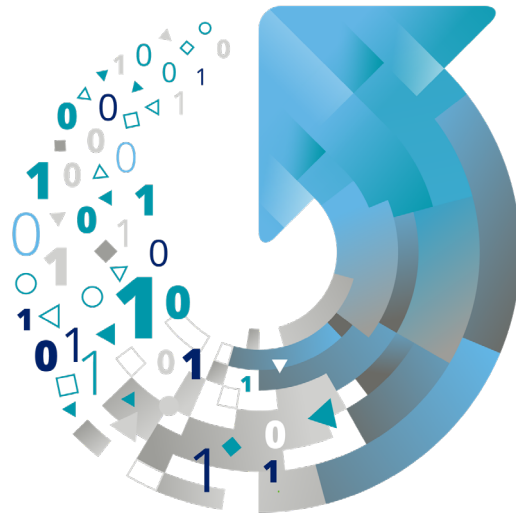# Deloitte.

The executive playbook for mainframe modernization success

Discover how sustained leadership commitment and strategic execution drive lasting transformation

Mainframe modernization success begins in the C-suite. It's not just about technology; fundamentally it's about enabling organizations to meet evolving business needs, reduce operational costs, and fuel innovation—all top of mind for organizational leadership. Securing leadership buy-in is the foundation for that success. It helps align priorities, secure proper program resources, and sustain the momentum that drives long-term value. Effective management is equally critical because it can help ensure that projects stay on track and deliver expected results, thus optimizing the return on IT investments.

The reality is that, rather than being technical issues, most barriers to modernization success are either cultural or management-driven. For example, 58% of respondents to a recent Deloitte survey indicated that a lack of strategy and/or business case was a significant barrier to modernization. Stakeholder incentive misalignment (57%) and insecure, or insufficient, funding (also 57%) were also cited as major barriers. On the positive side, the most often-cited critical success factor (29%) was an agile mindset and agile teams.[1] Bottom line: Modernization starts at the top—and success follows through agile but systematic execution.

Step one: Secure and sustain leadership buy-in

Leadership buy-in starts with understanding the priorities, concerns, and motivations of key decision-makers. Whether it's the CFO, CIO, CTO, or business-unit leaders, each stakeholder views modernization through a different lens. A successful approach can address their specific concerns while tying modernization to the organization's broader goals.

Identify leadership priorities

Different leaders will have different motivations. Tailoring the message to their concerns is essential. For example, if the goal is:

Cost savings: Frame modernization as a way to reduce technical debt, cut operational costs, and void the financial risks of aging infrastructure.

Alignment of business and tech: Highlight how modernization supports innovation and eliminates reliance on hard-to-maintain legacy systems.

The right priorities: Emphasize how modernization can enable faster time-to-market, seamless customer interactions, and adaptability to market changes.

Tie modernization to organizational goals

Buy-in also hinges on showing how modernization can align with and support the organization's strategic priorities. For example, if improving customer experience is a goal, explain how modernization enables user-friendly platforms and faster service delivery. Or, if reducing costs is critical, detail the long-term savings from reduced maintenance, infrastructure efficiencies, and improved operations. Alternatively, if innovation is a focus, illustrate how modernization clears the path for cloud adoption, Artificial intelligence (AI)-driven analytics, and other forward-looking technologies.

Build a strong business case

A well-structured business case is critical to convincing leadership. Focus on these key elements:

Clear outcomes: Define what success looks like. Specify measurable goals, such as reducing operational costs by a percentage or improving customer satisfaction scores.

Cost versus value: Break down the costs of modernization and clearly show the expected return on investment (ROI). Use examples like infrastructure cost savings, increased efficiency, or revenue growth.

Quick wins: Highlight achievable milestones early in the process to demonstrate progress and value. Early success builds momentum and credibility.

Create urgency where possible

Some organizations are already operating on a "burning platform," where the risks of maintaining legacy systems—such as outages, regulatory noncompliance, or loss of expertise—create an urgent need for action. If this applies, emphasize the potential consequences of inaction and position modernization as the fastest way to address these risks. Even in less urgent situations, tie modernization to upcoming opportunities or risks. For example, align it with regulatory deadlines, market shifts, or leadership performance goals tied to specific outcomes.

Involve leadership in the process

Leadership buy-in is stronger when leaders feel involved, not just informed. Include them in discovery, assessment, and goal-setting phases. Solicit their input, address their concerns, and show how their contributions will shape the outcome. This approach can build ownership and reduce resistance.

Step two: Practice effective program management

With executive commitment secured, the focus can shift to actually managing the modernization initiative, which is fundamental to ongoing success because it ensures that projects are aligned with strategic goals, effectively executed, and resilient to change. There are several key strategies organizations can employ to drive ongoing transformation and impact.

Establish clear governance and accountability

Effective governance means that everyone understands their role, decisions are transparent, and accountability is maintained throughout the modernization effort. To establish an effective governance program:

Define roles and responsibilities at all levels to ensure alignment and accountability across teams. Use a structured governance framework to clarify leadership, ownership, and execution paths.

Develop a transparent governance structure that leverages cross-functional collaboration to streamline decision-making and monitor progress.

Align the governance model with principles that emphasize flexibility, integrated delivery, and dynamic workflows to adapt to evolving needs.

Maintain strategic alignment with business objectives

Keeping the project aligned with business goals ensures that modernization efforts deliver meaningful value to the organization. Ongoing alignment with objectives requires regular evaluation of the project roadmap against organizational goals and using iterative planning processes to adapt to changes in markets and business priorities. It's also essential to continually reinforce that the modernization initiative is tied to business objectives like innovation, operational and cost efficiency, and competitive advantage.

Practice data-driven decision-making and ensure visibility

Data drives deeper insights and better decisions. To make data-driven decisions, first establish key performance indicators (KPIs) and metrics to measure transformation success. Then leverage advanced analytics to gauge the project's impact and value in real time. Data-driven decision-making capabilities are maintained by implementing regular reporting and dashboards that provide actionable insights. Digital tools should enable visibility into program performance and early identification of potential roadblocks.

Foster agile, automated, and adaptable execution

To increase efficiency and promote quick responses to issues, use automation to develop agility and adaptability. For example:

Integrate agile methodologies and iterative delivery to manage change and increase delivery speed. Also establish an empowered program management office (PMO) to support the project and provide oversight.

Leverage AI and automation to streamline workflows and increase efficiency. Embed digital catalysts like analytics platforms into the program structure.

Encourage continuous learning with upskilling of teams and fostering a culture of collaboration and adaptability to new technologies and processes.

Communicate consistently and keep stakeholders engaged

To create trust and help the continued alignment with objectives and commitment of stakeholders, it's crucial to communicate often and transparently. Accomplish this by providing regular, tailored updates to executives and other stakeholders. The updates should be clear and actionable, and they should demonstrate business value and communicate how effectively project milestones are being met.

Manage risk and demonstrate commitment

Staying vigilant for risks over multiple horizons and showing long-term commitment builds organizational confidence in the modernization efforts. To assuage risk concerns:

Ensure continuity by scanning the environment and time horizon for potential problems to identify them early and develop mitigation strategies to sustain progress.

Leverage analytics for continuous evaluation of progress against outcomes and, if necessary, develop remediation strategies.

Demonstrate commitment by aligning transformation goals with business outcomes to show ongoing value and ROI.

By adopting these strategies, organizations can help ensure a smooth and effective modernization journey that delivers powerful results and creates long-term value.

Key components of a successful management methodology

To promote program execution and alignment with organizational goals, it's essential for any program methodology to balance flexibility and innovation—all with an eye toward meeting constantly evolving demands.
Key components include:

Continuous strategy: Emphasizes ongoing evaluation and adaptation of the program's strategy to ensure alignment with organizational goals and external conditions. It replaces static planning with iterative improvement processes.

Flexible architecture: Helps ensure that program structures can adapt to meet changing needs. Examples of such flexibility include dynamic processes and the ability to make real-time adjustments to adapt to changes in markets and client needs.

Integrated transformation delivery: Focuses on aligning projects within the modernization initiative to ensure that work is not duplicative but synergetic across the program. An effective PMO is crucial for integrated delivery because it reduces duplication and drives efficient execution.

Digital catalysts: Consists of advanced technologies like AI, advanced analytics, and digital platforms to improve program management, increase efficiency, and provide deeper, actionable insights for decision-making.

Human systems design: Builds multidisciplinary teams to foster collaboration and leverages diverse knowledge bases to overcome challenges. This approach helps ensure that both technical and human factors are addressed during transformations.

Taken together, these components can create a solid foundation for effective, flexible program management that helps drive long-term success. **Learn more here.**

The payoff: Potential benefits of executive commitment and effective management

Strong, committed leadership and effective, adaptable management produce tangible benefits that accelerate time-to-value and build resilience. These advantages help deliver successful transformations that align with organizational goals. Potential benefits include:

Rapid value realization and risk mitigation: By aligning transformation components under a cohesive methodology and using predictive analytics, organizations can accelerate time-to-value while identifying and mitigating risks early in the program life cycle.

Enhanced collaboration and transparency: Cross-functional teams, supported by digital tools, foster transparency and shared accountability, ensuring seamless coordination across all transformation initiatives.

Scalability, flexibility, and efficiency: The right methodology will enable efficient scalability and standardization of process while optimizing resources, for consistent and efficient outcomes.

Strategic alignment with business goals: Leadership commitment and effective management helps ensure that transformations are not only operationally successful but also aligned with long-term strategic objectives.

Future readiness and adaptability: Strong management equips organizations to navigate ongoing change by building resilience and adaptability in an uncertain and dynamic environment.

Mainframe modernization in action

A leading investment management firm recognized the pressing need to align its technological capabilities with strategic business objectives to maintain its competitive edge. The firm's C-suite executives, understanding the critical nature of this alignment, committed to a sweeping modernization initiative. This commitment was essential to navigating the complexities of a monolithic infrastructure, with 20 million lines of legacy code and thousands of interdependent batch processes. The leadership's vision was clear: transform the platform to ensure the rapid delivery of updates, attract new clients, and enhance client experiences, all while significantly reducing costs.

Collaborating with Deloitte, the firm leveraged a comprehensive modernization strategy that aligned the technological transformation with the leadership's key performance goals. Deloitte's specialization in strategic planning, technical mainframe modernization, and change management facilitated a seamless transition to a more flexible and scalable architecture on the cloud.

By restructuring data processes and implementing agile delivery methods, the firm achieved a marked reduction in time-to-market for new features and enhanced its ability to scale operations efficiently. This strategic initiative not only empowered the firm to meet its immediate objectives but also placed it on a sustainable path for future growth, innovation, and resilience, firmly anchored by strong executive buy-in and a shared vision for transformation.

The path to successful mainframe modernization

Modernization can catalyze innovation, help optimize costs, and serve as a lever for long-term growth. However, achieving it takes more than technology. Executive commitment ensures alignment and focus, while effective management drives desired outcomes and sustained value. By managing risks and prioritizing modernization as a business imperative, organizations can position themselves to meet evolving demands and unlock new opportunities for growth. Modernization begins with vision, it is sustained by executive championship, and, if it's managed effectively, it can deliver lasting impact and success.

Get in touch

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Endnotes

1. Tim Smith et al., <u>"Focusing on the foundation: How digital transformation investments have changed in 2024,"</u> Deloitte, October 14, 2024.

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