ISG Provider Lens®

Mainframes – Services and Solutions

Application Modernization Services

A guide to extending mainframe capabilities and modernizing applications to integrate cloud services

Customized report courtesy of:

DXC TECHNOLOGY

QUADRANT REPORT | MARCH 2026 | EUROPE, GLOBAL

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Mainframe modernization in Europe shifts to GenAI-driven, phased transformation models

Mainframe modernization in Europe is entering a new phase shaped by GenAI, heightened regulatory scrutiny and a growing emphasis on resilience and sovereignty. Over the past 12-24 months, providers have shifted from isolated optimization and migration efforts toward structured, governance-first modernization models that balance innovation with control. The following trends highlight how delivery models, operating assumptions and the role of the mainframe itself are evolving in response to European client expectations and the persistent lack of mainframe skills:

GenAI and agentic AI workflows transition from experimentation to delivery reality

Over the past 12-24 months, GenAI in mainframe modernization has shifted decisively from experimentation and isolated tooling into embedded delivery mechanics. What began as pilots for documentation uplift or code summarization is now integrated across discovery, reverse engineering, business rule extraction, test generation, dependency mapping and, increasingly, forward engineering. Providers have operationalized GenAI within standardized workflows rather than positioning it as an add-on, reflecting both maturing technology and strong client pressure to address skills scarcity and accelerate modernization timelines.

A notable development is the emergence of agentic workflows layered on top of deterministic engines. These workflows orchestrate multiple AI tasks, analysis, rule explanation, test creation and scaffolding while remaining bounded by governance controls. Rather than replacing established modernization tooling, GenAI augments it, improving productivity and technical fidelity while maintaining deterministic verification. Over time, this has shifted modernization economics with the discovery and preparation phases that once took months now compressing significantly,

GenAI reimagines the mainframe: **sovereignty-by-design, deterministic, governed change**.

enabling providers to deliver earlier insight into feasibility, risk and sequencing.

At the same time, providers have become more cautious in how they position autonomy. Not just in regulated, mission-critical environments, but experience has reaffirmed that LLM-only rewrites introduce unacceptable risk. As a result, most delivery models now emphasize human-in-the-loop validation, auditable decision logs and parallel testing as non-negotiable design principles. GenAI is increasingly framed as an accelerator of engineering judgment rather than a replacement for it.

From a market perspective, this evolution has raised the bar. Clients started to expect GenAI to be production-grade, explainable and governed, not just experimental. Providers that can demonstrate repeatable, auditable GenAI workflows are gaining credibility, while those relying on opaque *AI magic* face skepticism. The net effect is a market where GenAI is no longer a differentiator by itself; how it is governed, integrated and bounded has become the real point of competition.

Leading providers that are driving GenAI adoption are redefining delivery models, not just adding AI features. They embed GenAI and agentic workflows directly into modernization factories, consulting frameworks and operational toolchains. These providers actively reshape how modernization work is sold and executed: discovery, rule extraction, test generation, code scaffolding and dependency mapping are no longer discrete tasks but orchestrated, AI-assisted pipelines with built-in governance. Importantly, they invest heavily in deterministic verification alongside GenAI.Other providers are primarily responding by augmenting existing tools and services with GenAI capabilities. They adopt AI to improve documentation quality, accelerate analysis or reduce manual testing without materially changing delivery structures or commercial models. GenAI appears as an efficiency layer rather than an execution transformer. These providers tend to emphasize human oversight and caution, often correctly; however, they remain dependent on traditional staffing models and linear delivery phases. Their adoption is pragmatic, but they follow the market.

Sovereignty, regulation and governance become structural design constraints

Mainframe modernization in Europe has entered a phase where sovereignty and regulation are no longer contextual factors; they are structural design constraints. Over the last two years, regulatory developments, heightened supervisory scrutiny and geopolitical uncertainty have led clients to demand explicit, evidence-based assurances on data residency, operational control and accountability. This shift has reshaped how modernization programs are designed, sold and executed, and the trend is clearly accelerating across all industries.

Clients increasingly expect modernization offerings, whether consulting-led, mainframe as a service (MFaaS)-based or application-focused, to be sovereignty-by-design. This means clear articulation of where workloads run, how data is protected, who controls identities and encryption keys and how regulators can access evidence. Delivery models that previously emphasized global standardization are now being adapted to support regional hubs, dedicated or tightly governed shared tenancy and localized operating constructs. Importantly, sovereignty is not limited to infrastructure; it extends to decision-making transparency, AI governance and the ability to demonstrate compliance throughout the lifecycle.

This trend has also reshaped expectations of hyperscalers and global platforms. European clients increasingly expect non-European technology providers to adapt to local requirements rather than imposing global defaults. GenAI services, developer copilots and managed platforms must support private networking, policy enforcement, model gating and auditable controls to be viable in regulated environments. Providers that can integrate these capabilities into regulator-ready delivery frameworks are better positioned to win complex modernization work.

The impact on providers has been substantial. Sovereignty and compliance are now core elements of value propositions, not secondary

considerations. At the same time, this raises cost and complexity and exposes gaps where providers struggle to clearly explain regional delivery constructs. For clients, the upside is reduced audit friction and greater confidence in long-term sourcing decisions; the downside is that modernization choices are increasingly constrained by governance realities, limiting flexibility and requiring more upfront diligence.

Leading providers are driving sovereignty-by-design. They have rearchitected their operating models to make regulatory alignment a first-class capability. They invest in regional delivery constructs such as sovereign hubs, government-grade environments, tightly governed shared tenancy and integrate compliance evidence, auditability and regulator dialogue into standard delivery artifacts. These providers do not treat sovereignty as a contract clause; they design it into workload placement, identity control, encryption, AI governance and operational reporting.

Responders largely adapt global delivery models to European requirements on a case-by-case basis. Sovereignty is addressed through localized configurations, partner infrastructure or contractual assurances. While technically capable, these providers often struggle to articulate sovereignty clearly and consistently, leaving clients to infer compliance.

Phased, risk-managed modernization replaces big-bang transformation

The last 24 months have confirmed a decisive market shift away from *big-bang* mainframe exit toward phased, risk-managed modernization models. While full migration remains an option, it is no longer the dominant or assumed end state, particularly in Europe, where operational resilience and regulatory continuity are paramount. Modernization is increasingly treated as a long-running program, reflecting both business risk considerations and structural constraints in execution capacity.

Providers have responded by formalizing two-track operating models that separate deterministic modernization from change-oriented transformation. Optimization, refactoring and replatforming paths are designed to preserve functional equivalence, supported by rigorous testing, parallel validation and controlled rollout. In parallel, selective transformation initiatives target areas where business change is desired and risk tolerance is higher. This structure allows enterprises to modernize incrementally while maintaining stability in core systems and avoiding large, disruptive dependency on scarce specialist skills at any single point in time.

A key enabler of this shift is a seamless end-to-end alignment among consulting, modernization and run operations. Instead of discrete handoffs, phased programs increasingly maintain a single governance spine, shared metrics, quality gates, rollback plans and security controls across assessment, execution and steady state. This alignment directly addresses the persistent shortage of experienced mainframe skills in European industrializing processes, standardizing patterns and embedding automation and GenAI into delivery. Clients reduce reliance on individual experts and mitigate the impact of workforce attrition and retirements. Hybrid execution patterns APIs, DevOps pipelines spanning z/OS, distributed platforms and containerized adjacencies are becoming the norm instead of exceptions, further spreading workloads across broader skill pools.

Within this environment, phased modernization offers clear benefits for clients: lower disruption risk, improved alignment with regulators, earlier incremental value and reduced exposure to skills bottlenecks. However, it also changes expectations. Benefits accrue over time, and programs demand sustained governance discipline and long-term partner commitment. Providers that cannot demonstrate predictable sequencing, quality assurance and accountable operating models struggle to differentiate. As a result, the market has decisively shifted toward credibility over ambition, favoring providers that balance controlled progress, workforce realities and long-term operational sustainability over aggressive transformation promises.

Leading providers have moved decisively away from single end-state narratives and

now position modernization as a long-running operating model shaped by risk, equivalence requirements, business intent and workforce realities. They design structured decision frameworks that route workloads based on regulatory tolerance and functional criticality, explicitly recognizing that scarce and aging mainframe skills make large, one-time transformations impractical. Modernization is delivered as a continuous program with defined phases, quality gates, rollback paths and tight integration with run operations and MFaaS, reducing reliance on individual experts at any given time.

Providers responding to the trend still tend to frame modernization around preferred outcomes, most commonly exit or replatforming, while retrofitting phased elements to mitigate risk and resource constraints. They acknowledge skills scarcity but address it primarily through staffing augmentation or selective automation instead of a fundamental redesign of delivery models. While these providers support staged execution, they often lack formalized routing logic that distinguishes deterministic modernization from change-oriented transformation, and phased delivery remains a tactical sequencing mechanism rather than a strategic operating principle.

Reimagining role of mainframe under European sovereignty-by-design

Across Europe, the growing use of GenAI is encouraging enterprises to rethink business processes broadly, but in the mainframe modernization market, the dominant shift is not wholesale business reinvention. Instead, organizations are increasingly reimagining the role the mainframe plays within business architecture, guided by sovereignty, regulation and operational resilience requirements that are uniquely stringent in European environments.

In practice, reimagining functions as a strategic assessment lens, instead of a universal execution model. GenAI enables providers and clients to extract, explain and document deeply embedded business rules before any code is changed. This visibility allows enterprises to question long-standing assumptions about where logic belongs, how processes are structured and which parts of the estate genuinely need change. However, once this insight is gained, European clients overwhelmingly route workloads through a two-path modernization model. Deterministic rehost or refactor paths are selected where functional equivalence, regulatory continuity and auditability are mandatory. At the same time, reimagine-led execution is applied selectively to domains where business process change is desired and variance can be governed.

This distinction is critical in Europe because sovereignty-by-design constrains the extent of reimagination. Financial institutions, insurers, public sector bodies and operators of critical infrastructure expect modernization programs to preserve control over data, decisions and risk at all times. As a result, reimagining is rarely about rewriting core transaction engines. Instead, it is used to decouple business logic from platform assumptions, clarify which rules must remain deterministic and identify adjacent or peripheral processes that can safely be redesigned, relocated or exposed through APIs and services.

European clients also apply sovereignty expectations to the ecosystem itself. Hyperscalers, predominantly U.S.-based, are increasingly expected to act as enablers of client strategy. Enterprises demand that GenAI services, foundation models and developer copilots operate within regionally anchored delivery models that support data residency, private networking, encryption, identity controls, auditable decisioning and regulator access. Reimagining is only acceptable when hyperscaler platforms provide policy enforcement, model gating, telemetry and human-in-the-loop controls that allow clients and regulators to understand how business rules are interpreted and transformed.

System integrators and modernization software vendors are responding by embedding reimagining into governance-first operating models. These models combine GenAI-assisted rule extraction and process redesign with deterministic engines, parallel validation, automated regression testing and staged rollout patterns with fallback and rollback plans.

The mainframe is therefore not displaced, but repositioned: it continues to serve as a high-integrity system of record and transaction engine, while selected business capabilities are reexpressed as services, microservices or event-driven components that interact with the core through secure, auditable interfaces.

The emerging European pattern is thus not to *reimagine everything*, but to reimagine selectively, modernize deterministically and govern continuously. GenAI accelerates insight, productivity and design choices. However, it does not override the primacy of resilience, compliance and control. Providers that can demonstrate this balance using GenAI to reassess the mainframe's role in the value chain while preserving deterministic behavior where required are best aligned with European client expectations. For enterprises, this approach enables incremental modernization, controlled innovation and long-term sustainability of mission-critical workloads, without surrendering sovereignty to opaque platforms or AI-only rewrites.

European priorities shape application modernization software landscape

Europe's mainframe application modernization software landscape reflects, yet diverges from, global trends: the market still matures around repeatable tooling, measurable outcomes and sustained maintainability, while GenAI integration reshapes competitive positioning.

Globally, providers are embedding AI agents into deterministic modernization engines to uplift documentation, test generation and engineering productivity without compromising functional equivalence. This pattern is evident in Europe but shaped by regional priorities. In Europe, GenAI's role is cautiously articulated through auditable, governed workflows that align with stringent regulatory and compliance expectations driven by GDPR, the Digital Operations Resilience Act (DORA) and other frameworks.

European enterprises favor modernization software that supports incremental, hybrid modernization (using APIs, DevOps integration, containerization) and phased execution instead of one-off rewrite strategies, reflecting measured investment climates and strong risk management cultures. Unlike some global players that experiment with LLM-only code rewriting, European clients and providers emphasize deterministic AI augmentation to reduce hallucination risk, preserve business logic fidelity and maintain traceability, all of which are essential for compliance-heavy sectors such as BFSI and public administration.

Regional fragmentation and a persistent mainframe skills shortage further amplify the demand for automation and standardized, governance-centric software solutions.

Mainframe modernization in Europe is not about replacing the core but reimagining its role. GenAI, at the same time, is used to make business rules explicit, while sovereignty-by-design, deterministic verification and governance-first delivery define the extent of change, enabling selective reimagining, hybrid coexistence and controlled innovation without compromising resilience or compliance.

Provider Positioning

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	Mainframe Technology Consulting	Mainframe as a Service	Application Modernization Services	Mainframe Application Modernization Software (Global)
Accenture	Product Challenger	Product Challenger	Leader	Not In
Amdocs	Not In	Not In	Not In	Leader
Atos	Leader	Leader	Leader	Not In
Avanade	Not In	Not In	Product Challenger	Product Challenger
AveriSource	Not In	Not In	Not In	Leader
AWS	Not In	Not In	Not In	Leader
BASE100	Not In	Not In	Not In	Product Challenger
Capgemini	Leader	Product Challenger	Leader	Not In
CGI	Not In	Not In	Contender	Not In
CloudFrame	Not In	Not In	Not In	Rising Star ★
Coforge	Not In	Not In	Contender	Not In

Provider Positioning

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	Mainframe Technology Consulting	Mainframe as a Service	Application Modernization Services	Mainframe Application Modernization Software (Global)
Cognizant	Product Challenger	Product Challenger	Leader	Not In
CPT Global	Product Challenger	Not In	Contender	Not In
Deloitte	Contender	Not In	Product Challenger	Not In
DXC Technology	Leader	Leader	Leader	Not In
Ensono	Product Challenger	Product Challenger	Product Challenger	Not In
EvolveWare	Not In	Not In	Not In	Product Challenger
FreeSoft	Not In	Not In	Not In	Contender
Fujitsu	Not In	Not In	Rising Star ★	Not In
GFT	Contender	Not In	Product Challenger	Not In
Google	Not In	Not In	Not In	Leader
HCLTech	Leader	Leader	Leader	Not In

Provider Positioning

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	Mainframe Technology Consulting	Mainframe as a Service	Application Modernization Services	Mainframe Application Modernization Software (Global)
Heirloom Computing	Not In	Not In	Not In	Leader
Hexaware	Not In	Not In	Product Challenger	Not In
IBA Group	Not In	Not In	Contender	Not In
IBM	Product Challenger	Not In	Product Challenger	Product Challenger
Infosys	Leader	Product Challenger	Leader	Not In
Karsun Solutions	Not In	Not In	Not In	Product Challenger
Kobee	Not In	Not In	Not In	Contender
Kyndryl	Leader	Leader	Leader	Not In
LRS	Not In	Not In	Not In	Contender
LTM	Product Challenger	Product Challenger	Leader	Not In
mLogica	Not In	Not In	Not In	Leader

Provider Positioning

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	Mainframe Technology Consulting	Mainframe as a Service	Application Modernization Services	Mainframe Application Modernization Software (Global)
Mphasis	Product Challenger	Not In	Product Challenger	Not In
NTT DATA	Product challenger	Contender	Product Challenger	Leader
PalmDigitalz	Not In	Not In	Not In	Product Challenger
Raincode	Not In	Not In	Not In	Contender
Rocket Software	Not In	Not In	Not In	Leader
Software AG	Contender	Not In	Not In	Not In
TCS	Leader	Leader	Leader	Not In
Tech Mahindra	Rising Star ★	Rising Star ★	Leader	Not In
TmaxSoft	Not In	Not In	Not In	Leader
TSRI	Not In	Not In	Not In	Leader
T-Systems	Product Challenger	Contender	Contender	Not In

Provider Positioning

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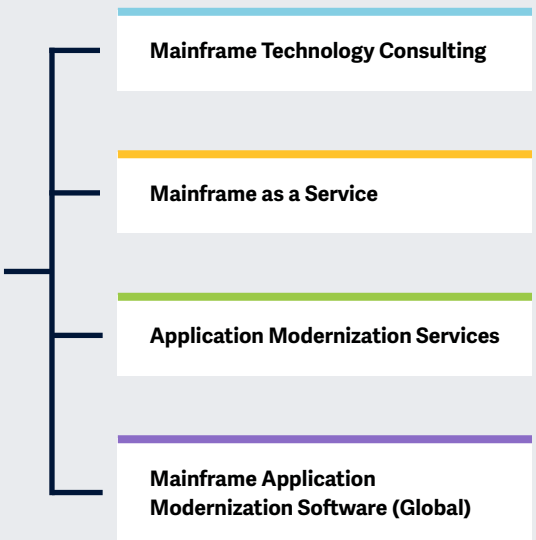
	Mainframe Technology Consulting	Mainframe as a Service	Application Modernization Services	Mainframe Application Modernization Software (Global)
Unisys	Product Challenger	Product Challenger	Product Challenger	Not In
Updraft	Not In	Not In	Not In	Contender
UST	Contender	Not In	Product Challenger	Not In
Vertali	Not In	Contender	Not In	Not In
Virtel	Not In	Not In	Not In	Contender
VirtualZ Computing	Not In	Not In	Not In	Contender
Wipro	Leader	Leader	Leader	Not In

Key focus areas for **Mainframes – Services and Solutions 2026** study.

Simplified Illustration Source: ISG 2026



Definition

The mainframe market is undergoing a fundamental change as enterprises balance modernization with resilience. Cloud innovation is pushing organizations to reevaluate the way mainframes integrate with hybrid IT landscapes, with growing attention on seamless data access, software licensing optimization and use of middleware and third-party tools. Concurrently, cloud-native application development has become the new standard, driving enterprises to adopt microservices, APIs, containers, serverless computing and AI-driven engineering practices. These shifts are challenging established mainframe application management models and accelerating the demand for modernization strategies.

Generative AI (GenAI) has further transformed this environment. In the past year, it has redefined automation and application transformation approaches, impacting refactoring, replatforming, rehosting, rewriting and reengineering. Providers are increasingly embracing GenAI and AIOps to deliver self-healing systems, automated troubleshooting, reduced technical debt and rapid responsiveness to business change. These are also reshaping development workbenches and software engineering.

This study assesses providers offering mainframe consulting, mainframe as a service (MFaaS) and system integration services for modernization and migration. It also evaluates global vendors of automation and transformation tools for modernization. Organized into four quadrants, the report examines the way providers and vendors leverage GenAI and AI analytics, and take cloud-native approaches to improve quality, ensure cost efficiency, focus on innovation and achieve desired business outcomes.

Scope of the Report

This ISG Provider Lens® quadrant report covers the following four quadrants for services/solutions: Mainframe Technology Consulting, Mainframe as a Service, Application Modernization Services and Mainframe Application Modernization Software (Global).

This ISG Provider Lens® study offers IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making by covering providers' positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

Provider Classifications

The provider position reflects the suitability of providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between $20 million and $999 million with central headquarters in the respective country, usually privately owned.
- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above $1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens® quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens® quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/ services and follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.

Application Modernization Services

Who Should Read This Section

This report is valuable for providers offering **application modernization services** in **Europe** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Chief information officers

Should read this report to assess the relative strengths and weaknesses of application modernization service providers in terms of their offerings, delivery capabilities, market presence and deployment of the latest technologies. Understanding the mainframe market advancements is critical for IT executives to develop effective, future-proof modernization strategies and ensure their organizations maintain competitive agility and resilience.

Infrastructure and operations directors

Should read this report to evaluate their enterprises' current and future IT infrastructure needs and develop effective strategies. Application modernization services engagements enable enterprises to set definitive objectives for the sub-functions of each business unit and define efficient procedures to determine mainframe budgets.

Sourcing, procurement and vendor management professionals

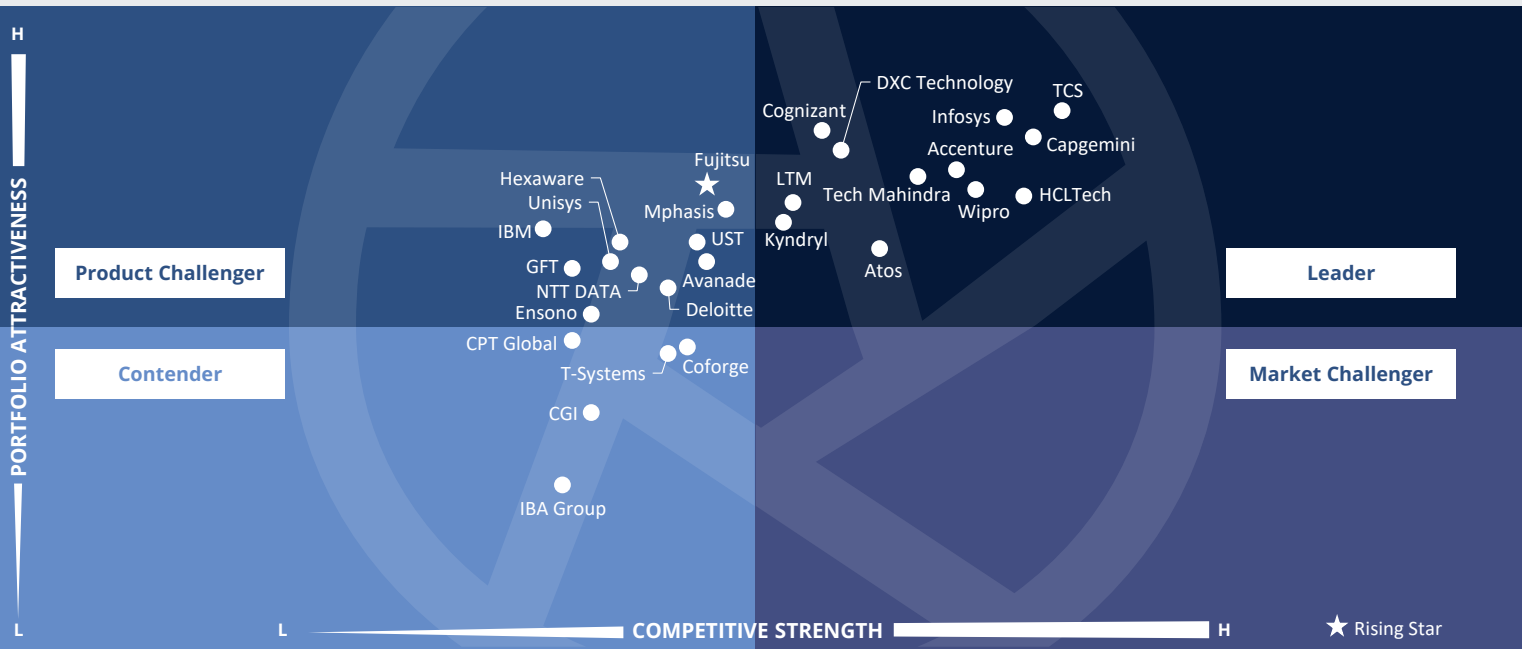
Should use this report to better understand the current landscape and partner ecosystem of application modernization services in Europe. An in-depth understanding of provider competencies, differentiation and market presence supports informed vendor selection and negotiation, resulting in partnerships that deliver immediate value and sustainable long-term benefits.

ISG Provider Lens®

Source: ISG RESEARCH

Mainframes — Services and Solutions
Application Modernization Services

Europe 2026



This quadrant assesses providers that **modernize and transform legacy mainframe applications**, leveraging **automation, reengineering tools and GenAI** to accelerate refactoring and cloud migration, ensuring **security, scalability and efficiency**.

Oliver Nickels

Definition

This quadrant assesses providers specializing in transforming legacy mainframe applications and migrating them to the cloud. The providers partner with hyperscalers and software vendors to automate refactoring, data conversion and database replacement, ensuring applications remain secure, efficient and scalable. Application modernization involves automation, reengineering tools, emulators and compilers, and uses GenAI to accelerate code transformation and reduce manual effort. Vendor-neutral providers with broad language expertise are best positioned to deliver success across diverse legacy environments. A comprehensive modernization program may include UI translation to replace green screens with intuitive, modern designs, improving overall UX. Modernization services break down monolithic applications into microservices, expose functionality through APIs and unify the application lifecycle with Agile practices, CI/CD, containerization, AI agents, and automated testing and quality assurance.

Eligibility Criteria

1. Ability to assess legacy applications to **provide application documentation**
2. **Deploy automation** for rewriting, reengineering, refactoring and rehosting applications (excludes providers that manually write new code)
3. Offer **application decoupling**, system architecture, data methods, API development and future-state application governance in services
4. Ability to offer phased transformation with **robust project management**, testing and quality assurance capabilities
5. **Foster agile development** and maintenance with CI/CD automation for enterprise clients
6. Demonstrate **expertise in modernizing legacy platforms** such as IBM Z®, IBM i HP, Cray, Fujitsu and Unisys mainframes
7. Offer support for **typical legacy applications** in COBOL, RPG, Easytrieve, PL/1, natural and other languages that traditionally run on mainframes

Observations

The demand for MFaaS in Europe has strengthened as firms look to convert fixed platform costs into predictable operating spend while dealing with skills shortages and stricter operational resilience expectations. First, a key development is the move toward cloud-like consumption and capacity flexibility in mainframe economics (usage corridors, consumption licensing, burst capacity), which aligns with CFO pressure to smooth costs and fund AI/data initiatives. Second, MaaS is increasingly evaluated through a regulatory lens: for financial entities, DORA-era scrutiny has elevated requirements for auditability, incident-reporting readiness, subcontractor transparency and robust exit strategies. So contracts, controls and evidence packs are now central to MaaS selection, not an afterthought. Third, MaaS architectures are evolving toward hybrid operating models, keeping latency-sensitive, regulated workloads tightly controlled while enabling standardized DevSecOps pipelines, automated compliance reporting and integration with cloud services. This strategy dovetails with Europe's sovereignty and data residency concerns (often country-specific), which pushes MaaS providers to offer clearer location/tenancy options and stronger separation-of-duties models. Finally, buyers expect MaaS providers to be modernization enablers (not *just hosting*): platform site reliability engineering (SRE), vulnerability management, automation and GenAI-supported discovery/testing become part of the managed service layer, accelerating the modernization backlog rather than freezing it.

From the 52 companies assessed for this study, 28 qualified for this quadrant, with 12 being Leaders and one Rising Star.

accenture

Accenture approaches application modernization as a business-driven change initiative, combining GenAI-enabled engineering with industry expertise to modernize complex and regulated application estates at enterprise scale.

Atos

Atos supports application modernization through a platform-led and automation-centric model, focusing on incremental change that preserves stability and continuity for large organizations with regulated, mission-critical environments.

Capgemini

Capgemini structures application modernization around its Exit Frame model, using multiple modernization patterns supported by tooling and GenAI-enabled workflows that translate documentation into executable transformation assets.

cognizant

Cognizant delivers application modernization through execution-focused, AI-led factories and strong cloud alignment, supporting time-bound modernization and exit programs with outcome-based commercial models.

DXC TECHNOLOGY

DXC Technology applies a structured, engineering-led application modernization approach that prioritizes predictability, risk control and continuity, integrating tiered delivery models and AI-assisted execution with ongoing operations.

HCLTech

HCLTech emphasizes an engineering-first, AI-augmented execution model that combines rapid discovery with industrialized delivery and consult-to-build continuity for large, complex application modernization landscapes.

Infosys

Infosys delivers application modernization through an AI-first and phased approach, focusing on reengineering and automation while maintaining disciplined, risk-managed progress across large application estates.

Kyndryl approaches application modernization from an operations-led perspective, supporting all modernization paths and combining deep run expertise with agentic AI acceleration within a continuous lifecycle.

LTM delivers application modernization through a factory-based, GenAI-enabled execution model, prioritizing replatforming, rewrite and cloud migration with a strong focus on acceleration and cost efficiency.

TCS executes application modernization through a consulting-led, AI-enabled industrial model, supporting large, multiyear programs that require scale, repeatability and predictable delivery.

Tech Mahindra delivers application modernization through a consultative, tools-led model that emphasizes assessments, PoC and staged execution aligned with broader cloud and digital initiatives.

Wipro combines AI-powered engineering with business alignment to modernize applications end-to-end, supporting in-place change, re-platforming and selective exit across complex enterprise environments.

Fujitsu (Rising Star) applies an engineering-centric, low-risk approach to application modernization, focusing on controlled evolution, tooling-led refactoring and preservation of business continuity for mission-critical systems.

Leader

"DXC Technology delivers disciplined, rigorous engineering for mainframe application modernization, enabling a structured, large-scale transformation while maintaining mission-critical continuity."

Oliver Nickels

DXC Technology

Overview

DXC Technology is headquartered in Virginia, U.S. It has more than 120,700 employees across over 70 countries. In FY25, the company generated $12.9 billion in revenue. DXC positions its mainframe application modernization services around controlled, end-to-end transformation, emphasizing structured delivery tiers, engineering rigor and continuity from modernization into intelligent operations. In Europe, this approach supports large and complex enterprise estates through a lifecycle model that aligns assessment, modernization and run services across mission-critical environments and multiyear transformation programs.

Strengths

Predictable, tiered delivery: DXC's tiered "*Modernization as a Service*" model structures modernization into clearly defined stages from blueprint discovery through production launch and intelligent operations. This approach enables predictable scoping, phased investment and progressive risk reduction, making it suitable for complex estates where modernization must proceed without destabilizing live systems.

Engineering-led modernization: DXC approaches modernization as controlled engineering rather than rapid reinvention. Engagements typically begin with detailed application and workload segmentation, followed by pattern-based modernization choices such as refactor, rehost, replatform or selective migration. Strong testing discipline, batch stability and integration with existing run services ensure modernization remains part of a managed lifecycle rather than a standalone event.

AI-assisted execution at scale: DXC strengthens modernization delivery through its Modernization Studio and Recursive AI method. GenAI is applied to reverse engineering, specification generation, test creation and target code generation, with clear human validation at each step. Quantitative evidence of scale supports DXC's positioning for high-scale, mission-critical modernization programs.

Caution

DXC emphasizes risk-managed transformation with human validation layered on top of GenAI. This approach might increase unit cost compared with providers that operate large-scale conversion factories. In Europe, where the primary KPI is cost of exit, DXC should underline how its approach reduces downstream risk and provides a better ROI.

Appendix

The ISG Provider Lens® 2026 Mainframes – Services and Solutions study analyzes the relevant software vendors/service providers in the Europe, Global markets, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this study will include data from the ISG Provider Lens® program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. ISG recognizes the time lapse and possible market developments between research and publishing, in terms of mergers and acquisitions, and acknowledges that those changes will not reflect in the reports for this study.

All revenue references are in U.S. dollars ($US) unless noted.

The study was divided into the following steps:

1. Definition of Mainframes — Services and Solutions market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
   * Strategy & vision
   * Tech Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * CX and Recommendation

Lead Author (Europe)

Oliver Nickels

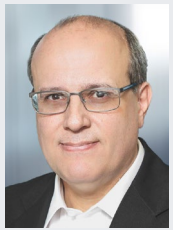
Principal Analyst and Executive Advisor

Oliver Nickels brings more than 30 years of experience across management consulting, IT analysis, marketing leadership, and entrepreneurship, including over 20 years working closely with IBM mainframe and enterprise platform environments. At ISG, he supports clients with deep expertise in mainframe modernization and AI-enabled application evolution.

His work focuses on helping enterprises modernize mission-critical systems by balancing technological change, operational resilience, regulatory requirements, and workforce realities. Oliver combines strong technical understanding of mainframe platforms with business-led perspectives on GenAI adoption, ADM transformation, and hybrid IT strategies.

A key strength is his ability to assess modernization not only as a technology initiative, but as a long-term change program that reshapes the role of the mainframe within modern digital enterprises.

Lead Author (Global)



Pedro Luís Bicudo Maschio

Distinguished Lead Author

Distinguished analyst and author, Pedro Maschio brings extensive experience in the research of the SEMEA (Southern Europe Middle East and Africa) and the Americas service markets. With more than 30 years of experience in sourcing, he has developed vendor assessments plus contract restructuring, services scope and IT benchmarking programs for diverse vertical markets in the Americas and APAC.

Before joining ISG, Pedro was a partner of TGT Consult and managing vice president at Gartner Inc., responsible for the consulting business in APAC and Latin America.

Research Analyst

Manoj M

Research Specialist

Manoj is a research analyst at ISG and supports ISG Provider Lens® studies on Private/Hybrid Cloud – Data Center Services, Mainframes and Public Cloud Data Center Solution and Services. He also supports the lead analysts of multiple regions in the research process. Prior to this role, he supported the ROI process in sales intelligence platform and was an individual contributor in handling research requirements for advanced technologies in different sectors. He has considerable expertise in predicting the automation impact by considering certain parameters such as productivity, efficiency and time reduction. During his tenure, he has supported research authors and authored Enterprise Context and Global Summary reports with market trends and insights.

Study Sponsor

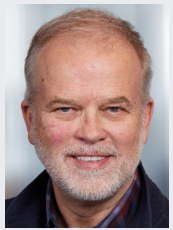
Heiko Henkes

Director & Principal Analyst, Global IPL Content Lead

Heiko Henkes serves as Director and Principal Analyst at ISG, overseeing the Global ISG Provider Lens® (IPL) Program for all IT Outsourcing (ITO) studies alongside his pivotal role in the global IPL division as a strategic program manager and thought leader for IPL lead analysts.

Henkes heads Star of Excellence, ISG's global customer experience initiative, steering program design and its integration with IPL and ISG's sourcing practice. His expertise lies in guiding companies through IT-based business model transformations, leveraging his deep understanding of continuous transformation, IT competencies, sustainable business strategies and change management in a cloud-AI-driven business landscape. Henkes is known for his contributions as a keynote speaker on digital innovation, sharing insights on using technology for business growth and transformation.

IPL Product Owner



Jan Erik Aase

Partner and Global Head – ISG Provider Lens®

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens®, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens®

The ISG Provider Lens® Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens® research, please visit this webpage.

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The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

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MARCH, 2026

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