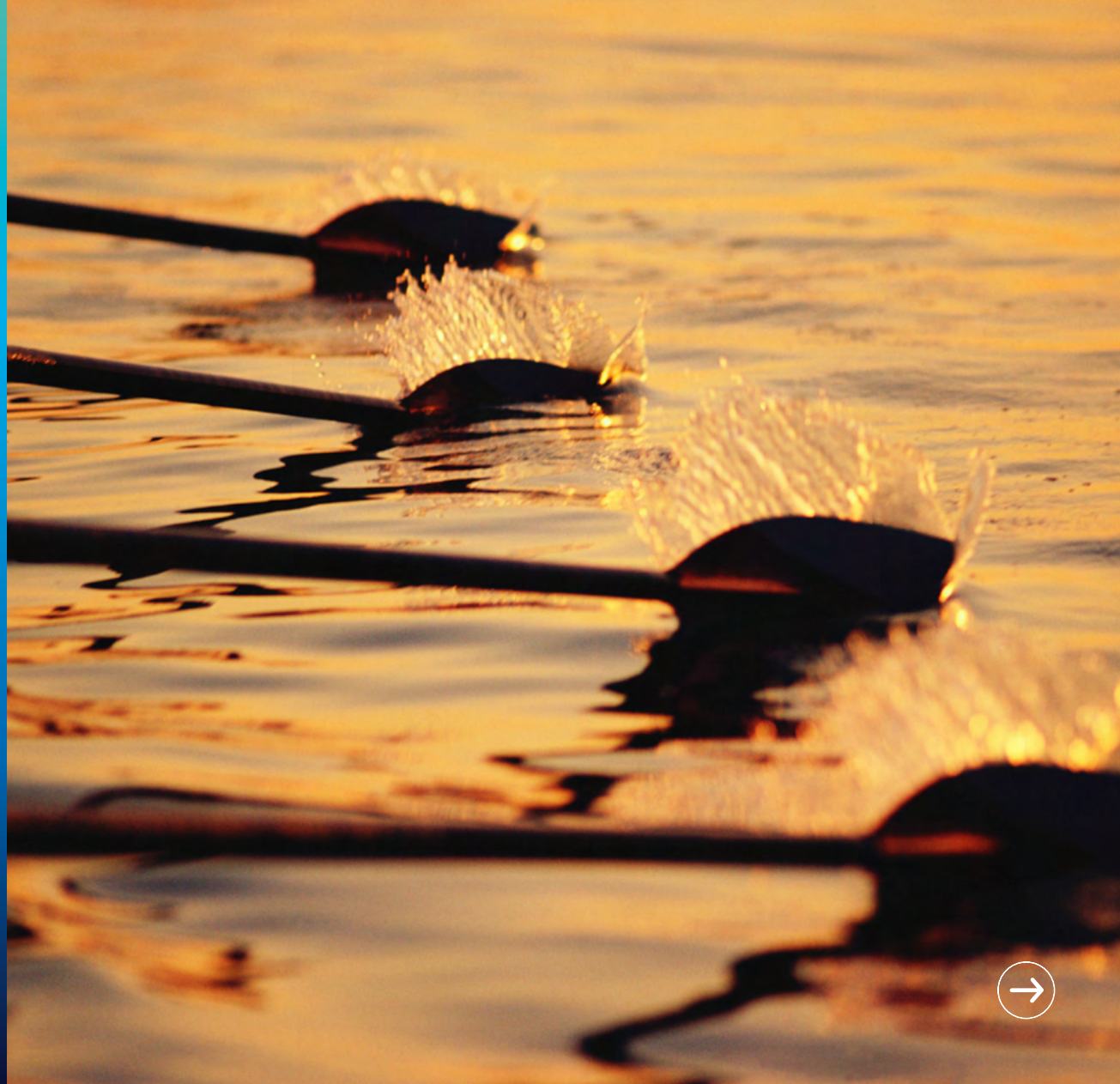
Research brief
Capgemini Research Institute 2026

Data and AI in government 2026

From AI ambition to operational maturity



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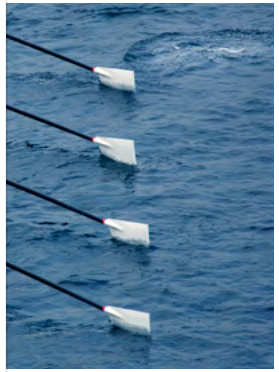

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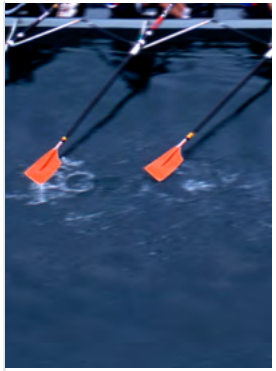

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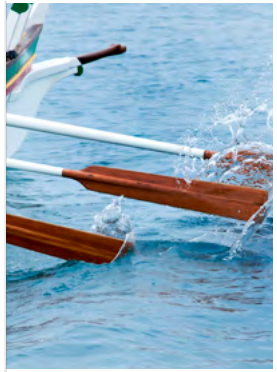

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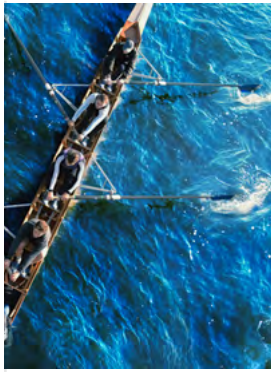

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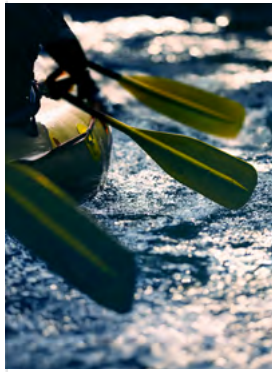

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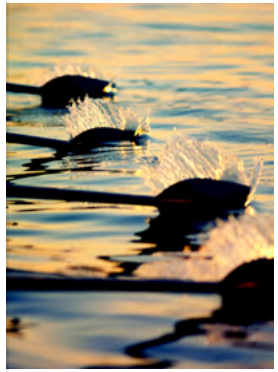

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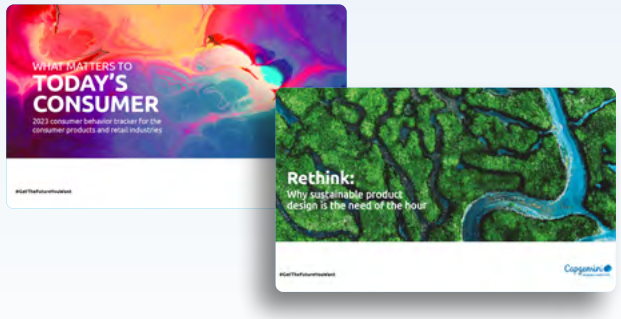
This publication is part of our research brief series

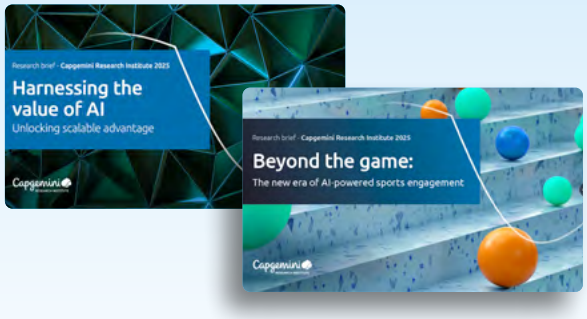
Research reports



Long-form publications with detailed actionable recommendations:

- 10,000–15,000 words
- In-depth global surveys
- 15–30 focus interviews with senior executives sharing best practices
- Detailed recommendations

Research briefs



Streamlined, data-centric publications with a concise and visual presentation:

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- Short surveys
- Executive quotes
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- Executive and CXO interviews
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- Intographics and visual summaries
- Trend overviews

Who should read this report and why?

This report examines how government organizations are strengthening their data foundations, scaling AI adoption, and balancing innovation with trust, governance, and public accountability.

It is designed for leaders in the public sector responsible for shaping their organizations' data and AI agendas. These include

- CEOs
- Chief data officers, chief information officers/chief technology officers, chief digital officers, chief AI & analytics officers and chief information and security officers.
- More broadly, it is intended for public sector transformation leaders and policymakers responsible for improving service outcomes, operational resilience, and public trust through data and AI.
- It is also relevant to leaders in healthcare, tax and customs, public administration, defense, social services, education, transportation, and public safety.

The insights are helpful to government ministers, agency heads, CXOs, and senior executives across data, digital, technology, policy, operations, finance, and citizen services.

The report highlights what successful public sector organizations are doing to transition from fragmented pilots to enterprise-wide data and AI impact.

It is intended to assist with decision making around modernization, service delivery, workforce transformation, and responsible adoption of AI. It explores the points of difference that distinguish public sector organizations that are successfully transitioning from fragmented pilots to enterprise-wide data and AI impact.

Readers will gain practical guidance on creating measurable value for citizens and employees through building scalable data foundations, operationalizing trustworthy AI, and improving cross-agency collaboration. The findings are based on a global survey of 600 senior public sector organizations and interviews with government leaders. We have used these insights to create actionable recommendations to help public sector organizations advance their data and AI maturity journeys.

Executive summary

01

Executive summary

01 Governments are expanding AI adoption – but struggling to operationalize it at scale

AI adoption across government is accelerating, with organizations moving beyond experimentation and exploring a wider range of use cases. However, scaling remains a challenge.

- Governments are increasingly deploying Gen AI, agentic AI, and domain-specific AI applications. Adoption is strongest in operational and analytical functions where outcomes are measurable and risks are lower. Common applications include fraud detection, administrative automation, citizen engagement, and decision support.
- Organizations are beginning to explore more advanced capabilities such as agentic systems and AI-enabled service orchestration.
- AI investment continues to grow, with organizations expecting AI to account for 7% of annual IT budgets by 2027, up from 5% in 2025.
- Governance maturity has not kept pace with deployment, with many organizations lacking standardized frameworks, accountability mechanisms, and benefits-tracking processes.
- Despite growing adoption, only 28% of organizations report successfully scaling AI initiatives. Long-term success will depend on coordinated operating models, workforce readiness, and robust governance structures—not technology investments alone.

02 Governments recognize that fulfilling AI ambitions depends on data readiness

In our 2025 research, we examined how governments were establishing the necessary foundations for data. In our current research, we see that governments increasingly view data as a strategic asset underpinning modernization, service delivery, and organizational resilience. Yet many organizations remain constrained by foundational data challenges.

- Agencies realize investing in data modernization can help improve decision making and public service delivery.
- Data quality and accessibility issues continue to limit the ability to scale AI and generate trusted insights.
- Legacy systems, siloed architectures, and poor interoperability increase transformation complexity and slow implementation.
- Governments are also working towards strengthening the data ecosystems that support AI adoption.

Executive summary

03 A small group of front-runners show greater AI maturity while organizations across the board improved their data maturity compared to last year

A select group of organizations are demonstrating that successful AI adoption depends on organizational readiness and execution discipline.

- One in four organizations exhibit advanced capabilities across both AI enablers and AI behaviors. Front-runners distinguish themselves through stronger alignment of leadership, governance, workforce strategy, and data modernization efforts.
- Compared with our 2025 research, organizations have made measurable progress in their data mastery journeys.
- The share of data front-runners increased from 33% to 36% while the share of data novices declined from 38% to 25%. AI adoption is acting as a catalyst for improvements in data foundations.
- Going forward, AI leadership will increasingly depend on organizational readiness, cross-functional coordination, and institutional adaptability. Organizations that fail to strengthen operational readiness risk struggling to translate AI investments into meaningful public value and service transformation.

04 Digital sovereignty is a top priority – but operational readiness is limited

Digital sovereignty has moved from a niche technology concern to a strategic priority for governments. Rising geopolitical tensions, cybersecurity threats, and growing dependence on foreign technology providers are prompting public sector organizations to reassess how critical digital capabilities are built, governed, and controlled.

- Political mandates and strategic imperatives are accelerating sovereignty initiatives across government.
- Data and cybersecurity have emerged as the most pressing sovereignty concerns, reflecting growing focus on protecting sensitive information, critical infrastructure, and public trust.
- Despite these ambitions, dependence on foreign technology providers remains significant, particularly across cloud, software, AI, and digital infrastructure ecosystems.
- The greatest barriers to sovereignty are structural rather than technological. Legacy systems, fragmented architectures, limited domestic technology capacity, procurement constraints, and skills shortages continue to slow progress.
- Many organizations recognize that achieving full sovereignty requires difficult trade-offs between security, innovation, scalability, cost efficiency, and access to global technology ecosystems.

Executive summary

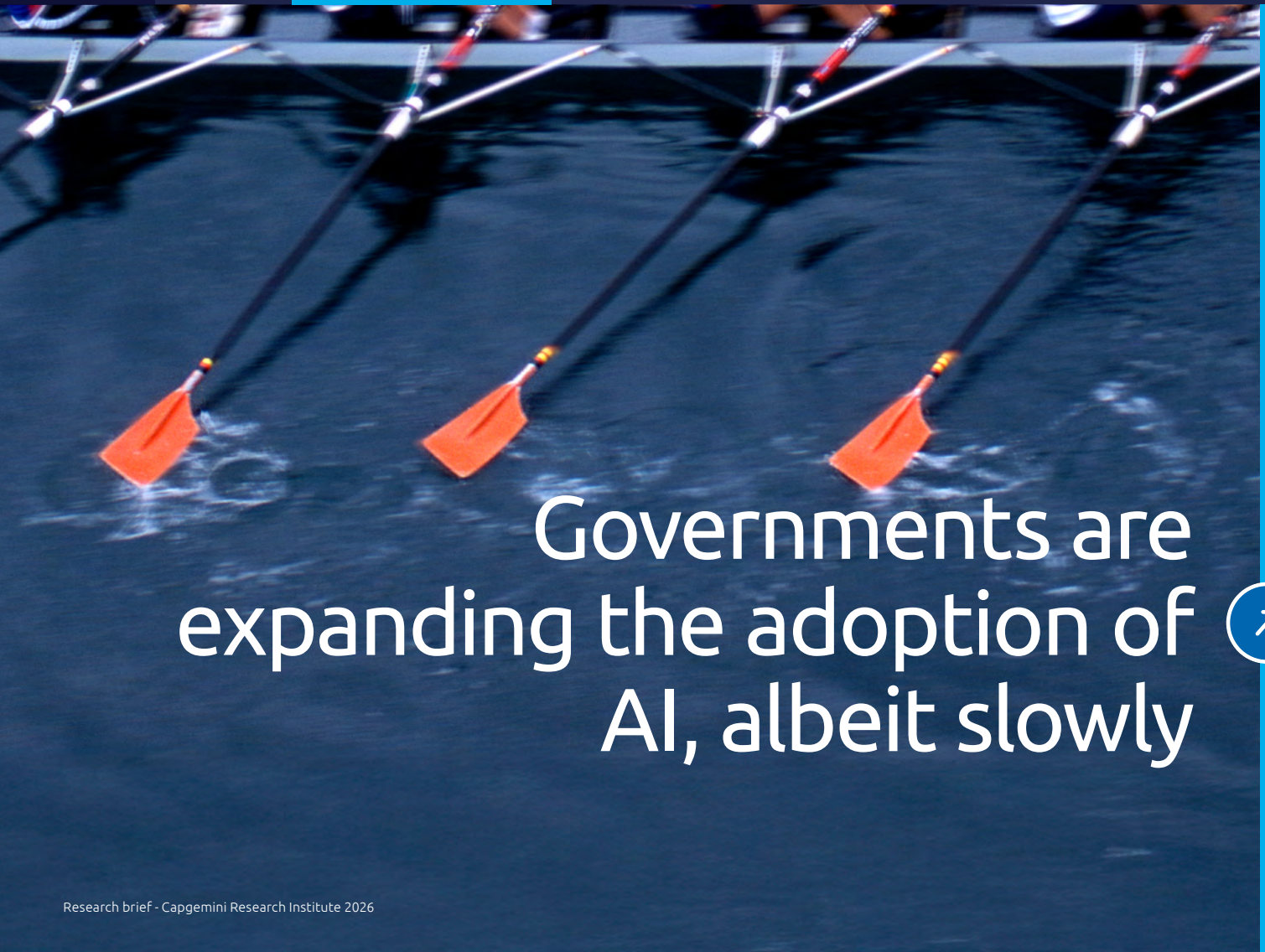
05 Recommendations – reinventing public services through data and AI mastery

To scale data and AI effectively, public sector leaders should focus on the following priorities:

- **Chief Executive Officer (CEO) and Chief digital officer:** Drive mission-led transformation, citizen-centric services, trust, and public value.
- **Chief data officer:** Enable data quality, governance, sharing, interoperability, and enterprise trust.
- **Chief information officer (CIO) and Chief technology officer (CTO):** Provide the architectures, platforms, infrastructure, and resilience required for scale.
- **Chief AI and analytics officer:** Embed AI into operations through governance, reuse, evaluation, and outcome-driven scaling.
- **Chief information and security officer (CISO):** Embed cybersecurity, privacy, resilience, and AI risk management across data, platforms, and AI systems.

"Many public-sector organizations aspire to leverage AI to help them provide better outcomes with less resources, but AI can only be as effective as the data foundations and application landscapes beneath it. Building those foundations requires sustained focus, while the work that is complex and costly, is largely invisible to citizens. The organizations making the greatest progress are those that view data and application readiness not as a technology project, but as a long-term transformation that enables better services and policy outcomes."

Marc Reinhardt
Global Industry Leader, Public Sector,
Capgemini



Governments are expanding the adoption of AI, albeit slowly

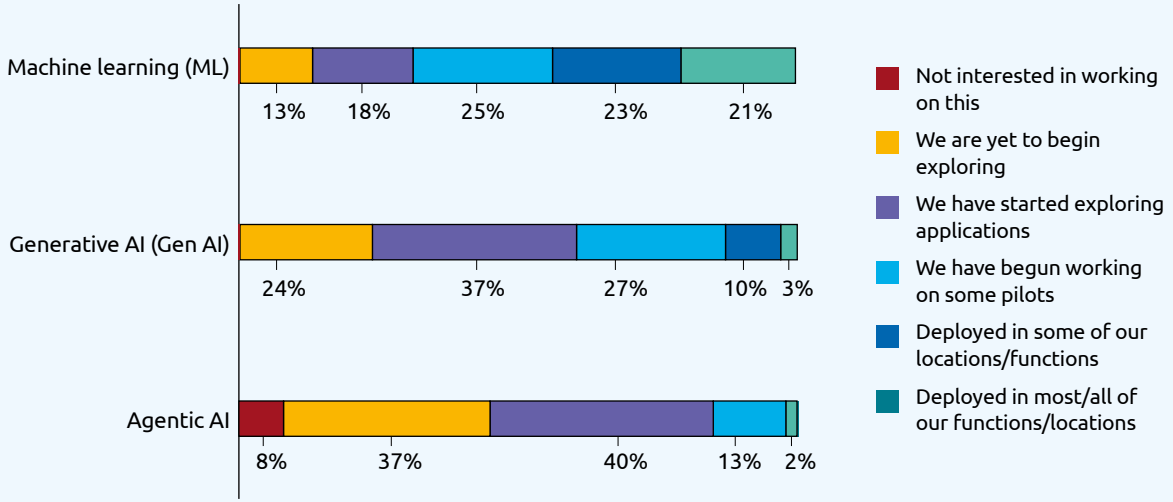
02

AI adoption is broadening across technologies

Machine learning remains the most mature AI capability in the public sector, with nearly half of organizations moving beyond pilots into deployment, reflecting years of investment in data, analytics, and automation foundations. Generative AI is rapidly closing the gap, with organizations progressing from exploration to pilots and early deployments at an unprecedented pace. While agentic AI is still in its infancy, strong interest and experimentation signal significant momentum, suggesting it could become the next major frontier of AI adoption.

Figure 1. Adoption maturity of machine learning, Gen AI, and agentic AI across organizations

Please rate the overall adoption level at your organization for the following types of AI



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

In 2023, Singapore's GovTech agency launched Pair, its Gen AI assistant for public officers, and was still scaling it when the agency began piloting agentic workflows for regulatory case processing and inter-agency data requests in Q1 2025. Both workstreams ran concurrently, requiring governance frameworks to evolve in parallel with, rather than ahead of, deployment.[1]

The UAE has taken the most ambitious national position on agentic AI of any government globally. In April 2026, the UAE Cabinet announced a framework to transform 50% of government sectors, services, and operations to agentic AI within two years — targeting autonomous execution and decision-making across the federal government at a scale no other country has committed to. By May 2026, the framework had moved from announcement to active mobilization. A national Agentic AI Retreat convened more than 400 ministers and senior officials to shape and begin implementing the transformation, with the Cabinet formally approving the federal implementation framework and directing teams to initiate deployment. Sheikh Mohammed bin Rashid described it as the beginning of "UAE Government 4.0."[2,3,4]

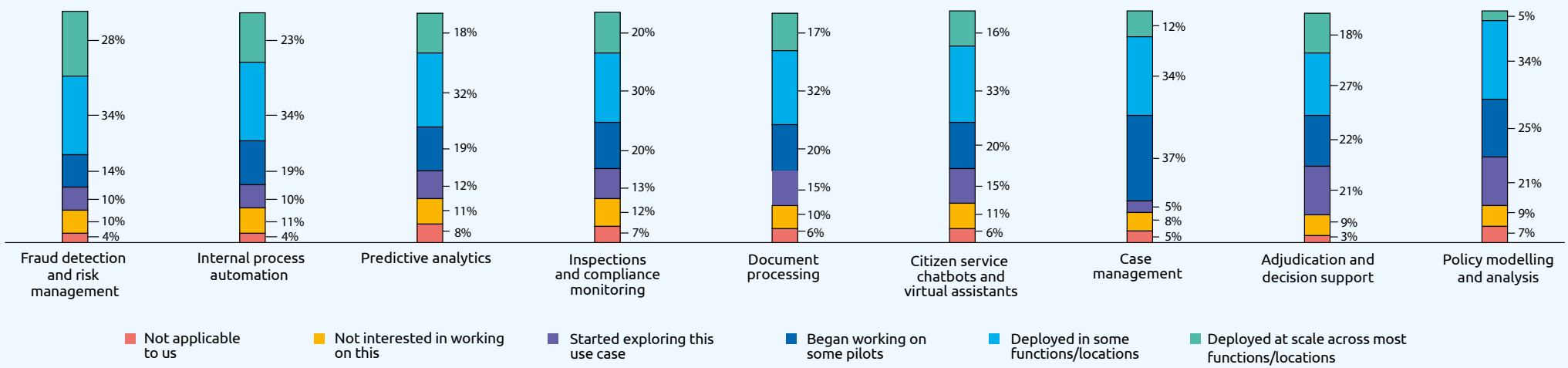
55%

Percentage of government organizations that are exploring, piloting, or deploying agentic AI across some functions or locations.

AI deployment is strongest in operational and analytical functions

AI deployment is most advanced in operational and back-office functions, where use cases such as fraud detection, risk management, and process automation build on well-established machine learning capabilities and deliver measurable outcomes at scale. Citizen-facing applications are also gaining traction, particularly chatbots and case management, but large-scale adoption remains more concentrated in internal functions. More complex and judgment-intensive areas such as policy analysis and adjudication continue to lag, reflecting higher requirements for explainability, oversight, and trust.

Figure 2. Extent of use-case deployment across key AI enabled government functions



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

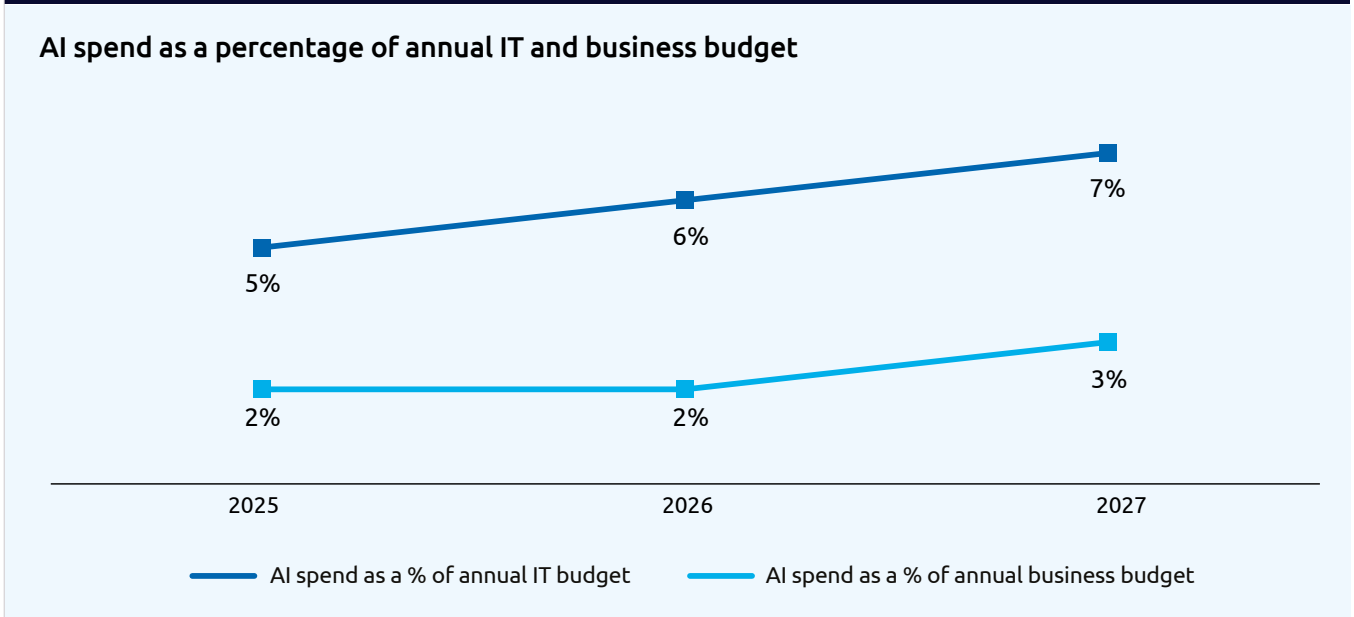
"Projects such as Paloma demonstrate how AI can help social service agencies identify potentially more relevant cases in the context of detecting unwanted loneliness, while ensuring that final decisions remain in the hands of professionals. By enabling more targeted and proactive outreach, AI has increased the number of personalized calls made to individuals who may be susceptible to this issue. The system helps prioritize cases and supports social service agents in planning interventions more effectively. This type of solution combines significant social impact with a carefully controlled level of risk."

Fernando de Pablo Martín
Digital Office Director,
Madrid City Council, Spain

AI investment is accelerating as organizations build confidence in AI

The projected rise in AI spending is accompanied by stronger investment commitments and growing evidence of measurable business value.

Figure 3. AI spend as a percentage of IT budget will increase from 5% in 2025 to 7% in 2027



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

Investment momentum

68% are committed to significantly increasing investment in AI (including Gen AI and agentic AI) over the next 2–3 years.

26% average additional budget that organizations need to fully achieve their data and AI goals.

Business impact

45% say that the ROI and business value from AI is clear and measurable.

40% report cost-reduction benefits from their AI initiatives.

Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

"AI supports heavy data processing, but we take a cautious approach to automated decision-making. In practice, AI is used to inform and support decisions, while the final determination remains with a public servant."

Raquel Poncela
Director of Digital Services and Innovation, Royal Mint, Spain

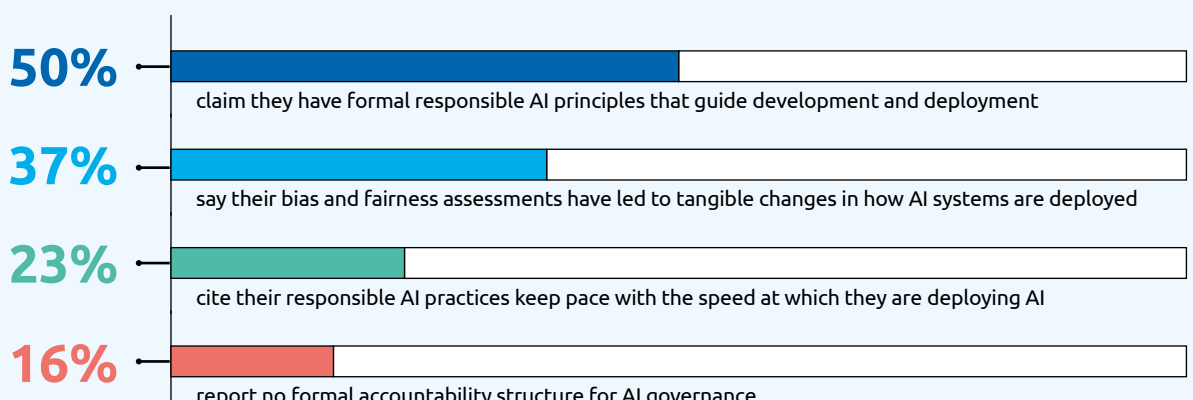
"We are in a period of generational transition. Artificial Intelligence, together with the recruitment of new talent, may help us reshape the organization's skills and talent landscape, enabling public servants to focus on activities that require judgment, expertise and human interaction."

Jaume Miralles
General Director of Artificial Intelligence, Efficiency and Administration, Generalitat de Catalunya (Government of Catalonia), Spain

Governance frameworks are advancing, but execution continues to lag

Figure 4. While half of organizations have defined responsible AI principles, only around one in four report consistent application in deployment

Percentage of organizations that agree with the statements below



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

Formalizing responsible AI principles is a step in the right direction, but consistent application in deployment is still catching up across organizations.

The EU AI Act's first binding requirements came into force on February 2, 2025, specifically prohibiting eight categories of unacceptable-risk AI, including social scoring by public authorities, emotion recognition in workplaces, and real-time biometric identification in public spaces. The requirements also introduced new AI literacy obligations for deployers. However, these were never the headline provisions; they were the baseline. The comprehensive high-risk framework—covering human oversight, bias assessment processes, and governance structures for AI used in public services—will not apply until August 2026, with certain categories further extended to December 2027 under the EU's Digital Omnibus agreement reached in May 2026.

That gap between what exists on paper and what happens in practice is the central challenge. Research on AI governance maturity across the EU consistently points to the same finding: producing an AI ethics policy is not the same as operationalizing it. Most organizations have documented principles, but far fewer have embedded them into the review cycles, escalation paths, and decision checkpoints that determine whether a deployed AI system is adjusted, paused, or withdrawn.[5]

Scaling AI requires more than successful pilots

While AI experimentation is widespread, scaling remains constrained by the operational realities of deploying AI in production. Organizations are discovering that success depends less on model development and more on building flexible architectures, governance, monitoring, and ongoing maintenance capabilities.

Figure 5. Complexity of deploying operationalizing AI at scale

Share of organizations reporting each outcome (%)

70%

Struggling to scale

AI requires more ongoing maintenance, monitoring, and refinement than expected

28%

Successfully scaled

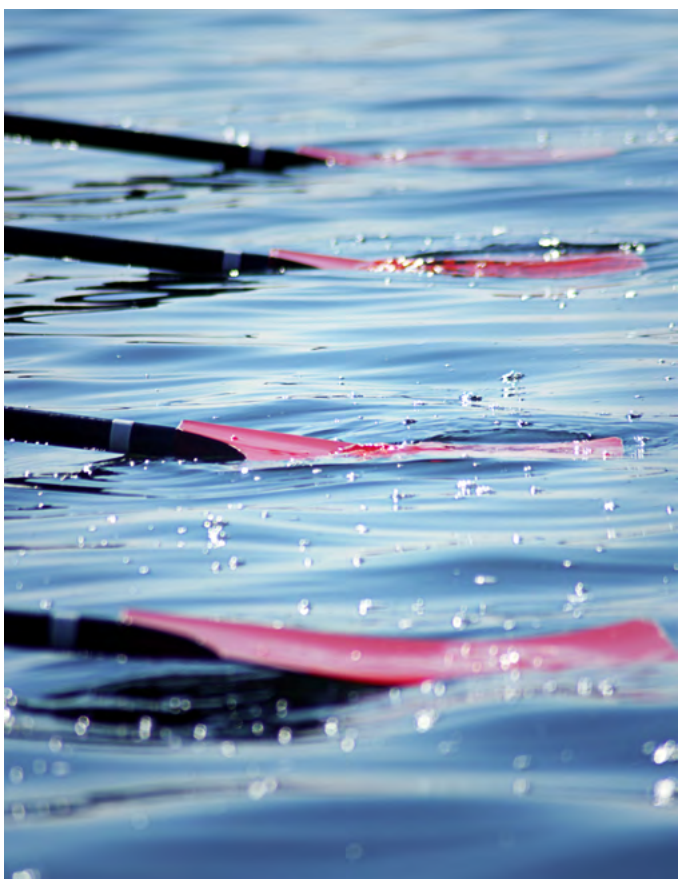
successfully moved AI initiatives from pilot to full-scale production

Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

"The fact that only 28 percent of public authorities worldwide are able to transition from AI pilot projects to productive deployment reflects a challenge we actively address in the North Rhine-Westphalian (NRW) tax administration. AI is not a substitute for a willingness to undertake structural reform, but an accelerator of existing capabilities. Fragmented responsibilities, heterogeneous processes, and dispersed data assets inherently limit its effectiveness. Our modernization approach therefore follows a clear sequence: first modernize the administrative operating model, then build AI applications on top. Skipping this sequence does not scale solutions, but problems."

Dr. Dirk Günnewig
State Secretary, Ministry of Finance of the State of North Rhine-Westphalia, Germany

Jake Campbell, Chief Information and Data Officer, Los Angeles County Department of Public Health, US, says: **"The hardest part of scaling is trust and appropriate use and then cost. Efficiency gains free up staff time, but they don't automatically reduce spending, while broader AI use increases operating costs."**



The 2025 review of AI in government by the UK parliament's Public Accounts Committee found no systematic mechanism for consolidating learning from pilots, with few examples of successful at-scale adoption across departments.[6]

For Australia, part of the pilot-to-production gap reflects a deliberate trust and assurance sequencing rather than a capability constraint. The consequences of the Robodebt scheme — in which automated decision-making at scale caused documented harm to welfare recipients and contributed to suicides — embedded institutional caution around moving AI from pilot to production without governance in place first.

The Digital Transformation Agency's Guidance for AI proof of concept to scale, published March 2026, is Australia's direct policy response to this challenge. The guidance establishes a three-stage transition model — proof of concept, pilot, and deployment into production — and states that "benefits realization for AI occurs through enterprise integration and not through disparate AI experimentation alone." It sets out governance requirements, an AI readiness checklist, and six real-world agency scenarios covering both successes and setbacks at each stage. For Australian agencies, this provides a structured, documented pathway from experimentation to operational deployment that treats governance as a condition of progression, not an afterthought.[7]

"There is no one size fits all when it comes to AI adoption and our teams want to apply AI and automation selectively, where it is effective and delivers clear value. The challenge is designing an architecture that remains flexible enough to support different AI approaches without forcing every initiative down the same path. This is where much of the effort in scaling AI lies."

Chye Kiang Goh
Director, Enterprise Systems Division,
JTC Corporation, Singapore

"Use cases succeed when they are integrated into existing workflows, with single sign-on and familiar tools. Standalone solutions, by contrast, often fail, as users are unlikely to switch contexts and adopt another platform."

Achille Lerpiniere
Chief Information Officer,
Région île-de-France,
France

Governments recognize that data readiness is critical to fulfilling AI ambitions

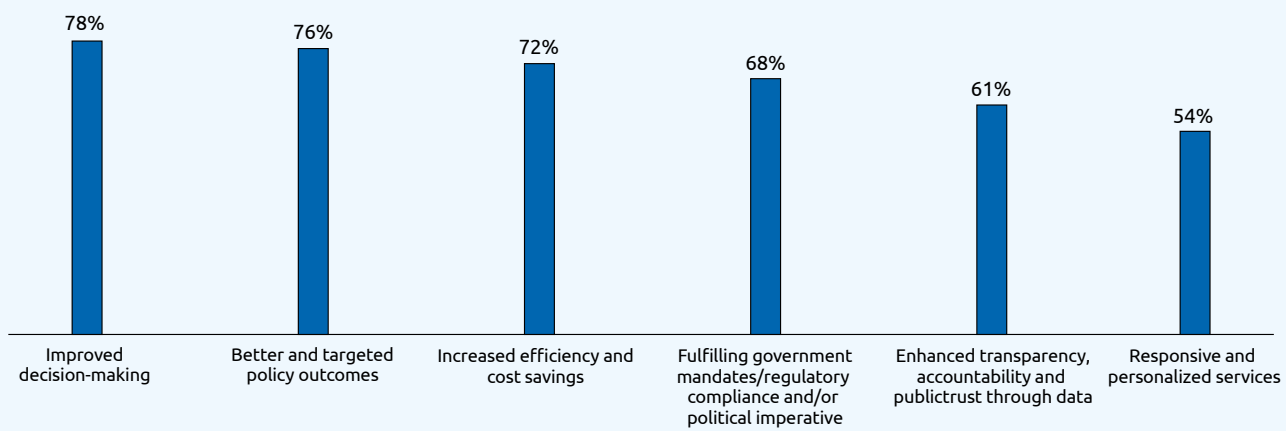
03

Data is the foundation for AI-enabled mission delivery and modernization

Increasingly, public sector organizations recognize that data is the foundation for AI adoption and better service delivery. As they strengthen their data capabilities, organizations prioritize improving decision-making, policy outcomes, operational efficiency, and regulatory compliance—creating the conditions for AI to scale and deliver value.

Figure 6. Public sector organizations cite a range of drivers for using data

Which of the following goals does your organization want to achieve using data?



These values largely remain unchanged when compared to 2025.
Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

Benefits realized from data and AI initiatives report

58%
improved decision making – achieved through high-quality, accessible data and a culture of evidence-based decision-making.

54%
report improved regulatory compliance – achieved by establishing strong governance, clear accountability, and consistent data management practices.

Public sector organizations plan to reshape operations through AI

Public administration

In January 2025 Abu Dhabi's Department of Government Enablement (DGE) launched the Abu Dhabi Government Digital Strategy 2025–2027, backed by Dh13 billion ($3.5 billion). The program targets deployment of over 200 AI solutions across all government entities and full automation of government processes. In 2025, the AI-driven Effortless Customer Experience strategic program reduced service-center visits by around 400,000, year on year, across the emirate.[8]

The UK Department for Science, Innovation and Technology (DSIT) launched the £225 million ($303 million) Isambard-AI supercomputer at Bristol University in July 2025 and earmarked a further £250 million to scale cloud capacity for the AI Research Resource. The January 2026 AI Opportunities Action Plan update channeled £100 million to the National Data Library (NDL) and £750 million to the next national supercomputer. This was the most concentrated sequence of AI infrastructure investment in UK government history.[9]

Welfare

France's Plan France 2030 allocated €119 million ($139 million) to train 500,000 welfare and health professionals in AI in 2025-30. This workforce-readiness commitment was mandated across all welfare and health professional training programs from the 2025–26 academic year.[10]

The UK government launched data and AI pilot programs for social-care planning in January 2026, using AI tools to identify vulnerable citizens eligible for energy support. This was part of the DSIT's wider data and AI projects for public services. The NDL (see above) lists welfare services as a named priority sector for AI-ready dataset creation.[11]

Tax and customs

Under its 2024–2027 Strategic Plan, Spain's Agencia Estatal de Administración Tributaria (AEAT) has shifted audit selection to AI-based risk models. The agency's 2026 Tax and Customs Control Plan, approved in March 2026, uses machine learning to profile taxpayers and identify inconsistencies. Beginning in 2026, AEAT also receives monthly financial and cross-border payment data to strengthen these models. Enforcement efforts have expanded to the digital economy as well, including the attachment of crypto-assets during the collection process.[12]

India applies AI and analytics across both its indirect and direct tax systems. The Central Board of Indirect Taxes and Customs uses ADVAIT to detect anomalies in customs, trade, and GST data, while the Central Board of Direct Taxes' Project Insight builds comprehensive taxpayer profiles using financial and transaction data. In November 2024, its first Non-intrusive Usage of Data to Guide and Enable (NUDGE) campaign prompted 24,678 taxpayers to revise returns and disclose foreign assets worth ₹29,208 crore (about $3.1 billion), with a second campaign launched in November 2025.[13]

Defense

Germany's parliamentary budget committee approved the URANOS AI surveillance platform for procurement in December 2025, as part of a year of record defence investment that brought Germany's 2025 equipment spending to €83 billion ($97 billion) billion across 103 major projects. URANOS AI processes large volumes of reconnaissance data from drones, satellites, and radar stations in real time. The system will be initially deployed with Panzerbrigade 45 in Lithuania, with initial operational capability expected between 2026 and 2028, and plans to equip all Bundeswehr army brigades thereafter.[14]

In September 2025, the Royal Australian Navy awarded Anduril Australia an A$1.7 billion ($1.1 billion) five-year contract for a fleet of Ghost Shark AI-powered extra-large autonomous underwater vehicles. The vehicles are capable of long-range surveillance, seabed monitoring, and strike operations. They went from concept to production in three years, with the first vehicle delivered in January 2026. All units are manufactured domestically at Anduril's Sydney facility, with more than 40 Australian companies in the supply chain.[15]

Security

The UK government committed £210 million ($282 million) million to its Cyber Action Plan in January 2026, including a new Government Cyber Unit. A further £90 million went to small and medium-sized enterprise (SME) cyber defenses. The security minister describing it as a "generational endeavor" that will "test the absolute limits of our engineering and innovation."[16]

The UK government's May 2026 Cyber Security Sectoral Analysis found the number of UK firms offering AI-specific cybersecurity products grew 68% in 2025, in a market worth £14.7 billion ($20 billion). Across the EU, the NIS2 Directive – extending mandatory cybersecurity requirements to a greater number of public sector entities from 2024 – triggered AI-capable security investment programs across all 27 member states.[17]

Healthcare

In May 2026, NHS Shared Business Services (NHS SBS) published the £900 million (~$1.2 billion) Healthcare AI Solutions framework agreement, establishing a national procurement route for AI technologies across the NHS and wider public sector. The framework covers radiology and diagnostic imaging, predictive analytics, virtual and robotic health, and operational efficiency. Running from May 2027 to May 2035, it is designed to enable scalable, legally compliant procurement of AI tools across NHS trusts without bespoke procurement processes for each deployment.[18]

The UK government and Wellcome Trust jointly committed £600 million (~$800 million) to the Health Data Research Service (HDRS), launched in April 2025. The service creates a secure single access point to regional and national health datasets (the data infrastructure prerequisite to scale clinical AI across the NHS). Dr Melanie Ivarsson was appointed CEO in January 2026 with Baroness Nicola Blackwood as Chair.[19]

Environment

Australia's national climate projections were updated in 2025 by CSIRO and the Bureau of Meteorology (BOM), incorporating AI models to deliver higher-resolution forecasts for extreme weather, drought, and flood risk. The Australian Climate Service — a joint program between BOM, CSIRO, and the Department of Climate Change, Energy, the Environment and Water — provides AI-driven climate intelligence for government and industry planning. The Future Drought Fund's Climate Services for Agriculture program deploys AI-generated drought indicators at a 5-square-kilometer resolution across Australia, giving farm businesses localized climate projections and advance drought warning.[20]

Under Horizon Europe, the EU committed €4.9 billion ($5.7 billion) to climate action in its 2026–2027 work program. The Copernicus Climate Change Service, managed by the European Centre for Medium-Range Weather Forecasts (ECMWF) on behalf of the European Commission, continuously scales AI processing for satellite data, enhanced flood prediction, and extreme-weather early-warning systems across member states.[21]

The pace and shape of public sector AI investment vary considerably across governments. Many have pursued large-scale, headline-driven programs, committing dedicated budget lines, standalone legislative frameworks, or major infrastructure tranches within concentrated timeframes. Australia has taken a structurally different path. Its federal AI agenda is built around four interlocking policy instruments: the Data and Digital Government Strategy (2030 vision), the AI Plan for the Australian Public Service 2025, the Policy for the Responsible Use of AI in Government v2.0 (effective December 2025), and the National AI Plan (December 2025). Together these establish a roadmap-led, principles-based framework — deliberately pragmatic rather than investment-surge in orientation and deliberately integrated into existing institutional frameworks rather than legislated as a standalone AI regime.[22, 23, 24, 25]

The framework is already in operation. The whole-of-government trial of Microsoft 365 Copilot — run across APS agencies from January to June 2024 — provided the evidence base for GovAI Chat, a centrally hosted, sovereign AI assistant now available to all 200,000+ APS staff.

"Spain's AI strategy has evolved from an initial focus on R&D, talent, and digitalization to a more ambitious model that incorporates generative AI as a strategic priority, aimed at driving adoption among SMEs, start-ups, and public administrations."

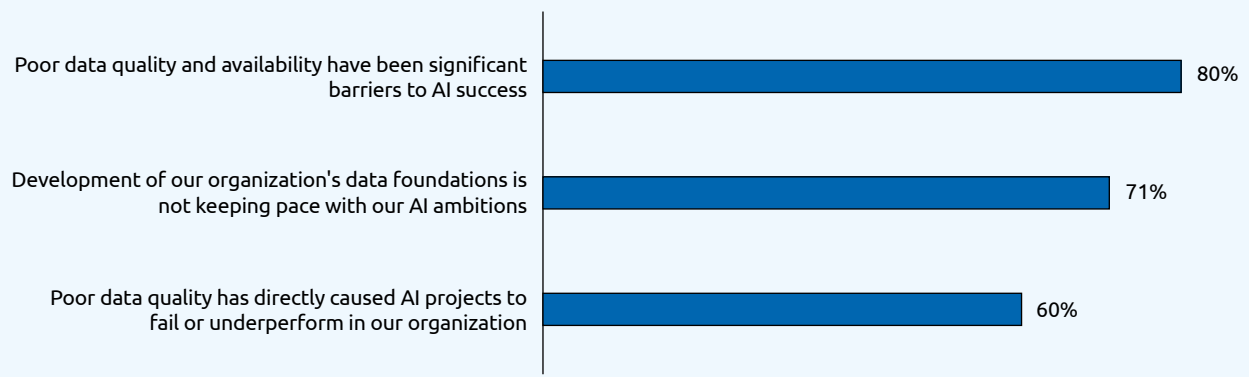
Aleida Alcaide García
Director General of Artificial Intelligence,
Ministry for Digital Transformation and the Public Service,
Spain

Weak data foundations limit AI outcomes

Public sector organizations are discovering that AI success depends as much on organizational data readiness as on the models themselves. AI models perform better when tailored to specific purposes, by being trained on relevant data sets (this can be done safely without exposing the data to the parent model). However, persistent gaps in data quality, integration, and legacy infrastructure are slowing AI adoption and limiting its impact.

Figure 7. Data quality and integration gaps continue to constrain AI outcomes

Percentage of organizations who agree with the following statements



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

For example, when the Île-de-France region of central France began scaling its Gen AI program, the first bottleneck was data-related. AI initiatives lacked the connectivity to access core databases. Legacy IT infrastructure could not support the scale of these ambitions. In response, the team invested in an application programming interface (API)-first middleware strategy and built a data-virtualization layer to make legacy systems accessible.

In its March 2024 review of AI adoption across government, the UK's National Audit Office found that data fragmentation and poor interoperability between legacy systems were among the most cited barriers to scaling AI beyond early-stage pilots.[26]

"We invested in a central enterprise data warehouse because we had a sprawl of copies and no clear version of the truth. Centralizing helps us manage access risk, improve efficiency, and give everyone downstream a clean authoritative dataset."

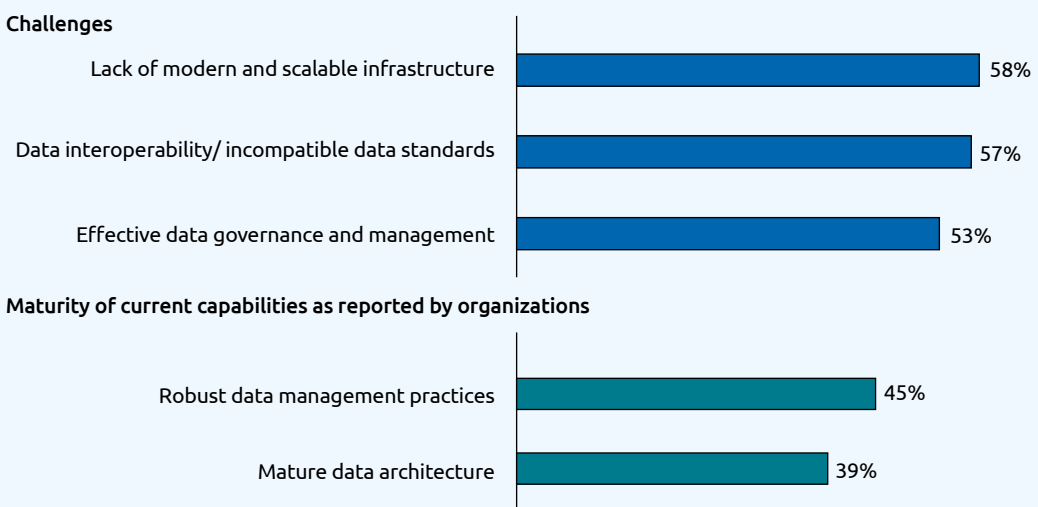
Jake Campbell
Chief Information and Data Officer,
Los Angeles County Department of Public Health, US

Legacy infrastructure and interoperability gaps slow transformation

While weak data foundations are limiting AI adoption, organizations are also facing challenges in leveraging data.

Figure 8. Infrastructure and interoperability challenges constrain organizations in leveraging data

Percentage of respondents citing each of the below among the top five challenges



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

Inconsistent infrastructure management across public health systems prevents the unified computing and data foundations that AI deployment requires.[27] Ireland's healthcare system has struggled with inconsistent data management practices across hospitals and clinics, leading to fragmented reforms and slow legislative and infrastructural progress that create challenges in healthcare data infrastructure and impede the implementation of effective AI systems. Despite initiatives like integrated health identifiers and e-prescribing, investment in health information systems and information and communications technology remains low in Ireland. The lack of centralized policies that mandate uniform data practices hinders the development of unified datasets, which are critical for the implementation of fair and effective healthcare AI systems.[28]

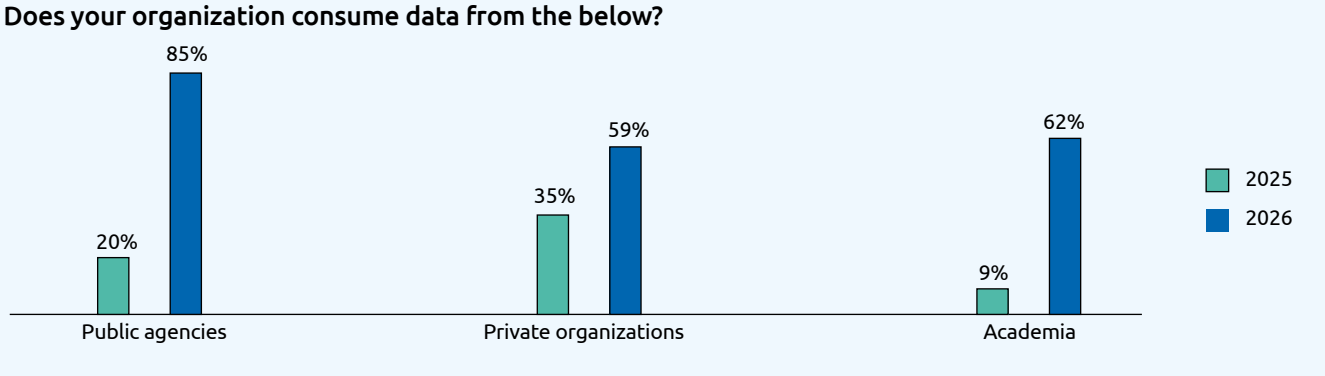
Ireland has set a priority to adopt secure, scalable, and cost-effective cloud infrastructure for its health system through the Digital for Care strategy - a response to documented infrastructure gaps that currently constrain AI deployment capacity at scale.[29]

Data ecosystems advance, but deployment lags

Data availability - the sheer volume and quality of data accessible for AI development and operational use — is one of the primary drivers behind ecosystem formation in the public sector. No single organization generates sufficient high-quality data to train reliable AI models or produce trusted analytical outputs at scale. The constraint is structural: health authorities, revenue agencies, and environmental bodies each hold valuable but incomplete datasets that, in isolation, are insufficient to support enterprise-level AI. Ecosystems do not exist primarily to improve interoperability. They exist to unlock data volumes that individual agencies cannot accumulate alone. The UK's Health Data Research Service - a £600 million (~$800 million) investment launched in April 2025 - was established precisely for this reason: to create a secure, unified access point to regional and national health datasets that no single NHS trust could aggregate independently, providing the data foundation on which clinical AI can be deployed at scale.[30]

Increasingly, public sector organizations are participating in broader data ecosystems, particularly with public agencies, private organizations, and academia. However, lack of interoperability, security policies, and infrastructure barriers can hinder cross-border collaboration.

Figure 9. Engagement in data ecosystem initiatives by organization type (2025–26)



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations; Capgemini Research Institute, Data mastery in government survey, December 2024–January 2025, N = 350 public sector organizations (two respondents from each: one from the IT/data function and one from a line of business (LOB)).

But barriers remain:

- Only 24% are in deployment/roll-out stages
- Only 17% report full deployment
- 61% cite technical infrastructure and semantic interoperability barriers

The rise in ecosystem participation from 2025 to 2026 shows that organizations increasingly view external data sharing as critical for AI and analytics. However, adoption is outpacing execution: while more agencies, private organizations, and academic institutions are joining ecosystems, most remain in pilot or early deployment stages. Technical infrastructure and interoperability challenges continue to slow the translation of ecosystem engagement into scaled operational outcomes.

"My friends in civil service can rejoice. The drive to deliver more and better services to citizens has never been more exciting. AI adoption, built on data ecosystems across agency boundaries, gives civil servants an engine with reach and speed no single office had alone. It's the power to serve people from a fuller view of who they are, what they need, and how services actually reach them, instead of seeing each citizen through a single keyhole, all while people stay sovereign over the data that describes them."

Gianfranco Cecconi
Data Ecosystems and Sovereign Data Lead,
Group Portfolio, Capgemini

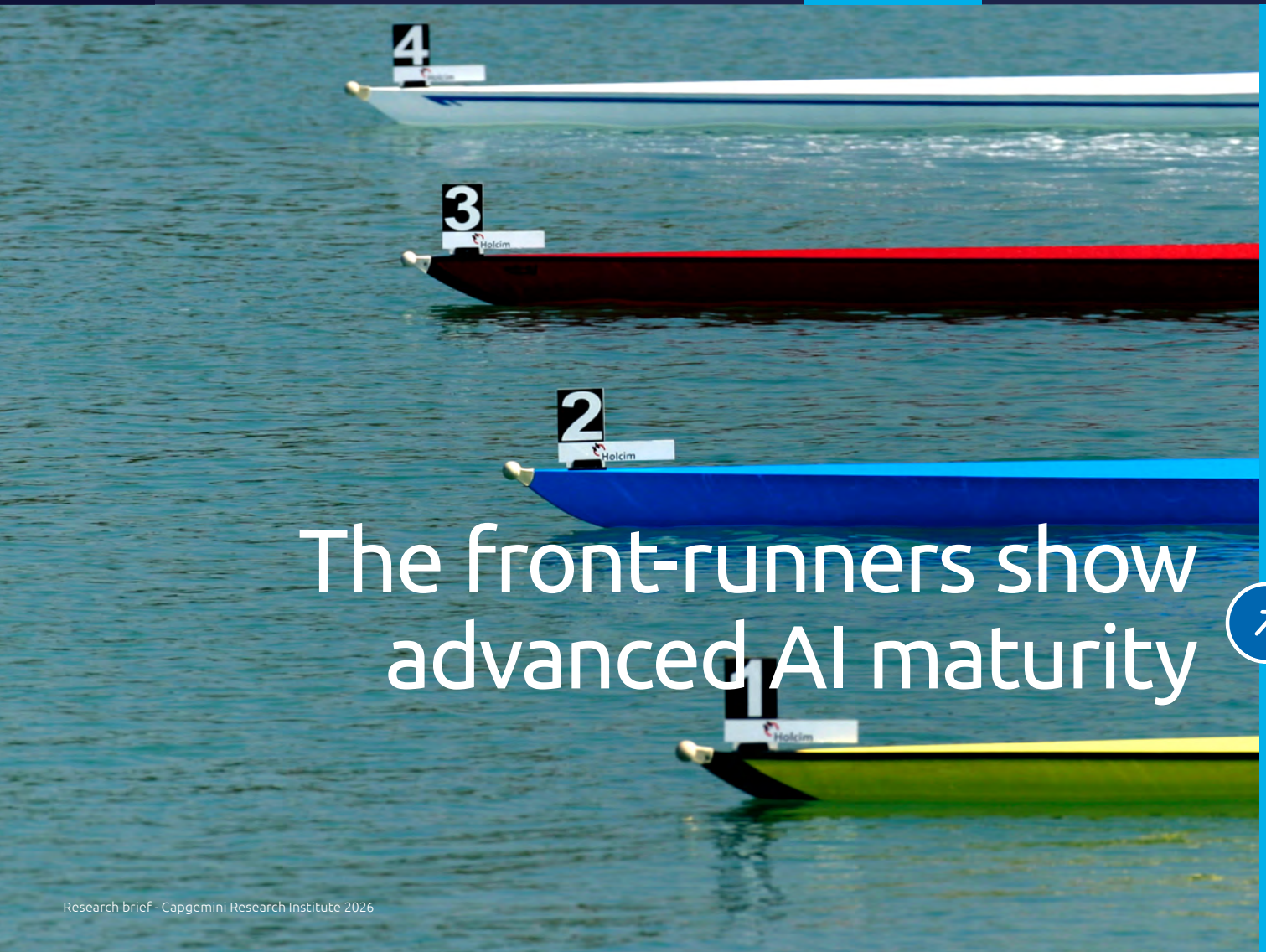
Workforce models evolve more slowly than technological change

Figure 10. Organizations see the skills gap but struggle to close it

Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

More than half of organizations identify skills shortages as a top challenge, yet fewer than two in five have a structured workforce strategy in place to address it.

The UK's Public Accounts Committee, drawing on National Audit Office (NAO) survey data, found that less than one-third of government departments had formal upskilling pathways or AI literacy programs in place for civil servants. In response, the Government Digital Service launched an AI skills framework in early 2025, covering foundational AI literacy through technical deployment competencies.[31]



The front-runners show advanced AI maturity

04

AI readiness is shaped by enablers and operational behaviors

Our AI readiness model assesses organizations across two dimensions: foundational enablers that support AI adoption and operational behaviors that determine how effectively they can scale AI and translate investment into measurable outcomes. Together, these provide a holistic view of organizational AI maturity.

Figure 11. Dimensions of AI readiness

AI enablers
Preconditions for deployment

Strategic alignment and mission prioritization
AI investments are aligned to mission priorities and measurable public value

Responsible AI and governance framework
Clear governance, accountability, and oversight guide AI development and use

Data and infrastructure foundations
Trusted data and scalable infrastructure enable reliable AI deployment

Talent and skills
Workforce capabilities and ecosystem partnerships support AI adoption at scale

Cybersecurity and AI resilience
AI systems are secure, resilient, and integrated into cybersecurity operations

AI behaviors
Outcomes of AI maturity

Industrialization and scaling
AI moves from pilots to repeatable, production-scale deployment

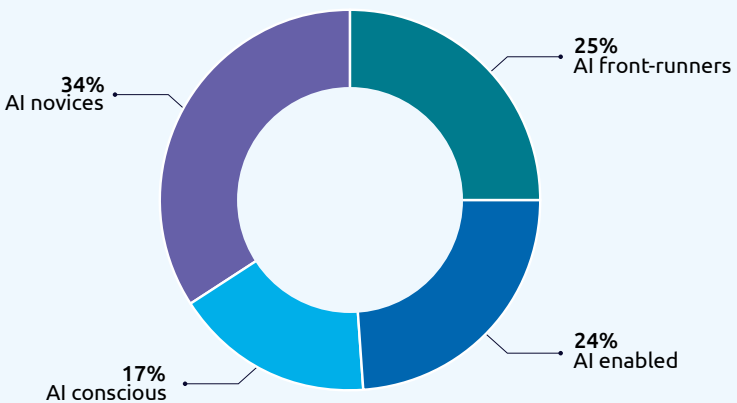
Citizen trust
Transparent and explainable AI strengthens public confidence in services

Value realization
AI delivers measurable operational, financial, and societal outcomes

Source: Capgemini Research Institute analysis.

One in four organizations is an AI front-runner

Figure 12. AI mastery among organizations



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

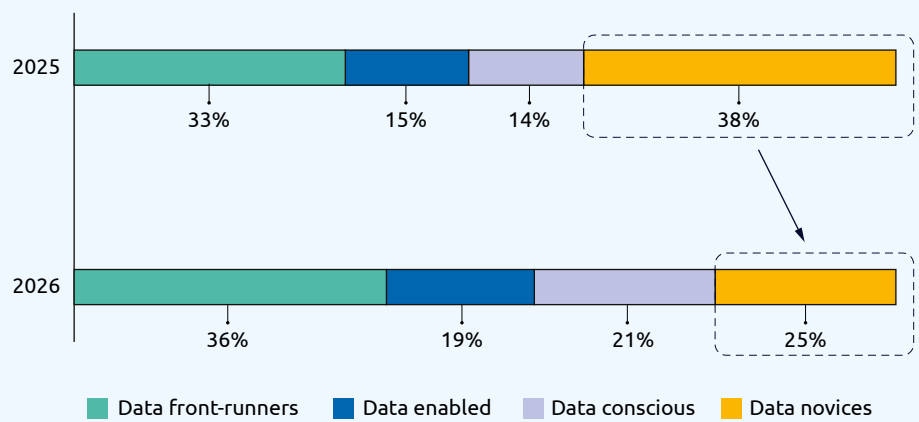
Front-runners are not distinguished primarily by their technology choices. The characteristics that separate them from AI-enabled organizations are organizational. The characteristics shown here are consistent markers across front-runner organizations in this research.

Figure 13. What sets AI front-runners apart

Characteristic	What front-runners do differently
AI is tied to mission outcomes	AI priorities are explicitly linked to agency objectives and public value. Investments are concentrated on a small set of high-impact use cases rather than dispersed experimentation.
Governance is built in, not added on	Responsible AI principles, accountability mechanisms, and impact assessments are established before deployment. Governance is treated as an enabler of scale rather than a compliance exercise.
They invest in data before AI	AI deployment follows improvements in data quality, governance, interoperability, and infrastructure. Front-runners recognize that scalable AI depends on trusted data foundations.
Talent is developed as a strategic capability	They combine internal AI expertise with ecosystem partners while systematically upskilling the broader workforce to use and oversee AI effectively.
AI moves beyond pilots into operations	Front-runners industrialize AI through repeatable deployment processes, operational monitoring, and continuous improvement. Success is measured by production use, not pilot volume.
Trust and value are measured explicitly	They track citizen trust, transparency, service outcomes, efficiency gains, and financial impact through predefined KPIs, demonstrating clear returns from AI investments.

Organizations have also progressed in terms of their data mastery since 2025

Figure 14. The share of data front-runners grew from 33% to 36%, while that of data novices decreased from 38% to 25%



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations; Capgemini Research Institute, Data mastery in government survey, December 2024–January 2025, N = 350 public sector organizations (two respondents from each: one from the IT/data function and one from a line of business (LOB)).

- The entire sample has progressed in terms of data mastery, with data novices coming down to 25% from 38% in 2025 and the data-conscious cohort has also progressed, from 14% in 2025 to 21% in 2026.
- The adoption of AI is improving data mastery across organizations. It is notable that more of the organizations are AI-enabled and AI-conscious now than in 2025.

"AI scales when trust scales. Organizations leading in AI understand that data mastery is not an end state – it is the foundation for trusted action. When data, governance, interoperability, and human expertise align, AI moves beyond experimentation to become a repeatable engine for innovation, resilience, and public value."

Debarati Ganguly
Director, Enterprise AI and Data Transformation,
Global Public Sector,
Capgemini

AI-mature organizations are demonstrating clear operational and citizen-service benefits

Sector	Organization	How AI is being used	Impact
Welfare	United States-Centers for Medicare & Medicaid Services (CMS)	AI-powered fraud prevention system reviewing claims prior to payment.	Reported saving approximately US$2 billion between March 2025 and early 2026 by applying AI to screen incoming claims for fraud through its Fraud Detection Operations Center, analysing claims before payment rather than after.[32]
Tax and customs	United Kingdom-HM Revenue & Customs (HMRC)	10-year AI fraud detection contract with Quantexa, integrating data from banks, registries, and international sources to identify hidden networks of fraudulent activity across 40 million taxpayer records.	£175 million (~$235 million) committed; system targets fraud networks and unintentional filing errors at a scale manual investigation cannot match.[33]
Defense	United Kingdom - Ministry of Defense	AI-powered predictive maintenance and real-time engineering planning across 130+ major military platforms, replacing 17 fragmented legacy applications through the Defence Equipment Engineering Asset Management System (DEEAMS).	£320 million (~$425 million) contract awarded to a technology company in October 2025, serving 65,000+ users; projected to deliver over £1 billion in benefits through reduced support and IT costs.[34]
Healthcare	United Kingdom-NHS England / NIHR	The EDITH trial, launched in April 2025, tests AI as a replacement for the second radiologist in NHS breast cancer screening. Under standard NHS practice, every mammogram requires two independent radiologist readings. The trial deploys five competing AI systems across 30 screening centers to perform the second read — analyzing breast tissue for changes that indicate possible cancer and flagging cases for further investigation. 700,000+ women enrolled in routine NHS screenings are participating across the trial sites.	AI projected to free over 100,000 clinician hours annually; backed by £11 million (~$14 million) in government funding.[35]

Digital sovereignty is a top priority, but operational readiness is limited

05

Political mandate and strategic urgency drive sovereignty

Political leadership and strategic priorities are elevating sovereignty to a similar level of priority as that of cost, performance, and innovation in technology decision-making.

Figure 15. Seven in ten organizations say political leadership drives the digital sovereignty agenda

1. **70%** Political leadership — say political leadership drives the sovereignty agenda.
2. **65%** Strategic parity — achieving digital sovereignty is as important as cost, performance, and innovation in our technological decisions.
3. **58%** Board agenda — digital sovereignty is regularly discussed at board/executive leadership level in our organization.

The findings suggest that digital sovereignty is no longer viewed as a narrow technology concern; it is increasingly being shaped by political priorities and elevated to a strategic leadership agenda. As governments confront growing geopolitical, security, and resilience challenges, sovereignty considerations are influencing technology decisions alongside traditional business objectives. The discussion is also moving beyond operational teams to the executive level, signaling a shift from compliance-driven initiatives to long-term strategic planning. This growing leadership attention is likely to accelerate investments, strengthen governance, and embed sovereignty principles more deeply into digital transformation programs.

Source: Capgemini Research Institute, Data and AI in public services 2026, March–April 2026, N = 600 organizations.

France's sovereign cloud mandate illustrates how regulatory frameworks translate political intent into procurement reality. Since 2021, the Directorate for Interministerial Digital (DINUM) has enforced the "Cloud au Centre" doctrine, requiring public sector workloads to prioritize cloud deployment. For sensitive government data, DINUM mandates that providers obtain SecNumCloud certification – a standard administered by the "Agence Nationale de la Sécurité des Systèmes d'Information" (ANSSI), France's national cybersecurity agency. SecNumCloud certification requires providers to localize all customer and technical data within the EU, conduct all system support from EU-based personnel, and cap non-EU shareholding, thereby ensuring immunity from extraterritorial legal claims. By 2025, this framework demonstrated measurable impact: government cloud orders reached €84 million (~$97 million), with 70% directed to European providers—a 62% increase from 2024.[36,37]

"AI sovereignty is a multi-layer challenge across data, models, platforms, cloud, chips, and energy. Our gap assessment shows that the largest sovereignty gap lies in the AI/ML layer, with data and analytics also ranking high, as pipelines and metadata remain tightly tied to vendors."

Aleksi Kopponen
Chief Specialist, Secretary-General,
Ministerial Cooperation Group on Generative AI,
Ministry of Finance, Finland

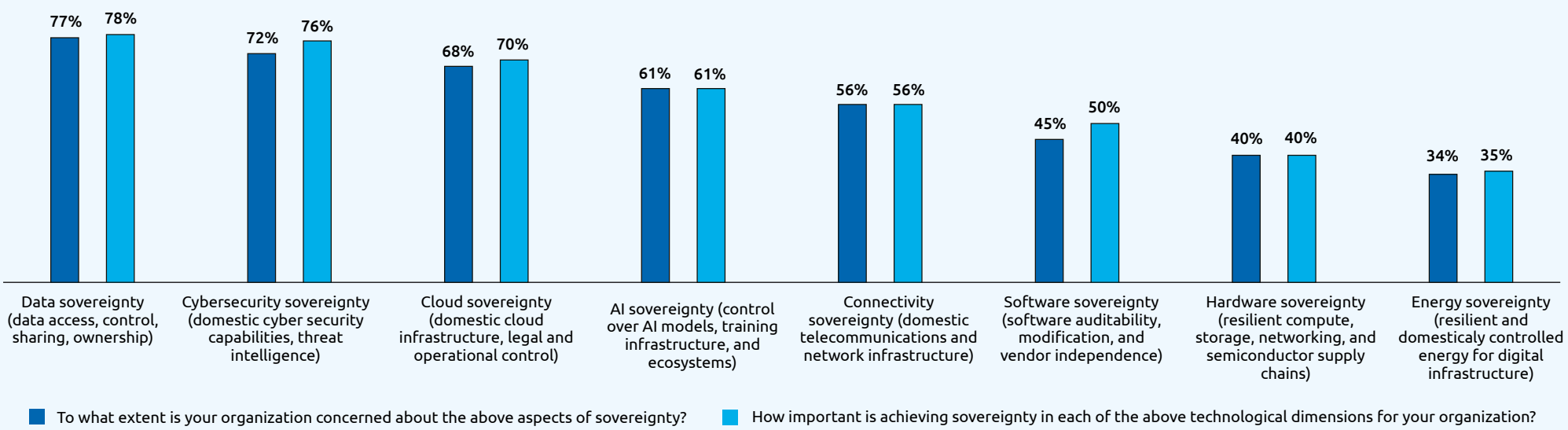
"What genuinely matters, is keeping dependence at an acceptable level and ensuring full control over the specific parts of the value chain where it is most critical."

Jean Coumaros
President & CEO,
Bleu, the French sovereign cloud services company[38]

Data and cybersecurity are the greatest sovereignty concerns

Public sector organizations view data and cybersecurity as their top priorities for sovereignty, reflecting growing concerns around control, resilience, and security of digital infrastructure and information assets.

Figure 16. Seven in ten organizations rate data, cybersecurity, and cloud as the most critical sovereignty concerns



Source: Capgemini Research Institute, Data and AI in public services 2026, March–April 2026, N = 600 organizations.

The findings indicate that organizations are approaching sovereignty primarily through the lens of protecting and governing critical digital assets rather than pursuing self-sufficiency across the entire technology stack. Data, cybersecurity, cloud, and AI emerge as the core areas of focus because they directly influence trust, resilience, service delivery, and regulatory compliance. In contrast, infrastructure-dependent domains such as hardware and energy attract comparatively less attention, reflecting the practical reality that many organizations have greater control over software, data, and platforms than over global supply chains. Overall, sovereignty priorities are concentrated where organizations perceive the greatest operational and strategic risk.

The EU's NIS2 Directive, which member states were required to transpose into national law by October 2024, brought cybersecurity sovereignty requirements directly into public sector operating frameworks from 2025 onward. Public administration bodies classified as essential entities under NIS2 are now subject to mandatory cybersecurity risk management measures, incident reporting obligations, and supply chain security requirements - including provisions that require organizations to assess and mitigate risks from technology sourcing in jurisdictions deemed to present strategic exposure. For public sector organizations across EU member states, compliance has required systematic reviews of existing vendor relationships against sovereignty criteria that had not previously been formalized in procurement frameworks.[39]

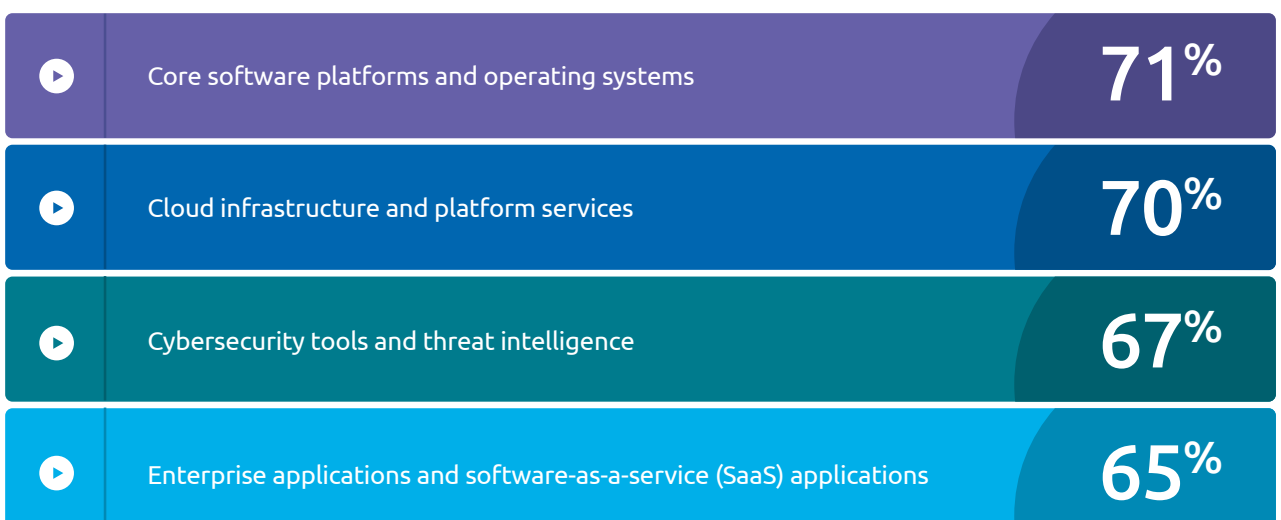
Australia's Cyber Security Act, which received Royal Assent in November 2024 and came into force in 2025, represents a parallel trajectory outside the EU. The legislation introduced mandatory ransomware payment reporting obligations and established minimum cybersecurity standards for critical infrastructure operators, including government entities. It also created the Cyber Incident Review Board — a standing body with powers to investigate significant cyber incidents affecting public sector organizations and infrastructure. The Act formalized what had previously been voluntary guidance into enforceable sovereign cybersecurity requirements, with non-compliance carrying direct legal consequence for government agencies.[40]

Dependency on foreign technology remains high

Public sector organizations remain heavily concentrated in their technology dependencies across critical layers of the stack, particularly in software platforms, cloud infrastructure, and cybersecurity capabilities – with the associated risks of vendor lock-in, extraterritorial legal exposure, and limited domestic regulatory control.

Figure 17. Foreign-provider dependence is pervasive across the technology stack

Percentage of organizations that are heavily dependent on foreign providers



Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

Germany's state of Schleswig-Holstein is migrating approximately 30,000 government workstations from Microsoft Windows and Office to Linux and LibreOffice, with implementation progressing through 2025. The decision was driven by sovereignty considerations – reducing structural dependency on a foreign software provider whose licensing terms and data handling practices fall outside German public sector oversight.[41]

Australia's Hosting Certification Framework requires federal agencies to use domestically certified cloud providers for data classified at "Protected" level and above. Agencies must demonstrate active certification compliance for all workloads handling sensitive government data, effectively removing uncertified foreign hyperscale providers from eligible procurement lists for classified workloads.[42]

India's GI Cloud policy, administered by the Ministry of Electronics and Information Technology (MeitY), requires central and state government bodies to host government data on domestically operated and certified cloud infrastructure. Enforcement has progressively extended to cover ministries operating workloads on non-certified foreign providers outside the policy's original scope.[43]

The three examples above each represent sovereign procurement decisions made at national level, outside any common framework. The European Commission's European Technological Sovereignty Package, announced on 3 June 2026, is designed to change that. The Cloud and AI Development Act — one of four instruments in the package — will introduce a single EU-wide framework to assess cloud and AI sovereignty, establishing common criteria against which foreign provider dependency across all 27 member states must be formally evaluated. What Germany, Australia, and India have pursued through national policy, the EU is now institutionalizing as a shared standard across the bloc — extending the same sovereignty requirements to member states that have not yet taken the unilateral steps seen in Schleswig-Holstein or Paris.[44]

"Digital sovereignty means neither technological autarky nor the abandonment of powerful external technologies, but rather their use without dependency. In the NRW tax administration, we refer to this as sovereignty achieved through appropriately designed frameworks. In line with our multi-vendor strategy, we test different AI models and applications in parallel, keep our options open, and design our infrastructure so that we can replace the AI engine under the hood without changing the working environment for employees."

Dr. Dirk Günnewig
State Secretary, Ministry of Finance of the State of North Rhine-Westphalia, Germany

Major barriers to sovereignty are structural

Figure 18. Organizations face structural barriers to digital sovereignty

Percentage of organizations citing each as a major barrier to digital sovereignty

84% Shortage of domestic technical skills and time required to build indigenous capabilities.

74% Interoperability challenges and unclear or fragmented governance and regulatory frameworks.

72% High costs, financial constraints, and difficulty quantifying ROI for sovereignty investments.

Source: Capgemini Research Institute, Data and AI in public services, March–April 2026, N = 600 organizations.

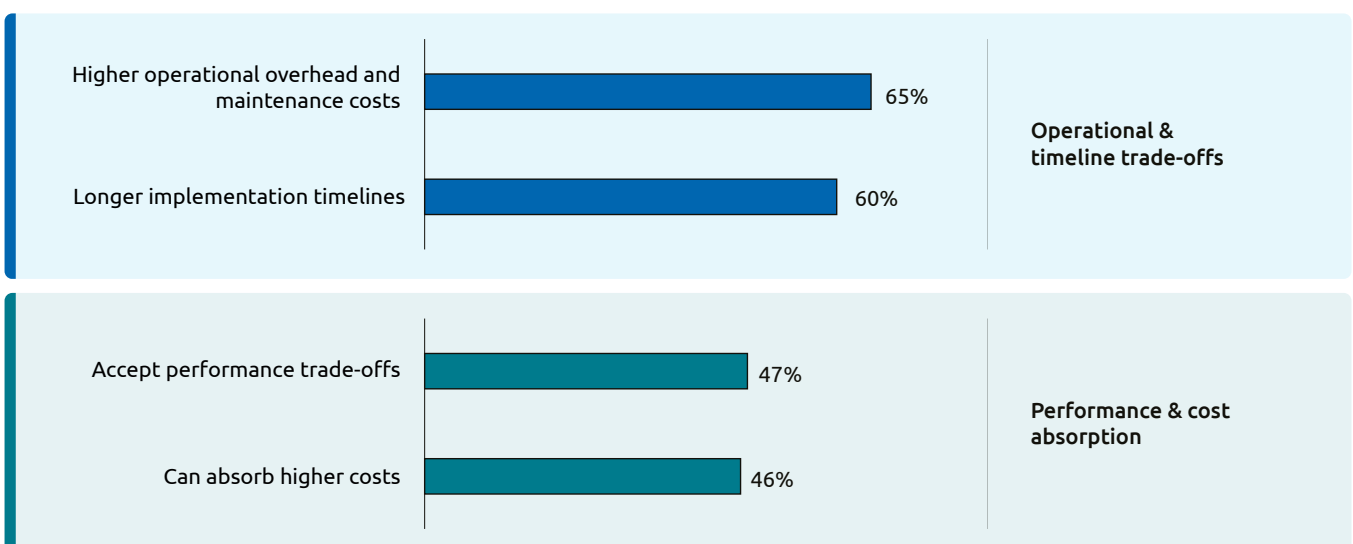
Digital sovereignty is constrained by a combination of capability, governance, and investment challenges. The biggest barrier is the shortage of domestic technical skills, which prolongs dependence on external providers and slows the development of indigenous capabilities.

Organizations also struggle with fragmented governance, inconsistent standards, and interoperability issues that hinder coordination across systems and agencies. Financial pressures further complicate progress, as sovereignty initiatives often require significant upfront investments while delivering benefits — such as resilience, strategic autonomy, and reduced dependency — that are difficult to quantify through traditional ROI measures. Together, these structural barriers make sovereignty a long-term transformation challenge rather than a purely technology-driven initiative.

Most organizations are prepared to accept trade-offs for sovereignty

Our research findings indicate that organizations are prepared to make meaningful trade-offs to strengthen sovereignty, particularly when it comes to operational flexibility and implementation timelines. A majority are willing to accept higher maintenance costs and longer deployment horizons in exchange for greater control over data and technology assets. At the same time, nearly half are also prepared to accommodate higher costs and some performance trade-offs, suggesting that sovereignty is increasingly viewed as a strategic capability worth sustained investment rather than a purely economic decision.

Figure 19. Organizations are prepared to make adjustments to achieve greater sovereignty



Source: Capgemini Research Institute, Data and AI in Public Services, March–April 2026, N = 600 organizations.

The willingness to absorb operational overhead and extended timelines for sovereignty is generating commercial demand for hybrid sovereign solutions — architectures that deliver data control and regulatory compliance without requiring organizations to rebuild their enterprise technology stack from the ground up.

The November 2025 Sovereign Technology Partnership between Capgemini and SAP illustrates this shift directly. Initially spanning France, Germany, the Netherlands, and the United Kingdom, the partnership is designed to help public sector, defense, and highly regulated organizations deploy agentic AI within sovereign cloud environments built on the SAP enterprise stack. Capgemini CEO Aiman Ezzat described the underlying pressure: "Meeting this challenge demands greater collaboration between companies and governments." The partnership addresses it by combining SAP's sovereign cloud with Capgemini's AI governance and cloud operations platform — reducing the operational complexity that sovereign-only alternatives have historically imposed on organizations reluctant to move off established enterprise infrastructure.[45]

NATO's sovereign cloud migration, managed through the NATO Communications and Information Agency (NCIA), involves sovereign certification requirements, multi-jurisdiction data governance obligations, and the need to maintain operational control within NATO infrastructure frameworks. In 2025 alone, NCIA signed sovereign cloud contracts with Leidos, Oracle, and Google Cloud — each selected in part for their ability to meet NATO's data residency and operational sovereignty requirements.[46]

Germany's federal deployment of the Matrix-based BundesMessenger, developed by BWI and accredited by the Federal Office for Information Security (BSI), reflects a deliberate trade-off between data sovereignty and interoperability with external partners. By 2025, the platform was targeting approximately 160,000 licenses across German public institutions, with deployment progressing across ministries and federal bodies as part of Germany's broader openDesk sovereign collaboration strategy.[47]

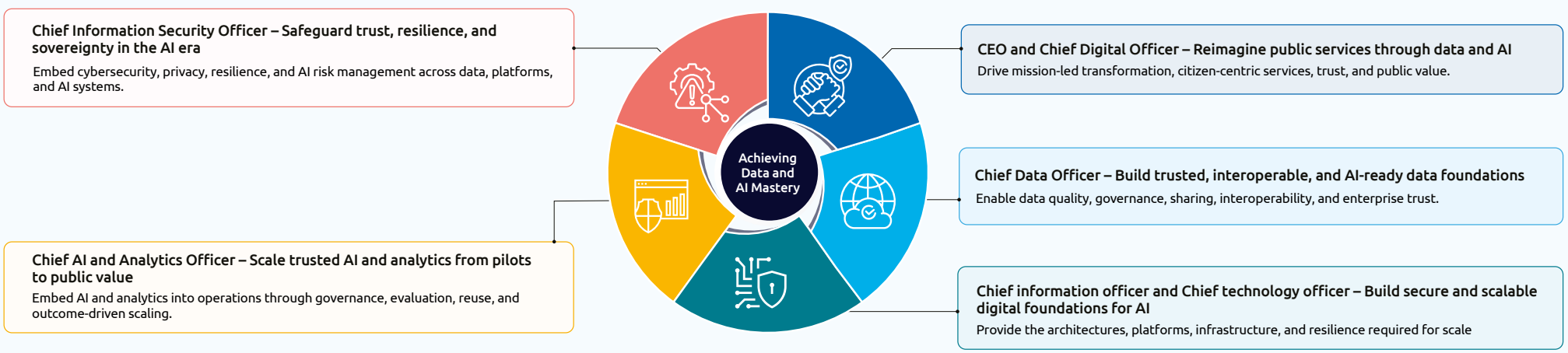
EU regulatory developments are moving in the same direction. The forthcoming Cloud and AI Development Act (CADA), under development by the European Commission, proposes that narrowly defined highly critical use cases - including defense, public administration, and critical infrastructure - be operated on highly secure EU-based cloud capacity. Draft procurement rules reported in June 2026 indicate the Act would significantly restrict US hyperscalers from winning sensitive public sector contracts across all EU member states.[48]

Recommendations: Reinventing public services through data and AI mastery

06

Drawing on our survey findings, interviews with more than 15 public sector leaders and experts, and our experience advising organizations on data and AI transformation, we propose the following recommendations for scaling data and AI in the public sector. While we refer to a CEO/Chief Digital Officer throughout this section, these recommendations are equally applicable to senior public sector leaders with equivalent mandates, including Directors General, Secretaries, Permanent Secretaries, Agency Heads, and other executive leaders.

Figure 20. Leadership recommendations for scaling data and AI in the public sector



Source: Capgemini Research Institute analysis.

"The path to data and AI mastery requires leadership at every level of the executive team. From setting strategic direction and governance to modernizing technology, strengthening data foundations, and scaling AI adoption, each leader plays a critical role in transforming isolated initiatives into lasting organizational capabilities that deliver public value."

Philipp Fuerst
Vice President, Global Public Sector,
Capgemini

CEO and Chief digital officer

Figure 21. Lead enterprise-wide transformation that converts AI ambition into public value

Align data and AI investments to mission outcomes
Prioritize initiatives based on measurable citizen, workforce, and operational outcomes rather than technology adoption targets or isolated use cases.

Organize services around citizen journeys, not agency boundaries
Redesign services around life events and end-to-end outcomes, reducing fragmentation and simplifying interactions across departments.

Scale transformation through shared digital capabilities
Promote common platforms, data assets, and reusable service components to accelerate innovation while avoiding agency-by-agency reinvention.

Embed AI into service delivery and decision-making
Move beyond digitization by using AI to automate routine work, improve service responsiveness, augment frontline employees, and enhance policy execution.

Build public trust through responsible and transparent AI
Establish clear accountability, transparency, human oversight, and citizen recourse mechanisms to ensure AI-enabled services remain trusted and equitable.

Create continuous feedback loops from citizens and front-line teams
Use real-time service insights and operational feedback to refine services, identify emerging needs, and improve outcomes at scale.

Measure success through public outcomes and value realization
Use real-time service insights and operational feedback to refine services, identify emerging needs, and improve outcomes at scale.

Source: Capgemini Research Institute analysis.

"These days the data and AI strategy becomes a self-directed process. We need to experiment, we need to try things out, and basically if it doesn't work, we just need to pivot fast and accept it quickly."

Bing Wan Tang
Chief Digital and Technology Officer (CDTO),
JTC Corporation, Singapore

Chief data officer

Figure 22. Transform fragmented public sector data into trusted, shareable, and AI-ready strategic assets

Build "minimum usable data products" for agencies

Instead of waiting for perfect enterprise datasets, create reusable and governed data products that agencies can immediately operationalize for analytics and AI use cases.

Create a cross-agency data-exchange framework

Develop trusted mechanisms for sharing data across ministries, municipalities, and departments, while preserving privacy, sovereignty, and compliance requirements.

Treat metadata as strategic infrastructure

Invest in metadata management, classification, lineage, archiving, and discoverability capabilities that help agencies understand what data exists, who owns it, how it should be secured and whether it is trustworthy enough to use with AI.

Focus on interoperability before advanced AI

Many public-sector organizations still struggle with inconsistent definitions, disconnected datasets, and incompatible systems. Smoothing interoperability often unlocks more value than deploying additional AI pilots.

Embed data quality into operational workflows

Reduce downstream cleansing efforts by integrating validation, standardization, and stewardship directly into frontline systems where data is created.

Introduce "trust scores" for enterprise data assets

Develop transparent quality and reliability indicators for datasets used in analytics and AI to improve confidence among operational teams and leadership.

Build data literacy as a core organizational capability

Equip leaders, managers, and frontline employees with the skills to understand, interpret, and responsibly use data and AI outputs. Embed data literacy into training, performance expectations, and day-to-day decision-making to improve adoption and value realization.

Source: Capgemini Research Institute analysis.

Chief information officer and Chief technology officer

Figure 23. Build the digital and AI foundations that enable government-wide scale

Build a government-wide data and interoperability backbone
Establish common data models, APIs, identity services, and integration standards to enable secure information exchange across agencies and reduce duplication.

Standardize AI and technology architectures before scaling
Define common architecture patterns, model hosting approaches, security controls, tooling standards, and enterprise AI policies to guide responsible and consistent adoption across agencies.

Modernize around mission-critical workflows
Prioritize modernization efforts on high-impact service journeys and operational workflows rather than isolated system replacements to accelerate measurable outcomes.

Create reusable AI and engineering platforms
Provide shared AI services, orchestration layers, MLOps capabilities, deployment pipelines, and reusable components that agencies can adopt without rebuilding foundations.

Operationalize AI lifecycle management
Implement monitoring, retraining, explainability, model governance, performance management, and usage oversight processes to ensure AI systems remain effective, compliant, and trustworthy.

Build sovereign, secure, and resilient infrastructure
Design infrastructure that balances cloud scalability with sovereignty, cybersecurity, resilience, and control requirements for critical government data and services.

Reduce technical debt through modernization-by-retirement
Systematically decommission redundant applications and legacy platforms, redirecting resources toward scalable architectures and future-ready capabilities.

Enable real-time operational intelligence
Invest in streaming data platforms and event-driven architectures that support faster decision-making across areas such as public safety, transportation, healthcare, and emergency response.

Rationalize strategic technology and AI partnerships
Establish a focused ecosystem of technology, cloud, AI, and data partners aligned with long-term government priorities. Reduce vendor fragmentation, promote interoperability, and build capabilities through strategic partnerships rather than isolated procurements.

Source: Capgemini Research Institute analysis.

"A first strategic priority is ensuring robust governance and regulatory compliance, particularly within the framework of the European AI Regulation. The creation of new roles such as the AI Officer, together with specific guidelines and supervisory mechanisms, aims to provide legal certainty and build trust, thereby enabling the transition from pilot projects to production systems. Without these control frameworks, public administrations tend to slow down deployment due to concerns around non-compliance and associated risks."

Aleida Alcaide García
Director General of Artificial Intelligence ,
Ministry for Digital Transformation and the Public Service,
Spain

Chief AI and analytics officer

Figure 24. Scale trusted AI and analytics through governance, reuse, and measurable outcomes

Shift from pilots to mission outcomes
Evaluate initiatives based on citizen outcomes, productivity, service quality, and policy effectiveness.

Establish an enterprise AI and analytics asset library
Create reusable models, prompts, evaluation frameworks, dashboards, and workflows.

Implement risk-based AI governance
Apply differentiated oversight based on impact, criticality, and citizen risk.

Build human-accountable decision workflows
Ensure AI augments expert judgment and maintains transparency in high-stakes decisions.

Operationalize continuous model evaluation
Monitor accuracy, drift, reliability, bias, and real-world outcomes throughout the lifecycle.

Create agency-wide AI learning networks
Share implementation lessons, governance practices, and reusable assets.

Prioritize AI where data foundations are mature
Align AI investments with data quality, interoperability, and readiness.

Source: Capgemini Research Institute analysis.

Chief information security officer

Figure 25. Secure the data and AI ecosystem while enabling responsible innovation

Implement risk-based data classification and protection
Establish clear classification frameworks for public, sensitive, sovereign, and restricted data, with corresponding controls for access, storage, sharing, and AI use.

Define security guardrails for AI adoption
Develop enterprise policies, approved use cases, model risk requirements, and security standards to ensure AI is deployed consistently and responsibly across agencies.

Embed security and privacy by design
Integrate cybersecurity, privacy, and compliance requirements into data products, digital services, and AI solutions from inception rather than as post-deployment controls.

Strengthen sovereign and resilient digital infrastructure
Ensure cloud, AI, and data platforms align with sovereignty requirements while maintaining resilience, availability, and operational continuity for critical public services.

Establish continuous monitoring for AI and data assets
Implement ongoing monitoring, auditing, and anomaly detection to identify security risks, model misuse, data leakage, and compliance violations.

Modernize identity and access management
Adopt zero-trust principles, strong authentication, and granular access controls to protect sensitive government data and AI systems while enabling collaboration.

Build secure ecosystem and vendor governance
Assess technology, cloud, and AI providers against security, privacy, sovereignty, and resilience requirements, and continuously monitor third-party risks.

Prepare for emerging AI and cyber threats
Develop capabilities to address adversarial AI, model manipulation, synthetic content risks, and evolving cyber threats through testing, red-teaming, and incident response planning.

Source: Capgemini Research Institute analysis.

Research methodology

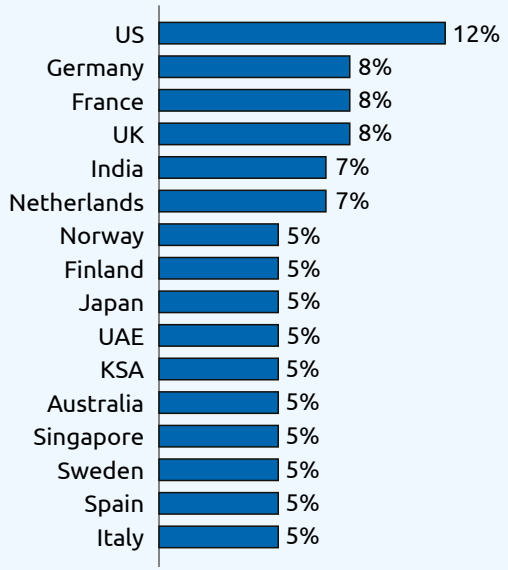
07

Research methodology

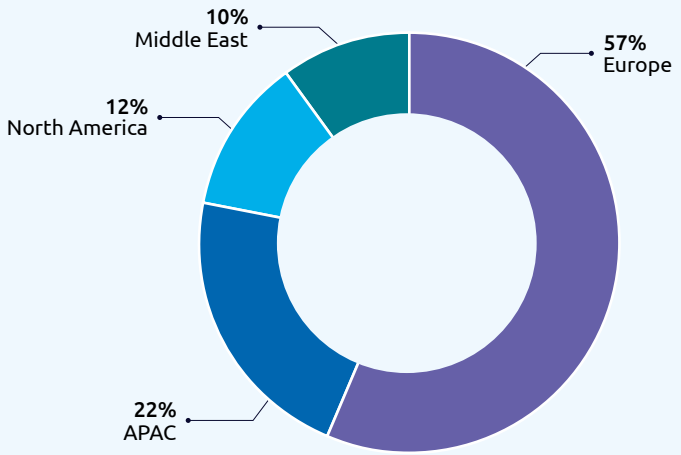
In May 2026, we surveyed 600 executives at public sector organizations across 16 countries spanning Europe, Asia-Pacific, North America, and the Middle East. All participating organizations operate at meaningful scale. Over two-thirds manage annual program budgets exceeding $250 million, and 82% employ 500 or more people. Executives surveyed held director-level roles and above, including heads of department, heads of unit, senior policymakers, senior advisors, and senior directors. The distribution of executives and their organizations is provided in the following figures. The survey was complemented by more than fifteen in-depth interviews with senior executives and subject-matter experts across the public sector.

The study findings reflect the views of the respondents to our online questionnaire for this research and are intended to provide directional guidance. Please contact one of the Capgemini experts listed at the end of the report to discuss specific implications.

Organizations by location

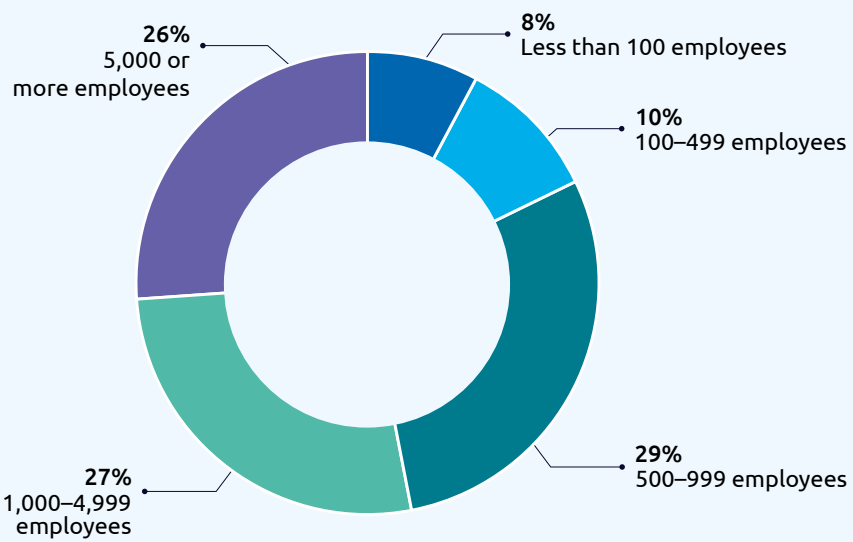


Organizations by region

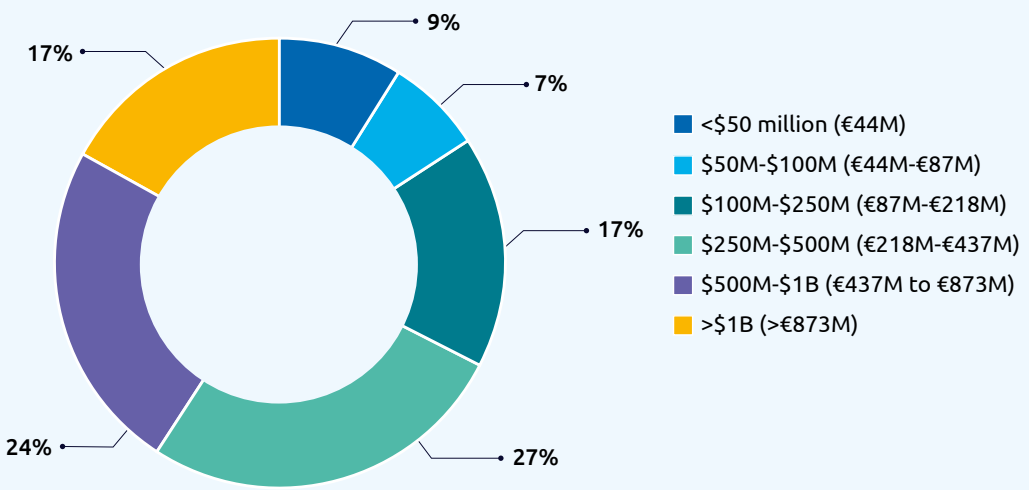


Source: Capgemini Research Institute, Data and AI in public services 2026, March–April 2026, N = 600 organizations.

Organizations by number of employees

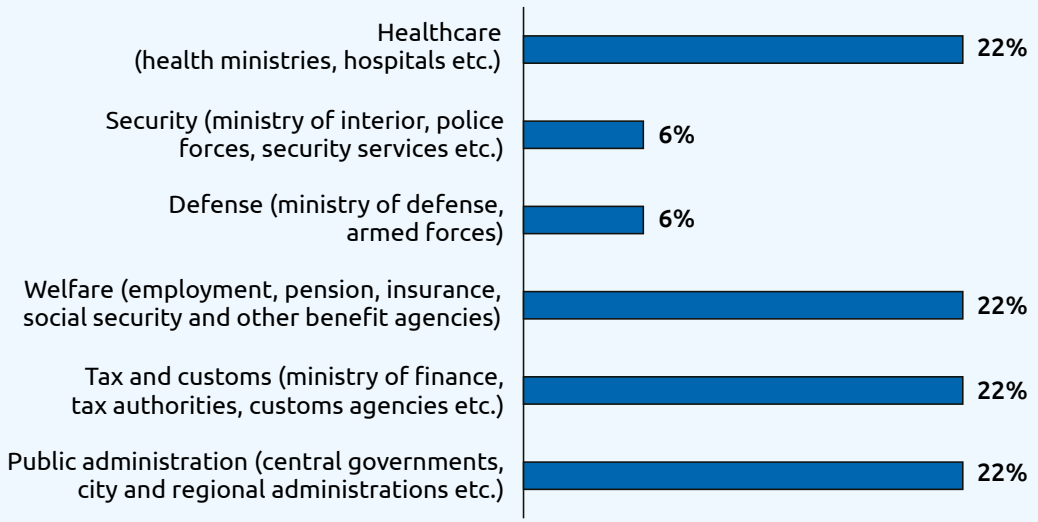


Organizations by annual program budget for the current fiscal year

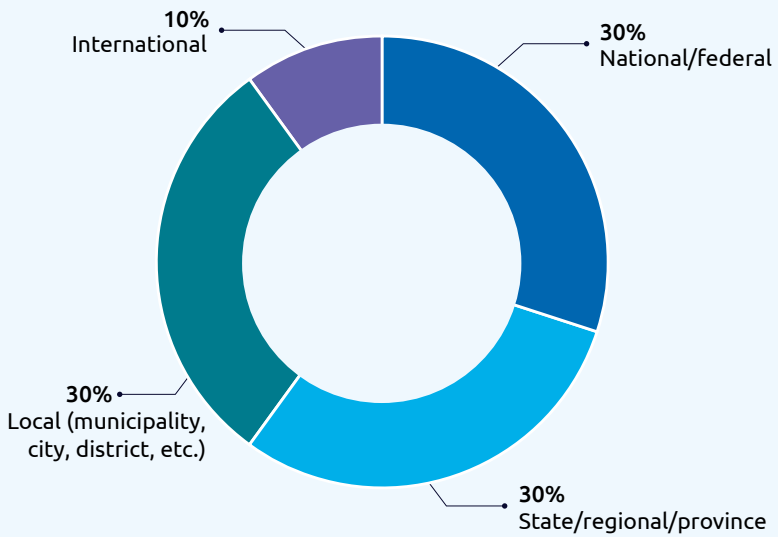


Source: Capgemini Research Institute, Data and AI in public services 2026, March–April 2026, N = 600 organizations.

Organizations by segment

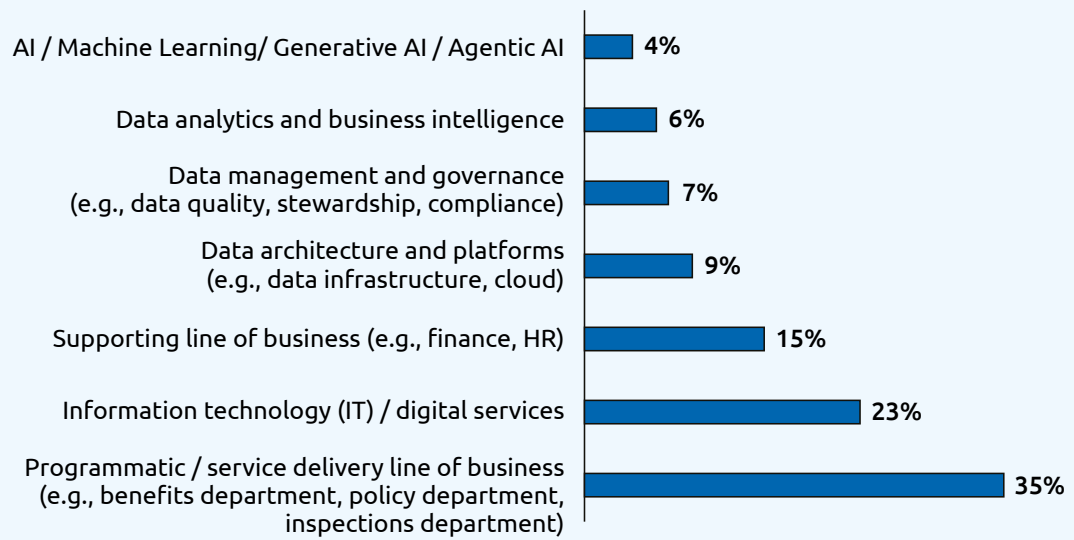


Organizations by level of government

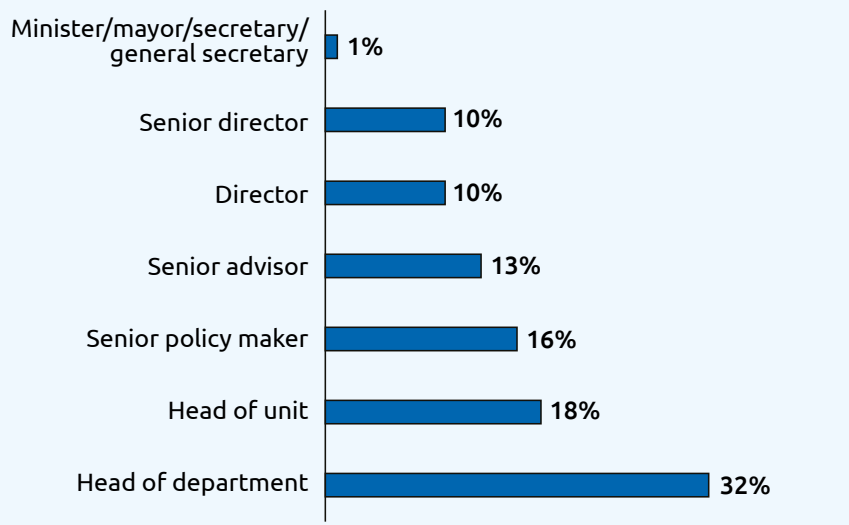


Source: Capgemini Research Institute, Data and AI in public services 2026, March–April 2026, N = 600 organizations.

Executives by department/function



Executives by current job title



Source: Capgemini Research Institute, Data and AI in public services 2026, March–April 2026, N = 600 organizations.

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AI in all its forms can enable not only productivity and efficiency gains, but more responsive, convenient and personalized services.

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The Capgemini Research Institute is Capgemini's in-house think tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, Singapore, the United Kingdom, and the United States. The Institute was ranked #1 in the world for the quality of its research by independent analysts for six consecutive times – an industry first.

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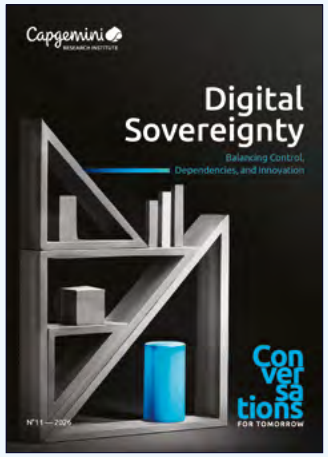
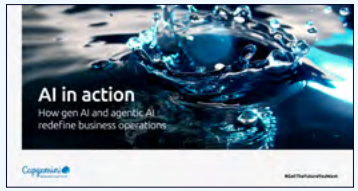
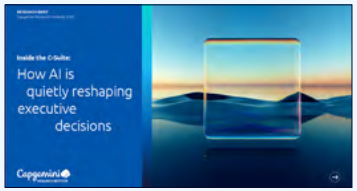


Conversations for Tomorrow #11: Digital sovereignty

Rise of agentic AI: How trust is the key to human-AI collaboration



AI in action : How gen AI and agentic AI redefine business operations



Inside the C-suite: How AI is quietly reshaping executive decisions

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Developing sustainable Gen AI

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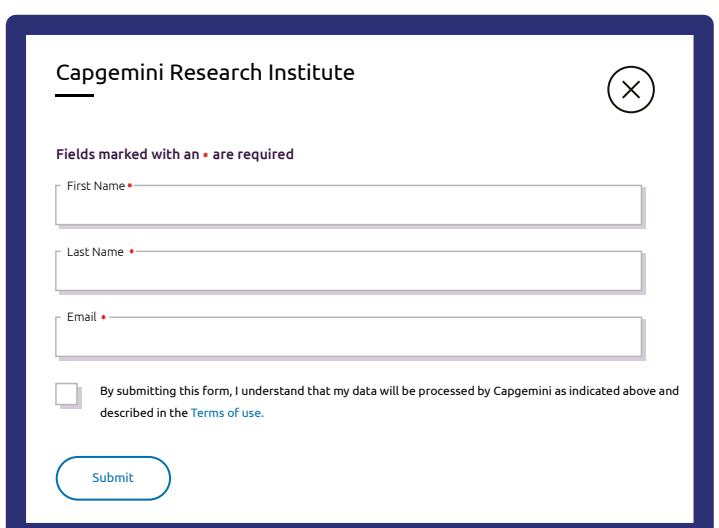

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