EY GPS 2025 federal trends report

The 2025 EY Government and Public Sector (GPS) federal trends survey, commissioned by the EY Center for Government Modernization, asked government IT employees who have decision-making power at the agency level about their thoughts on and experience with emerging technologies.

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What's inside

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Overview of top findings

1. Modernizing IT systems is a priority of federal agencies, but budget constraints and strong trust in legacy systems may be holding them back.

Legacy systems are negatively affecting agency efficiency, security and technology modernization. While modernizing these systems is a priority of agency IT decision-makers (DMs), senior leaders often resist phasing out trusted legacy systems. Many DMs say also it costs too much to transition out of or modernize them.

- Federal government IT DMs say legacy systems at their agency continue to hold back technology modernization (64%), pose a security risk to their agency (68%) and negatively impact overall efficiency (69%).
- Modernizing IT systems is a priority for federal government IT DMs this fiscal year (63%) and in the next five years, by 2030 (56%).
- However, there are challenges to modernizing legacy systems:
  - **Misplaced trust**: Three in five (61%) federal government IT DMs say their agency trusts legacy systems more than modern technological systems.
  - **Too costly**: Federal government IT DMs say it costs too much to modernize (64%) or transition out of (55%) legacy systems.
  - **Senior leaders' resistance**: 57% of federal government IT DMs say senior agency leadership is resistant to modernizing legacy systems.

2. Federal government IT DMs recognize the value of private sector innovation, but bureaucratic hurdles and funding limitations may be hindering collaboration.

Federal government IT DMs recognize private sector partnerships can bring vast benefits, such as improving agency outcomes or enabling faster adoption of new technologies. They even express concern that their agency will become obsolete if it doesn't partner with the private sector more often. Yet, many say it's currently too challenging to do so, with a lack of funding being one of the biggest obstacles cited. What would make it easier, federal government IT DMs say, are resources explaining how to navigate partnerships, as well as training staff on how to use new technology

- The majority of federal government IT DMs say that partnering with the private sector can bring the best of both worlds (private and public sector) (83%) and that private sector innovation can significantly improve their agency's mission outcomes (79%).
  - In fact, about half (56%) of federal government IT DMs say they worry that their agency will become obsolete if it doesn't partner with the private sector more.
- According to federal government IT DMs, the top benefits of government agencies effectively using private sector innovations include faster adoption of new technologies within government agencies (66%) and improvement of public services (56%).
- Yet, federal government IT DMs say one of the biggest challenges their agency faces in using private sector innovations is lack of funding (48%).
- Additionally, 53% percent of federal government IT DMs say that partnering with the private sector is currently too challenging to be worth the effort.
  - Seventy-one percent of federal government IT DMs say their agency would be more likely to use private sector innovations if fewer barriers existed.
  - About half of federal government IT DMs say training and resources on how to navigate partnerships with the private sector (49%) as well as training and resources for agency staff on how to use innovative new technologies (46%) would make it easier for their agency to use private sector innovations.

3. Despite most senior agency leadership's openness to exploring new ideas from the private sector, some senior leaders' resistance to change and lack of understanding about tech infrastructure remain significant hurdles for federal government IT DMs.

While federal government IT DMs say their agency's senior leaders are open to exploring new ideas from the private sector, they also identify senior leaders' resistance to change as a challenge in using private sector innovations – similar to their resistance to the above mentioned modernization efforts. Additionally, they express concern about leaders' understanding of the importance of up-to-date tech infrastructure. However, federal government IT DMs recognize the need for senior leaders' support to make it easier to use private sector innovations.

- A majority (70%) of federal government IT DMs say their agency's senior leaders are open to exploring new ideas and approaches from the private sector.
  - Yet a third (32%) of federal government IT DMs say one of the biggest challenges their agency faces in using private sector innovations is senior leaders' resistance to change.
  - Fifty-five percent of federal government IT DMs are concerned about senior leaders not understanding the importance of up-to-date tech infrastructure.
- Federal government IT DMs say senior leaders' support for collaboration with the private sector (43%) and clearer communication and expectations (31%) would make it easier for their agency to use private sector innovation.

4. Federal government agencies are on the artificial intelligence (AI) train; current priorities signal they are laying a foundation for wider AI implementation. However, they may be missing out on no-code/low-code opportunities.

Only about a third of federal government IT DMs say their agency uses no-code/low-code applications today, and its predicted use in the next five years is expected to remain largely at that level, signaling there may be untapped potential. Nevertheless, AI and generative AI are expected to be some of the top technologies federal agencies will use in the next five years. In fact, current AI priorities show that federal government IT DMs are already building the foundation of further AI implementation by upskilling/training existing employees and attracting new talent already trained on AI. This could lead to wider implementation and securing of more funding for AI initiatives, which are key priorities in the next five years.

- AI (53%) is one of the top technologies federal government IT DMs say their agency uses today; 46% also say their agency uses generative AI today. Some of the top technologies federal government IT DMs say their agency will use in the next five years include: AI (48%) and generative AI (41%).
- Federal government IT DMs say some of the top five priorities related to AI for their agency this fiscal year are:
  - Collaborating with other government agencies on best AI practices (48%)
  - Upskilling/training employees on AI (47%)
  - Attracting talent already trained on AI (46%).
- What's more, some of the top five priorities related to AI in the next five years showcase how federal government agencies continue to move towards greater AI implementation:
  - Implementing AI platforms and tools across the agency (48%)
  - Securing funding for AI initiatives (48%).
- Federal government IT DMs say their agency uses no-code/low-code applications today (38%), this number has roughly tripled from 12% five years ago. And the predicted use of this technology in the next five years is expected to remain largely stable (37%).

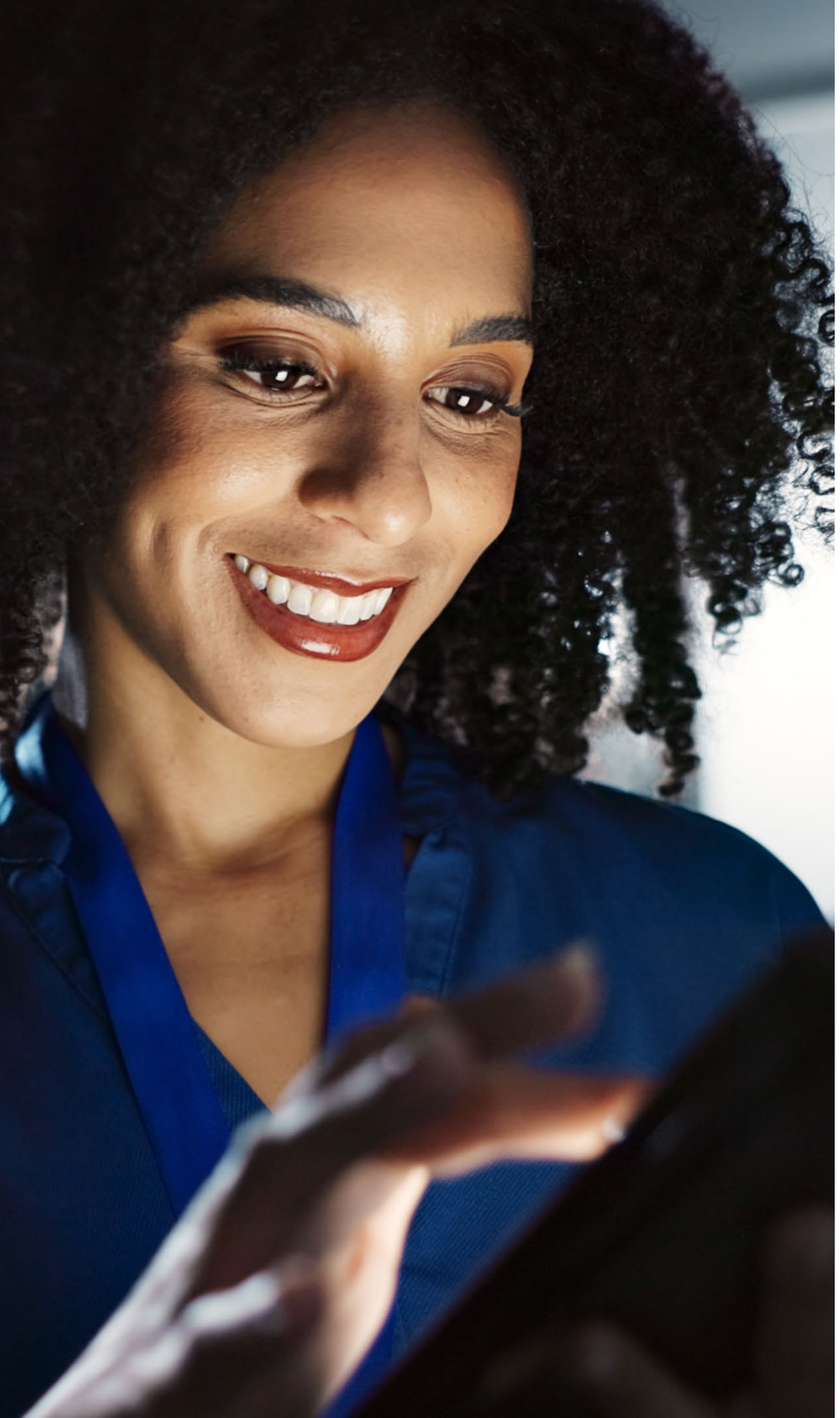
5. Yet concerns around AI remain, ranging from a lack of regulations around its usage to the enhanced sophistication of cyberattacks.

While AI implementation is clearly a priority for federal agencies in the near future, many federal government IT DMs also express concerns around AI. Most are concerned about the lack of regulations/government standards for development and use of the technology. Although federal government IT DMs report that their agency has implemented measures to address potential cybersecurity risks due to AI, many still worry about the role of AI in cyberattacks.

- Federal government IT DMs are concerned about the lack of clear regulations/government standards for AI development (69%) and AI usage (68%).
- About three-in-four federal government IT DMs are concerned about AI cybersecurity threats evolving faster than their agency can keep up with (78%), cyberattacks becoming more sophisticated due to AI (77%) and AI systems being manipulated by malicious actors (76%).

- Federal government IT DMs say the top measures their agency has implemented to address potential cybersecurity risks are data encryption and access controls for AI data (73%), regular security audits of AI systems (64%), collaboration with other government agencies or organizations on AI cybersecurity best practices (64%) and AI-specific cybersecurity training for staff (63%).

48% of federal government IT DMs say they will prioritize securing funding for AI initiatives in the next five years.



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Findings in more detail

1. Past, current and future priorities

Federal government agencies' priorities today are also the priorities of the future.

- Federal government IT decision-makers (DMs) say the top five priorities for their agency this fiscal year are:
  1. Modernizing legacy systems (63%)
  2. Improving cybersecurity (61%)
  3. Reducing costs (59%)
  4. Leveraging technology for better decision-making (54%)
  5. Adopting innovative technologies (53%).
- The top five priorities for their agency in the next five years remain largely the same:
  1. Improving cybersecurity (59%)
  2. Modernizing legacy systems (56%)
  3. Reducing costs (53%)
  4. Leveraging technology for better decision making (53%)
  5. Adopting innovative technologies (52%)
  6. Enhancing inter-agency collaboration (52%)
     - Up 11 percentage points from this fiscal year (FY 2024-2025) (41%)
  7. Expanding digital services (51%).

This fiscal year (FY 2024-2025)	In the next five years, by 2030
Modernizing legacy systems (63%)	Improving cybersecurity (59%)
Improving cybersecurity (61%)	Modernizing legacy systems (56%)
Reducing costs (59%)	Reducing costs (53%)
Leveraging technology for better decision-making (54%)	Leveraging technology for better decision-making (53%)
Adopting innovative technologies (53%)	Adopting innovative technologies (52%)
Expanding digital services (45%)	Enhancing inter-agency collaboration (52%)
Improving citizen services (44%)	Expanding digital services (51%)
Implementing sustainable practices (43%)	Implementing sustainable practices (44%)
Enhancing inter-agency collaboration (41%)	Improving citizen services (40%)
Enhancing citizen engagement (36%)	Enhancing citizen engagement (39%)

2. Modernization challenges

Modern technology systems have an image problem.

- Three-in-five (61%) federal government IT DMs say their agency trusts legacy systems more than modern technological systems.

But legacy systems not only hold back federal government agencies and curb efficiencies, but they also pose a security risk.

- About two-thirds (64%) of federal government IT DMs say legacy systems continue to hold back technological modernization at their agency.
- What's more, a majority of federal government IT DMs say legacy systems negatively affect their agency's overall efficiency (69%) and that they pose a security risk to their agency (68%).

Many federal government IT DMs say their agency struggles to phase out legacy systems, or has no clear plan in place to do so.

- Three in five (60%) federal government IT DMs say their agency struggles to phase out legacy systems.
- About a third (37%) of federal government IT DMs say their agency does not have a clear plan for phasing out legacy systems.

Additionally, a lack of funding and cybersecurity concerns are the biggest barriers to federal agencies' modernization efforts.

- Ninety-seven percent of federal government IT DMs say there are barriers to modernization efforts (i.e., initiatives to improve operational efficiency or mission or citizen service delivery), with the biggest barriers being a lack of funding (57%) and cybersecurity concerns (47%).
- Other barriers to modernization efforts include:
  - Bureaucracy (40%)
  - Shortage of skilled employees (39%)
  - Lack of training (37%)
  - Job security concerns (37%)
  - Legacy systems (34%)
  - Resistance from employees to adopt new technologies (32%)
  - Data privacy concerns (32%)
  - Changing priorities from senior leaders (27%)
  - Legal barriers to adopting emerging technologies (25%)
  - Difficulty finding relevant technology solutions (13%).

Lack of funding is leaving federal government IT DMs stuck, as they say it costs too much to transition out of or modernize legacy systems.

- About two-thirds (64%) of federal government IT DMs say it costs too much to modernize legacy systems.
- About half (55%) of federal government IT DMs say it costs too much to transition out of legacy systems.

3. Emerging technologies

More federal government IT DMs say their agency is using at least one innovative technology today, such as AI and no/low code applications, than five years ago.

- AI (53%) is one of the top technologies federal government IT DMs say their agency uses today, and this number has about quintupled from 11% five years ago.
  - AI (48%) is one of the top technologies federal government IT DMs say their agency will use in the next five years.
- Federal government IT DMs say their agency uses generative AI today (46%), and this number has roughly quadrupled from 11% five years ago.
  - According to federal government IT DMs, generative AI (41%) is one of the top technologies their agency will use in the next five years.
- Data analytics platforms (63%) is one of the top technologies federal government IT DMs say their agency uses today, and this number has roughly doubled from 29% five years ago.
  - However, only 34% of federal government IT DMs say their agency will use data analytics platforms in the next five years.
- Cloud-based technology solutions (63%) is one of the top technologies federal government IT DMs say their agency uses today, and this number has nearly tripled from 24% from five years ago.
  - Yet, only 35% of federal government IT DMs say their agency will use cloud-based technology solutions in the next five years.
- Federal government IT DMs say their agency uses no-code/low-code applications today (38%) and this number has roughly tripled from 12% five years ago.
  - And for federal government IT DMs, predicted use of no-code/low-code applications in the next five years is expected to remain largely at that level (37%).

Five years ago (i.e., 2020)	Today/currently (i.e., FY 2024-2025)	In the next five years (i.e., by 2030)
Selected at least one technology (59%)	Selected at least one technology (98%)	Selected at least one technology (91%)
Data analytics platforms (29%)	Cloud-based technology solutions (63%)	AI (48%)
Internet of Things (IoT) (28%)	Data analytics platforms (63%)	Generative AI (41%)
Cloud-based technology solutions (24%)	IAM (54%)	RPA (40%)
Biometric technologies (22%)	AI (53%)	No-code/low-code applications (37%)
Identity and access management (IAM) (22%)	IoT (52%)	Virtual agents (36%)
Machine learning (ML) (19%)	Biometric technologies (51%)	Cloud-based technology solutions (35%)
Virtual agents (17%)	Virtual agents (47%)	Data analytics platforms (34%)
Robotic process automation (RPA) (13%)	Generative AI (46%)	ML (31%)
No-code/low-code applications (12%)	ML (42%)	IoT (31%)
AI (11%)	No-code/low-code applications (38%)	Biometric technologies (31%)
Generative AI (11%)	RPA (33%)	IAM (31%)

64%
of federal government IT DMs say they are concerned about their agency's tech infrastructure being too outdated to adopt emerging technologies.

Federal government IT DMs say their agencies are primarily using emerging technologies to modernize IT infrastructure, improve data analysis and cybersecurity.

- Almost all (99%) of federal government IT DMs use emerging technology for at least one goal at their agency, most likely to modernize IT infrastructure (58%) and to improve data analysis (48%), cybersecurity (47%), data sharing (44%) and to enhance employee efficiency (43%).
- Additionally, federal government IT DMs say their agency uses emerging technology for the following:
  - To increase employee productivity (36%)
  - To improve inter-agency collaboration (32%)
  - To improve decision-making processes among senior leaders at their agency (31%)
  - To advance scalability of citizen services (27%)
  - To improve decision-making processes among employees at their agency (26%)
  - To improve employee engagement (26%)
  - To improve access to citizen services (25%)
  - To enhance citizen engagement (24%).

4. Emerging technologies infrastructure concerns

Fear of falling behind: Many federal government IT DMs are concerned about their agency not keeping up with the rapid pace of technological advancements.

- Sixty-three percent of federal government IT DMs say they are concerned about their agency not being able to keep up with the rapid pace of technological advancements.
- Two-thirds (65%) of federal government IT DMs say they are concerned about their agency falling behind other government agencies when it comes to adopting emerging technologies.

Importance of tech infrastructure: most federal government IT DMs are concerned about their tech infrastructure being too outdated to adopt emerging technologies.

- Sixty-four percent of federal government IT DMs say they are concerned about their agency's tech infrastructure being too outdated to adopt emerging technologies, while about as many (60%) admit that their agency's technological infrastructure would not be able to handle technological advancements at full scale.

And beyond infrastructure, federal government IT DMs are also concerned about the lack of necessary talent, budget or tools to implement emerging technologies effectively.

- Two-thirds of federal government IT DMs say they are concerned their agency lacks the necessary talent (67%), budget (67%) or tools (66%) to implement emerging technology effectively.

5. AI priorities and concerns

Federal government IT DMs' worry about falling behind is reflected in their AI priorities: they are focusing on multiple areas equally, without a clear strategy on what is most important for their agency.

- Federal government IT DMs say the top five priorities related to AI for their agency this fiscal year are:
  - Collaborating with other government agencies on best AI practices (48%)
  - Upskilling/training employees on AI (47%)
  - Attracting talent already trained on AI (46%)
  - Leveraging AI for better decision-making (44%)
  - Developing an AI governance framework across government agencies (44%)
  - Implementing AI platforms and tools across the agency (43%)
  - Building public trust in government use of AI (43%)
  - Securing funding for AI initiatives (43%).
- However, the top five priorities related to AI for their agency in the next five years showcase how government agencies are shifting focus towards greater AI implementation and measuring their ROI:
  - Implementing AI platforms and tools across the agency (48%)
  - Securing funding for AI initiatives (48%)
  - Measuring the ROI from AI implementation (47%)
    - Up 15 percentage points (from 32% in this fiscal year)
  - Developing a comprehensive AI implementation/usage strategy for the agency (46%)
  - Improving efficiencies by implementing AI on a larger scale (44%)
  - Evaluating the return on investment (ROI) of AI implementation (44%)
  - Collaborating with other government agencies on best AI practices (43%).

This fiscal year (FY 2024-2025)	In the next five years, by 2030
Collaborating with other government agencies on best AI practices (48%)	Implementing AI platforms and tools across the agency (48%)
Upskilling/training employees on AI (47%)	Securing funding for AI initiatives (48%)
Attracting talent already trained on AI (46%)	Measuring the ROI from AI implementation (47%)
Leveraging AI for better decision-making (44%)	Developing a comprehensive AI implementation/usage strategy for the agency (46%)
Developing an AI governance framework across government agencies (44%)	Improving efficiencies by implementing AI on a larger scale (44%)
Implementing AI platforms and tools across the agency (43%)	Evaluating the ROI from AI implementation (44%)
Building public trust in government use of AI (43%)	Collaborating with other government agencies on best AI practices (43%)
Securing funding for AI initiatives (43%)	Developing an AI governance framework across government agencies (39%)
Developing a comprehensive AI implementation/usage strategy for the agency (40%)	Building public trust in government use of AI (39%)
Improving efficiencies by implementing AI on a larger scale (36%)	Attracting talent already trained on AI (35%)
Evaluating the ROI from AI implementation (34%)	Leveraging AI for better decision-making (34%)
Measuring the ROI from AI implementation (32%)	Upskilling/training employees on AI (33%)

Many federal government IT DMs are concerned about the lack of clear regulations surrounding AI and AI opening their agency up to legal repercussions.

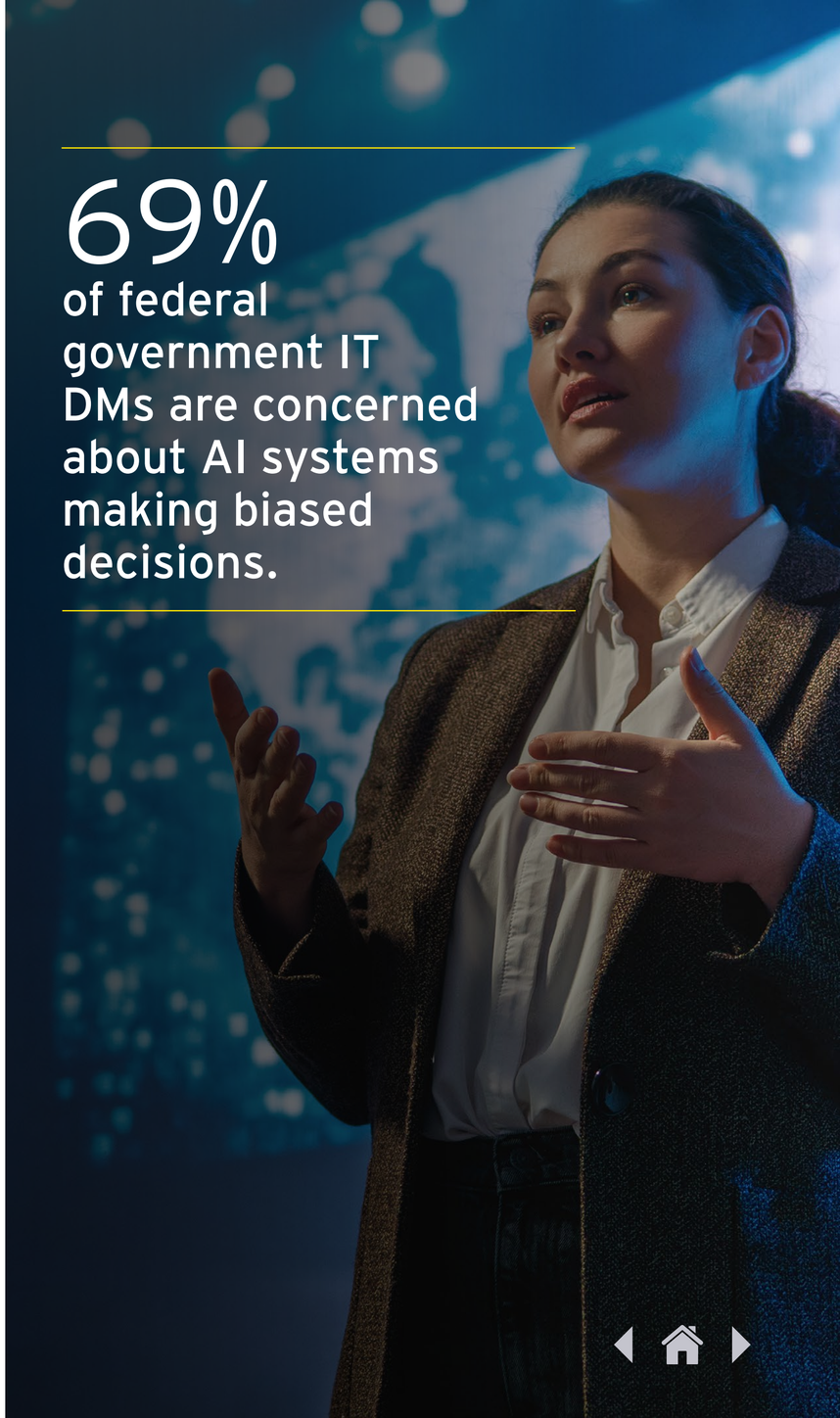
- Federal government IT DMs are concerned about the lack of clear regulations/government standards for AI development (69%) and AI usage (68%).
- Most federal government IT DMs are concerned about AI technology solutions opening their agency up to legal repercussions (65%).

Additionally, federal government IT DMs are concerned about AI bias and AI doing more harm than good for their agency.

- Sixty-nine percent of federal government IT DMs are concerned about AI systems making biased decisions.
- The desire for regulations and standards may in part be driven by federal government IT DMs who are concerned about AI doing more harm than good for the world (61%) and for their agency (55%).

While federal government IT DMs are concerned that AI cybersecurity threats are evolving faster than they can keep up with, they are implementing measures to address AI cybersecurity risks.

- About three-in-four federal government IT DMs are concerned about:
  - AI cybersecurity threats evolving faster than their agency can keep up with (78%)
  - Cyberattacks becoming more sophisticated due to AI (77%)
  - AI systems being manipulated by malicious actors (76%).
- Federal government IT DMs say the top measures their agency has implemented to address potential cybersecurity risks are data encryption and access controls for AI data (73%), regular security audits of AI systems (64%), collaboration with other government agencies or organizations on AI cybersecurity best practices (64%) and AI-specific cybersecurity training for staff (63%).
- Other measures federal government IT DMs say their agency has implemented to address potential cybersecurity risks are:
  - Development of incident response plans for AI-related cybersecurity breaches (61%)
  - Use of secure coding practices for AI development (60%)
  - Implementation of AI intrusion detection and prevention systems (59%)
  - Investigating or planning for the transition to post-quantum cryptography (58%).



6. Private sector innovation: opportunities and challenges

Federal government IT DMs recognize that private sector partnerships can benefit their agency, though their value-add for society as a whole is less obvious.

- The majority of federal government IT DMs say partnering with the private sector can bring together the best of both worlds (private and public sector) (83%) and private sector innovation can significantly improve their agency's mission outcomes (79%).
- According to federal government IT DMs, the top benefits of government agencies effectively using private sector innovations are faster adoption of new technologies within government agencies (66%) and improvement of public services (56%).
- Other benefits of government agencies effectively using private sector innovations are:
  - Enhancing the quality of life for citizens (44%)
  - Fostering collaboration (43%)
  - Sharing resources (38%)
  - Driving economic growth (37%).

Although many federal agencies actively seek opportunities to collaborate with the private sector, they face significant challenges in doing so.

- Three-quarters (75%) of federal government IT DMs say their agency actively seeks out opportunities to collaborate with the private sector on innovative solutions.
- While about half of federal government IT DMs say they worry that their agency will become obsolete if it doesn't partner with the private sector more (56%), the majority (96%) of federal government IT DMs also say their agency faces challenges in using private sector innovations.
  - The biggest challenges are lack of funding (48%), lack of skilled employees (43%) and concerns about cybersecurity (41%).
- Half (53%) of federal government IT DMs even go as far as to say partnering with the private sector is currently too challenging to be worth the effort.
- Seventy-one percent of federal government IT DMs say if fewer barriers existed, their agency would be more likely to leverage private sector innovations.

Other challenges to using private sector innovations include compliance concerns and limited knowledge of how to use private sector solutions.

- Other challenges federal government IT DMs say their agency facing in using private sector innovations include:
  - Risk aversion (31%)
  - Concerns about intellectual property rights (29%)
  - Concerns about compliance (29%)
  - Limited knowledge of innovative private sector solutions (27%)
  - Differences in culture or operating procedures (26%)
  - Difficulty identifying suitable private sector partners (22%).

7. Private sector innovation: suggested solutions

Despite federal government IT DMs saying their agencies have the necessary processes in place to adopt private sector innovations, they also believe more flexible procurement options would make using these innovations easier.

- Two-thirds of federal government IT DMs say their agency already has the necessary processes in place to effectively adopt (66%) and effectively evaluate (63%) private sector innovations.
- Yet, a third (33%) of federal government IT DMs say one of the biggest challenges their agency faces in using private sector innovations is procurement regulations and processes.
  - In fact, a third (35%) of federal government IT DMs say more flexible procurement options would make it easier for their agency to use private sector innovations.

Resources on how to partner with the private sector and training for agency staff may make it easier for federal government agencies to use private sector innovations.

- About half of federal government IT DMs say training and resources on how to navigate partnerships with the private sector (49%) as well as training and resources for agency staff on how to use innovative new technologies (46%) would make it easier for their agency to use private sector innovations.

Increased funding and clearer guidelines on intellectual property rights would make it easier for federal agencies to use private sector innovations.

- Other factors that federal government IT DMs say would make it easier for their agency to use private sector innovations include:
  - Increased funding for using private sector innovations (42%)
  - Increased funding for co-developing innovations with the private sector (34%)
  - Clearer guidelines on intellectual property rights (33%)
  - Dedicated innovation teams/resources (27%).

8. Senior leader resistance

A senior leader knowledge gap? Federal government IT DMs report that senior agency leaders are resistant to modernizing legacy systems.

- Despite three-quarters (75%) of federal government IT DMs saying senior agency leadership wants to maximize data-driven decision making, 57% say senior agency leadership is resistant to modernizing legacy systems.
- Fifty-five percent of federal government IT DMs say they are concerned about their agency's senior leadership not understanding the importance of up-to-date tech infrastructure.

While senior agency leaders are open to ideas from the private sector, clearer communication from senior leaders will make it easier for their agency to use private sector innovations.

- Sevety percent of federal government IT DMs say their agency's senior leadership is open to exploring new ideas and approaches from the private sector.
- Yet a third (32%) of federal government IT DMs say one of the biggest challenges their agency faces in using private sector innovations is senior leaders/decision makers' resistance to change.
- Federal government IT DMs say some of the factors that would make it easier for their agency to use private sector innovation is senior leadership support for collaboration with the private sector (43%) and clearer communication and expectations from senior agency leadership (31%).

Methodology

Ernst & Young LLP (EY US) commissioned a third-party vendor to conduct the EY Federal Government Tech Modernization Survey. The online survey included n=100 US full- and part-time government employees who have primary/shared IT decision-making power at the Federal level (including civilian and defense agencies). The survey was fielded between February 15th and February 26th, 2025. The margin of error (MOE) for the total sample at a 95% confidence interval is +/- 10 percentage points (ppts).

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