



New Global Rackspace Technology Survey Findings Reveal COVID-19 Pandemic Has Been the Ultimate Digital Transformation Test

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SAN ANTONIO, July 28, 2021 (GLOBE NEWSWIRE) -- [Rackspace Technology](#)® (NASDAQ: RXT), a leading end-to-end multicloud technology solutions company, today announced the results of a global survey revealing that 2020 drove a large-scale push for application modernization. As organizations scrambled to support fully distributed workforces and securely integrate new cloud-native data platforms and collaboration apps into already complex ecosystems, many cranked their existing application modernization efforts into overdrive.

According to the survey, *The State of Application Modernization*, 71% of respondents say at least one out of four applications are undergoing active modernization, and 24% say more than half of all their applications are underdoing modernization. Most organizations have already paid a price for dragging their feet, over half of respondents say delaying application modernization has resulted in failures to meet compliance requirements (56%) and/or to scale critical services when required (51%).

"The results paint a clear and consistent picture," said Jeff DeVerter, Chief Technology Evangelist at Rackspace Technology. "Organizations of all sizes and across all industries have firmly bought into digital transformation and are actively pursuing strategies of continuous application modernization. In fact, many have already experienced direct consequences from moving too slowly – which may explain why nine out of ten organizations say their appreciation for the business value of applications has increased."

The global survey included 1400+ respondents in IT and non-IT business units, from companies with \$300M annual earnings and above, including both decision makers and application users.

The State of Digital Transformation

Most respondents described their digital transformation journey as actively "in-progress" (65%) and "at a similar place to their peers" (57%). Just over half said they have "a system in place to coordinate cross-functional modernization activities," with "digital initiatives extending beyond a single business unit" (53%). Public sector respondents were more likely to describe their digital transformation as "basic" or lagging.

On average, organizations now host 38% of all workloads on public cloud, surpassing private cloud (35%) and on-premises data centers or colocation (27%). This breakdown was remarkably consistent across both business size and industry vertical.

Application Modernization Priorities

Government and manufacturing organizations were more likely to focus on modernizing enterprise software, while retail businesses were more likely to prioritize customer-facing applications and digital content management systems.

When asked what prompts modernizing applications, over half of all organizations (54%) singled out improved customer satisfaction, with nearly as many (47%) also citing increased employee efficiency and satisfaction. Motivations for replacing legacy applications with new solutions followed a similar pattern, with improved customer experience (CX) leading as a common driver (58%), followed by process optimization (52%) and cost optimization (46%).

The two key themes to application modernization success that surfaced repeatedly were the need to navigate complexity and the need to minimize disruptions and risk.

Consequences of Delaying Modernization

Survey results suggest that the perceived risks of lagging behind competitors are another factor driving organizations to transform their legacy systems. Over half said that delaying application modernizations had resulted, at some point, in failing to meet new regulations (56%) and/or to scale up to meet new demands (51%).

When asked about the top barriers inhibiting technological change at their organizations, respondents pointed to the fear of impacting CX (28%), the entrenchment of legacy IT systems (26%), and the need to work within budget constraints (24%). The most frequently flagged consideration for planning an application modernization project was security (34%).

"From an IT perspective, 2020 may be remembered as the year that application modernization morphed from a corporate buzzword into becoming a central element of institutional survival," added DeVerter.

To download the full report, please visit www.rackspace.com/solve/application-modernization.

Survey Methodology

Commissioned by Rackspace Technology and conducted by Coleman Parkers Research between March and May 2021, the survey is based on the responses of 1,420 IT decision-makers across manufacturing, digital native/technology, financial services, retail, government/public sector, and healthcare sectors in the Americas, Europe, Asia and the Middle East. The survey questions covered customer experience, application modernization and future plans.

About Rackspace Technology

Rackspace Technology is a leading end-to-end multicloud technology services company. We can design, build and operate our customers' cloud environments across all major technology platforms, irrespective of technology stack or deployment model. We partner with our customers at every stage of their cloud journey, enabling them to modernize applications, build new products and adopt innovative technologies.

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