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# Navigating the readiness paradox

The Kyndryl Readiness Report 2024

Industry focus: Insurance





## Introduction

The Kyndryl Readiness Report — a global survey of business and technology leaders combined with exclusive data from Kyndryl Bridge, the company’s AI-driven digital business platform — sheds light on how business leaders turn to their IT and talent to address business challenges and gain a competitive edge.

The study reveals a **tech readiness paradox** among business and IT leaders, who express confidence in their current technology posture while expressing concern about its readiness to address future challenges.

WHILE

94%

of Insurance leaders are confident their IT infrastructure is best-in-class (vs. 90% across all industries)

ONLY

39%

of those leaders say their IT infrastructure is ready to manage future risks (vs. 39% across all industries)

# Insurance: Industry snapshot

The insurance industry, long adept at mitigating risk, now faces significant and accelerating challenges. Economic pressures, costly environmental events, and have driven up claim costs. These challenges raise important questions about the industry's readiness to weather macroeconomic headwinds. While technology integration offers potential solutions, many insurers struggle to keep pace, balancing innovation with risk mitigation.

## Leaders report lower readiness for cyber attacks, with opportunity to build resilience

Insurance leaders report the lowest levels of readiness for cyber attacks (23% vs. 30% all-industry average), and less than a third feel their cybersecurity measures are ready to manage future risks. As a result, Insurance leaders are highly focused on conducting regular risk assessments, mapping and audits.

## Opportunity to strengthen AI implementation and speed claim processing

Despite high levels of investment, Insurance leaders report the lowest levels of readiness when it comes to their AI implementation (22% vs. 29% across all industries and banking and financial firms).

Companies can strengthen investments in end-to-end solutions around first-notice-of-loss claims, made possible by AI and machine learning. By leveraging these advanced technologies, insurers can reduce the time it takes to open, assess, underwrite, and close claims – all while conducting fraud detection.

## High confidence around skills, as leaders look to tech and retail

Apart from those in Telecoms, Insurance leaders report the highest levels of readiness on both overall skills gaps as well as IT-specific skills & talent. They also report the highest confidence that their in-house IT skills and talent are best in class.

Some insurers have started to tap talent from major retailers and high tech. These recruitments help bring to consumers the user experience delivered on advanced technology platforms. In doing this, insurance companies hope to address another key problem: talent recruitment and retention.

## Strong focus on emerging technologies to better underwrite risk

Insurance leaders report comparatively higher levels of readiness for emerging technologies, such as quantum and edge computing. A notable exception is AI readiness, where they report being the least ready of any industry.

Insurance companies will work with technology partners to explore and expose more data that can enable them to better predict and price-in intense weather events. By getting better at leveraging satellite, local, and climate data, they hope to use analytics to understand how to best underwrite risk.

# Six learnings

**01** **Leaders don't feel risk ready**, struggling with diverse disruptions and the pace of change

**02** **The tech readiness paradox:** Leaders are confident in their tech, yet concerned about its readiness — **and end-of-life tech is a looming challenge**

**03** **IT is the best line of defense to mitigate risk**, yet most are in **earlier stages of their tech modernization journey**

**04** Keeping tech modernized is **hindered by complexity and prioritization paralysis**

**05** Despite **significant AI investments** to drive modernization, leaders **struggle to see positive ROI**

**06** Leaders in tech modernization report better business-tech alignment, higher ROI and **greater readiness for the future**

**Being tech ready is being people ready:** Readiness is a continual process that involves every part of an organization—and relies on people just as much as it does on technology.

# 01. Leaders don't feel risk ready, struggling with diverse disruptions and the pace of change

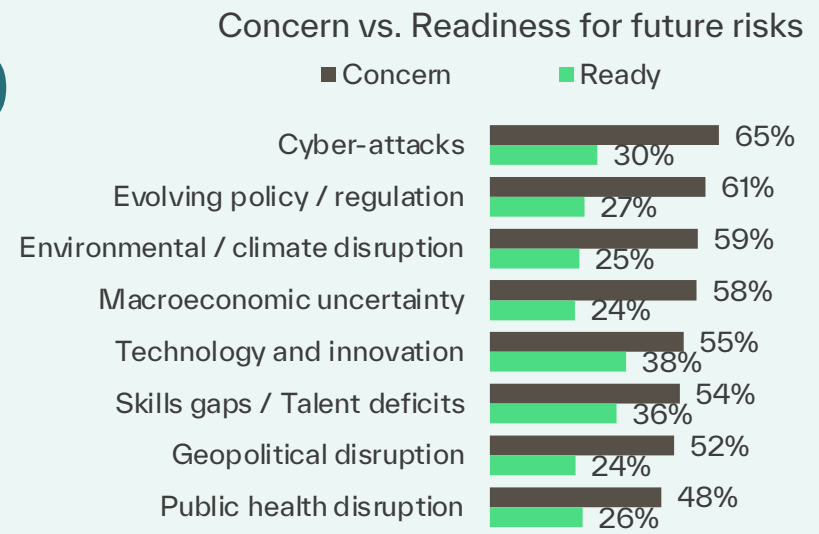
Multiple risks keep CEOs, CIOs and CTOs up at night, such as cyber attacks, evolving regulations, climate disruptions, economic uncertainty and keeping up with technological advances.

Cyber-attacks are a top concern for both CEOs and CIOs/CTOs. However, CEOs are more concerned about external headwinds (e.g., economy, climate, geopolitics) than CIOs/CTOs.

“Readiness” is a moving goalpost as leaders struggle to keep up with the speed of technological innovation. The pace of new regulations also presents a challenge for most, especially in Luxembourg, France, the Netherlands, India and Australia.

# ONLY 29%

of business leaders **feel ready** across external risks



# 3 in 5

business leaders **struggle to keep up** with the speed of technological advancements

# 1 in 2

say **policy and regulatory changes are moving too fast** in their country

01.

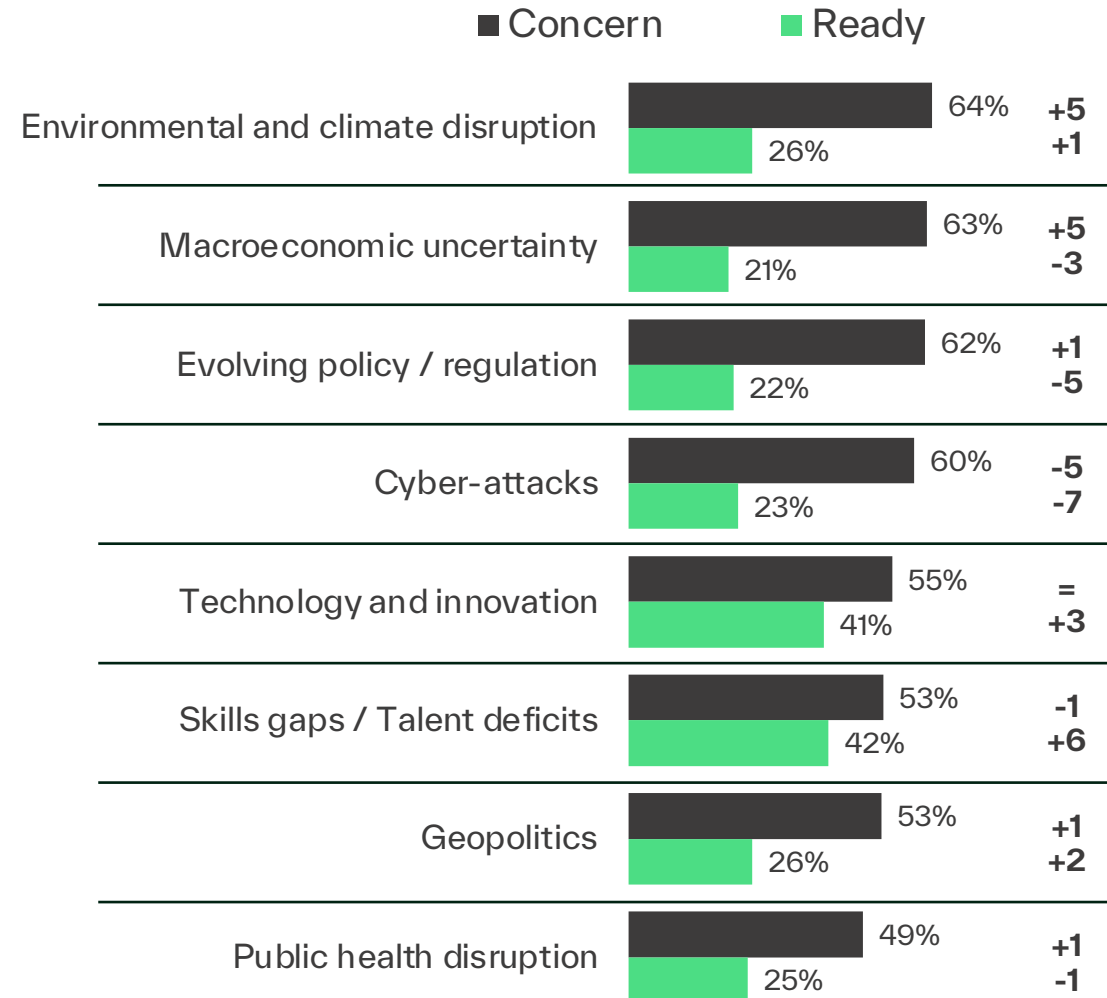
Insurance leaders are highly concerned about environmental disruption, and feel less ready for cyber-attacks

28%

of Insurance leaders feel **ready** across external risks (vs. 29% all industries)

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## Concern vs. Readiness for Future Risks

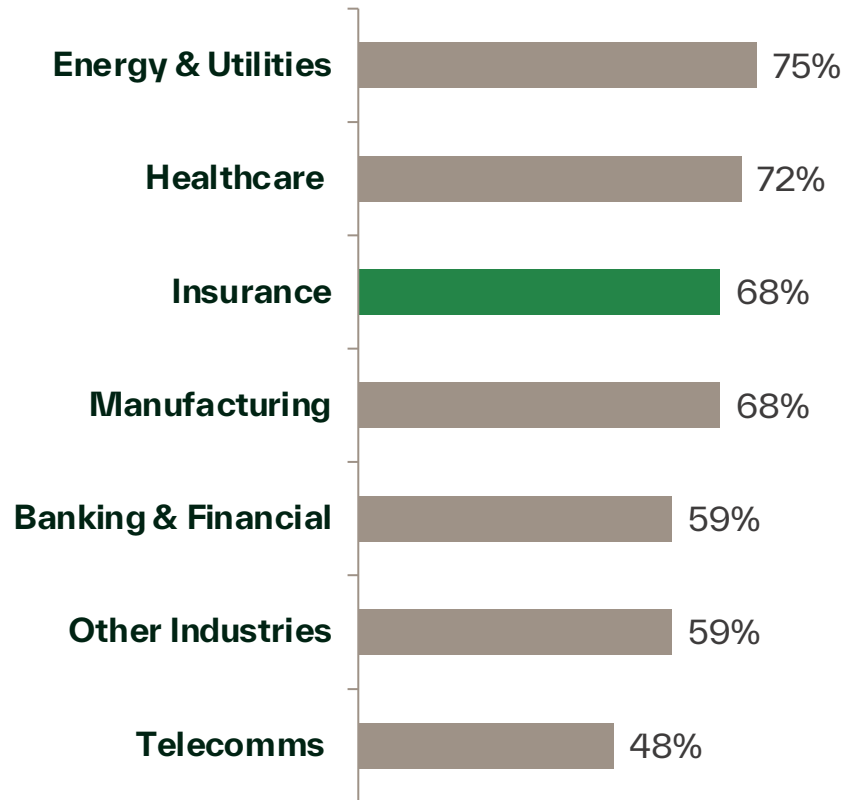


*Concern/Readiness vs. all industry average (percentage point difference)*

# 01. Most Insurance leaders struggle with the pace of innovation, and are more likely than those in other industries to say regulation is moving too fast

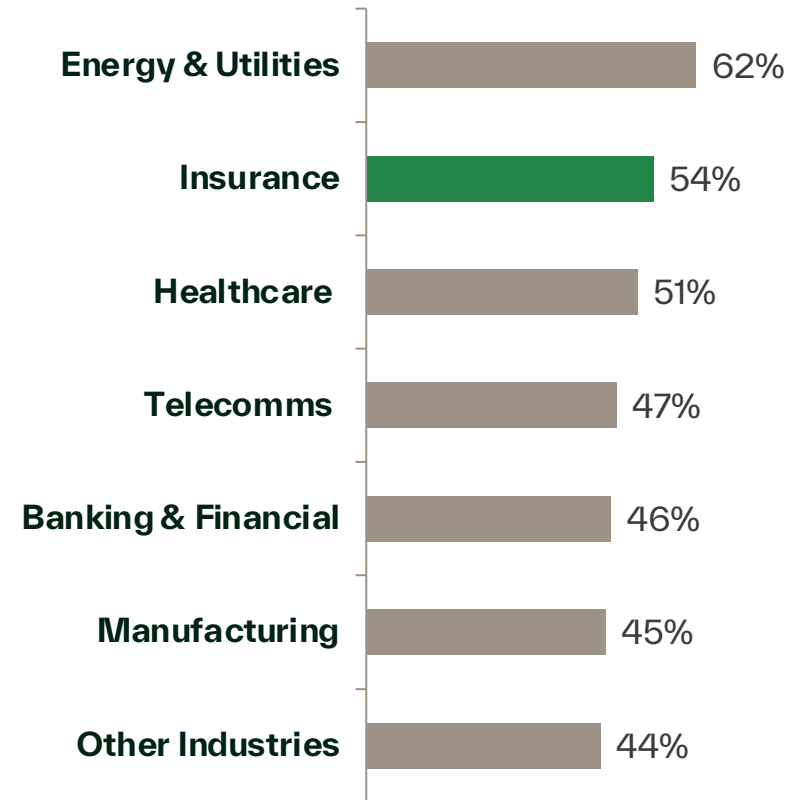
Struggle to keep up with the **pace of technological advancements**

Agree %



Policy and **regulatory changes are moving too fast** in their country

Selected %



# 02.

## The tech readiness paradox: Leaders are confident in their tech, yet concerned about its readiness – and end-of-life tech is a looming challenge

Executives have high confidence in the current state of their IT: 9 in 10 leaders say their company’s IT is best in class. Dig deeper, and uncertainties emerge: Six in 10 do not feel it is ready to manage future risks. That gap deepens when it comes to newer technologies, such as AI: Seven in 10 don’t feel their IT is completely ready to navigate future disruptions with the technology.

An end-of-life and end-of-service challenge is looming. Nearly two-thirds of CEOs are concerned that their IT is outdated or close to end-of-life, bringing vulnerabilities, skills gaps and challenges for modernization.

Almost all modern businesses are dealing with an end-of-life tech challenge. According to Kyndryl Bridge data, 44% of mission-critical components such as servers, storage networks and operating systems are approaching or at end-of-life. Being aware of these end-of-life challenges can help organizations better plan for future investments, realizing higher readiness, efficiency and growth.



# 90%

of business leaders are confident their IT infrastructure is **best-in-class**

HOWEVER, ONLY

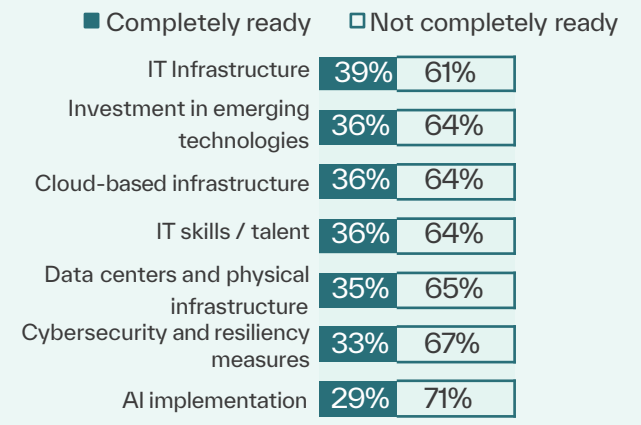
# 39%

of businesses report their **IT infrastructure is ready** to manage future risks

AND

# 64%

of **CEOs are concerned** their IT is outdated or close to end-of-life



# 44%

of **servers, storage, networks, and operating systems** are **approaching or at end of life**, according to Kyndryl Bridge



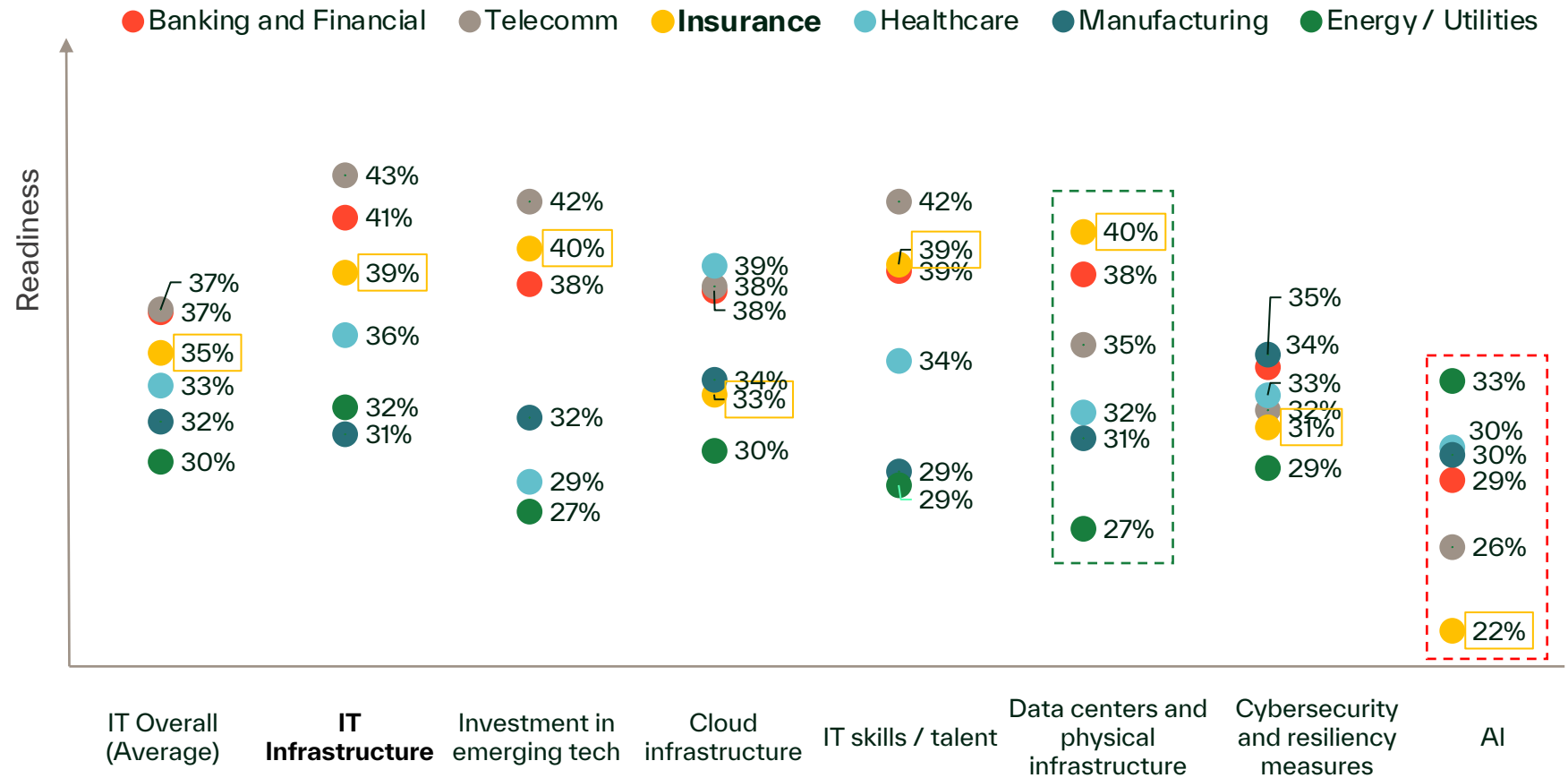
02.  
Insurance leads other industries in data centers and physical infrastructure, yet are least optimistic on AI

39%

of Insurance leaders report their IT infrastructure is ready to manage future risks (vs. 39% all industries)

## Readiness across IT elements

% Completely Ready

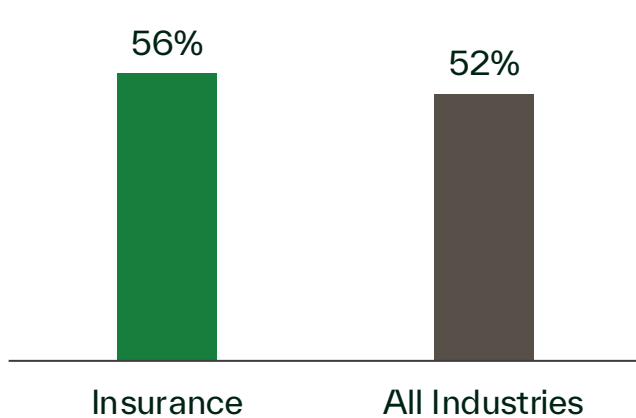


Q17: How ready would you say these elements of your organization's IT currently are to manage future risks and disruptive forces? Base: Total (n=3200); All Industries base sizes from (n=200) to (n=500)

## 02. Most Insurance leaders are concerned about end-of-life tech, with Kyndryl Bridge data showing they are on par with those in other industries on outdated infrastructure

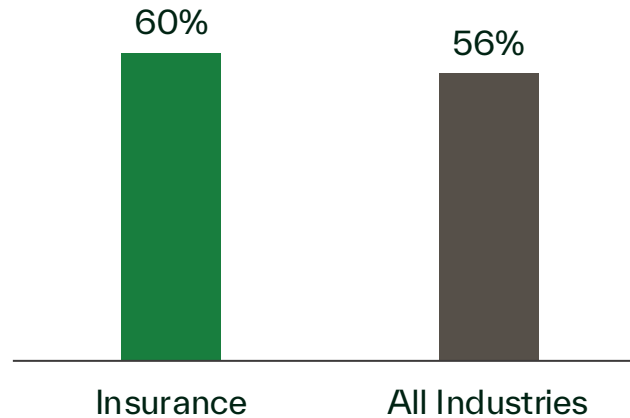
# 56%

Of Insurance leaders **are concerned** their IT is **outdated or close to end-of-life**



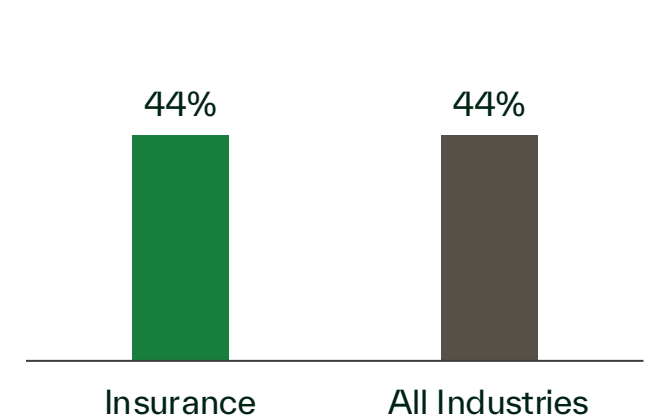
# 2 in 3

Insurance leaders **are anxious about the potential risks** posed by **end-of-life IT systems** within their organization



# 44%

of **servers, storage, networks, and operating systems** among Insurance businesses are **approaching or at end-of-life**, according to Kyndryl Bridge (on par with 44% global average)



03.

## IT is the best line of defense to mitigate risks, yet most are in earlier stages of their tech modernization journey

Almost all leaders — 94% — say modernizing their business is a high priority, and updating their IT is the top action to mitigate risk. Yet, only 3 in 10 feel their organization is leading when it comes to their tech modernization journey and utilizing innovative technologies to drive business outcomes.

Most leaders (71%) are somewhere in the earlier stages of modernization: 56% of leaders say they are in the process of adopting new digital technologies, and 15% say they're just starting out.

#1

Executives say **upgrading their IT** is the number one way to mitigate all of their business risks

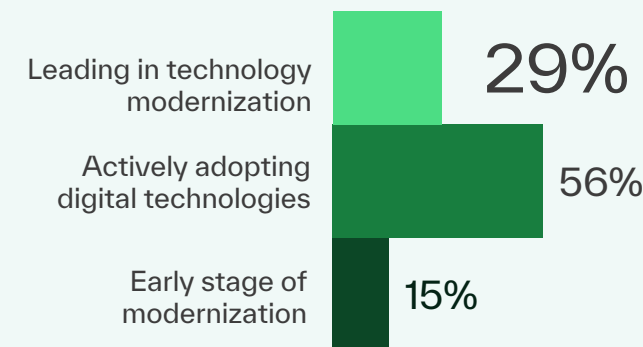
*Top 5 risk mitigation actions:*

1. Upgrading IT
2. Cybersecurity measures
3. Risk assessments
4. Employee training
5. Regulatory compliance

94%

Say tech modernization is a high priority

**Only 3 in 10** feel they are leading when it comes to their **technology modernization journey**



# 03. Insurance leaders are most focused on conducting regular risk assessments

- Insurance leaders are more likely than those in any other industry to cite conducting regular risk assessments, mapping and audits as their top risk mitigation action (40% vs. 31% all-industry average)
- In line with other industries, however, updating IT infrastructure is also among their top priorities (39% vs. 42% all-industry average)

## Top 5 Risk Mitigation Actions % Selected

### Insurance

- 1. Conducting regular risk assessments, mapping and audits**  
*(+9 pts vs. all-industry average)*
2. Upgrading IT Infrastructure
3. Implementing robust cybersecurity measures
4. Enhancing regulatory compliance efforts
5. Developing and implementing business continuity / disaster recovery plans

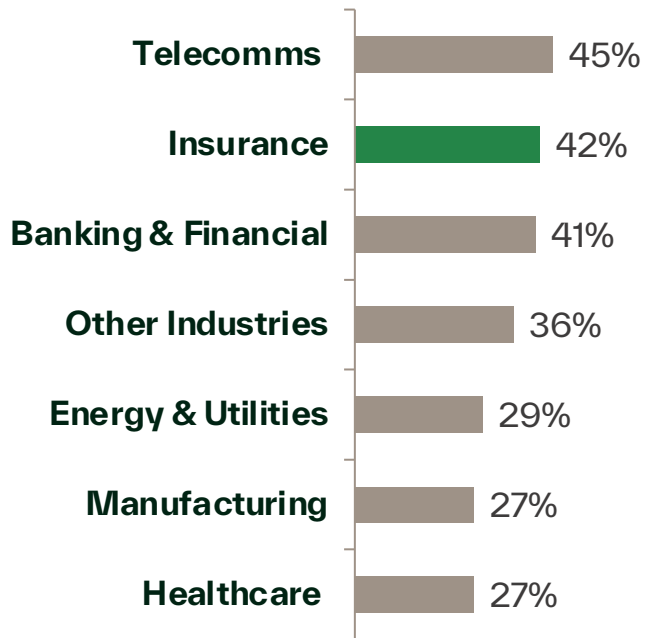
### All Industries

- 1. Upgrading IT Infrastructure**
2. Implementing robust cybersecurity measures
3. Conducting regular risk assessments, mappings, and audits
4. Investing in employee training and development programs
5. Enhancing regulatory compliance efforts

## 03. Compared to those in other industries, Insurance leaders report strong readiness when it comes to skills

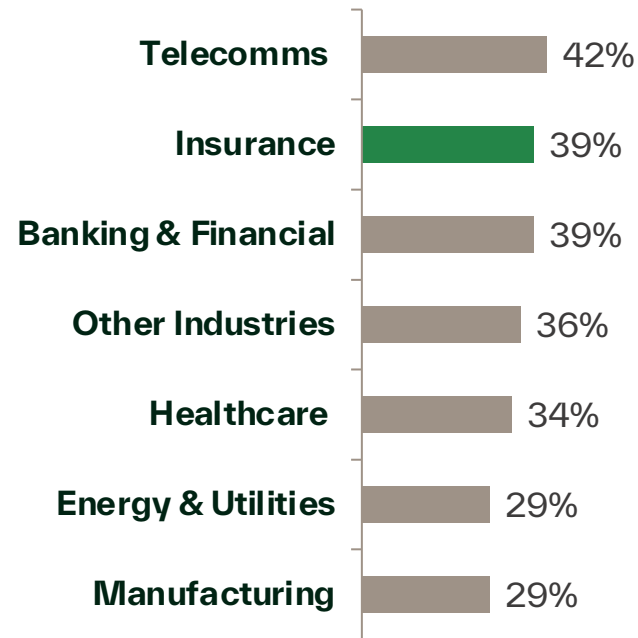
Say they are ready to manage skills gaps / talent deficits

Selected %



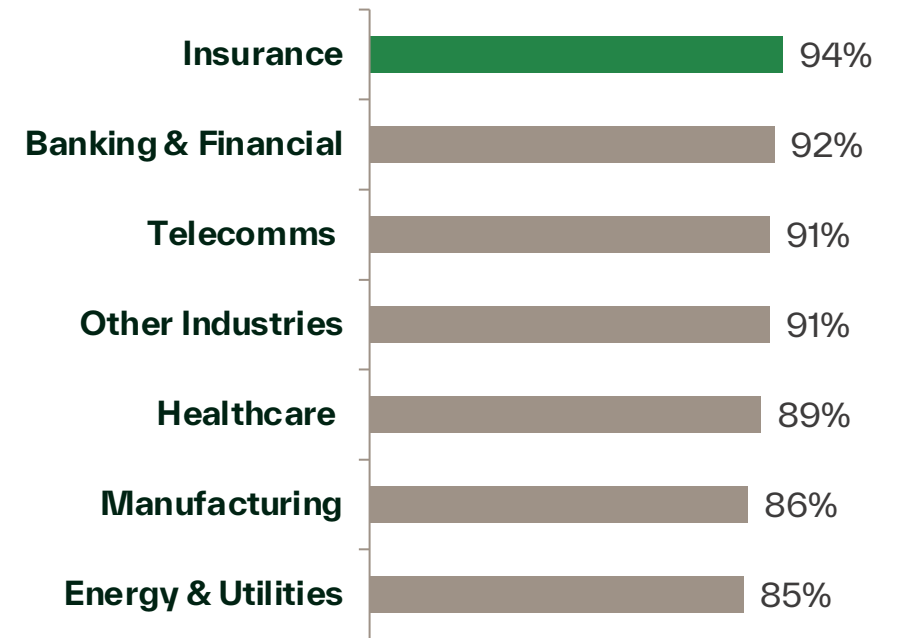
Say their IT skills / talent are ready to manage future risks

Selected %



Confident their in-house IT skills / talent are best in class

Selected %



# 03. Even businesses that have already adopted automation have room to run

8% vs. 30%+ target

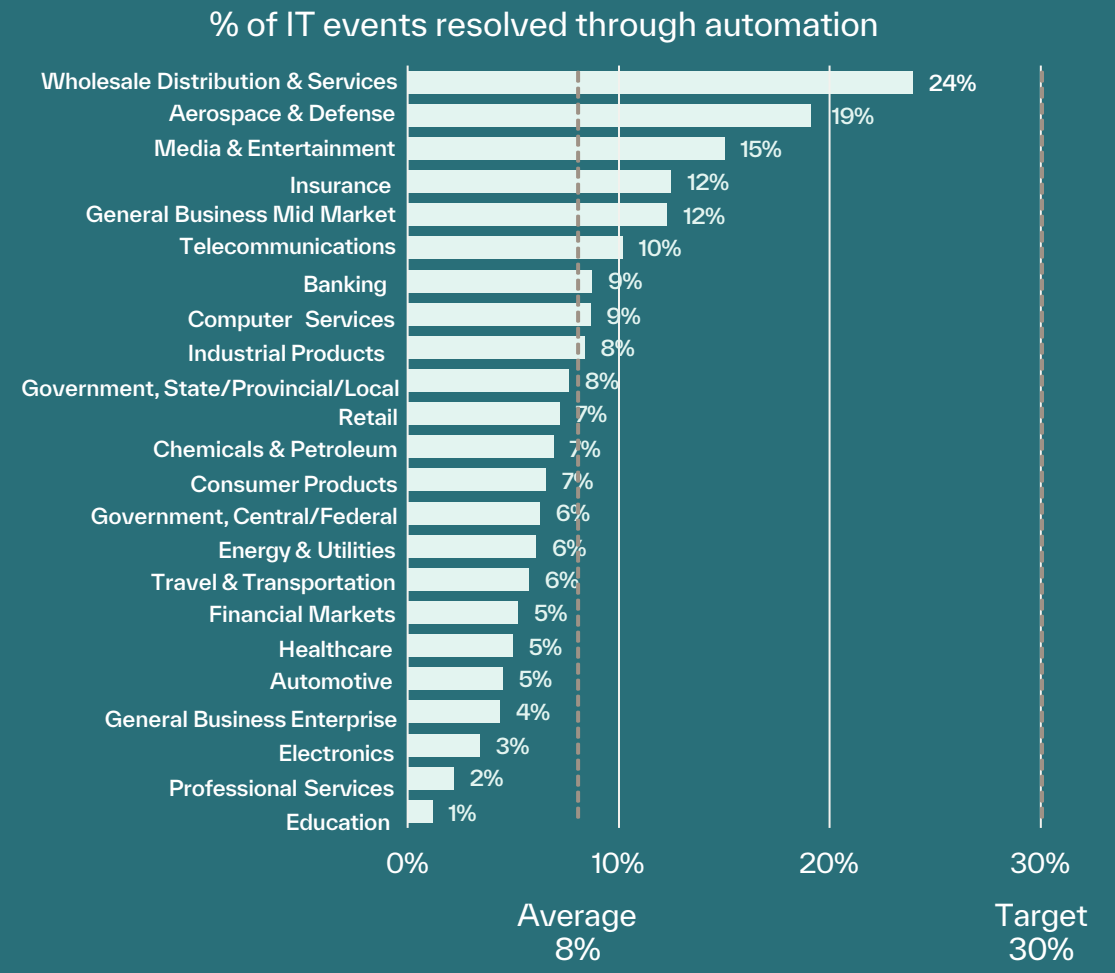
of IT incidents are being resolved through automation, according to Kyndryl Bridge data

**About this statistic:** Automation can help companies automatically resolve issues in their environments without human intervention, avoiding major incidents and planned maintenance costs. The result is that organizations can improve their speed of execution and overall quality of services they provide to their own customers.

75% vs. 90%+ target

Average IT best practices adoption, according to Kyndryl Bridge data

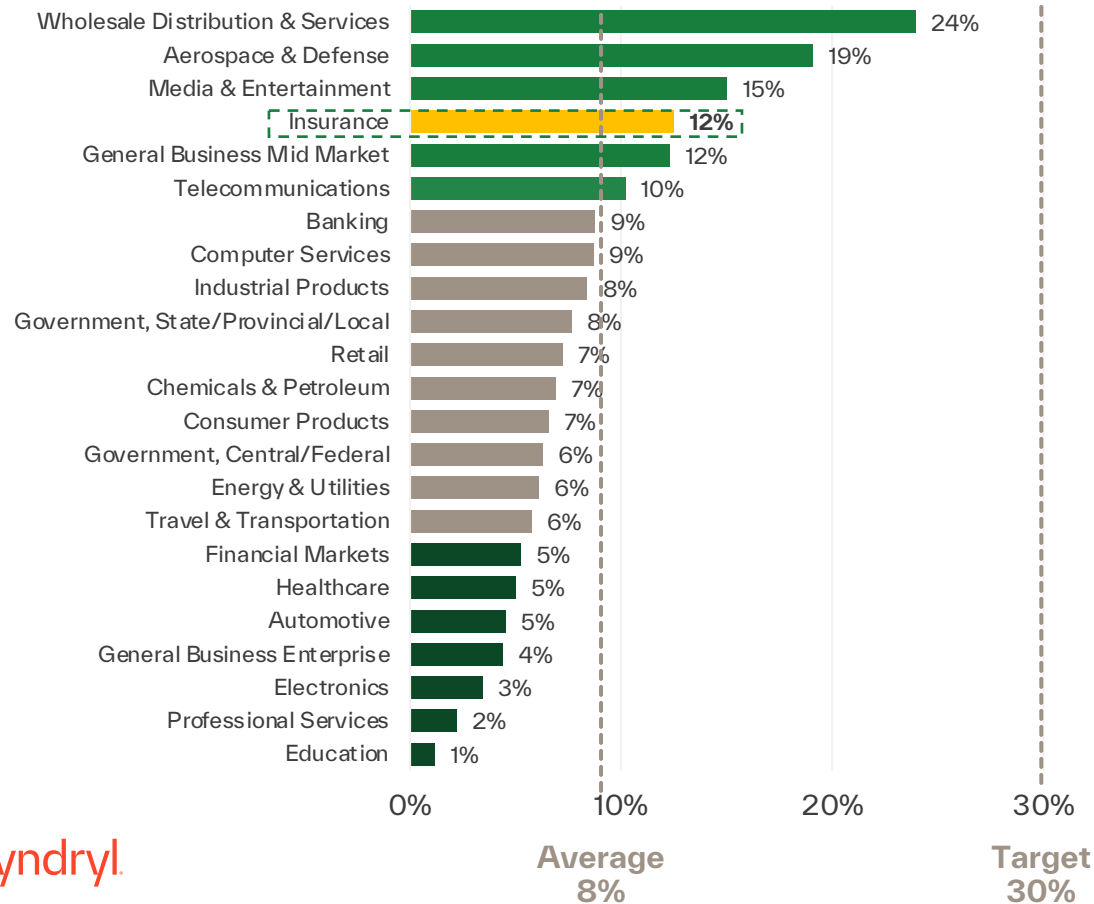
**About this statistic:** Best practice adoption is a holistic measure of effective IT, comprised of industry IT standards and measures for security compliance and regulatory compliance that can be monitored automatically.



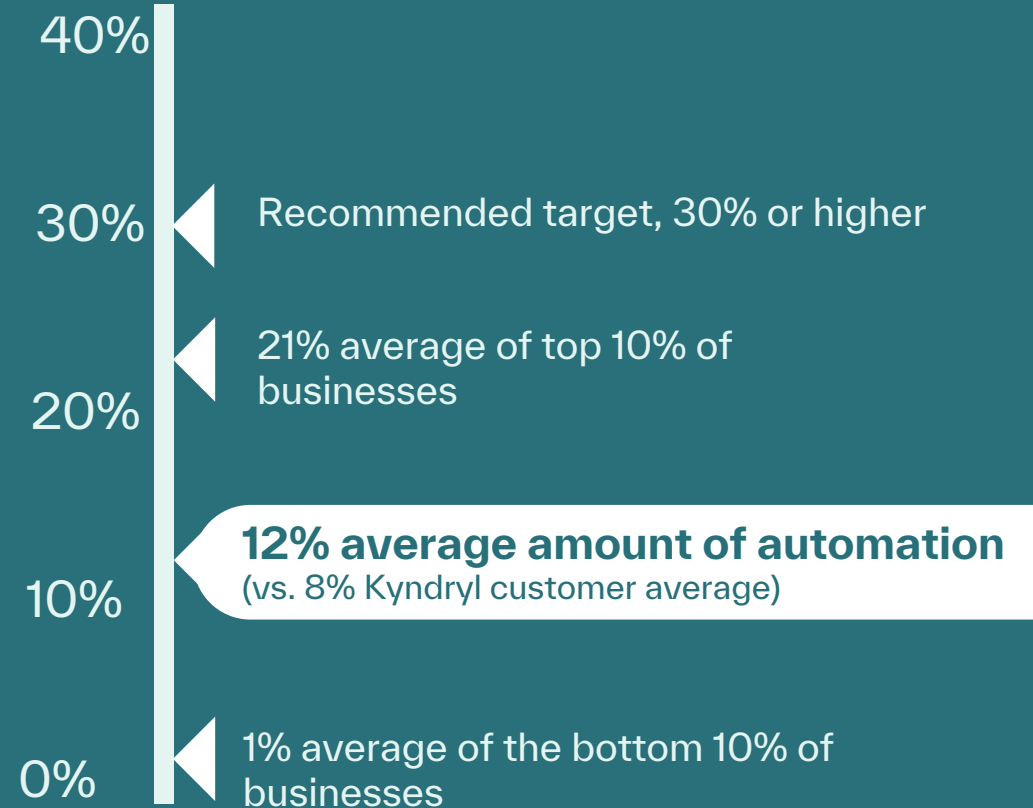
Source: Kyndryl Bridge data

# 03. Insurance companies are above average on automation

% of IT events resolved through automation



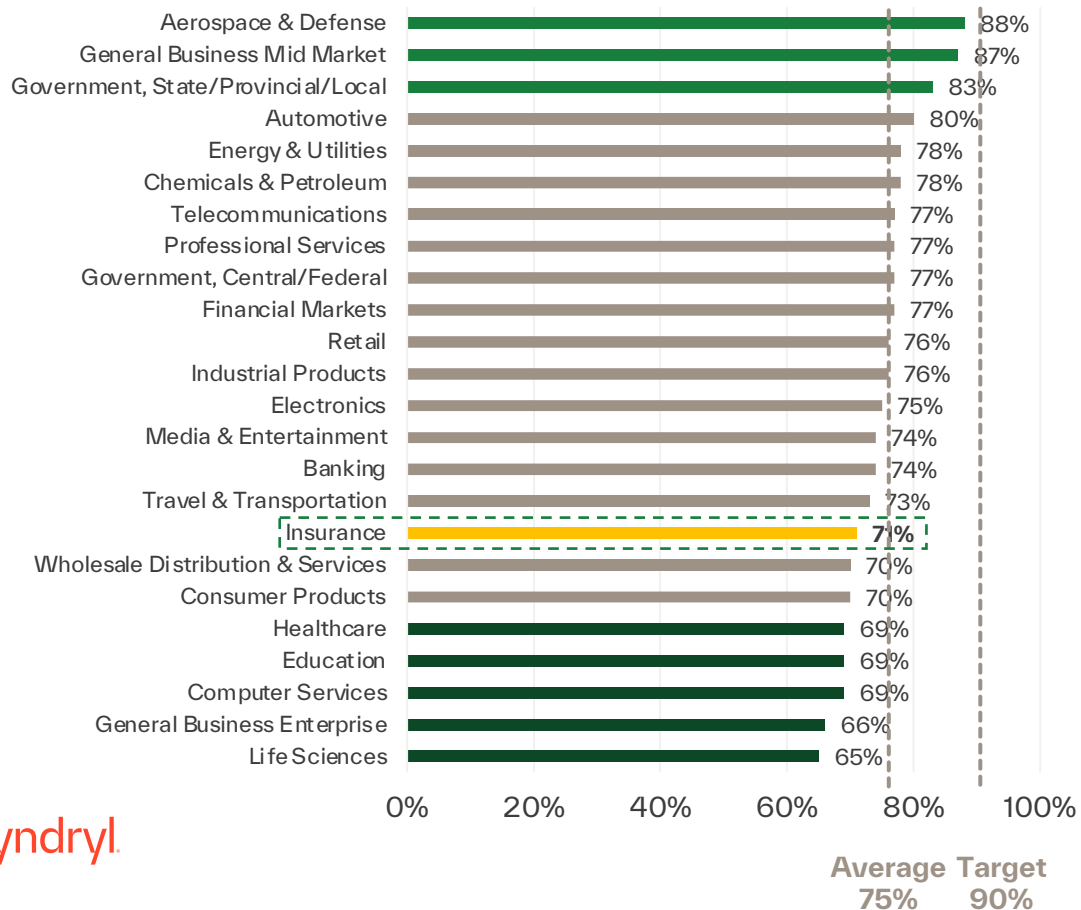
## % of IT events resolved through automation



Source: Kyndryl Bridge data

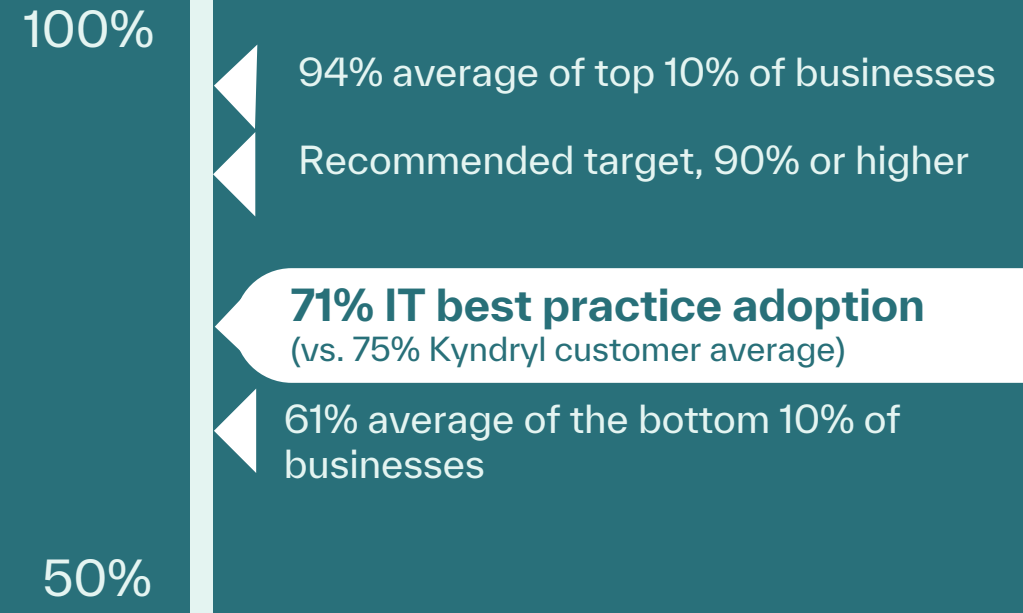
# 03. However, Insurance leaders are slightly below average on best practice adoption

% of IT best practice adoption



**About this statistic:** Best practice adoption is a holistic measure of effective IT, comprised of industry IT standards and measures for security compliance and regulatory compliance that can be monitored automatically.

## % of IT best practice adoption



Source: Kyndryl Bridge data



04.

## Keeping tech modernized is hindered by complexity and prioritization paralysis

Complexity, resistance to change and misalignment between business and tech leaders are common challenges hindering modernization.

Conflicting priorities and diverse organizational needs like short-term gains vs. long-term benefits, innovation vs. risk and cost vs. function can paralyze leaders as they try to run the business and modernize simultaneously.

Sustainability goals also complicate modernization efforts. Most leaders cite sustainability as a priority, yet difficult tradeoffs often impede their ESG initiatives and only 27% of leaders are currently seeing sustainability-based outcomes from their tech modernization.

#1

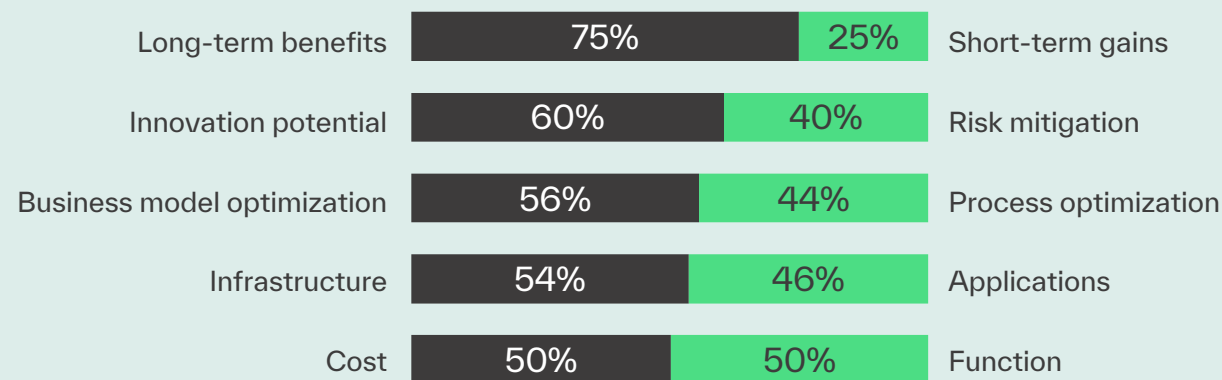
Complexity is the #1 challenge to tech modernization

Top sources of tension between business and tech leaders:

1. Resistance to change
2. Challenges in balancing short-term needs with long-term investments
3. Difficulty quantifying ROI

### Priorities When Evaluating the Success of Tech Investments

% Prioritizing (Selected, forced choice)



90%

Prioritize **sustainability** when implementing tech modernization initiatives

27%

Report seeing **sustainability-based outcomes** (e.g. lower emissions) from tech modernization, in the past year

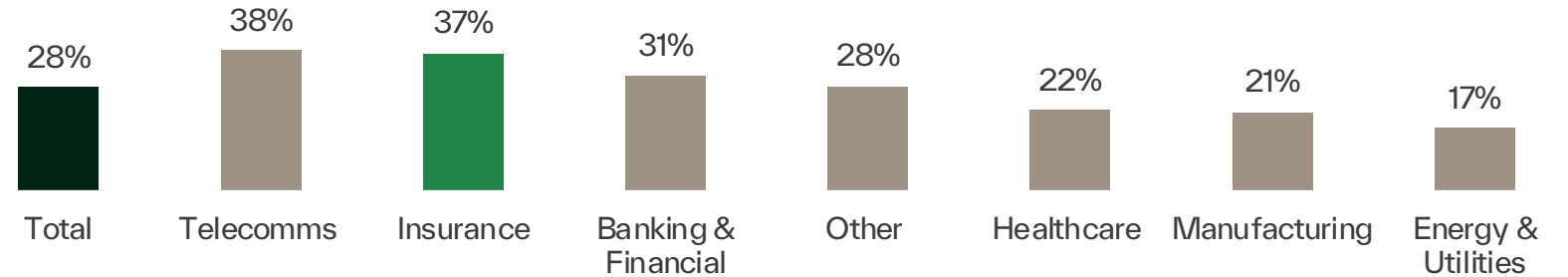
# 04. Insurance businesses struggle more with complexity and technical debt

- Apart from those working in Telecoms, Insurance leaders are most likely to cite Complexity as the top tech modernization challenge (37% vs. 28% all-industry average)
- Additionally, Insurance businesses uniquely struggle with technical debt – being significantly more likely than those in other industries to cite it among their top three challenges to tech modernization (24% vs. 17% all-industry average)

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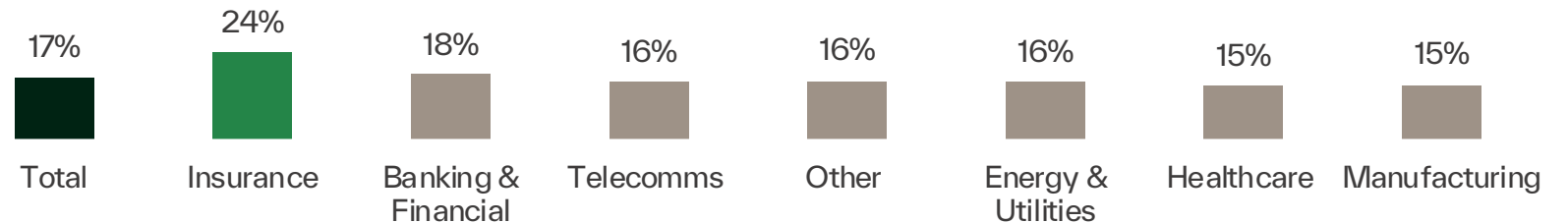
## Cite 'Complexity' Among Top 3 Largest Tech Modernization Challenges

% Selected



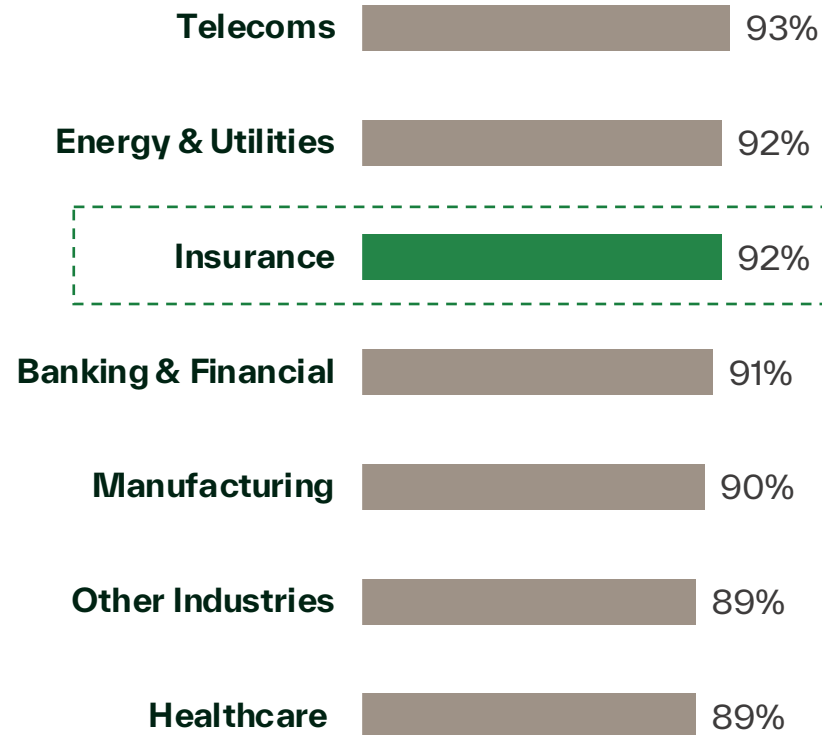
## Cite 'Technical Debt' Among Top 3 Largest Tech Modernization Challenges

% Selected

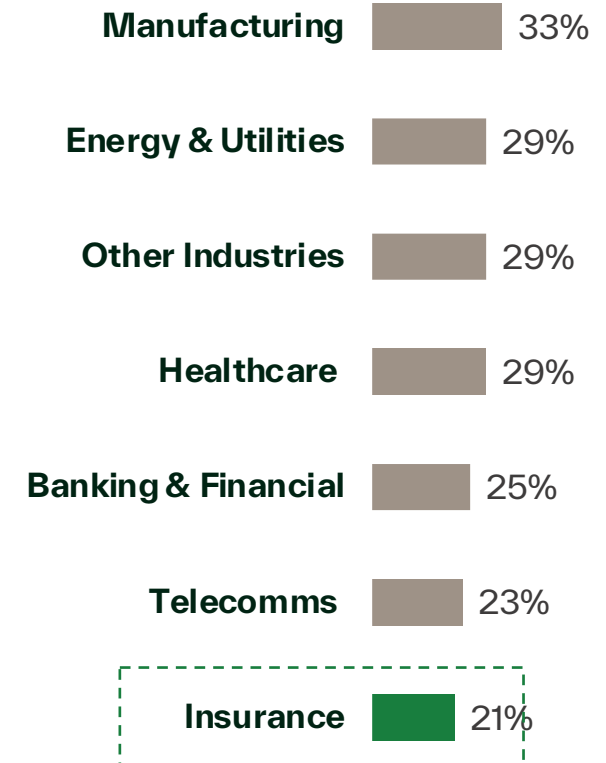


# 04. Sustainable modernization is a top priority, yet Insurance leaders are less likely than others to be experiencing sustainability- based benefits

Prioritize sustainability when implementing  
tech modernization initiatives  
Agree %



Experienced improved sustainability-  
based outcomes from tech  
modernization in the past year  
Selected %



# 05.

## Despite significant AI investments to drive modernization, leaders struggle to see positive ROI

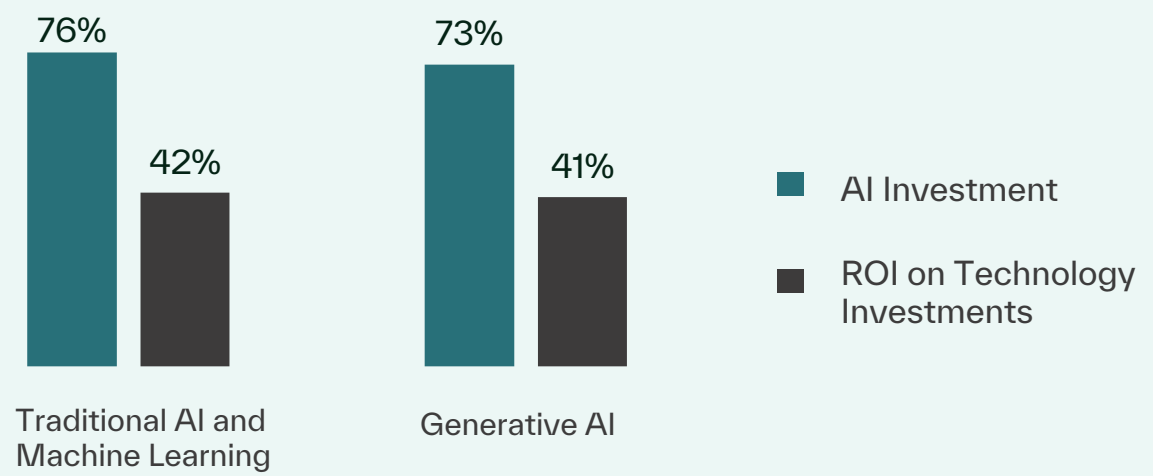
Most businesses are investing in both traditional AI—which includes Machine Learning—and Generative AI. However, only 42% of business leaders currently see positive ROI on their AI investments.

And 86% say their AI implementation is best in class, yet only 29% feel their AI is ready to navigate future risks.

Business leaders report data privacy, uncertainty of ROI and compliance as the biggest barriers to AI adoption; AI skills are the number one skills shortage they are desperately trying to fill to stay ahead of their competition.

### AI Investment vs. ROI

% Selected, Currently Investing; % Net Positive ROI



# 86%

Say their AI implementation is best-in-class

# YET ONLY 29%

think their AI implementation is ready to manage future risks

#### Top 5 barriers to AI adoption:

1. Data Privacy and security
2. Uncertainty of ROI
3. Regulation and compliance
4. Integration
5. AI Skills gaps

#### Most common skills gaps:

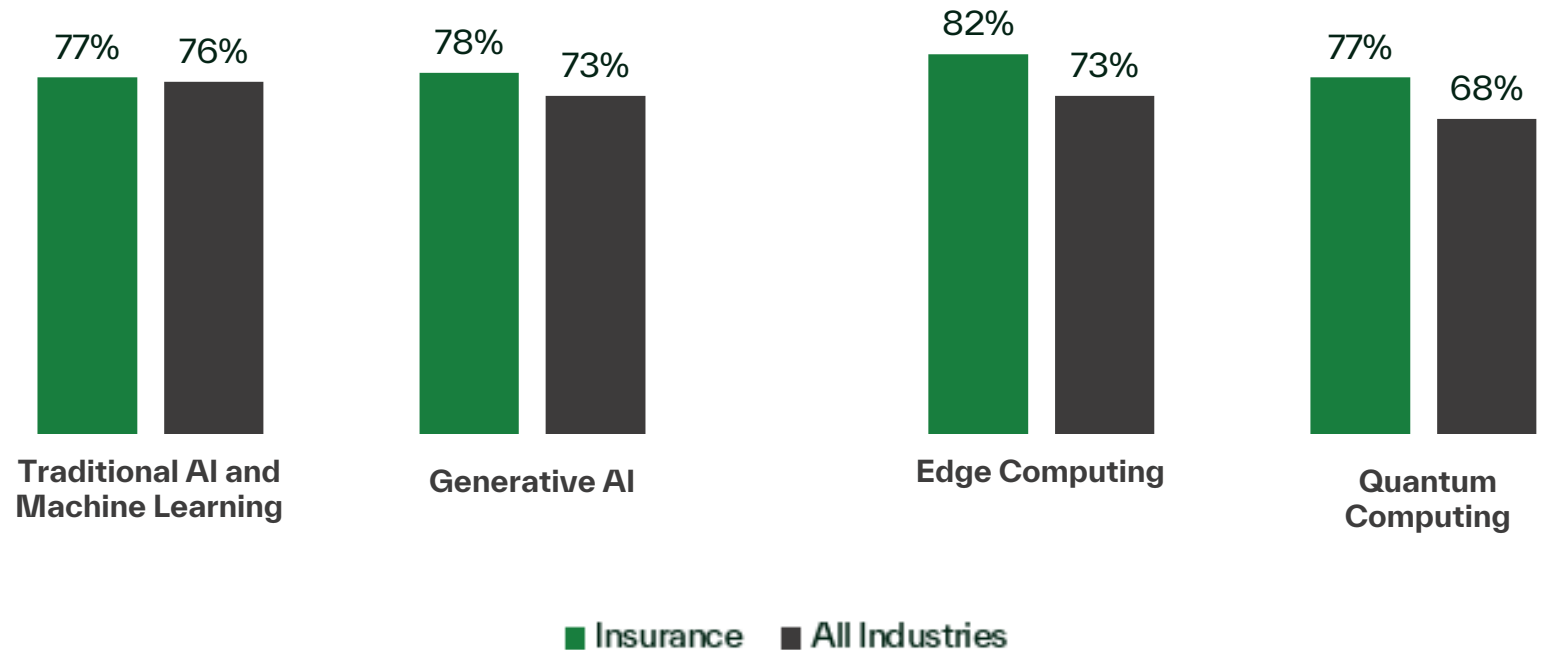
1. AI / ML skills
2. Cyber-security
3. Data science / analytics

05.

While still heavily focused on AI, Insurance leaders are more likely than those in other industries to be investing in edge and quantum computing

### Investment in Digital Technologies

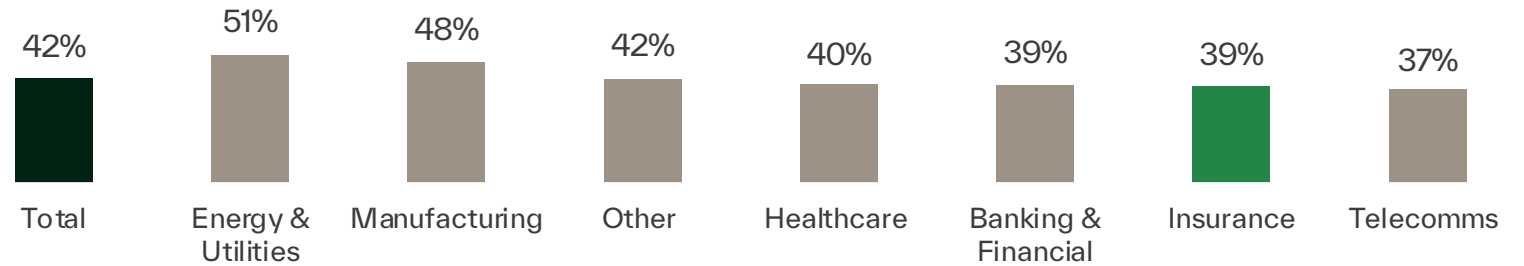
% Selected, Currently Investing



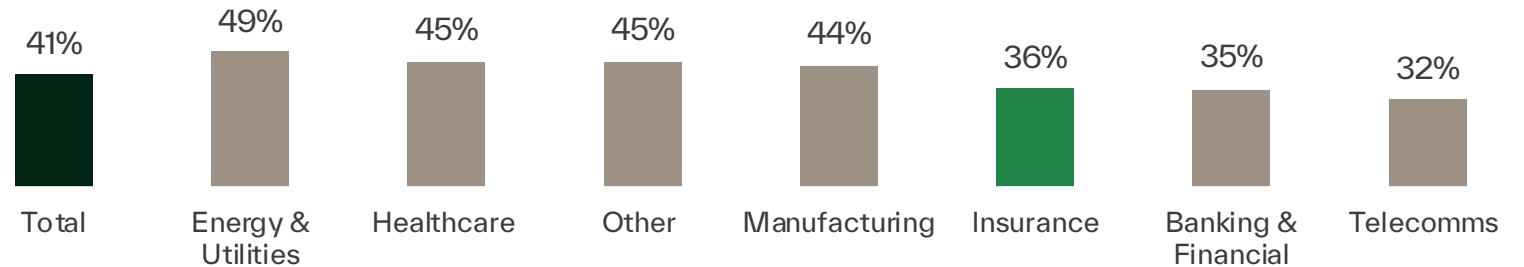
05.

Compared to those in other industries, few Insurance leaders are seeing positive ROI on their AI investments

ROI on Artificial Intelligence and/or Machine Learning Investments  
(% Selected NET Positive ROI)



ROI on Generative AI Investments  
(% Selected NET Positive ROI)



## 06.

## Leaders that have progressed on the modernization journey overcome this prioritization paralysis and are more ready for the future

The leaders that are further along the tech modernization journey feel a heightened level of readiness to navigate risks (+11% pts vs. early stage modernization) and demonstrate four characteristics that set them apart:

- Prioritizing in a way that lets them both run their mission-critical business operations today while transforming for the future
- Seeing better ROI on emerging technology (e.g., AI, Quantum, Edge)
- Nurturing talent, skills and culture
- Collaborating effectively to achieve business goals

Businesses that report they are leading on their tech modernization journey, compared to those who are early stage:

**+11% pts**

feel more ready for future risks

**+55% pts**

say their IT is updated and ready for current and future needs

### DECISION-MAKING

**+22% pts**

agree executive leadership effectively allocates resources to support IT infrastructure and technology modernization projects

### MEASURING SUCCESS

**+16% pts**

see a positive ROI on emerging technologies such as AI, Generative AI, Quantum Computing and Edge Computing

### TALENT

**+19% pts**

have a pool of talent proficient in emerging technologies

### COLLABORATION

**+43% pts**

have seamless collaboration and alignment between business leaders and tech leaders

In line with other industries, Insurance businesses are looking for more support on leadership decision-making and talent management to navigate tech modernization

## Areas of Support Needed for Modernization Efforts

Total %

**61%**  
Leadership  
decision-making  
support

vs. 63% all industries

- Enhancing collaboration between IT and other departments
- Ensuring alignment of modernization efforts with business objectives

**55%**  
Talent management  
support

vs. 57% all industries

- Talent acquisition and retention in IT-related roles
- Enhancing user adoption and training for new technologies

**43%**  
Integrating new tech in  
existing infrastructure

vs. 43% all industries

- Integration of new technologies into existing infrastructure
- Addressing legacy system limitations and modernization challenges



## The readiness mindset shift

While all modern organizations are building readiness and transforming through technology, as this data shows, there are difficult trade-offs to be made. To overcome these challenges, organizations should consider a shift in mindset: Readiness goes beyond preparedness and resilience—going beyond transformation to arrive at transformative and sustainable performance. IT is core to this expansive vision, and organizations that allow for new investment paradigms, evolve collaboration models within their C-suite and adopt a holistic view of assets driving long-term success.

### Being 'people-ready' is just as important as being 'tech-ready'. IT is everyone's business.

- With IT playing a more prominent role in shaping workplace culture than ever, it is just as critical to the CMO and CHRO as it is for the CTO and CIO. Getting on the same page is crucial, and bringing employees along is necessary.
- While automation may help with some IT challenges, rather than replacing people, it allows for an expansion of skills, creating new business imperatives for upskilling and reskilling.

### Weigh the fantastic vs. the familiar and embrace their interdependence.

- Emerging technologies offer tantalizing opportunities to grow in new directions, but leaders must weigh new investments alongside upgrades to their existing IT.
- To make the most of new tech, leaders need to understand how those tools will integrate not only with technology but the company culture, processes and goals.
- All new tech capabilities rely on a solid foundation; investing in the familiar first may get better ROI.

### Operate, accelerate, iterate. Agility is a hallmark of modern tech leadership.

- No enterprise can stay competitive by standing still, and talent can be the best bulwark against risks—and the best levers for opportunity.
- Businesses struggling to realize a meaningful ROI can start with shorter-term success metrics to drive long-term value. Those smaller starts can help build a better case to move into more complex projects.

### Reframe the conversation about tech debt. Observability is an important ally.

- In an evolving market, with everyone continuously confronting this challenge, businesses are not alone.
- Observability across IT allows teams to identify aging equipment and potential issues, offering intelligence for the entire C-suite.
- Knowing where to start can be a challenge, but reducing technical debt eliminates operational inefficiencies and unlocks potential for faster growth.

## Methodology

The Kyndryl Readiness Report combines survey data from 3,200 senior leaders and decision-makers with insights from Kyndryl Bridge, the company's AI-powered, open integration digital business platform.

### About Kyndryl Bridge

Kyndryl Bridge uses operational data, IP and embedded AI to provide observability across an enterprise's entire IT estate. To date, more than 1,200 enterprises have been onboarded onto the platform, which delivers 5.6 million AI-driven insights monthly. Kyndryl Bridge data in this report is a rolling three-month average from July to September 2024.

Kyndryl Bridge shows the status of IT estates across these dimensions

- **Best practices:** A score that shows alignment to both security and compliance requirements as well as industry best practices
- **Responsive:** A count of incidents automatically resolved (vs. requiring human intervention)
- **Competitive:** The amount of an IT estate that has aged past its expected life

# 3,200

### Leaders and senior decision-makers

C-Suite business leaders (CEOs, CFOs), C-Suite tech leaders (CIOs, CTOs) and Senior Directors and Business Unit Leaders. Within this sample, 50% of respondents were C-Suite level executives and 50% of respondents represented companies with \$1 billion in revenue.

# 17

### Markets

US	Brazil	Spain	Germany	Netherlands	Australia
Japan	Mexico	France	Italy	Luxembourg	China
Canada	UK	Belgium	Middle East	India	

# 25

### Industries, with a focus on a core 6

Banking and Financial	Insurance	Other: e.g., Technology, Retail Professional services, Automotive, Government
Manufacturing	Healthcare	
Telecommunications	Energy and Utilities	

The survey was conducted by Edelman DXI, on behalf of Kyndryl. Fieldwork was conducted via online survey and telephone interview between July 1, 2024 and August 12, 2024.

## Learn More

The Kyndryl Readiness Report combines survey data from 3,200 senior leaders and decision-makers with insights from Kyndryl Bridge, the company's AI-powered, open integration digital business platform.



Scan the QR code or visit  
[kyndryl.com/readiness-report](https://kyndryl.com/readiness-report)  
for more insights

# Thank you

## Company Headquarters

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