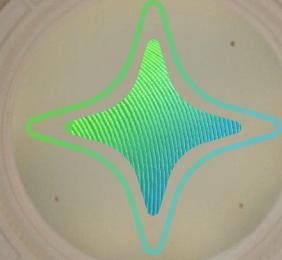


Impact AI

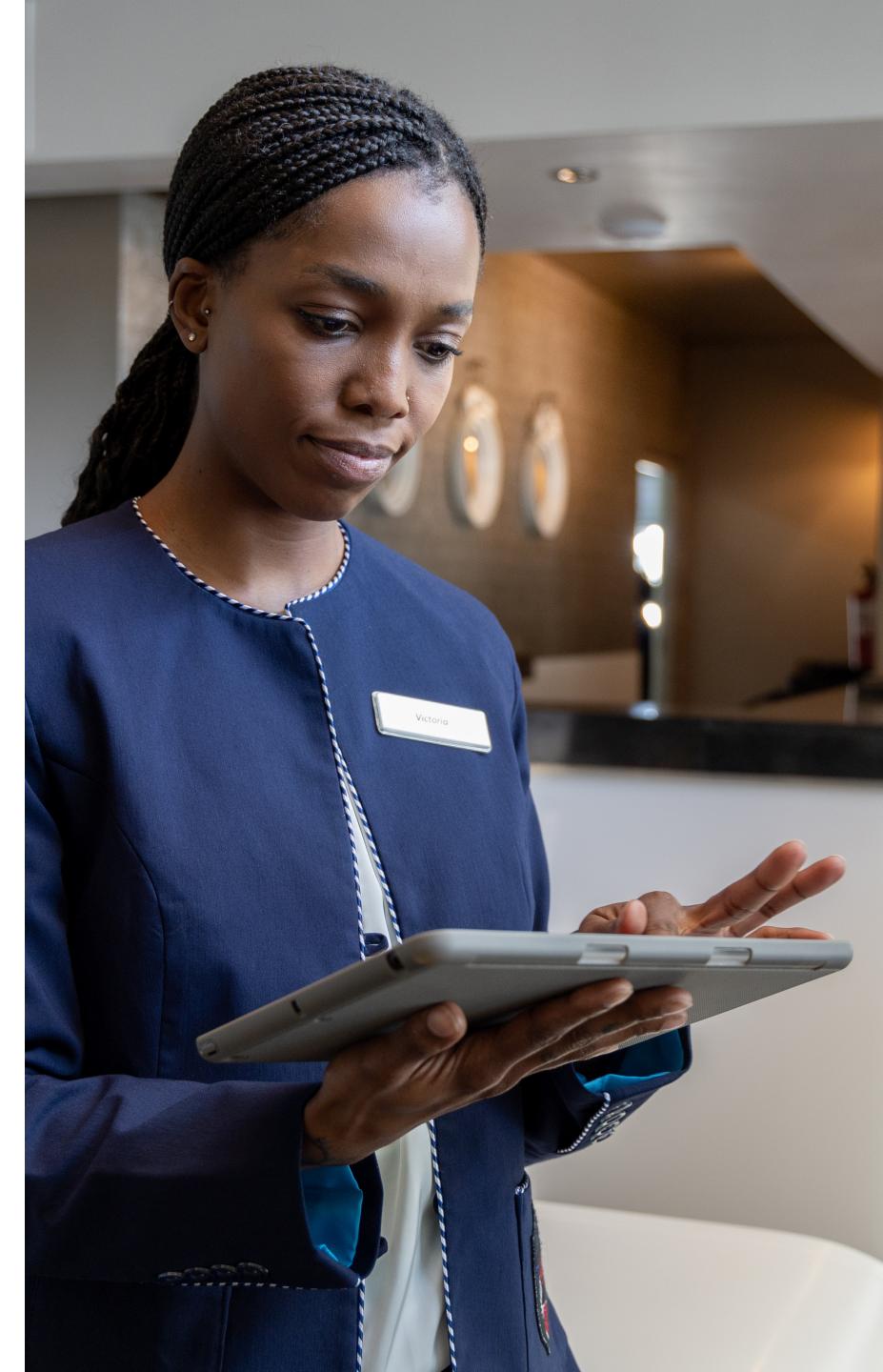
THE STATE OF AI-POWERED TRANSFORMATION IN GOVERNMENT

A guide for delivering your mission today
and a roadmap for tomorrow



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EXECUTIVE SUMMARY

Government organizations around the world are caught in the cross-currents of change. Rapid technological advances are raising expectations for faster and easier access to services while exposing the public sector to escalating cyber risks and skills gaps. At the same time, government leaders face escalating regulations and ongoing public scrutiny in a period of heightened economic uncertainty. While most government executives see technology as a major disruptor, they also view it as the solution—one that gives them the tools to reinvent how their organizations drive value, build trust, and deliver on their mission of service.

However, driving results from technological innovation does not come easily. Our research shows that past digital initiatives of government organizations have often failed to deliver the full benefits expected.

Only a minority of agencies have used digital technology effectively to drive faster and greater innovation that serve the diverse needs of all their customers – including citizens, businesses, visitors, employees and even other government agencies.

From digital to strategic transformation

To execute their missions successfully in a fast-changing world, public sector bodies will need to take their digital transformation programs to the next level of excellence—drawing on AI and other technologies to adapt to continuous change and deliver true strategic transformation. To do this, government organizations will need to intelligently connect and automate work across people, data, and processes to generate value and impact quickly.

Our study

ServiceNow and ThoughtLab surveyed 1,248 leaders from around the globe, and across agency types, to find out how much progress government organizations have made driving AI-powered business transformation across local, state/provincial, and national government organizations.

We evaluated government organizations across seven key transformation drivers: customer experience, optimized technology infrastructure, enhanced governance and compliance, use of resilient and secure systems, scaled business processes, productive employee experiences, and alignment of digital and governing strategies.

This research examines what the most successful government organizations are doing differently and provides actionable insights on how they can deliver on their mission of service in a new era.

Section 1:

THE GOVERNMENT TRANSFORMATION IMPERATIVE

Rapid digital advances are reshaping the functioning of government organizations and their agencies and the way they serve their customers.

THE GOVERNMENT SECTOR IN THE THROES OF CHANGE

Government organizations around the world are undergoing radical change. Our survey revealed converging trends that are reshaping the functioning of these organizations and their agencies and the way they serve their customers.

- **Rapid digital advances** and the adoption of AI are raising citizen and employee expectations for the same digital experiences they enjoy as consumers. But these digital shifts are also exposing government to growing **cyber, technical, and compliance risks**.
- At the same time, governments face **disruptive macro forces**, from shorter-term shocks, such as wobbly economic conditions and funding shortages, to longer-term shifts in demographics and climate conditions.
- With **trust in government in decline***, agencies in many parts of the world are under intense pressure to provide greater transparency on decisions, while ensuring that their judgments are objective and evidence-based.
- Adapting to these changes requires the right people and processes. But governments are moving much more slowly than businesses to reverse **ingrained ways of working and fill widening skill gaps**, which are exacerbated by high retirement rates among government employees.



GOVERNMENT ORGANIZATIONS AREN'T GETTING TOP RETURNS ON DIGITAL TRANSFORMATION

Driving results from digital transformation has been challenging for government organizations. Their complexity, and siloed structures often undermine their attempts at innovation.

Their transformation challenge is evident in the less-than-optimal success rates of their past digital endeavors. Many government organizations failed to see the benefits they were expecting, such as faster and better public services, greater social equity and trust, higher asset utilization, and reduced costs and downtime.

Raising the bar on digital transformation requires government bodies to speed the time to value on their digital investments so they can achieve goals faster and free up funding for other digital initiatives. But government organizations' steps to quicken time to value are often blocked by a maze of internal and external obstacles.

Organizational silos are the top internal challenge for government organizations, which often operate in complex, hierarchical structures consisting of departments with different mandates. Government agencies also struggle with inconsistent data quality and access, a byproduct of departmental silos further hampered by outmoded legacy systems.

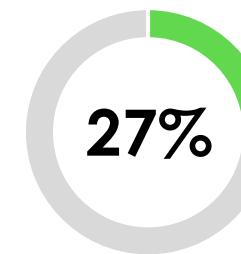
Top benefits that government organizations expected to achieve but failed to achieve from earlier transformation efforts

1 Faster and better public services

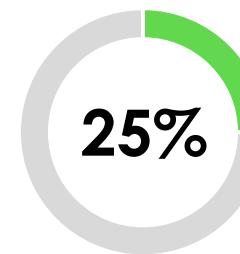
2 Greater social equity and inclusion

3 Increased customer trust

Current transformation efforts are falling short



Only 27% say their current digital transformation efforts allowed them to provide more humanized experiences



Only 25% have improved collaboration with agencies and other levels of government

Section 2:

THE DIGITAL PATH TO TRANSFORMATION

Every government needs to transform. The question is, how? We identified best practices from government organizations successfully driving transformation.

PACESETTERS LEAD THE WAY AND SEE GREATER RETURNS

Our research shows that a group of government organizations (22%) is well ahead of others and is reaping greater returns of organization-wide transformation. These government organizations are Pacesetters.

What sets Pacesetters apart?

They see greater dividends than others from digitally driven business transformation. Higher asset utilization and return on assets top the list, along with improved sustainability and compliance and risk management.

Pacesetters are not only realizing greater benefits from their digital transformation efforts, but also generating them faster. Nearly two-thirds are achieving time to value (the amount of time to realize value from an internal digital transformation initiative) faster than expected, compared to only 42% of other government agencies. Seven out of 10 Pacesetters report faster-than-expected time to achieving their ROI targets.



Pacesetters scale transformation

“Digitally transformed public sector organizations leverage AI-driven digital workflows to connect people, data, and processes to realize value quickly and create positive, human experiences; improve public confidence; and build trust.”

Justin Herman,
VP, Global Public Sector ServiceNow

Pacesetters report

70%

faster return on investment than expected.

Pacesetters are realizing

1.5X

faster time to value compared to others (62% vs. 41% of others)



Pacesetters are reaping benefits

50%

Higher asset utilization
(vs. 36% others)

49%

Improved compliance and risk management
(vs. 30% others)

41%

Faster and better public services
(vs. 27% others)

41%

Greater employee productivity
(vs. 29% others)

WHAT DO PACESETTERS DO DIFFERENTLY?

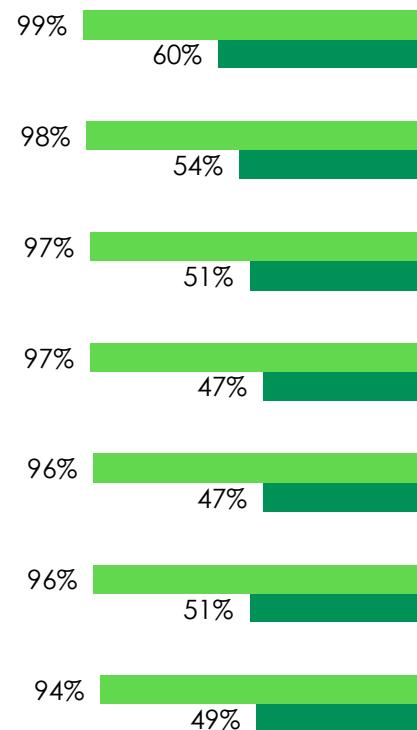
Pacesetters scale transformation

It's not about a few big technology investments or incremental change. Successful transformation comes from making digital progress across the value chain in line with government goals and driving transformation across seven key pillars.

Pacesetters are breaking down silos by leveraging AI-powered workflows to connect people, data, and processes. They are reshaping the way that work gets done at scale to improve operational efficiency and provide for better governance. They are enhancing customer experiences to make it easier to connect with the government. And they are aligning digital and government strategies to provide a new IT foundation for continuous innovation and growth.

Pacesetters drive transformation holistically

Percentage of those in mid-to-advanced implementation in key areas of business transformation



Alignment of digital and business strategy: Using digital innovation to deliver on business goals, remove departmental silos, and drive business transformation

Engaging customer experience: Connecting services across systems, processes, people, and departments to deliver personalized, intuitive, and frictionless experiences that build customer trust and emotional connections

Productive employee experience: Using digitized and automated workflows, talent management, and training to deliver intuitive, self-service, collaborative, and productive employee experiences

Optimized tech infrastructure: Optimizing or replacing a patchwork legacy IT system with an end-to-end platform that interconnects workflows and functions through data, automation, and AI

Resilient, secure systems: Using secure, resilient IT systems to monitor, detect, protect against, respond to, and recover from unexpected events in real time

Enhanced governance and compliance: Leveraging digital technologies and data analytics to identify anomalies, enhance transparency, and monitor and manage regulatory requirements

Scaled business processes: Harnessing cloud, SaaS, and other digital solutions to scale business processes and foster cross-functional collaboration and feedback

THREE IMPERATIVES FOR GOVERNMENT TRANSFORMATION

To gain the best results from digital transformation, Pacesetters are deriving value from three strategic imperatives.



01

Drive transformation through
AI and scalable IT platforms

02

Build human experiences
and trust

03

Prepare for an evolving risk
and regulatory landscape

Section 3:

DRIVING TRANSFORMATION THROUGH AI AND SCALABLE IT PLATFORMS

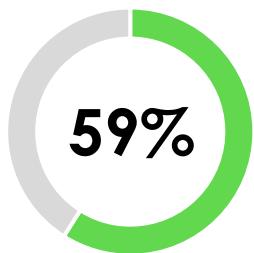
Optimizing government operations requires unified end-to-end technology that connects people, data, and processes across departments and other agencies.

THE AI-POWERED PLATFORM ADVANTAGE

Pacesetters spur transformation at scale by harnessing end-to-end platforms and integrated AI-enabled workflow

Today, Pacesetters are almost two times more advanced than others in implementing an end-to-end technology platform. And in three years, they expect to further advance their implementation maturity. The adoption of end-to-end platforms will enable Pacesetters to improve staff productivity and efficiency while providing customers with greater access to services and data.

By using machines to perform routine tasks and big data analysis, Pacesetters aim to streamline administrative processes, free up employees to focus on higher-value tasks, enhance staff productivity, and improve service delivery to customers.



have invented new workflows across functions to gain additional efficiencies through human and AI collaboration

Compared to only 17% of others



WAYS END-TO-END PLATFORMS DRIVE VALUE

Data security and privacy

“

End-to-end platforms facilitate data sharing and collaboration with external partners and stakeholders while ensuring data privacy and security.

— Mission Director, UK Homeland Security Department

Customer engagement

“Deploying a technology platform will digitize public services, fostering citizen engagement through streamlined access to government information and services.”
— Deputy Mayor, Indonesian city

Ecosystem integration

“Such platforms allow us to prioritize interoperability and integration with external systems and platforms to create a seamless digital ecosystem.”
— Mission Secretary, Singapore Treasury Department

Regulatory compliance

“We employ a consolidated data management system on a unified platform, facilitating enhanced data governance, quality control, and accessibility. This guarantees the availability of precise and current information for crucial decision-making, reporting, and compliance obligations.”
— Chief Information Officer, Irish federal justice agency

Process efficiency and cost reduction

“Our end-to-end technology has helped us decrease manual errors, enhance how efficiently we work, and make the most of our resources. As a result, we have managed to minimize overall costs.”
— Office of the CIO Executive, Dutch federal IT department

Product and service innovation

“A consolidated technology platform stimulates innovation by creating a collaborative environment that enables teams to easily share information, ideas, and resources.”
— Chief Operating Officer, U.S. city

PACESETTERS EMBRACE TRADITIONAL AND GENAI

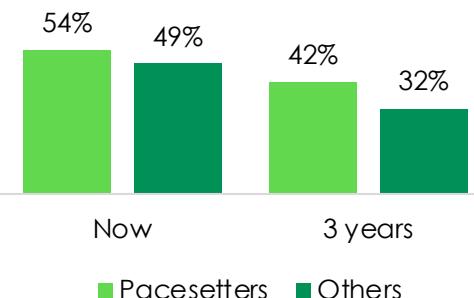
Pacesetters anticipate future increased GenAI investments

Pacesetters are forging ahead with major AI investments, which they see as a game-changer for government organizations. Nearly two-thirds (65%) believe that AI, especially generative AI (GenAI), will fuel a new era of higher government productivity.

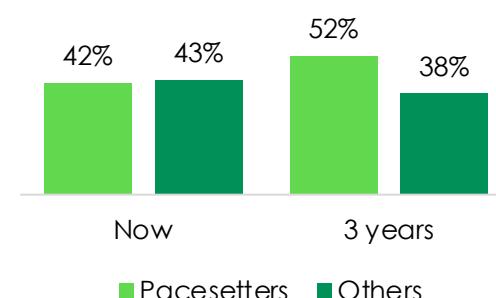
Over the next three years, Pacesetters will continue to invest, outspending others on different forms of AI—particularly GenAI (42% now, 52% in three years) and workflow automation (32% now, 50% in three years). Others say they will decrease investment in GenAI over the next three years (43% now, 38% in three years). Pacesetter investments in GenAI will also outpace traditional AI investments.

The findings suggest that GenAI is more strategically important to Pacesetters in the future, with the expectation that GenAI may evolve faster than more mature traditional AI. Additionally, this research found that Pacesetters are achieving faster time to value than others on their current digital transformation initiatives (62% vs. 41%), indicating Pacesetters may have greater confidence accelerating GenAI adoption given that their past transformation efforts have proven valuable. Our [AI Index](#) study also shows that Pacesetters have a greater propensity than others to define impact of their efforts: in this study, 62% vs. 28% say they have metrics in place to measure the impact of AI transformation efforts. This keen focus on understanding impact gives Pacesetters critical insights on how to carry out future transformation.

Traditional AI investment



GenAI investment



PACESETTERS EMBRACE TRADITIONAL AND GENAI

Pacesetters put AI to work and are driving positive outcomes

Pacesetters use AI for a wide range of purposes, enabling them to improve efficiency, enhance service delivery, and make data-driven decisions. They focus most on using AI to provide better service to citizens and businesses, including developing feedback loops for service improvement, personalization of communications, and responding to customer queries.

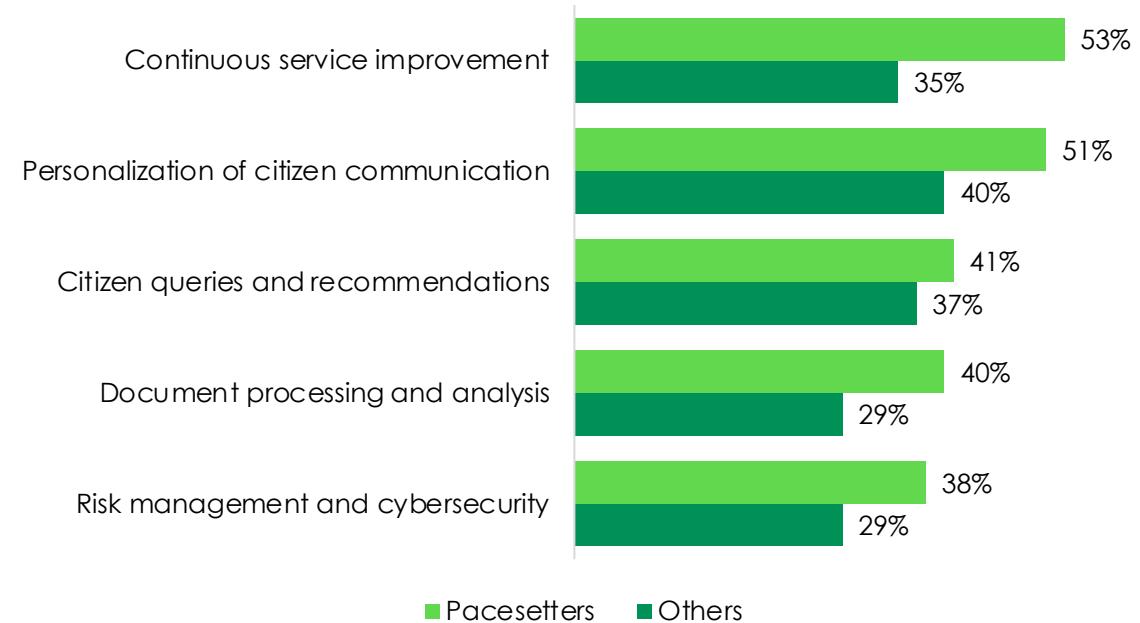
Scaled use of GenAI positions Pacesetters to better solve specific pain points and drive greater value. For example, large language models trained on customer-specific domain data present a tremendous opportunity to help agencies respond rapidly to their customers.

Fast-growing uses

Over the next three years, Pacesetters will expand their use of AI across their organizations. They will ramp up use of AI for improving their overall operations by reducing IT operating costs, freeing employees from mundane tasks, and providing them with self-service solutions. Other growing use cases are fraud detection, procurement, service delivery, policy development, and risk management.

Top AI use cases today

Percentage using AI to improve efficiency and results



PACESETTERS LEVERAGE TRADITIONAL AND GENAI

Personalization of customer communication

“

Generative AI can enable government organizations to deliver personalized citizen services and recommendations based on individual preferences, behavior, and needs.

— Chief Information Officer, Irish federal justice agency

Continuous service improvement

“By utilizing GenAI, we are able to effectively gather and analyze public feedback on our policies, resulting in their continuous improvement.”

— Commissioner, South Korean national culture and tourism agency

Reducing IT operating costs

“AI has enhanced overall IT infrastructure and enhanced security, making it more cost-effective.”

— Director of Operations, German public safety agency

Service delivery and quality

“Generative AI allows us to design personalized screening and service mechanisms for government services, meeting citizens' preferences and needs.”

— Commissioner, national finance/treasury agency, Japan

Compliance/regulatory

“We're implementing generative AI for tax return processing and customer service chatbots, enhancing taxpayer satisfaction and compliance.”

— Chief Revenue Officer, U.S. state revenue agency

Real-time analysis of large volumes of data

“We have been using GenAI in analyzing large data sets related to public health trends.”

— Mission Secretary, Dutch national public health and human services agency

Redeploy workforce on high priority matters

“We utilize GenAI-powered solutions and virtual agents to seamlessly handle routine tasks.”

— Senior officer, German federal revenue agency

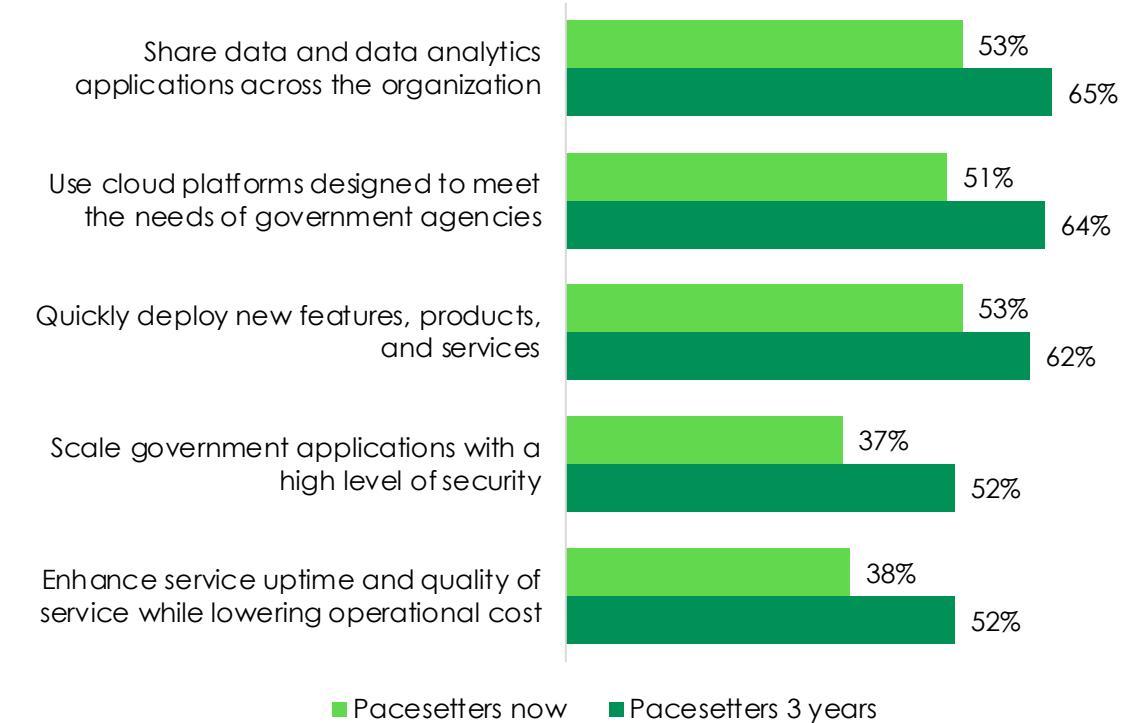
PACESETTERS ARE BECOMING CLOUD-FIRST

For Pacesetters, migration to the cloud is essential for powering and scaling government transformation. In fact, more than half of Pacesetters now leverage cloud platforms specifically designed to meet the stringent compliance and security requirements of government—and in three years, this percentage will grow to nearly two-thirds.

More than half of Pacesetters use the cloud to speed innovation by quickly deploying new features, products, and services for their customers' diverse needs. A similar number use the cloud to share data and analytics across departments to improve teamwork and decision- and policymaking.

Over the next three years, Pacesetters will turn their attention to other cloud activities. The fastest-growing ones include scaling applications securely, a must for the government sector; improving service uptime and quality while lowering costs, critical for meeting the demands of a large, complex customer base; and overcoming departmental silos by seamlessly integrating systems, data, apps, tools, and channels.

How Pacesetters use the cloud



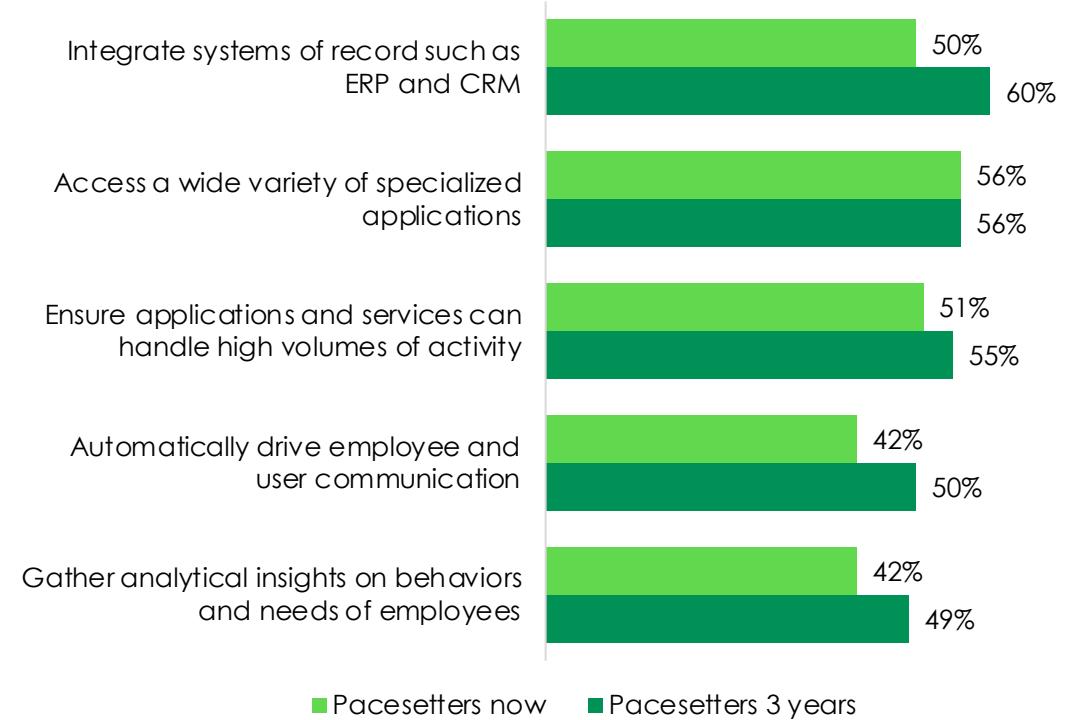
PACESSETTERS ARE BECOMING CLOUD-FIRST

As more government functions move online and require flexible, secure, and efficient software solutions, software as a service (SaaS) is becoming an increasingly integral part of modernizing government operations.

Pacesetters make wide use of SaaS. Half or more use it to access a wide array of specialized applications, ensure that apps and services can handle high volumes of activities, and integrate with enterprise resource planning (ERP) and customer relationship management (CRM) systems.

SaaS offers many advantages to the public sector. It not only permits more cost-effective scaling, vital for resource-strapped agencies, but also provides analytical insights on user behavior, automates software updates and bug fixes, increases efficiencies, and enhances customer and staff experiences.

How Pacesetters use the SaaS



PACESSETTERS SPEED TRANSFORMATION WITH PEOPLE AND PROCESSES

Improving organizational capacity

Scaling government transformation calls for more than technology; it requires the right people and processes to make it happen. That is why Pacesetters are forging ahead of others in organization-wide transformation.

Nearly half of Pacesetters employ a product-aligned operating model that aligns their teams, resources, and processes around the development and delivery of government services. A similar percentage communicates transformation goals and regularly monitors performance against those goals. Slightly fewer accompany these steps with a change management program to create a culture of collaboration and innovation.

A key differentiator between Pacesetters and others is the use of a government transformation plan with an aligned technology roadmap. This makes government and digital transformation one and the same.

Laying the organizational groundwork for further scaling

Over the next three years, Pacesetters will expand their capacity for government transformation. They will increasingly install API-enabled government platforms to simplify and fast-track innovation, distribute more responsibility to units, and set up cross-organization service teams to succeed under decentralization. At the same time, Pacesetters will increasingly work with technology, consulting, and academic partners.

Top organizational actions Pacesetters have taken

- 01** Implement operating model that mobilizes IT and government processes (47% vs. 30% of others)
- 02** Communicate transformation goals from top down, with rewards for achieving them (46% vs. 39% of others)
- 03** Regularly monitor IT performance against business plans and course-correct where needed (46% vs. 37% of others)

PACESETTERS SPEED TRANSFORMATION WITH PEOPLE AND PROCESSES

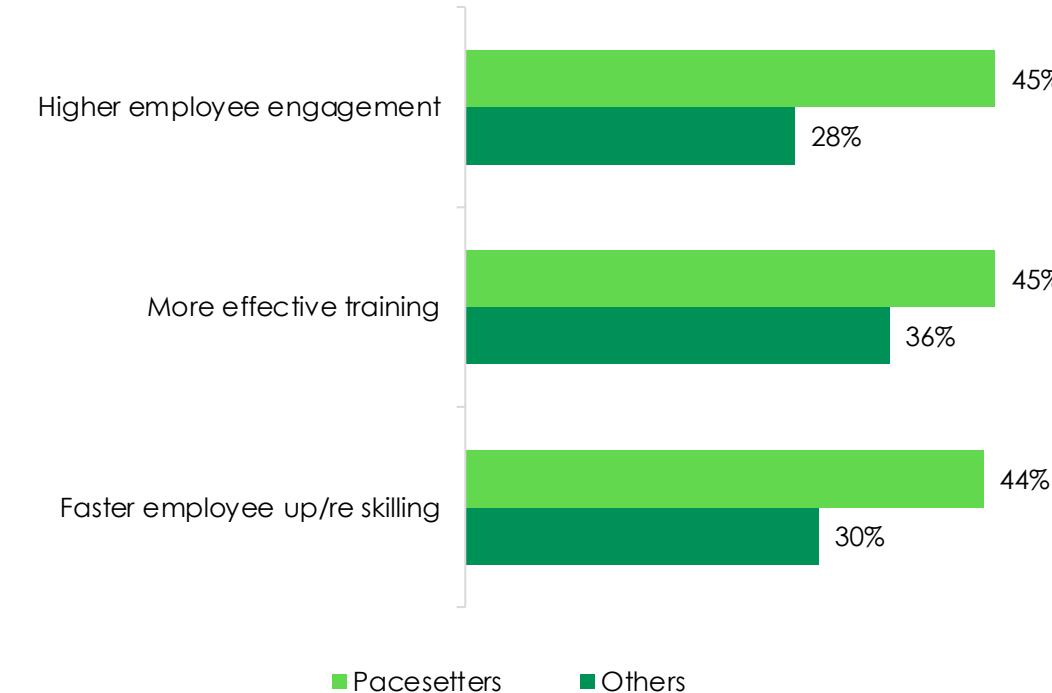
Ensuring employees have the experiences, tools, and motivation to transform the business

Nearly two-thirds of Pacesetters provide employees with mobile apps that ease access to resources and information. Four out of 10 have put in place digitized performance management systems, guided and automated workflows to facilitate collaboration, self-service portals, and digitized tools for recruitment and onboarding. Many more use AI-enabled tools to handle routine HR requests and provide personalized upskilling and reskilling.

Impact of digitizing employee experiences

Many Pacesetters are already seeing results from their investments in digitizing employee experiences—and at a higher rate than others. These include increased staff retention, higher engagement and morale, and more—all benefits that other government organizations can reap by following the lead of Pacesetters.

Benefits Pacesetters achieve from digitizing employee experience



Section 4:

BUILDING HUMAN EXPERIENCES AND TRUST

At a time when expectations have never been higher, many customers experience slow, inconsistent services that break down trust and public confidence.

THE ROAD TO FRICTIONLESS GOVERNMENT EXPERIENCES IS PAVED WITH OPPORTUNITIES

The top hurdle for Pacesetters is managing the needs of a very diverse customer base—one that includes citizens across demographics and generations with varying access to technology, as well as businesses, nonprofits, community groups, students, hospitals, and other government bodies. This is where AI can play a pivotal role.

Government organizations, which often have limited budgets and rigid pay structures, also struggle with acquiring and retaining the talent they need to develop frictionless customer experience. Providing superior employee experiences and using SaaS tools are just a few ways Pacesetters vault these hurdles.

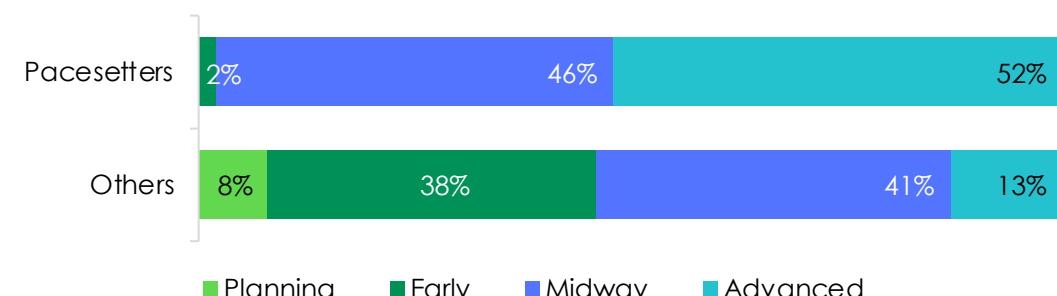
Top customer experience challenges for Pacesetters

- 01** Managing the needs of a diverse customer base
- 02** Acquiring and retaining talent
- 03** Providing quality service and responsive troubleshooting

At the same time, monitoring and measuring the quality of service is a challenge for Pacesetters, which increasingly turn to AI, IoT, and digital twins to manage. Pacesetters' widespread use of digital platforms and systems also increases their vulnerability to cyber risks, which they mitigate by using the latest cybersecurity solutions, such as security information and event management (SIEM) systems zero-trust initiatives, and AI tools for detecting and protecting against fraud and cyberattacks.

Pacesetters are better positioned to address these challenges. Ninety-eight percent of Pacesetters, compared to 54% of others, are at least midway through implementing organization-wide connectivity of services across systems, processes, people, and departments to deliver personalized, intuitive, and frictionless experiences. Pacesetters are four times more likely to be advanced in customer service.

Customer service maturity



PACESETTERS MAKE CUSTOMERS THE CENTER OF EVERYTHING

Pacesetters are well ahead of others in using technology to improve the quality of services they offer and to allow stakeholders to interact with government seamlessly. Almost half now provide their customers with digital payment systems, mobile apps for accessing services, and digital identities. Many use technology to provide automated responses to requests and seamless omnichannel interactions. One-third already use GenAI, compared with just 15% of others.

Pacesetters use technology in two main ways to build customer trust, engagement, and loyalty

01 For government organizations, customer communication is key.

Pacesetters use digital channels to provide real-time communication, ensure transparent communication and data sharing, and facilitate feedback from customers.

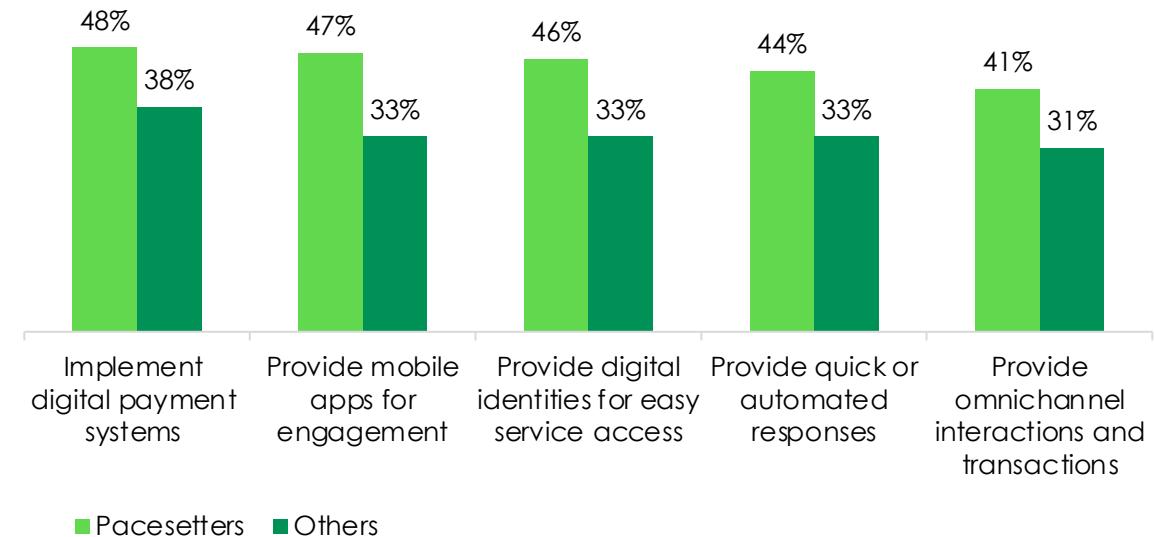
02 Many government organizations are also implementing open data programs that make datasets available to the public.

This allows customers to access information about government performance, spending, and decision-making processes, fostering transparency.

Responsive service is equally important. Pacesetters provide superior customer support by using technology to resolve customer issues quickly and deliver high-quality service to everyone, including underserved communities and citizens.

Over the next three years, more Pacesetters will focus on real-time data sharing between departments, making digital services accessible to all, building intuitive self-service interfaces, and using GenAI to deliver seamless experiences.

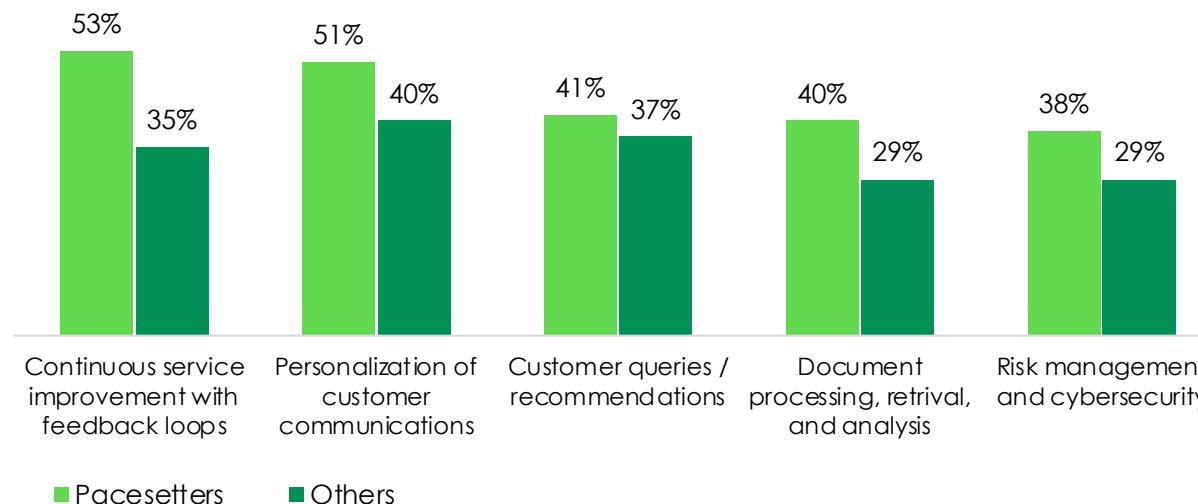
Pacesetters are making significant use of technology to improve customer experiences



PACESETTERS CREATE AI-INFUSED CUSTOMER EXPERIENCES

Government organizations harness AI to enhance customer engagement. More than half of Pacesetters draw on traditional AI to provide feedback loops to allow for continuous service improvements as well as to personalize customer communication and engagement. Many also use AI to handle customer questions and provide self-service solutions. AI use will increase across all customer experience areas over the next three years.

Pacesetters are seeing greater impact than others from their use of AI and are actively implementing use cases to improve efficiency and results.



Some fast-moving Pacesetters are already using GenAI to gather customer feedback, personalize communications, provide recommendations, and improve service quality.

Here is what executives shared:



A French city **uses GenAI in virtual citizen engagement tools** to foster meaningful dialogue and collaboration between government and the community.



A U.S. state transportation department **uses GenAI to produce engaging content for public awareness** initiatives related to traffic safety and construction updates.



An APAC tourism department **uses GenAI to make personalized travel recommendations** to tourists that promote diverse destinations.



A Middle East office of public works **uses GenAI to draft news articles** to meet the demands of its audience.

THE PACESETTERS' CX APPROACH PAYS DIVIDENDS

By digitizing customer experiences, government agencies unlock multiple benefits for their organizations. As they progress in their CX digitization journeys, these benefits multiply, according to our analysis. Indeed, Pacesetters are realizing greater benefits in every category measured.

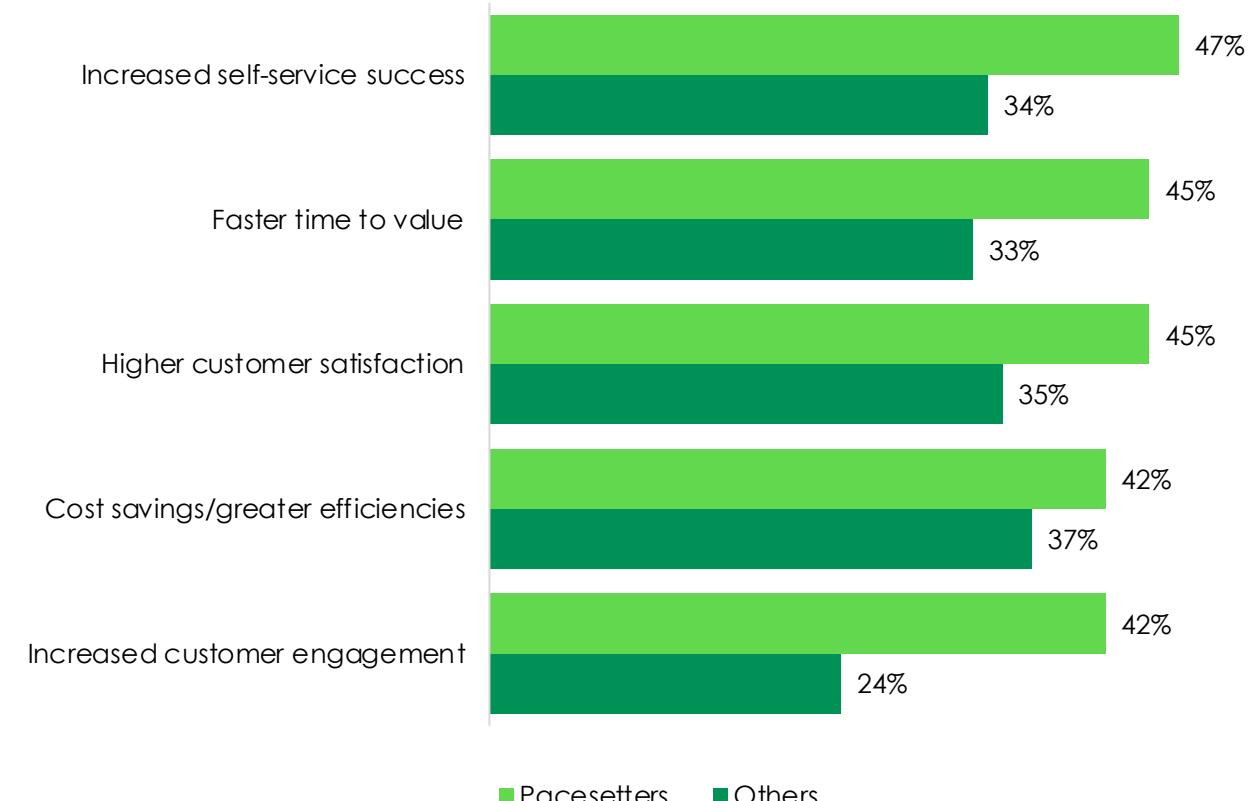
Increased self-service success is the most common benefit for Pacesetters—a technique that enables these organizations to scale their services cost-effectively across their large citizen populations. Other common benefits include higher customer satisfaction, which comes from improved, more personalized service; faster time to value for both the agency and its customers; and greater cost savings and efficiencies.

66

By harnessing the power of data, we can craft personalized experiences, enrich interactions, and deepen citizen engagement.

— Office of Chief Information Officer executive, French city

Pacesetters are achieving greater customer experience outcomes than others as a result of their focus on digitizing experiences



Section 5:

PREPARING FOR AN EVOLVING RISK AND REGULATORY LANDSCAPE

Adapting to fast-changing regulations and a more complex risk landscape is challenging.

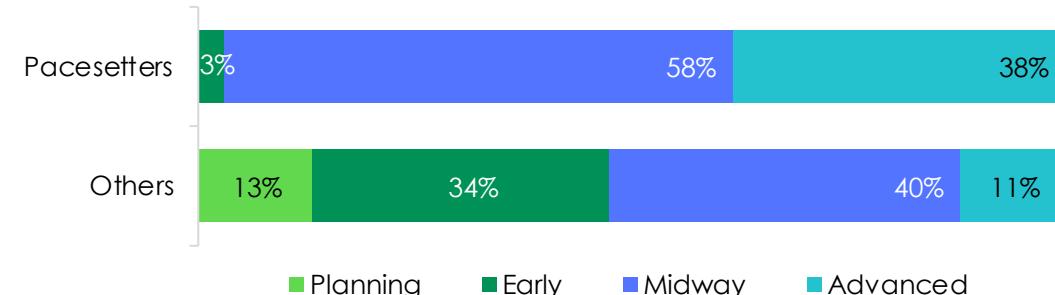
TODAY'S RISK LANDSCAPE DEMANDS A NEW PLAYBOOK

Over the next three years, government entities will need to adapt to new regulations regarding technological, social, and environmental concerns. To navigate such a fast-changing regulatory landscape, Pacesetters are stepping up their efforts to improve governance, risk management, and compliance, often by using technology.

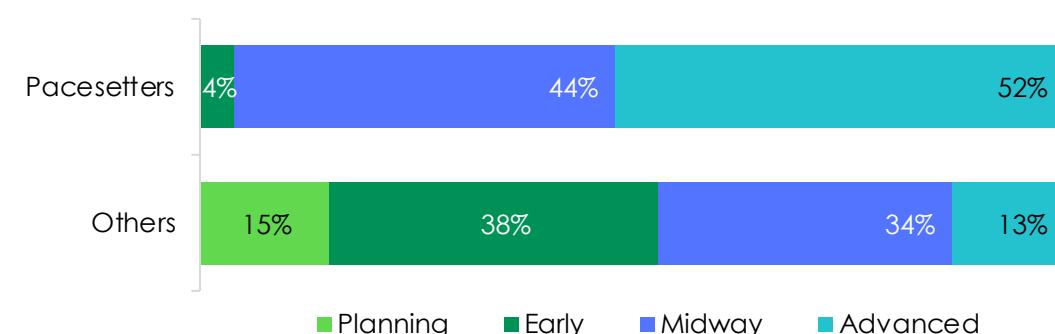
To prepare for data protection regulations, Pacesetters have acted more quickly than others to secure the sensitive personal data that they gather. They also have done more than others to install robust surveillance platforms that allow them to monitor and report risks in real time and to protect against third-party risk lurking in their complex supply chains.

Pacesetters are advocates of the use of technology to improve compliance. They are already ahead of others in using traditional and generative AI to analyze trends and spot anomalies. Over the next three years, Pacesetters will make much more use of high-tech solutions, including RegTech, ESG reporting tools and, of course, AI.

Progress in digitizing governance and compliance



Progress in building resilient and secure systems



AI: BOTH A REGULATORY TARGET AND A SOLUTION

As they ramp up efforts to upgrade compliance, government bodies are keeping an eye on regulatory changes. Rules regarding the use of AI and other innovative technologies will require the greatest attention over the next three years, especially for organizations in APAC, where AI regulations widely vary.

Given the need to foster trust and ensure ethical conduct, government bodies will focus more on accountability and transparency regulations. This is especially true in Europe, given its complex lattice of rules around data protection, public procurement, public access to data, and whistleblower protection.

Calls for greater transparency and efficiency are prodding government organizations to focus more on rules around fiscal management, budgeting, and procurement. These include regulations on performance-based budgeting, such as those in the U.S. and UK; fiscal responsibility, as in Germany and Canada; and international guidelines, such as the Paris Agreement.

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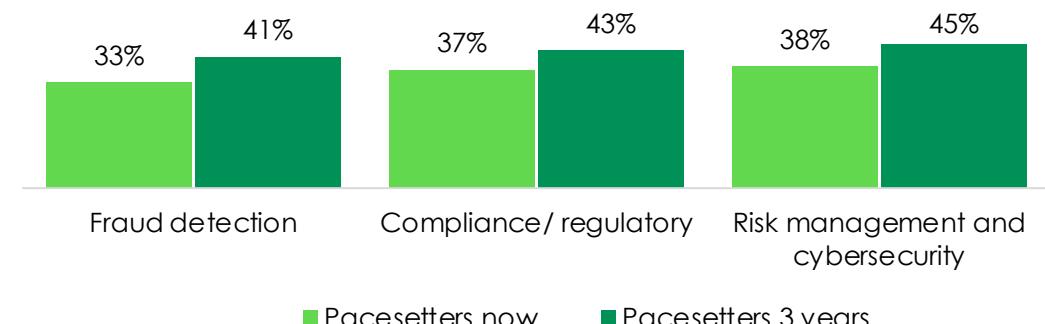
Regulatory concern over the next three to five years is **the use of AI and other innovative technologies**

Improving compliance through AI

Escalating regulations are not stopping government agencies from using AI to strengthen compliance. For example, the CIO of a U.S. state transportation agency told us that his department employs AI for “compliance monitoring and enforcement, detecting regulatory violations, and ensuring adherence.”

Pacesetters are particularly advanced in using AI for risk management and compliance. Nearly four in 10 use it to manage cyber threats and compliance, and a third use it to detect fraud. Demonstrating their commitment to AI, 59% of Pacesetters, about twice as many as other agencies, believe government bodies will need to appoint a chief AI officer.

Top ways Pacesetters use AI for risk and compliance



“

Regulatory compliance is simplified with our technology platform, with digital compliance monitoring tools ensuring adherence to laws and regulations.”

— Chief Experience Officer, U.S. state court system

PACESETTERS COUPLE PEOPLE AND TECHNOLOGY TO BUILD RESILIENCE

Faced with a more complex risk landscape, where threats can emerge without notice and cascade rapidly, government agencies, particularly Pacesetters, are digitizing many aspects of risk management.

Pacesetters are furthest ahead in digitizing fraud detection, key for maintaining public trust, and in ESG risk management, a mission-critical role for government. Given their exposure to various operational risks, from service and system downtime to supply chain disruption and natural disasters, many Pacesetters have also largely digitized operational risk management. At the same time, they have digitized governance mechanisms to protect against a breakdown in audit controls.

Future areas of priority

Over the next three years, Pacesetters will focus on digitizing a broader range of risks. These include digitizing elements of legal management, such as document management and e-discovery; using technology to monitor, assess, and manage third-party risks; and digitizing the detection, protection, and remediation of cybersecurity and IT risks.

As part of their efforts to digitize risk management and resilience, Pacesetters are making hefty investments in a panoply of digital risk solutions. Nearly half of Pacesetters are investing heavily in cloud-based IT platforms to take advantage of their built-in security protocols and business continuity capabilities.

Many others are also investing in cybersecurity technology for real-time risk detection, such as next generation SIEM systems, endpoint detection and response (EDR) solutions, and AI-enabled threat intelligence platforms. They are also making large investments in automated workflows for identifying, assessing, and managing risk; AI anomaly detection tools for spotting and preventing fraud; integrated risk data management systems to manage risk holistically and collaboratively; and predictive analytics to forecast and simulate risks and their impact.

PACESETTERS COUPLE PEOPLE AND TECHNOLOGY TO BUILD RESILIENCE

Where Pacesetters plan to invest more

Over the next three years, many more Pacesetters will make large investments in advanced data analytics and visualizations, and dashboards to provide management teams with greater visibility into risks. The number of Pacesetters investing heavily in compliance management software will more than double, while the percentage drawing on GenAI to optimize risk activities, such as more advanced scenario analysis, will increase by 43%.

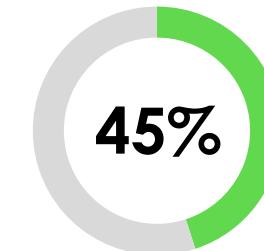
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By implementing fraud detection and prevention tools along with cutting-edge technologies, we will enhance our department's capability to combat fraudulent activities successfully.

— Director of Customer Service Japanese federal public works agency

Top three risk solutions in which Pacesetters have made large investments

- 01 Modernized, cloud-based IT platforms
- 02 Cybersecurity technologies for real-time risk detection, protection, and response
- 03 Automated workflows around risk and resilience



of Pacesetters are installing platforms that share data across risk functions, and 55% plan to do so over the next three years

PACESETTERS DIGITIZE COMPLIANCE AND SET A HIGH BAR FOR GOVERNANCE AND CONTROL

Effective governance and compliance is essential for government organizations to meet their public responsibilities. But many public sector governance systems are not rigorous enough for the shifting regulatory and risk landscape ahead. To ensure their systems are future-ready, Pacesetters are taking multiple measures to improve controls.

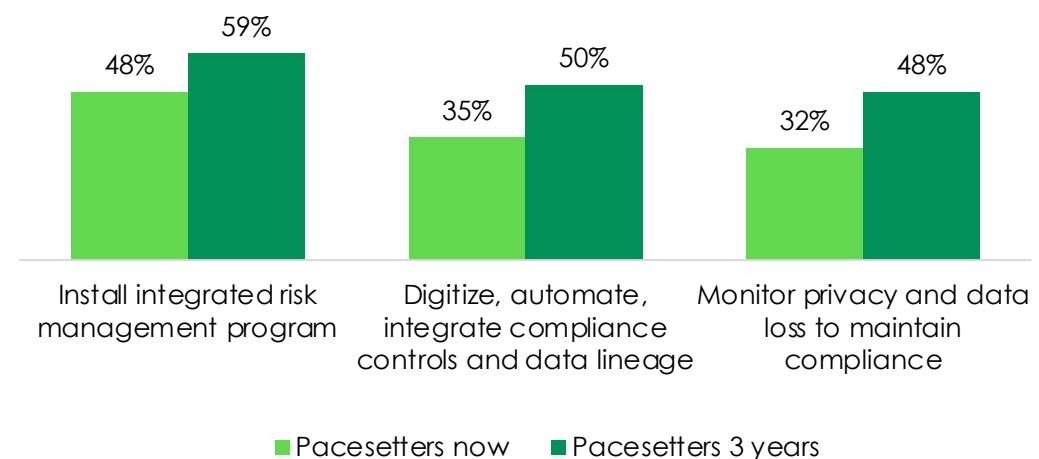
The shift to integrated risk management

Almost half of Pacesetters are installing integrated risk management programs that enable them to take a more holistic and coordinated approach to governance. Many Pacesetters are also taking concrete steps to ensure organizational effectiveness. They are transforming their operating models across the three lines of defense to improve collaboration, expanding the first line of defense monitoring to nurture a risk-aware culture, and building cyber risk into their risk appetite statements to align risk goals.

Top 3 regulatory compliance actions by Pacesetters

- Improve data security and privacy controls
- Install robust surveillance and analytics platforms
- Enhance third-party risk management

Pacesetters plan to take action to improve governance and controls over the next three years



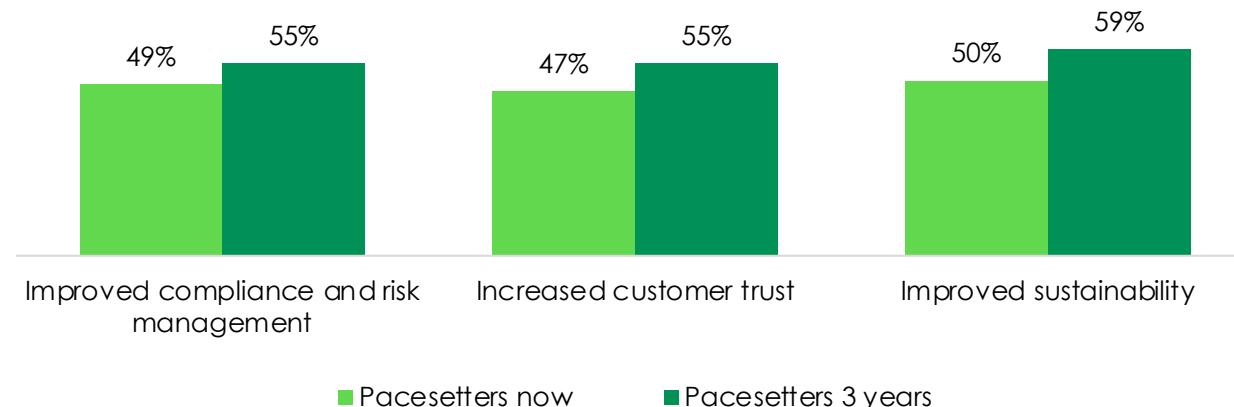
PACESETTERS DIGITIZE COMPLIANCE AND SET A HIGH BAR FOR GOVERNANCE AND CONTROL

Digitizing risk management and compliance gives Pacesetters advantages: It enables them to identify and respond to risk faster, build customer trust by protecting data, and improve compliance and risk management.

Half of Pacesetters plan to digitize, automate, and integrate compliance controls and data lineage in three years, positioning them to see greater impact from digitization than others.

The greater use of integrated risk management systems, AI solutions, and end-to-end IT platforms will also enable Pacesetters to deliver on their plans, providing a roadmap for other government organizations to follow in their footsteps.

Benefits Pacesetters are realizing now and expect to realize in three years



Conclusion

BUILDING A ROADMAP FOR THE FUTURE



Andrej Danko

VP/GM, Global Public Sector
ServiceNow

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Government organizations are at a turning point. Profound digital, economic, and social changes, combined with stakeholder calls for greater responsiveness, more transparency, and more efficient services, require government leaders to reconsider how they operate and deliver on their missions.

Government leaders must navigate this inherent complexity with a strategic, intelligent and human-centered use of technology aligned to their goals. Our research identified six steps that government organizations should take to make this happen.

BUILDING A ROADMAP FOR THE FUTURE

Follow the leaders: What others can learn from Pacesetters

01 Provide frictionless customer experiences that simplify transactions, personalize engagement, and make it easy for customers to access resources. Real-time communication, responsive support, and greater data security and privacy will be vital for building customer trust.

02 Optimize tech infrastructure by replacing or connecting IT systems with end-to-end IT platforms that interconnect workflows and functions through data, automation, and AI. Such platforms will not only boost efficiency and productivity, but also enable government organizations to speed innovation and decision-making.

03 Enhance governance and compliance. Technology simplifies tracking and complying with regulations. The most successful organizations are installing integrated risk management programs, building linkages among the three lines of defense, and digitizing regulatory tracking and compliance controls.

04 Build resilient, secure IT systems. Government is the crosshairs of cybercriminals and nation states with the latest cyber weapons. To win the arms race, public sector organizations need to use adopt the latest cybersecurity tools to detect, anticipate, protect against, and respond to cyberattacks—in real time.

05 Drive government transformation at scale by making pervasive use of the cloud, SaaS, and innovative API solutions. To ensure success, government leaders will also need to take organizational actions, such as fostering collaboration between teams, setting top-down directives, and offering incentives.

06 Supply staff with the digital tools and experiences to excel. These include mobile apps with easy access to resources, digital performance management systems, and automated employee and HR work processes—tools that enable the public sector to improve productivity, morale, teamwork, and service.

RESEARCH BACKGROUND

Role

C-suite	52%
VP and director level	48%

Government agency type



325

North America

575

EMEA

348

APAC

1,248

Respondents

20

Countries

MATURITY SCORING METHODOLOGY



We scored every respondent on each of the seven areas of transformation. By summing the scores for each area, we calculated an overall maturity score for each respondent. We then grouped respondents into three maturity categories. We classified those in the bottom 25th percentile of scores as "starters," those in the top 25th percentile as "Pacesetters," and those in between as "advancers."

01

02

03

04

Planning: Exploring options, developing plans, and building support (1 point)

Early implementation: Starting to implement plans (2 points)

Mid-intermediate: Midway through implementation of plans and starting to see results (3 points)

Advanced: Implemented most plans across the enterprise and showing results (4 points)

AUTHORS AND CONTRIBUTORS

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Justin Herman

VP, Global Public Sector

Andrej Danko

VP/GM, Global Public Sector and Regulated Markets

Jacquie Hersch

Head of Financial Services, Government, Healthcare - Industry Product and Solution Marketing

Stephen Ellis

Director Global Public Sector- Industry Product and Solution Marketing

Jeffery Gore

VP, Industry Product and Solution Marketing

René Stranghoner

Global Campaigns - Industry

Richard Cohen

Global Campaigns - Public Sector, Manufacturing, Technology

Chris Bailey

Global Campaigns Leader

Richard Murphy

Editor in Chief, Thought Leadership

Jia Guo

Publishing and Operations - Research

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