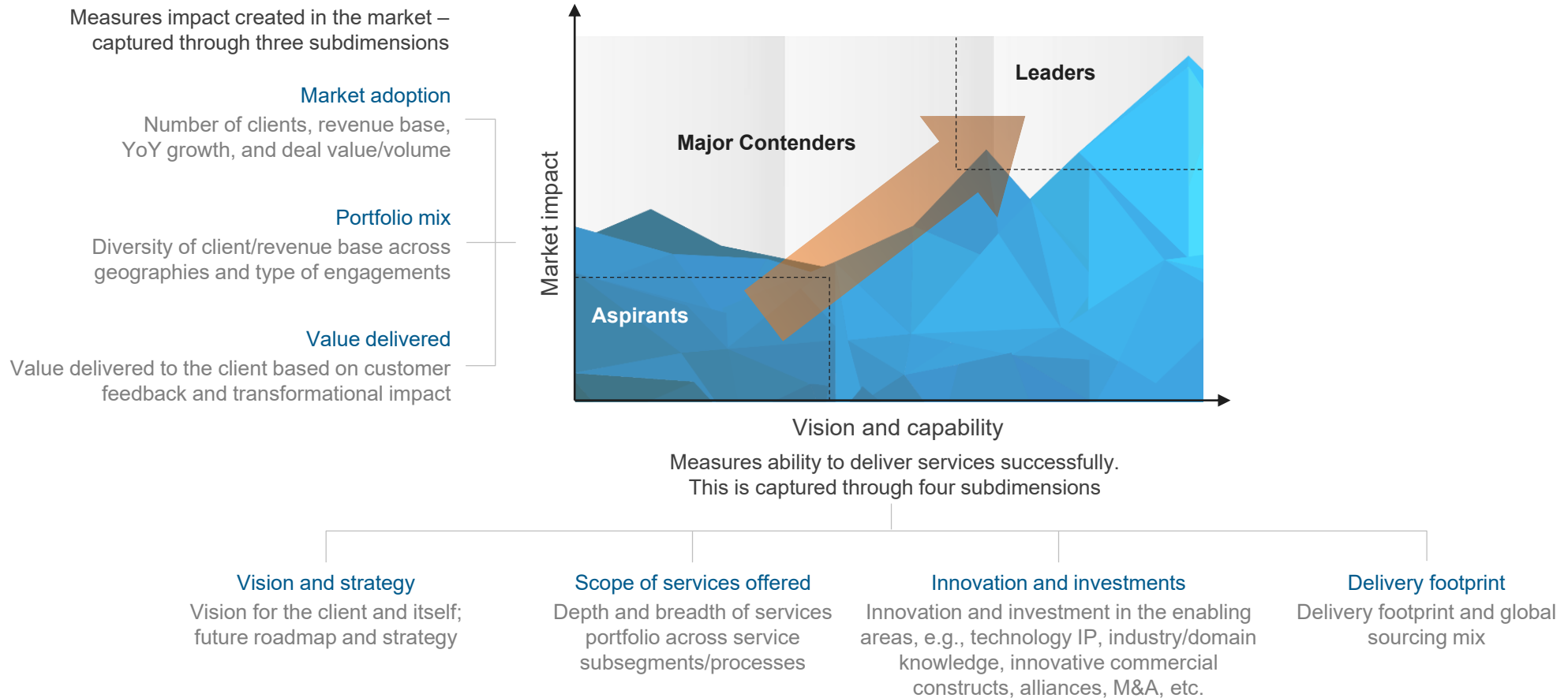
Appendix

PEAK Matrix framework

FAQs

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix
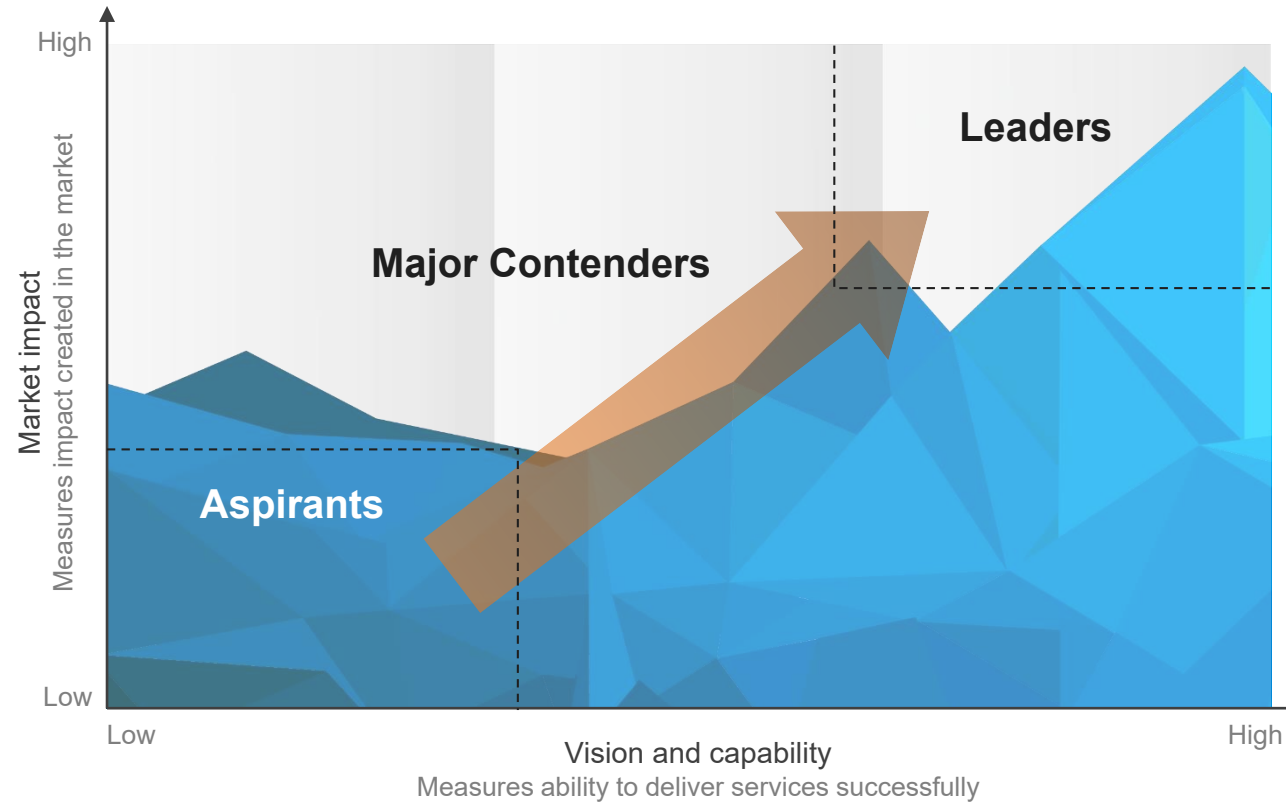
Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption
Number of clients, revenue base, YoY growth, and deal value/volume

Portfolio mix
Diversity of client/revenue base across geographies and type of engagements

Value delivered
Value delivered to the client based on customer feedback and transformational impact

Market impact

Leaders

Major Contenders

Aspirants

Vision and capability

Measures ability to deliver services successfully. This is captured through four subdimensions

Vision and strategy
Vision for the client and itself; future roadmap and strategy

Scope of services offered
Depth and breadth of services portfolio across service subsegments/processes

Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint
Delivery footprint and global sourcing mix

FAQs

Q: Does the PEAK Matrix® assessment incorporate any subjective criteria?
A: Everest Group's PEAK Matrix assessment takes an unbiased and fact-based approach that leverages provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information. In addition, we validate/fine-tune these results based on our market experience, buyer interaction, and provider/vendor briefings.

Q: Is being a Major Contender or Aspirant on the PEAK Matrix, an unfavorable outcome?
A: No. The PEAK Matrix highlights and positions only the best-in-class providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition.

Q: What other aspects of the PEAK Matrix assessment are relevant to buyers and providers other than the PEAK Matrix positioning?
A: A PEAK Matrix positioning is only one aspect of Everest Group's overall assessment. In addition to assigning a Leader, Major Contender, or Aspirant label, Everest Group highlights the distinctive capabilities and unique attributes of all the providers assessed on the PEAK Matrix. The detailed metric-level assessment and associated commentary are helpful for buyers in selecting providers/vendors for their specific requirements. They also help providers/vendors demonstrate their strengths in specific areas.

Q: What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
A: Enterprise participants receive summary of key findings from the PEAK Matrix assessment

- For providers
  – The RFI process is a vital way to help us keep current on capabilities; it forms the basis for our database – without participation, it is difficult to effectively match capabilities to buyer inquiries
  – In addition, it helps the provider/vendor organization gain brand visibility through being in included in our research reports

Q: What is the process for a provider / technology vendor to leverage its PEAK Matrix positioning?
A: Providers/vendors can use their PEAK Matrix positioning or Star Performer rating in multiple ways including:

- Issue a press release declaring positioning; see our citation policies
- Purchase a customized PEAK Matrix profile for circulation with clients, prospects, etc. The package includes the profile as well as quotes from Everest Group analysts, which can be used in PR
- Use PEAK Matrix badges for branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)

- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with Everest Group; please contact your CD or contact us

Q: Does the PEAK Matrix evaluation criteria change over a period of time?
A: PEAK Matrix assessments are designed to serve enterprises' current and future needs. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality and to serve enterprises' future expectations.

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