

Mainframe Services – Weighing the Options for the Future of the Enterprise Mainframe

July 2022: Complimentary Abstract / Table of Contents



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Background of the research

- Despite many heralding the end-of-the-road for mainframe systems, they continue to be critical components in enterprise IT. They are still considered a strong choice for enterprises needing large processing capacities for high-volume transactions. These systems are known for their superior performance and reliability, delivered on the back of their unique computing architecture
- However, as the pace of digital transformation mandates picks up, most enterprises are evaluating their mainframe systems for better optimization and compatibility with modern platforms and applications. Limitations around the availability of skilled resources also influence enterprise decisions in this regard
- Manufacturers and service providers have responded with innovative solutions for faster application deployments, intelligent optimization, and integration into modern hybrid environments
- In this research, we present the current state of the market related to mainframe services, deal characteristics, enterprises expectations and challenges, best practices for enterprises, and implications for service providers

Scope of this report



Geography
Global



Industry
All major industries experiencing mainframe services implementations have been covered in this report



Services
Mainframe services

Overview and abbreviated summary of key messages

Mainframe systems, despite being signaled as an outdated technology, are still valued as a critical component of modern IT environment by enterprise with large processing requirements. To keep with the digital transformation pace, enterprises are enhancing and transforming their mainframe system thus, creating demand for mainframe services. Enterprises need to analyze and choose the right option out of multiple mainframe transformation options to reap maximum benefits

Some of the findings in this report, among others, are:

Major highlights and key trends

- The mainframe service market is growing but at a slower rate at a CAGR of 2-3%. Enterprises are exploring ways to fully integrate the mainframe, which continues to operate in a siloed IT environment, to a cloud-driven, API-connected modern business IT environment
- North America is the largest consumer of mainframe services, followed by Europe. Enterprises from regulated industry verticals, such as BFSI, HLS, and the public sector, consume ~60% of the mainframe services market

Deal characteristics

- Large enterprises are the largest buyer segment in a renewals-driven market. These enterprises are actively trying to balance the need for business agility (a mainframe exit program) with business risk considerations (rationalized and optimized mainframe managed services)
- Enterprises tend to prefer incumbents over non-incumbent service providers and use outcome-based structures to try and reduce the risk of mainframe engagements

Transformation options

- Enterprises having mainframe systems are evaluating key market trends and potential risk factors associated with mainframe. Based on these, a few mainframe service transformation themes are identified by enterprises
- A highly contextualized approach needs to be carried out by enterprises to balance continuity, risks, and business acceleration

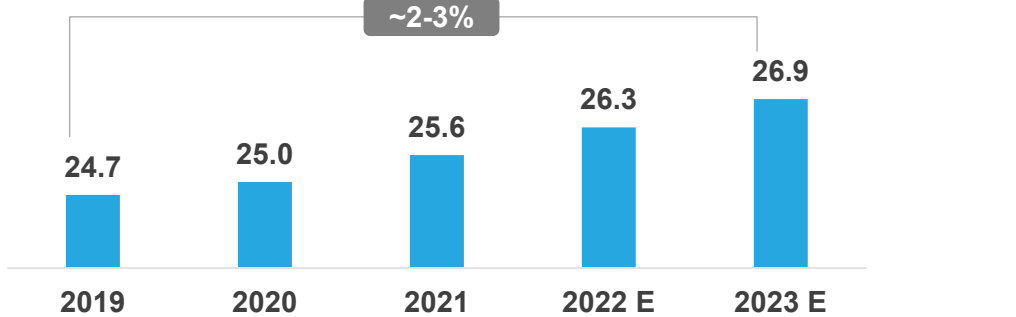
Successful mainframe transformation

- Enterprise should take appropriate action to combat mainframe transformation initiatives' low success rates.
- Enterprises must plan mainframe transformation services by assessing the current state of the system, availability of expertise, and risk associated to reap maximum benefits out of transformation

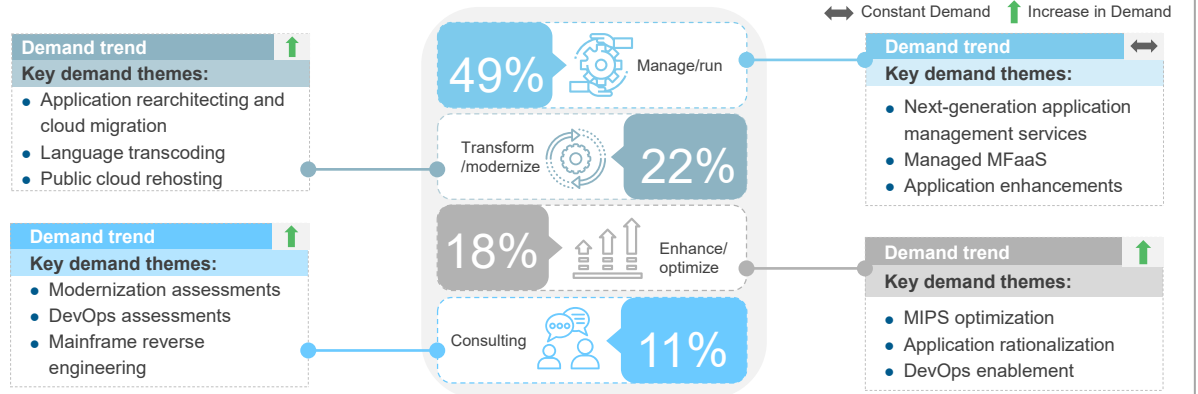
This study offers two distinct chapters providing a deep dive into key aspects of mainframe service market; below are four charts to illustrate the depth of the report

The demand growth is driven by enterprise need to enhance and modernize the existing mainframe environments

Global mainframe services market
US\$ billion



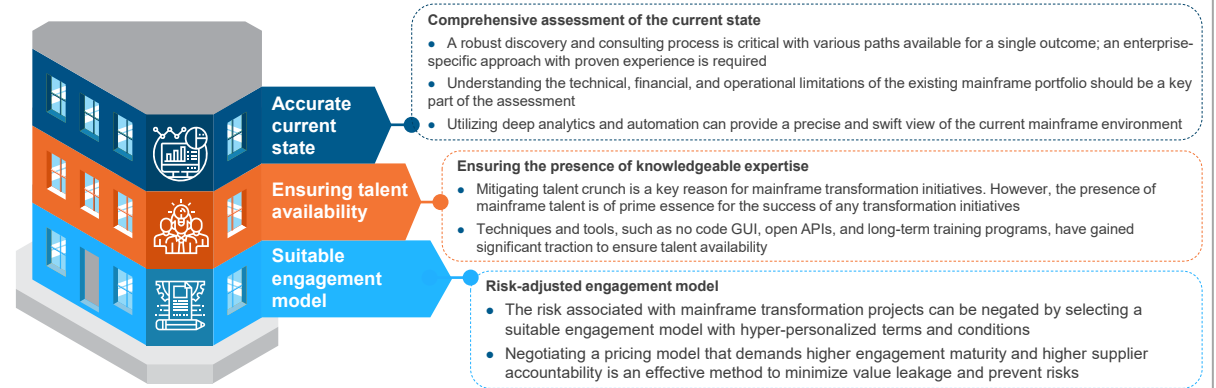
Enterprises are demanding more of transformation/modernization and enhancement/optimization services for mainframes



Enterprises need to map their unique business/technology objectives to suitable mainframe transformation options

Transformation options	Ease of implementation	Benefit realization	Self-driven execution		Change management	
			Low	High	Low	High
A Retain and optimize	High	Medium	High	High	Medium	Medium
B Retain and enhance	Medium	Medium	Medium	Medium	Medium	Medium
C Modernize	Low	High	Low	Low	High	High

Enterprises should consider appropriate measures to counter the low success rates of mainframe transformation initiatives



Research calendar

Cloud and Infrastructure Services (CIS)

Published Planned Current release

Reports title	Release date
Cloud Services Provider Compendium 2022 – North America	January 2022
Cloud Services Provider Compendium 2022 – Europe	January 2022
Software-Defined Wide Area Network (SD-WAN) Service Provider Compendium 2022	January 2022
IT Service Provider of the Year - 2022	February 2022
Contract Renewal – Information Technology (IT) Services 2022	March 2022
Rise of Industry Cloud	April 2022
The Growing Need for Inclusive Talent Models: Learning from Impact Sourcing Specialists	May 2022
Enterprise Pulse 2022: Solving the Talent Conundrum around Availability, Attrition, and Reskilling of the Workforce	June 2022
Mainframe Services – Weighing the Options for the Future of the Enterprise Mainframe	July 2022
Next-Generation Hybrid Cloud Model	Q3 2022
Cloud Services State of the Market 2022	Q3 2022
Network Transformation PEAK Matrix® Assessment (Focus on Telcos) 2022	Q3 2022
Network Services State of the Market – Exploring the Wireless Enterprise	Q3 2022
System Integrator Capabilities on Microsoft Azure PEAK Matrix® Assessment 2022	Q3 2022
System Integrator Capabilities on GCP – PEAK Matrix® Assessment 2022	Q3 2022
Cloud Hyperscaler State of the Market	Q3 2022

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