KPMG Global tech report 2026:

Government and public sector

Partnering for progress

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Foreword

KPMG's Global tech report 2026 reveals that government executives have a deep desire to rapidly transform their operations and service delivery through technology. Yet they admit they are facing some significant roadblocks — both technical and cultural.

Our data suggests they are struggling to integrate their data across functions, departments and ecosystems. They are being limited by siloed thinking, investment and capabilities. They are facing significant challenges scaling their pilots and driving adoption. And they are striving to assess the impact of technological transformation on their workforces, security, capabilities and capacity.

The leading governments are those focusing on putting their citizens and businesses at the core of their strategy — moving past siloed processes and implementations to instead focus on outcomes, experiences and experimentation. To move at pace, the leaders are forming more dynamic partnerships and ecosystems, drawing together critical tools, capabilities and data to rapidly adopt, adapt and scale technological advantage.

This report highlights some of the key findings of our survey, based on responses from 115 government leaders, executives and technology decision-makers around the world. To learn more about the findings — or to discuss your unique challenges and opportunities — we encourage you to contact your local KPMG member firm.

To better understand how Government organizations are navigating the complexities of digital transformation, targeting their tech investments, and deriving value, this report explores the perspectives of

115 Government technology function leaders from around the world

Key findings

Tactical to transformational

say they are either innovators or fast followers

will spend more than 40 percent of their tech budgets on maintenance this year

AI pilots to production

48%

say they will be deploying AI use cases into production at scale within the next 12 months.

43%

admit that they are hitting roadblocks with scaling up their initiatives.

Investment to value

will spend more than US$100 million on digital technologies this year

say they are getting 40 percent or more of their financial value from foundational and core tech

Risk to resilience

38%

rank their cybersecurity capabilities are mature

64%

say they are planning to increase their investment in cybersecurity over the coming year

Data to insights

say that they have achieved a high level of maturity in their enterprise data management

expect to increase their budgets for data and analytics — many by more than 10 percent

Skills to capabilities

#1

Skills and talent are the top success factors for delivering on the technology strategy

86%

say that managing AI agents will become an important skill within the next five years

Silos to ecosystems

75%

plan to expand and strengthen their tech ecosystem and partnerships

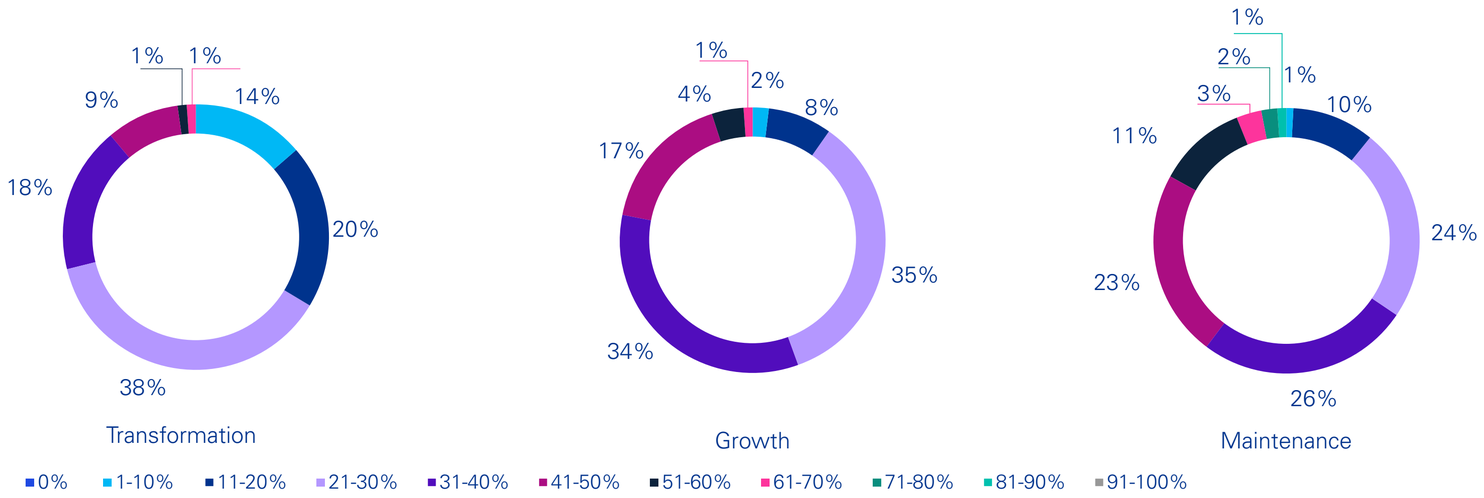
#1

Data protection and security concerns are the top factor slowing collaboration

Tactical to transformational

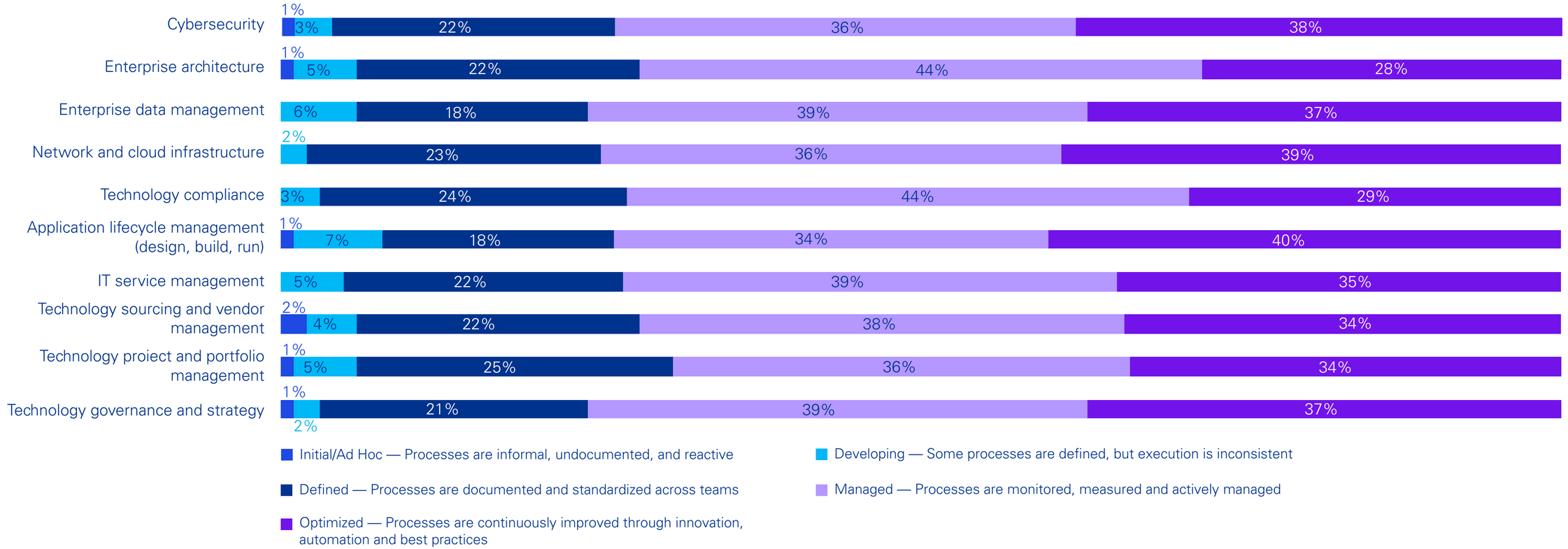
While more than half of all government respondents say they are traditionally ‘fast followers’ when it comes to technology adoption, our data suggests that most are more focused on maintaining and modernizing their technology estate rather than transforming it — likely reflecting government’s strong desire to ensure continuity and minimize risk in operations and service delivery. Their reported maturity across core technology functions reinforces the finding; most are rapidly moving to optimize areas like application lifecycle management and network and cloud infrastructure — key to driving operational efficiency and scalability — while falling behind in areas that catalyze transformation, such as enterprise architecture and technology sourcing.

Organizations tech budget for the 2025 fiscal year in Transformation, Growth and Maintainance



> **“The chasm between the ambition of the private sector and the public sector is widening with private companies really focused on using technology to tackle big problems while public sector tends to be focused on fulfilling basic expectations while simultaneously managing risk and protecting citizens. There’s a huge opportunity for public sector to lean into what they are seeing on the private sector side in terms of adoption, security, productivity and innovation.”**
>
> **Leigh Harris**
> **Lead Partner, Federal Government**
> **KPMG in Canada**

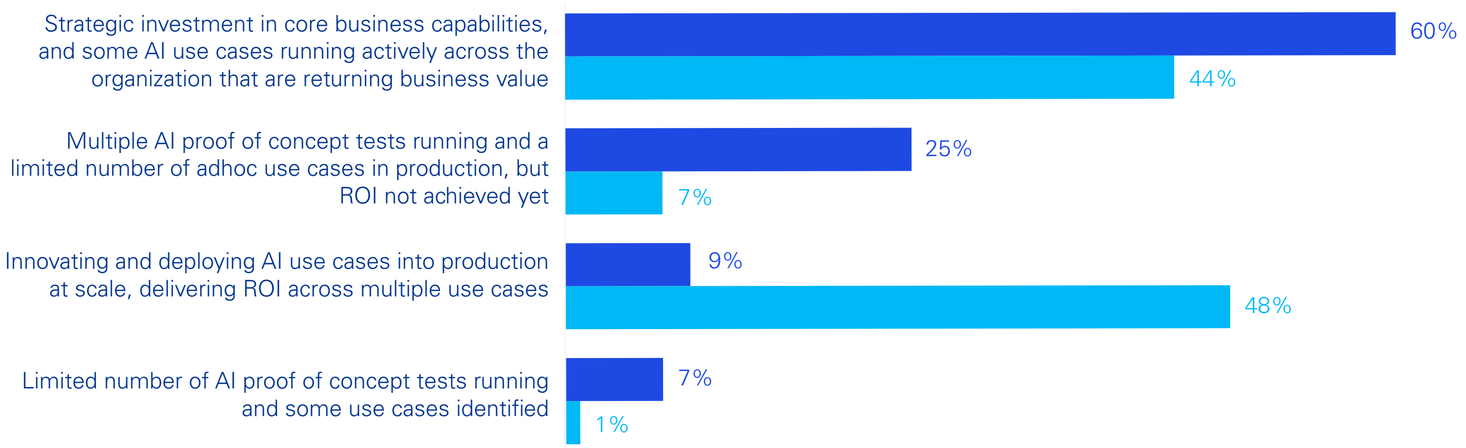
Organization's maturity across the following core technology functions



AI pilots to production

Governments report being in the early stages of AI adoption with most saying they are currently making strategic investments into core business capabilities. However, our data suggests that many expect to achieve significant progress over the next year with 48 percent saying they will be deploying AI use cases into production at scale within the next 12 months. Nearly eight-in-ten say they are embedding AI agents into workflows, products, services and value streams. And 84 percent say they expect AI to shift from an efficiency enabler to a strategic innovation enabler within the next year. However, challenges scaling are increasingly evident in the data with 43 percent admitting that, while their AI and automation strategy is funded and supported, they are hitting roadblocks with scaling up their initiatives.

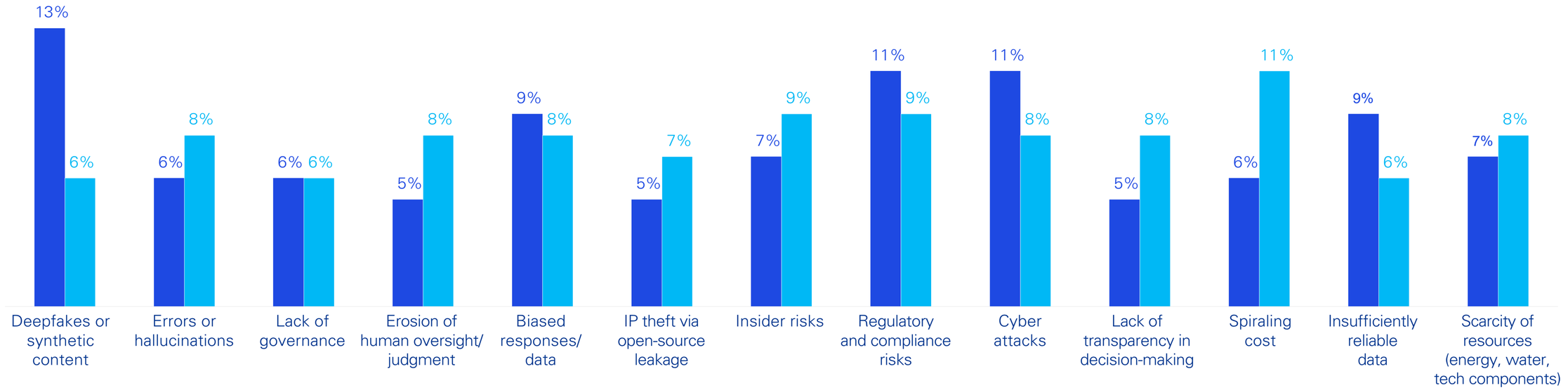
AI adoption today versus anticipated adoption in 12 months



- Organization's current level of AI adoption, and where do you expect to be in 12 months? Today
- Organization's current level of AI adoption, and where do you expect to be in 12 months' time

> **"The scaling of new and emerging technologies needs to be done at a platform layer — across the entire organization and across common types of government functions. That's really hard to do when responsibility, strategic priorities and funding is allocated within silos ."**
>
> **Dean Grandy**
> **Global Head of Government**
> **KPMG International**

Top AI-related risks

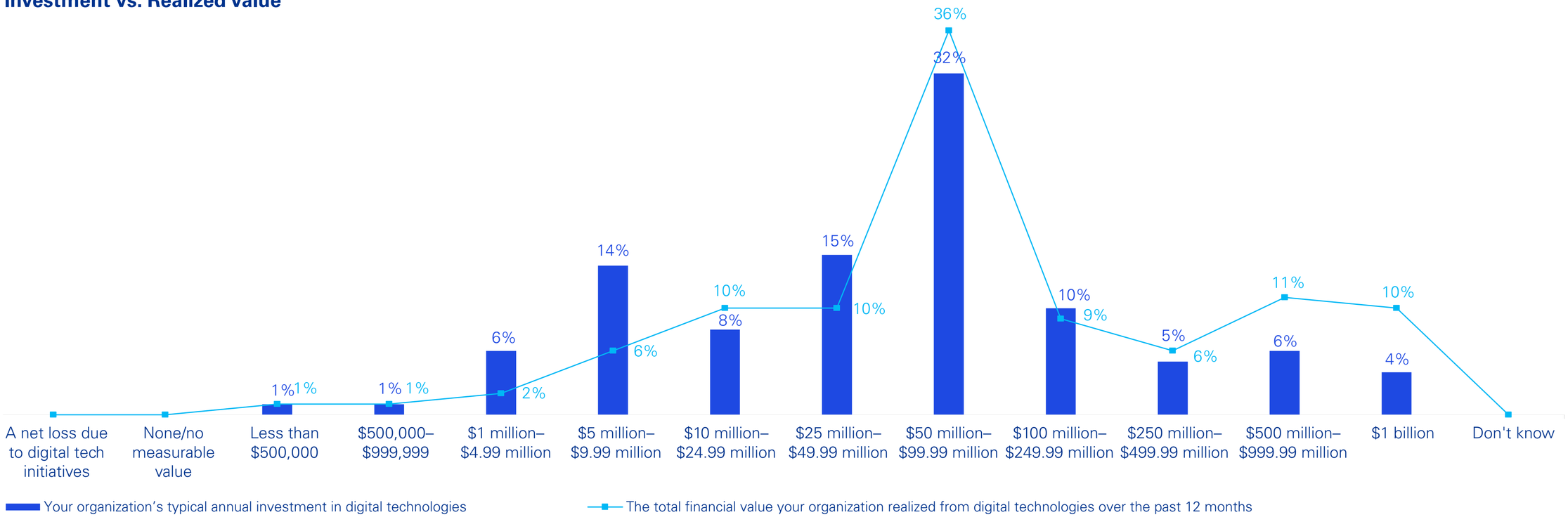


- Q19a: Please review the following AI-related risks and rank the top three that your organization is most concerned about today.
- Q19b: Please review the following AI-related risks and rank the top three that you expect your organization to be most concerned about in 2 years time.

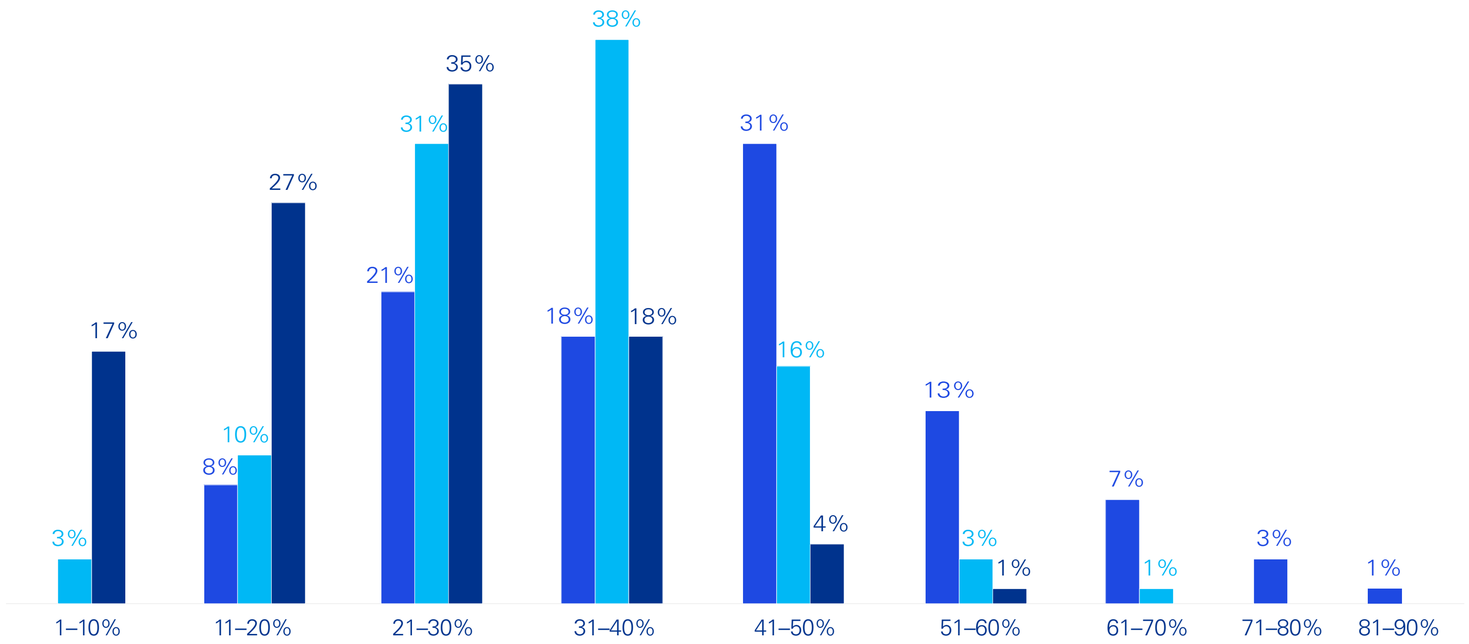
Investment to value

Incremental budgets lead to incremental value. Indeed, our survey found a direct correlation between investment levels and financial returns with those governments saying they invested between US$50 million and US$100 million reporting the highest levels of returns over the past 12 months. Those investing less than $10 million into digital technologies reported the lowest returns. Interestingly, this may relate to the types of projects they are investing in. Those investing into foundational platforms such as cloud infrastructure, ERP systems and CRM platforms report some of the highest value generation whereas those investing into emerging technologies (including edge computing, Web3 and quantum computing, for example) say they are achieving lower financial returns from their investments.

Investment vs. Realized Value



Percentage of the total financial value that your organization realized from digital technologies



- Foundational and core tech platforms (such as cloud infrastructure, ERP systems, CRM platforms, etc.)
- AI and intelligent technologies (such as machine learning, generative AI, agentic AI, AI tools, AI governance, etc.)
- Emerging technologies (such as edge computing, Web3, advanced simulation/digital twins, VR/AR/XR/Spatial computing, post quantum cryptography, quantum computing, etc.)

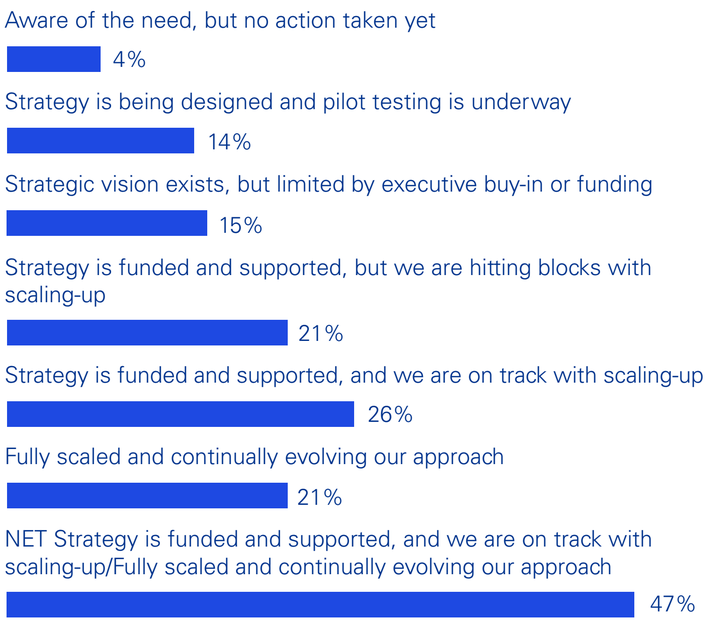
“While government departments operate in different ways and deliver different services, there are many commonalities across functions. The most advanced governments are thinking about how they can apply standardized platforms and reusable building blocks — enabled by AI — to radically rethink the way that government operates.”

Geert Criel
Partner and Head of Public Sector Advisory
KPMG in Belgium

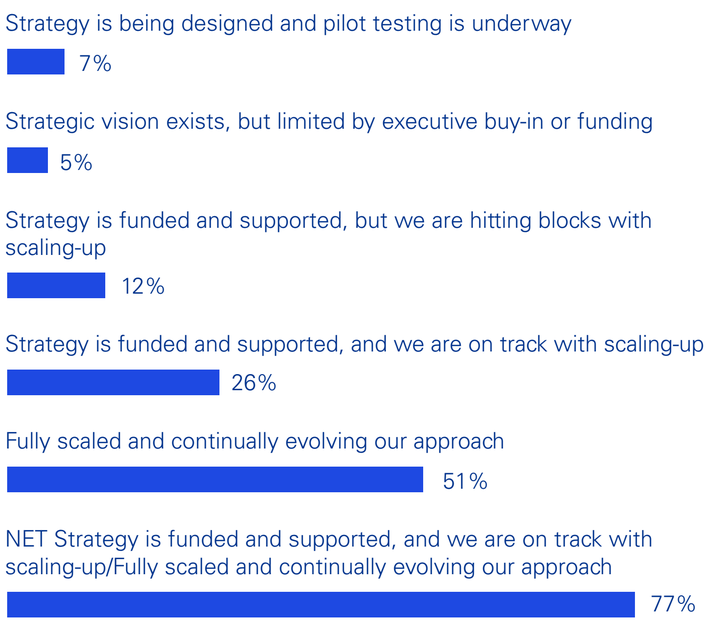
Risk to resilience

There is a gap between ambition and achievement on cyber security within government organizations. The importance of strong cyber security is clear to respondents. They see data security as their top improvement area for achieving their strategic goals over the next year. They worry about the risks of cyberattacks when implementing and adopting AI. They say data protection and security concerns are creating barriers to engaging in partnerships on emerging technologies. Yet, at the same time, just 38 percent of our respondents say their cybersecurity capabilities are mature — that their processes are continuously improved through innovation, automation and best practices. And, as a result, 64 percent say they are planning to increase their investment in cybersecurity over the coming year. Many expect the additional focus to make a big difference: whereas 47 percent currently say their cyber security technologies are 'fully scaled' today, 77 percent expect them to be fully scaled within the next year.

Organizations approach for adopting technologies: Today



Organizations approach for adopting technologies: In next 12 months



> **"We are seeing the reemergence of cyber as part of a broader portfolio of joined up initiatives that government organizations need to ensure is being done in a managed and complementary way, rather than as an isolated capability or as an add-on to the way in which government business is delivered. That's a very good sign."**
>
> **Dean Grandy**
> **Global Head of Government**
> **KPMG International**

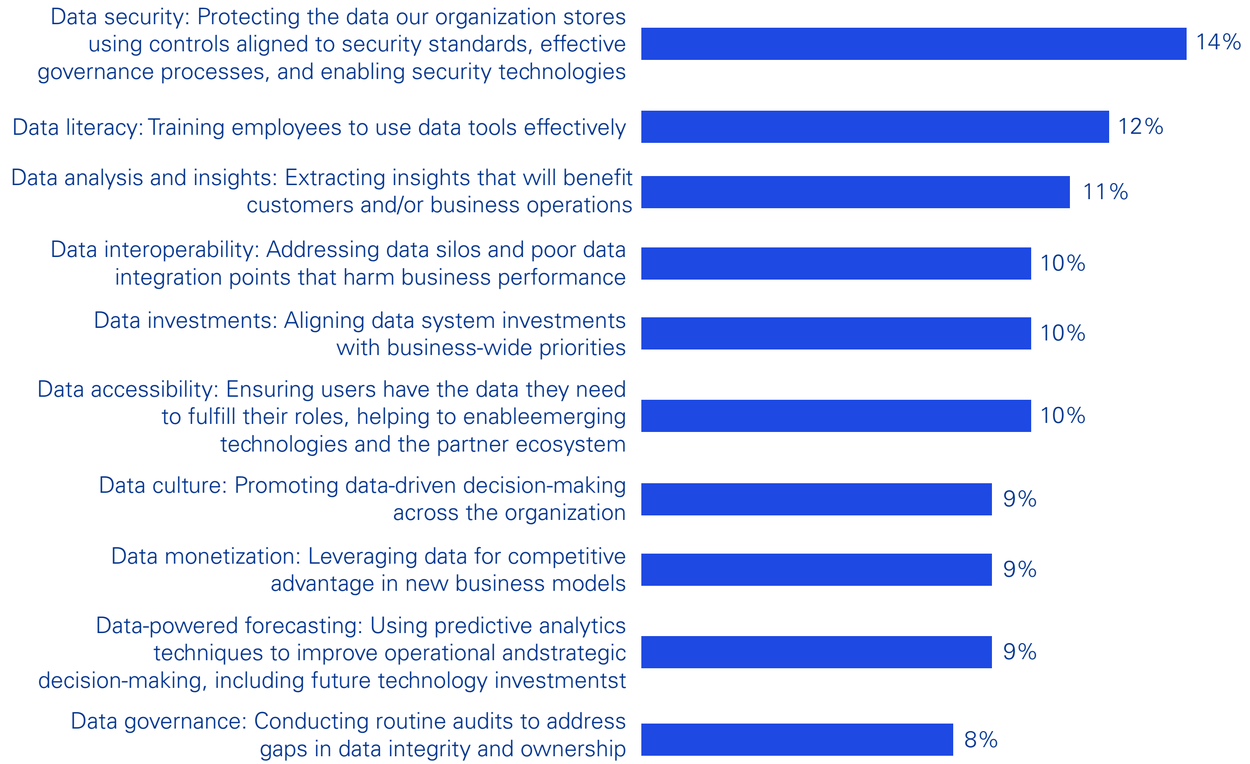
Data to insights

Government leaders recognize that strong data foundations and access to high quality data will be key to achieving their technology strategy over the coming year. Yet just 37 percent of respondents say that they have achieved a high level of maturity in their enterprise data management. A third admit that their data and analytics strategy is either still being designed or is being limited by funding. Perhaps not surprisingly, therefore, our survey suggests that — beyond data security — many governments will spend the next year focusing on how they use data and break down their data siloes to enhance interoperability. Indeed, 59 percent say they expect to increase their budgets for data and analytics — many by more than 10 percent.

> **“Clean, reliable, integrated and accessible data is the key to delivering service transformation from technology investments. At the same time, public sector entities also need to respect and balance a risk-based approach — take zero risk and you get zero progress — which, in turn, requires confidence in the security environment.”**

Leigh Harris
Lead Partner, Federal Government
KPMG in Canada

Data and analytics improvement areas will be most critical for organization to achieve its strategic goals over the next 12 months

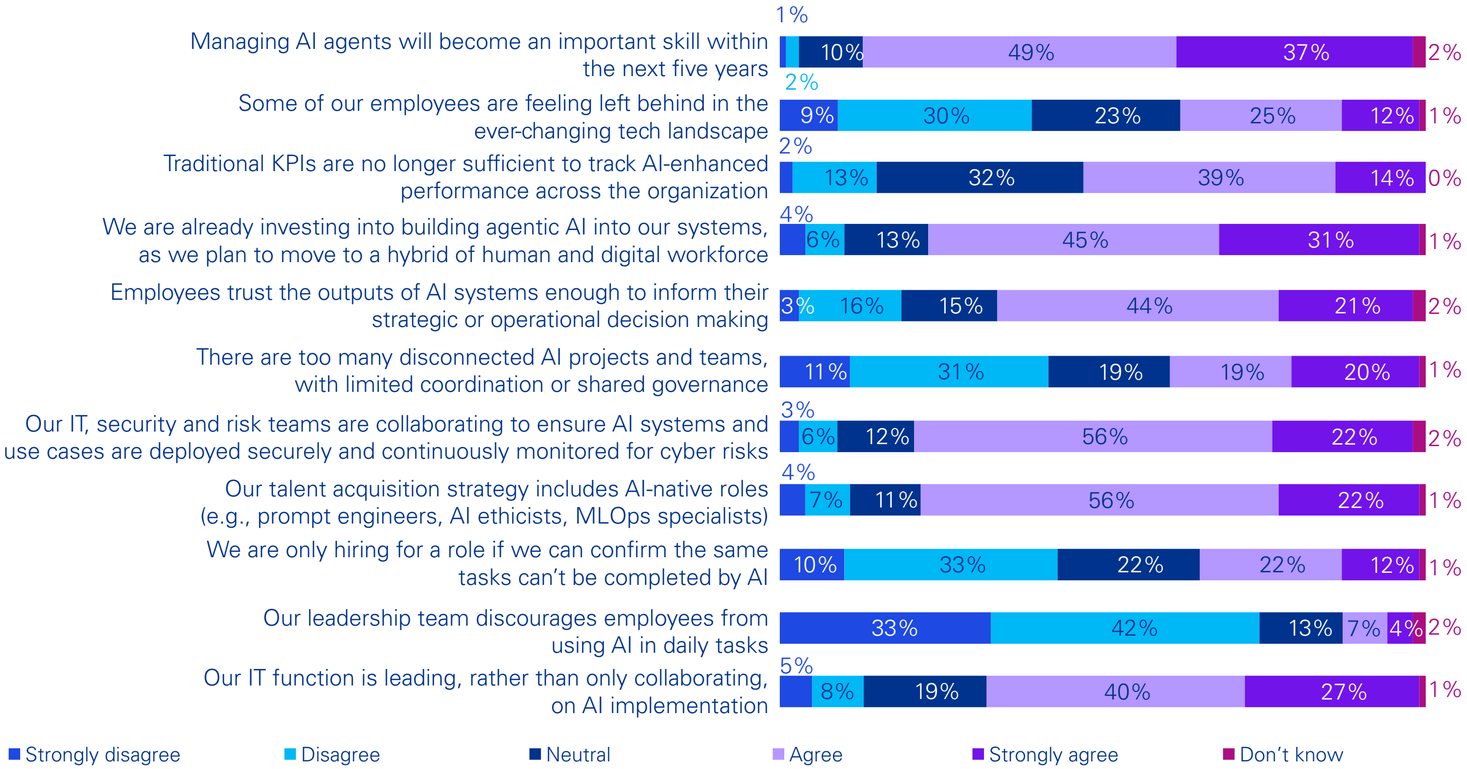


Note: We have only considered Top I rank summary table for analysis.

Skills to capabilities

Access to the right skills and capabilities to deliver on the digital strategy is a key challenge for many government leaders. Indeed, 38 percent say that — while they have great ideas around how they would like to digitally transform over the next 2 years — they lack the talent they need to bring their plans to life. In part, that is because the skills required are changing; 86 percent say that managing AI agents will become an important skill within the next five years. As such, talent and workforce strategies are evolving. More than three-quarters say their talent acquisition strategy now includes AI-native roles (such as prompt engineers and AI ethicists). More than a third say that they are only hiring for roles if they can confirm the same tasks can't be completed by AI.

AI impacting workforce

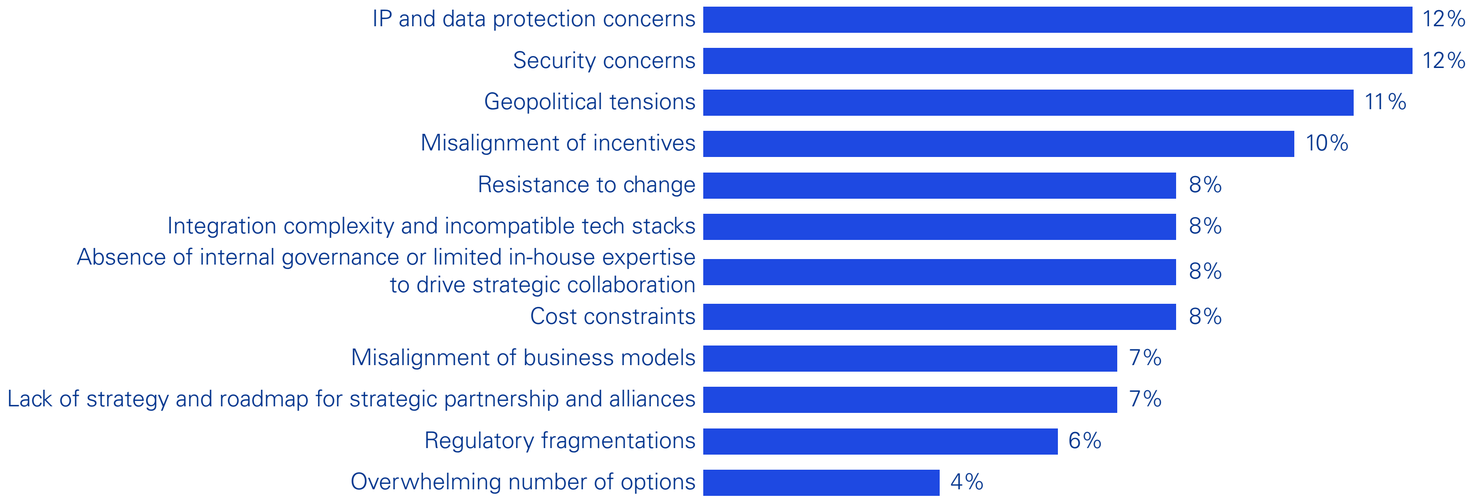


> **"Governments around the world are exploring how they can access the skills and capabilities they need through their broader ecosystem. They are looking to not only move forward at speed, but also to confidently make informed decisions around how such tools, skills and capabilities can be embedded into the business of government."**
>
> **Dean Grandy**
> **Global Head of Government**
> **KPMG International**

Silos to ecosystems

Three-quarters of our government respondents say that they plan to expand and strengthen their tech ecosystem and partnerships in order to tap into the expertise they need to achieve their transformation goals. Yet they also cite a number of significant challenges that are limiting their ability to collaborate with partners and with others in their ecosystem. Perhaps not surprisingly, data protection and security concerns rank highly alongside geopolitical tensions which are creating significant questions about the reliability of the value chain. Many are also concerned about the potential for misalignment in incentives and aren't sure they have the right in-house expertise or capacity to support strategic collaboration.

Factors limiting collaboration between organizations on emerging technologies



> **"Government organizations are moving from a focus on suppliers to a focus on partnerships and ecosystems where all parties are aligned on their roles and expectations while also rallying around a common objective and outcome. And it's not just partnering for tools and solutions — the best ecosystems are those that also provide capabilities, capacity and innovation."**

Geert Criel
Partner and Head of Public Sector Advisory
KPMG in Belgium

5 key takeaways

01 Partner for transformation:
To achieve the pace of transformation required, governments should focus on building partnerships and ecosystems that provide access to the capabilities, capacity and tools they need to achieve transformational outcomes.

02 Put the customer at the core:
Rather than focusing on processes and systems, government leaders should be thinking about their 'customers' and how technology transformation can deliver better outcomes and services.

03 Find commonality:
Breaking down the silos between government functions, departments and public and private sectors will be key to maximizing the value of technology investments, rapidly scaling pilots and driving adoption.

04 Focus on data:
Enhancing access to integrated and high-quality data is key to driving technology transformation. Without the right data security, governance and capabilities, technology investments will struggle to deliver the expected value.

05 Be bold:
Government leaders will need to be bold, encourage experimentation and elevate ambition — in a risk appropriate way that doesn't erode or jeopardize trust in institutions and safeguards — to deliver on their transformation objectives.

Methodology

Survey respondents represented organizations with annual revenues above US$1 billion and included a diverse group of technology leaders, such as Chief Data Officers, Chief Digital Officers, CIOs, CTOs, CISOs, Chief AI Officers, and others.

The government and public sector perspective of the KPMG global tech report 2026 draws on the views of 115 government and public sector leaders from across the globe.

NOTE: Some figures may not add up to 100 percent due to rounding.

How KPMG can help

KPMG professionals from national firms around the world have deep experience in technology-enabled transformation. Our global government practice helps government and public sector organizations worldwide to realize the full potential of their people and technology and achieve tangible outcomes for both their organizations and constituents. Our teams harness technology to enhance the capabilities of government organizations, helping them leverage market-leading cloud technologies, adopt and integrate AI and develop a strong network of alliances with some of the world's leading technology, data and services companies.

Get in touch to learn more about how we can support transformation in your organization.

KPMG Velocity: helping organizations change smarter and move faster

KPMG Velocity provides AI-enabled products and services through a platform ecosystem for organizational change. It integrates our insights, methods, expertise, capabilities and data with advanced technology, to help clients build and operate intelligent, agile and resilient enterprises, capable of sustaining the next level of growth and value creation.

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Dean brings deep expertise advising public sector organizations across multiple jurisdictions, with a strong track record delivering complex advisory engagements internationally. His experience spans business and IT advisory services, with a particular focus on large, technology-enabled transformation programs. Dean has supported governments and public sector institutions through complex change initiatives, helping align digital capabilities with strategic and operational objectives. Prior to joining KPMG, he served as a non-politically aligned ministerial advisor in Canberra, working closely with the Australian Federal Government and gaining valuable insight into public policy, governance, and government operations. He has also led and delivered advisory assignments for public sector clients across Australia, bringing a global, cross-government perspective to his work.

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Leigh Harris is the Lead Federal Partner at KPMG in Canada, with more than 25 years of experience across public sector leadership and management consulting. She has served as a senior government executive and held progressive leadership roles at global consulting firms, helping clients address complex challenges and deliver better outcomes for Canadians and their communities. Leigh specializes in enterprise wide and whole of government transformation, including strategy, policy development, program reform, service improvement, and funding models, with a strong focus on technology enablement. Earlier in her career, she led large transformation engagements across multiple industries. Leigh is a Fellow Certified Management Consultant and holds PRINCE2 and Prosci Change Management certifications.

Geert Criel
Partner, Head of Public Sector
KPMG in Belgium

Geert Criel is the Lead Partner for the Public Sector at KPMG Belgium, bringing more than 25 years of advisory experience across large scale digital and business transformation programs in the public, financial, and energy sectors. He has a strong track record supporting Belgian federal, regional, and local governments in implementing technology solutions and delivering operating model change across multiple policy domains. Geert's expertise spans program and project management, organizational and workforce transformation, process optimization, and change management. He is a member of the KPMG EMA Government & Public Sector leadership team and the Global Bridge Campaign Lead for *Government Readiness for AI*.

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