



Key Vendor Profile

Key Vendor Assessment

Kyndryl

KVA Abstract

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50 pages

Contents of Full Report

1. Strategy
2. Background
3. Financial Analysis
4. Organizational Structure
5. Target Markets
6. Key Offerings
7. Strengths & Challenges
8. Emphases and New Developments
9. Outlook

Who is this Vendor Assessment for?

NelsonHall's Key Vendor Assessment on Kyndryl is a comprehensive assessment of Kyndryl's offerings and capabilities, designed for:

- Marketing, sales, and business managers developing strategies to target service opportunities within the BPS/IT services markets
- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for IT services
- Consultants advising clients on vendor selection
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the BPO/IT services sector.

Key Findings & Highlights

The former IBM GTS, now Kyndryl, was spun off at the worst possible time, on November 3, 2021. The company faced fast declining IT infrastructure service revenues, impacted by the pandemic-led accelerated adoption of cloud computing. Kyndryl's 120 data centers emptied as clients migrated IT infrastructures and applications to public cloud. Unfortunately, emptying data centers was not Kyndryl's only challenge. The company inherited from IBM managed service contracts that were little-profitable. Kyndryl embarked on a multi-year transformation journey and is now seeing the light at the end of the tunnel: the company believes it should return to CC revenue growth in Q4 FY25 (calendar Q1 2025).

Kyndryl is headquartered in NYC. Its FY25 revenues, ending March 31, 2025, will be \$15.2-15.4bn. The company has ~80k employees and ~4k clients, of which 75% are Fortune 100 and 50% are Fortune 500 organizations. Its top 10 clients account for 10% of its total revenues (down from 15% at the IPO).

The company is the largest IT infrastructure service vendor globally, significantly larger than other tier-one competitors such as DXC, Atos Tech Foundations, Fujitsu, and T-Systems. It estimates that it manages 60% of the world's mainframes.

Kyndryl specializes in run services, i.e., IT infrastructure management/managed services (MS) contracts. These contracts are multi-year engagements, lasting three to five years, as part of relations older than ten years. Managed Services accounted for 81% of revenues in Q2 FY25. Facing declining MS revenues, the company launched its consulting and IT infrastructure professional services arm, [Kyndryl Consult](#). Kyndryl Consult complements MS by providing transformation services, which are somewhat more profitable than MS, over a shorter duration (up to two years). The unit grows fast, balancing MS' decline. It positions Kyndryl in cloud migration, data & AI, and security; it also helps to increase client Kyndryl's wallet share. Kyndryl Consult estimates it will have revenues of ~\$2.8bn in FY25.

Scope of the Report

The report provides a comprehensive and objective analysis of Kyndryl's offerings, capabilities, and market and financial strengths, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- Analysis of the profile of the company's customer base, including the company's targeting strategy and examples of current contracts
- Analysis of the company's offerings and key service components
- Analysis of the company's delivery organization.

About The Author

Dominique Raviart is the IT Services Practice Director at NelsonHall, with global responsibility for IT Services research programs. He also leads the VIP program that covers tier-one IT service vendors.

Dominique covers IT Services research in the areas of Software Testing/QA. Dominique has been part of NelsonHall's IT Services analyst team since 2007, providing comprehensive and insightful coverage of IT services markets in the world. In particular, he is widely known for his extensive knowledge and coverage of software testing, having recently examined digital testing and DevOps/continuous testing. Dominique assists both buy-side and vendor organizations in assessing opportunities and supplier capability across IT service lines.

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About NelsonHall

NelsonHall is the leading global analyst firm dedicated to helping organizations understand the 'art of the possible' in digital operations transformation. With analysts in the U.S., U.K., Continental Europe, and Asia, NelsonHall provides buy-side organizations with detailed, critical information on markets and vendors (including NEAT assessments) that helps them make fast and highly informed sourcing decisions. For vendors, NelsonHall provides deep knowledge of market dynamics and user requirements to help them hone their go-to-market strategies. NelsonHall's research is based on rigorous, primary research and is widely respected for the quality, depth, and insight of its analysis.

We would be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager: Guy Saunders at guy.saunders@nelson-hall.com.

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