



Tech Modernization: Turning Constraints Into Value Creation Opportunities

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Alvarez & Marsal | Management Consulting | Professional Services

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Vendor-driven system transitions, increased IT complexity and escalating cyber threats are just a few of the pressures forcing companies to rethink their technology systems. More than a technical obstacle, such modernization programs should be treated as an opportunity to realign technology with strategic goals to drive tangible business value.

A mandatory shift

Organizations are under increasing pressure to migrate their core systems as software vendors enforce end-of-life deadlines for legacy systems. At the same time, companies with fragmented IT landscapes and accumulated technical debt are grappling with increased costs, slow innovation and heightened cybersecurity risks, further driving the need for modernization. Many also lack robust data strategies, which hinders effective decision-making and undermines customer engagement and compliance with regulations such as GDPR, IFRS and SOX.

Migration vs. modernization

Companies typically consider two distinct pathways when updating their technology stack:

- **Technical migration:** Usually led by the CIO, technical migrations minimize business disruption but offers limited strategic value, focusing on continuity and compliance.
- **Technology-enabled modernization:** Driven by C-suite executives (CxO), this approach aligns technology transformation directly with business strategy, unlocking value through harmonization, standardization, digitization, automation and simplification. This holistic approach reduces costs and positions the organization for digital transformation.



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Four pillars of a successful modernization:

1. Have a holistic transformation framework

Successful modernization requires a comprehensive, integrated approach, optimizing the operating model across multiple dimensions, including:

- **Strategy and scope:** Align the program vision with business priorities, combining strategic intent and bottom-up operational optimization to realize clear, measurable outcomes.
- **Organization and governance:** Implement structured governance with clear accountabilities from Day 1, ensuring robust project management and decisive risk mitigation.
- **Processes and practices:** Adhere strictly to ERP best practices, allowing minimal, business-critical customizations to drive efficiency and reduce complexity.
- **People, culture and skills:** To facilitate adoption and maximize value realization, establish a detailed change management strategy and plan, addressing organizational culture, talent evolution, communication and training.
- **Architecture, applications and data:** Design a scalable, future-ready architecture, leveraging managed service providers and hyperscalers, and freeing data to enable informed, timely business decisions and innovation.

2. Secure buy-in from the leadership

Successful transformation requires more than strategic alignment; it demands committed leadership and rigorous governance. Securing the buy-in of the C-suite is critical to keep program execution aligned with business objectives and to proactively address any challenges that arise during implementation.



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3. Be aware of roadblocks

Nearly 80% of IT modernization projects exceed budgets and timelines, resulting in limited or delayed business benefits. Common pitfalls include poor change management, misaligned business-technology strategies and insufficient stakeholder engagement. Adopting a holistic transformation approach can help mitigate these risks by ensuring alignment, value creation and sustained impact from the outset.

4. Set up strategic partnerships

Trusted, independent advisory partners play a critical role in navigating the complexities of large-scale IT transformations. At A&M, we have supported clients through every stage of their tech modernization journey, rigorously managing costs and timelines, challenging vendor recommendations and driving sustained value creation that extends far beyond technical implementation.

How A&M can help

The Alvarez & Marsal (A&M) [Digital & Technology Services](#) team brings a business-driven approach to maximize your technology investment. Our team, which includes many experienced CIOs and technical experts, brings leadership and expertise to help turn strategy into execution and to overcome roadblocks to success.

A&M Digital & Technology Services provides end-to-end technology advisory services to private equity clients and their portfolio companies as well as to corporate clients across industries. Services cover the complete portfolio from technical due diligence, carve-outs and post-merger integration, services, through to technology transformation, value creation (cost-out) and interim CIO support. We help maximize the benefits of M&A transactions, optimize technology, streamline processes, reduce costs and increase value creation.

To learn more about our expertise and to understand the full scope of our Digital & Technology



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Services work, please download the full report below and reach out to a member of our team for a confidential discussion.

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