

GOVERNMENT | JANUARY 2026

Insights provided by



# DATA AND AI IMPACT REPORT: The Trust Imperative



# Executive Summary

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In just the last two years, the uptake of generative AI has rapidly surpassed traditional AI, reshaping how decisions are made across government and public services. As the public sector moves toward greater automation through agentic AI, the impact on policymaking and operational choices will be profound.

For the good of society and the communities we serve, public sector leaders must prioritize trust in AI. Achieving trust in the public sector requires transparency, reinforced by clear accountability measures that safeguard privacy and advance public policy goals.

To address these critical issues, we conducted a global survey focused on the use, impact and trustworthiness of data and AI in the public sector. The findings provide valuable insights for leaders committed to responsible innovation and public trust.

In these pages, you'll learn:

## **We tend to overly trust more humanlike technology.**

Despite evidence that GenAI can be error-prone, organizations have more faith in this technology than in other types of AI, including machine learning.

## **Tangible ROI increases with trust.**

To realize greater value from AI initiatives, the survey found organizations must focus on governance, explainability and ethical safeguards.

## **Organizations must move beyond cost cutting.**

Saving money is often a top goal set for AI initiatives. While efficiency is important, our study found that focusing on cost-reduction alone delivers the least value compared with

other objectives. Agencies that pursue more strategic AI initiatives – such as improving citizen services, advancing equity, and strengthening community outcomes – deliver greater value to the public and build lasting trust.

## **Agentic AI requires groundwork.**

The study revealed that agentic AI progress will likely stall when faced with nonoptimized cloud data environments, poor data governance or talent shortages.

## **Quantum AI is quickly becoming a reality.**

Quantum applications are currently being explored in logistics, finance, cybersecurity, life sciences, climate modeling and materials science. Although this technology is in an experimental phase, survey respondents shared that the excitement for its potential is very real.

In addition to these findings, you will also learn about the AI Trust Index and the AI Impact Index – two new measurements we are introducing to compare the use and impact of AI across regions and industries.

For the public sector to rely on AI, it must deliver clear value.

Realizing this value in ways that move the needle for citizens and communities requires everyone to overcome the trust dilemma.



**Grant Brooks**  
Senior Vice President of  
Public Sector, SAS

# Introduction

Once the domain of rule-based systems and neural networks, the **AI** market now finds itself energized and redefined by the advent of **generative AI**. This wave of innovation has not only accelerated the adoption of AI (65% currently using AI, 32% planning to in the next 12 months) but has fundamentally shifted the way organizations and individuals perceive, trust and harness AI capabilities.

GenAI, with its ability to automate knowledge work and tackle complex tasks, has quickly eclipsed traditional AI in both visibility and application (81% vs. 66%). In just a few short years, GenAI has moved from an emerging curiosity to a mainstream essential.

And, of course, the AI landscape continues to evolve beyond GenAI.

**Agentic AI** (52% current adoption), which can act autonomously and make decisions in dynamic environments, is poised to further expand the boundaries of automation and intelligence. Likewise, **quantum AI** promises to solve problems previously considered intractable due to computational limitations. While these technologies are still emerging, their potential has captured the imagination of decision-makers eager to experiment and innovate (61% seek greater process efficiency, only 32% seek cost savings).

This moment brings with it new requirements and responsibilities. As AI systems become more autonomous and deeply integrated into critical processes, data foundations (16% siloed or ad hoc) also become more important. The quality, diversity and governance of data directly influence AI outcomes, making smart data strategies essential to realizing benefits and mitigating risks.

## Central to this new landscape is the question of trust. Two elements are at play:

1. The degree to which users trust AI shaped by factors such as training data, usage patterns and observed results (78% say they have complete trust in AI).
2. The inherent trustworthiness of the technology itself, including capabilities for explainability and transparency, along with strong governance practices (only 40% show advanced or higher levels of AI trustworthiness).

As the AI market matures, organizations must address both dimensions of trust to drive adoption and unlock the full transformative potential of artificial intelligence.

This report goes beyond tracking change: It introduces the key metrics that define AI's progress, uncovers the forces reshaping the market and highlights how trust is emerging as the foundation for impact. By examining enabling technologies, implementation strategies and evolving standards of responsibility, it provides a guide not just to where AI stands today, but to where it must go to deliver lasting value.

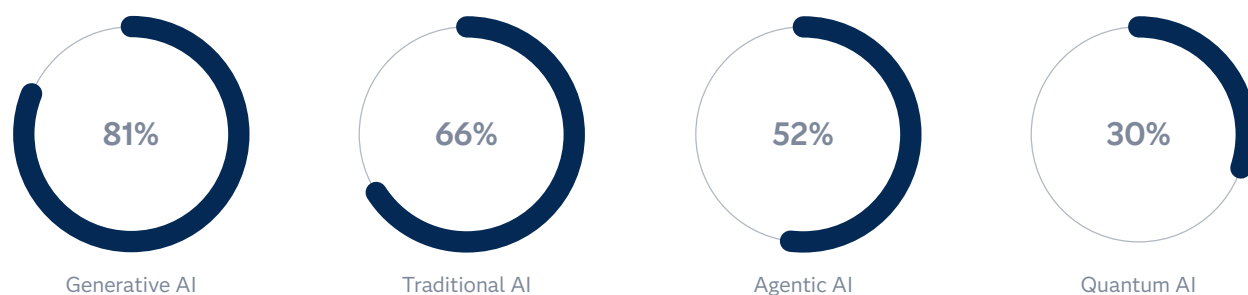
“AI should give clear justifications for its choices, because ethical and long-term AI adoption is fueled by trust.”

Survey respondent,  
asked about trustworthy AI and why it matters

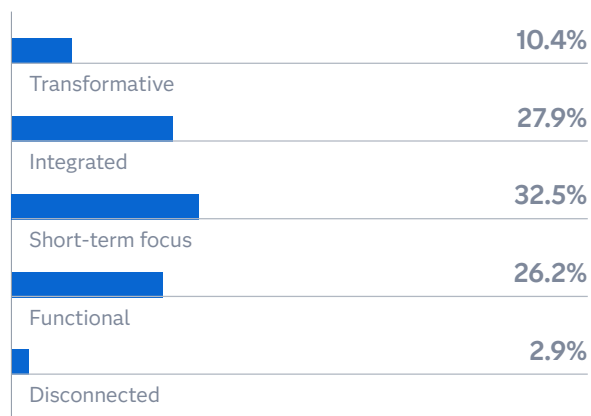
# The Global State of Data and AI

## AI TECHNOLOGIES USED

Percent of Respondents



## CURRENT STATUS OF AI



### Current status of AI

**Disconnected.** AI initiatives are tactical and disconnected from organizational strategy.

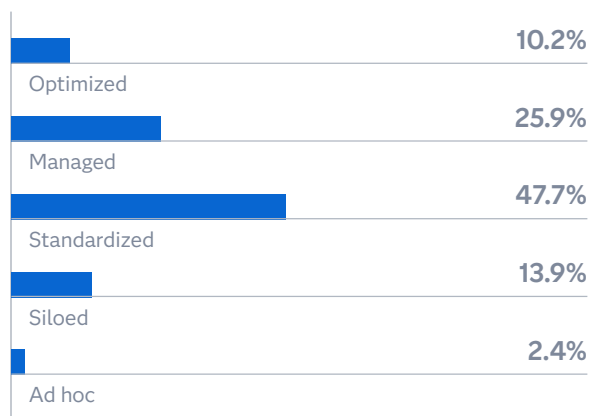
**Functional.** AI initiatives are initiated at the function or line of business (LOB) level, with some connection to organizational strategy.

**Short-term focus.** AI initiatives are organization-oriented but typically have a short-term focus.

**Integrated.** Integrated, continuous organization-wide AI innovation is in place with operations and customer/service experiences.

**Transformative.** There is a longer-term investment plan in place, and the organizational strategy is to use governed AI to transform markets and customers by creating new business models and product/service experiences.

## CURRENT STATUS OF DATA INFRASTRUCTURE



### Current status of data infrastructure

**Ad hoc.** Data architecture is unstructured and lacks formal processes or governance. Data is siloed and inconsistently managed and decisions are reactive.

**Siloed.** Basic frameworks and processes begin to emerge, but they remain fragmented with gaps in consistency and governance.

**Standardized.** Clear governance procedures, standards and operating models are established, but compliance is incomplete.

**Managed.** Data architecture processes are integrated across the organization, with iterative updates reflecting business needs.

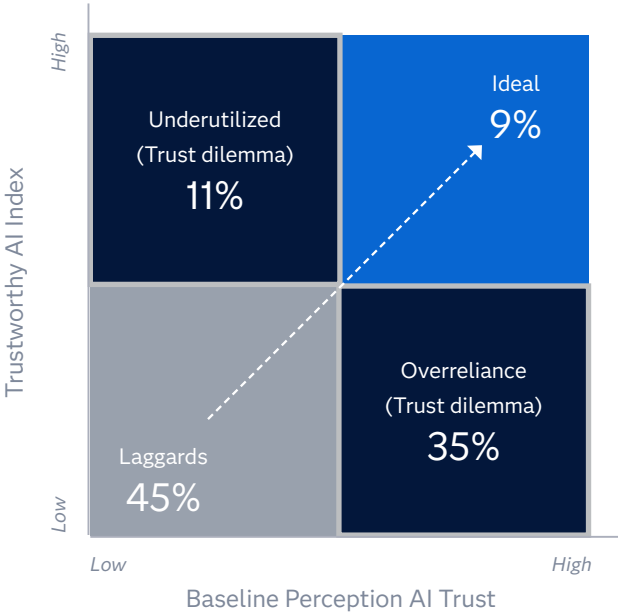
**Optimized.** Data architecture is fully optimized and continuously improved using metrics like KPIs.

# The Trust Dilemma

The chart below plots the relationship between the perceived trust in AI systems and their actual trustworthiness, illustrating the “trust dilemma.” This misalignment, evident across all regions, represents a critical barrier to effective AI adoption. Most organizations experience this misalignment, with relatively few achieving the ideal balance. Two risks emerge: underutilization of reliable systems when trust remains low and overreliance on unproven systems when confidence is disproportionately high. The challenge is particularly acute for generative AI, where rapid enthusiasm has outpaced governance and data quality.

## GLOBAL TRUST DILEMMA

The matrix presents clear categories, but both trust in AI and its trustworthiness lie on a continuum. While the report uses a 2x2 framework, readers should keep in mind that shifts between levels are gradual, not binary.



The trust dilemma is a persistent global issue, affecting nearly half of organizations worldwide (46%). It is slightly more pronounced in Asia Pacific and North America, where 47% of organizations face misalignment between trust in AI and actual system trustworthiness. META (Middle East, Turkey and Africa) and Latin America perform slightly better at 45%, though the dissonance remains significant. Even in Europe, where regulatory oversight is stronger, 46% of organizations still fall into this dilemma. Solving it will require sustained investment in governance frameworks, the development of skilled talent and robust infrastructure to ensure that organizational confidence in AI technologies is firmly grounded in demonstrable reliability and integrity. Ultimately, solving this trust dilemma is essential if organizations are to unlock the full impact and value of AI.

“This research from SAS and IDC illustrates one of our core beliefs at Microsoft that we cannot harness the full potential of AI without trust, and that trust is never assumed or given, it must be earned.”

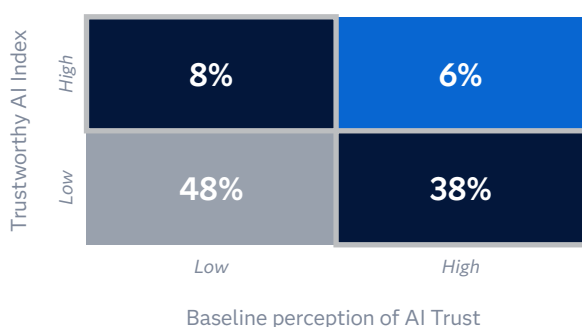
**Sarah Bird**  
Chief Product Officer, Responsible AI, Microsoft

# The Trust Dilemma Across Industries

## Government

Government organizations worldwide are rapidly adopting AI, especially GenAI, but face a unique trust dilemma. 46% of government organizations are in the underutilization and overreliance quadrants, with a surprisingly high percentage over-relying on untrustworthy systems. This means that many government entities place strong confidence in AI systems that may not yet be fully trustworthy. While some governments (notably in Europe and Latin America) are making progress in embedding responsible AI practices, most still face significant gaps in data centralization, governance and talent, which hinder their ability to fully realize AI's potential.

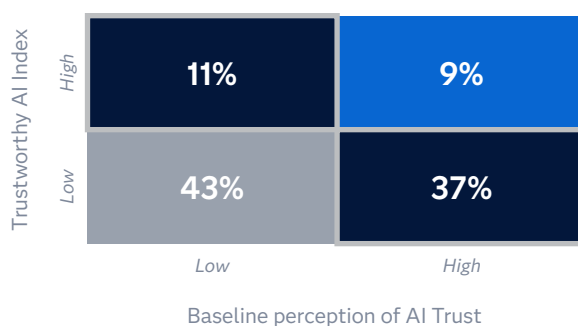
### GLOBAL GOVERNMENT TRUST DILEMMA



## Life sciences

Life sciences organizations face the largest overall trust dilemma among the four focus industries, with 48% of organizations falling into the underutilization and overreliance quadrants. This means that while many life sciences organizations have advanced AI and data infrastructure maturity, a significant portion either underutilizes reliable AI systems due to low trust or over-relies on systems lacking trustworthy foundations. Notably, life sciences organizations also have a high percentage in the overreliance quadrant, indicating that enthusiasm for AI adoption sometimes outpaces the implementation of robust governance and ethical safeguards. As the industry moves toward more autonomous and agentic AI, aligning perceived trust with actual trustworthiness will be increasingly critical for realizing sustainable impact.

### GLOBAL LIFE SCIENCES TRUST DILEMMA



## Solving the trust dilemma

While each sector faces unique challenges, a common theme emerges: Trust in AI must be matched by tangible investments in governance, talent and infrastructure. Solving the trust dilemma is not just a matter of belief in AI's potential – it requires deliberate action to ensure responsible and sustainable adoption. To solve the trust dilemma, organizations must focus on strengthening data and model governance, embedding ethical and transparent practices into AI life cycles and developing the skills and culture needed to align human trust with technological trustworthiness.

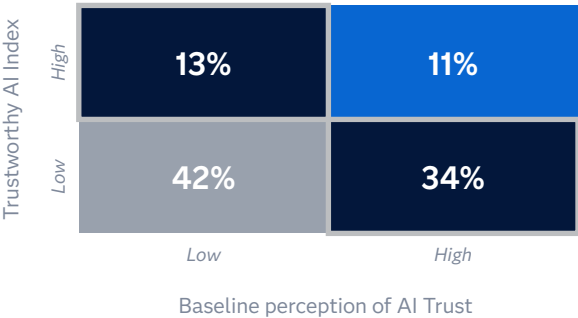
# The Trust Dilemma Across Industries

As artificial intelligence continues to reshape industries, the level of trust in AI and the investment in trustworthy AI practices vary significantly across sectors. From banking and insurance to government and life sciences, organizations are navigating the complex balance between innovation and responsible adoption.

## Banking

Banking is often at the forefront of AI adoption, especially in regions like North America and META. Banks invest heavily in trustworthy AI, motivated by regulatory scrutiny and risk sensitivity. This commitment is reflected in banking having the largest share (11%) of organizations in the ideal quadrant, those combining high trust with strong trustworthy AI practices. However, a significant trust dilemma remains, with 47% of banks globally falling into the underutilization and overreliance quadrants, with banking showing a slightly higher tilt toward underutilization than our other industries. This cautious stance means that despite substantial investments in trustworthy AI, banks still face foundational challenges such as data governance and talent shortages, which can lead to missed opportunities.

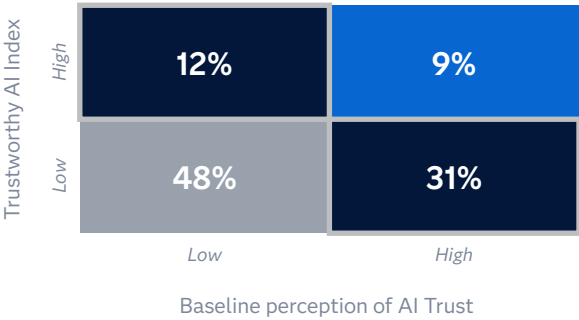
GLOBAL BANKING TRUST DILEMMA



## Insurance

The insurance sector shows a moderate trust dilemma globally, with 43% in the underutilization and overreliance quadrants. Insurers are generally cautious, prioritizing data governance and risk management, which reduces misalignment compared to other industries. However, many insurance organizations remain in early or functional stages of AI maturity, and only a minority have fully aligned their trust in AI with investments in trustworthy AI practices. This cautious approach slows innovation but helps avoid the risks of overreliance on unproven AI systems.

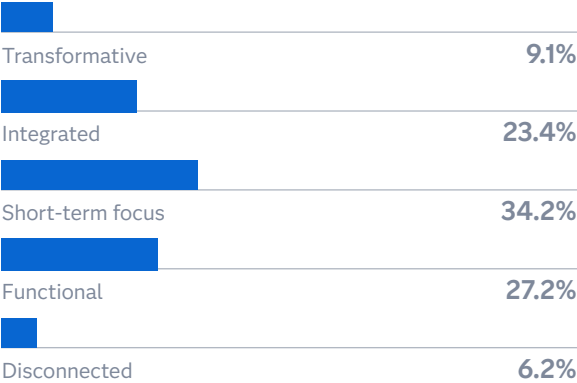
GLOBAL INSURANCE TRUST DILEMMA



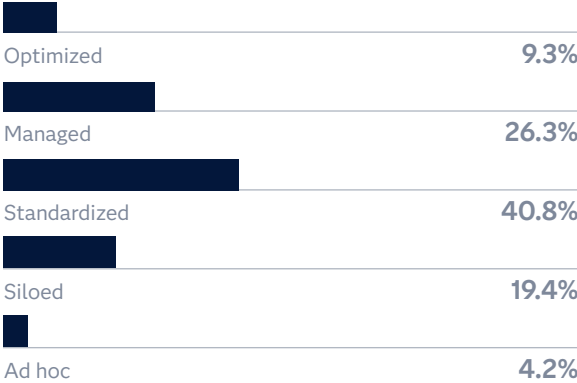
# Global Government Overview

## Strong AI maturity, but behind in data infrastructure maturity

### AI MATURITY



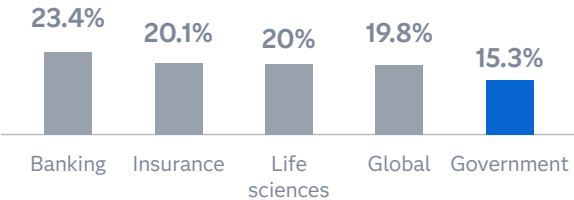
### DATA INFRASTRUCTURE MATURITY



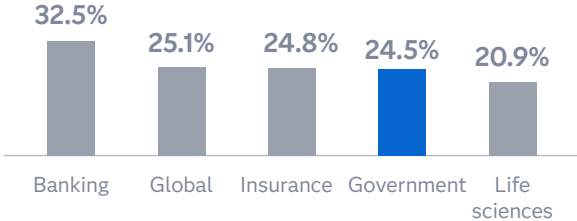
Government organizations report notably strong AI maturity on a global scale. Nearly half of respondents place themselves in either the “transformative” or “integrated” stages of maturity – significantly ahead of banking and insurance organizations. However, the picture shifts when it comes to data infrastructure maturity: Government organizations trail life sciences by a wide margin, though their responses are generally consistent with those from banking and insurance.

## Lagging trustworthy AI efforts today, together with comparatively weak trustworthy AI investment plans for agentic AI

### OVERALL TRUSTWORTHY AI: TRANSFORMATIONAL STATUS



### TRUSTWORTHY AI INVESTMENT FOR AGENTIC AI: SIGNIFICANTLY INCREASING



In terms of delivering trustworthy AI, government organizations lag behind the other three focus industries. Only 15.3% operate at the highest level of our Trustworthy AI Index, compared to the global average of 19.8%. They also fall short of banking and insurance organizations in their expectations for future investment in trustworthy AI initiatives.

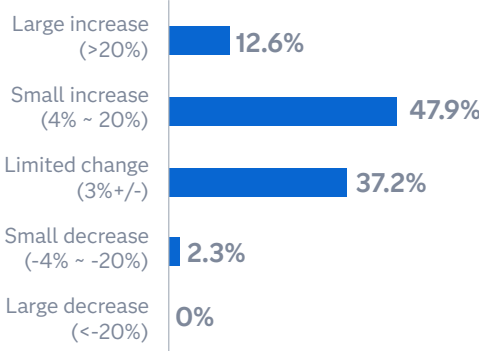
# Global Government Overview

## Aggressive investment plans, focused first on driving innovation with investments in skills acquisition and architecture

### TOP 5 CHALLENGES

01	Data foundation not centralized / optimized	>	57.6%
02	Lack of data governance	>	50.3%
03	Lack of skilled employees	>	39.5%
04	Lack of specialized tech personnel	>	29.9%
05	Cost for AI development and deployment	>	27.7%

### EXPECTED AI INVESTMENT GROWTH



### TOP 5 IMPLEMENTATION PRIORITIES

01	Build an AI technology architecture	>	61.6%
02	Support AI training and reskilling	>	43.5%
03	Build and run a data science and AI team	>	41.2%
04	Develop a data architecture that supports AI	>	41.2%
05	Create AI strategy and roadmap	>	32.8%

### HOW LEADERS SEE AI BUSINESS VALUE

01	Process efficiency / effectiveness	>	64%
02	Personal productivity	>	60.2%
03	Product / service innovation	>	56.7%

Like the other industries in this study, government organizations frequently cite challenges related to data foundations, data governance and skills availability. However, they stand out as the only sector where respondents are more likely to highlight skills gaps among general employee populations rather than among specialized technical teams.

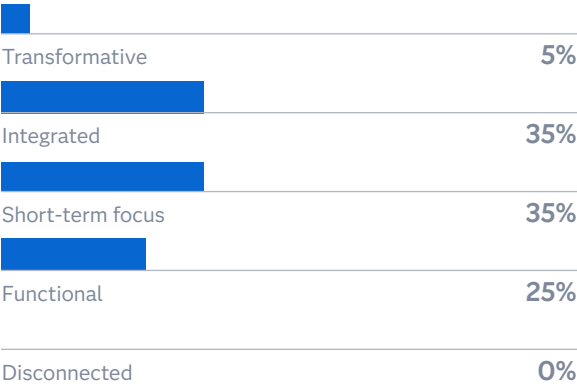
Reflecting these challenges, government organizations are prioritizing investments in technology architecture alongside workforce skill development. Nearly one-third of respondents also emphasize the importance of creating an AI strategy and roadmap.

Government organizations express strong expectations for AI investment growth in the coming year – 12.6% anticipate increases of more than 20%, and nearly half expect growth between 4% and 20%. Like leaders in life sciences and insurance, government respondents view process efficiency and effectiveness as the primary lens for realizing AI's business value. Additionally, personal productivity is cited by over 60%, the highest rate among all four industries.

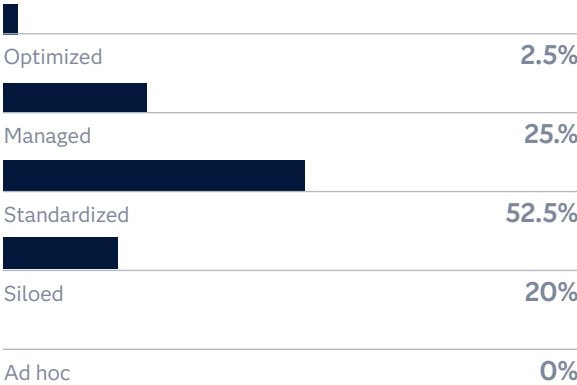
# North America – Government

## North American Government is making progress with AI, but still has work to do

### AI MATURITY



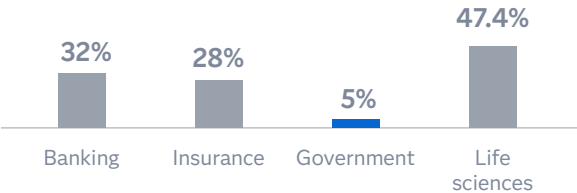
### DATA INFRASTRUCTURE MATURITY



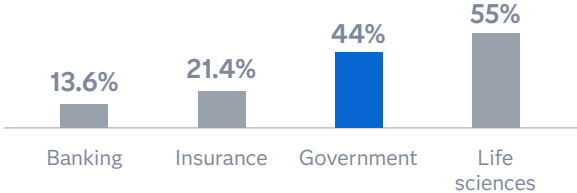
North American government agencies and organizations show strong engagement with AI, with 70% either at the “integrated” stage or maintaining a short-term focus, and none remaining disconnected. However, only 5% have reached a “transformative” level, indicating that most are still in early or transitional stages of AI maturity. On the data infrastructure side, 52.5% are at the “standardized” tier and 25% the “managed” level, but just 2.5% are optimized, suggesting limited readiness for advanced AI deployment. This gap between AI ambition and infrastructure capability highlights a key area for strategic investment and development.

## North American Government shows healthy momentum in agentic AI investments

### OVERALL TRUSTWORTHY AI: TRANSFORMATIONAL STATUS



### TRUSTWORTHY AI INVESTMENT FOR AGENTIC AI: SIGNIFICANTLY INCREASING



In North America, the government sector shows the lowest overall trustworthy AI transformational status at just 5.0%, far behind life sciences, banking and insurance. However, its investment in agentic AI is relatively strong at 44.0%, surpassing banking and insurance, though still trailing life sciences.

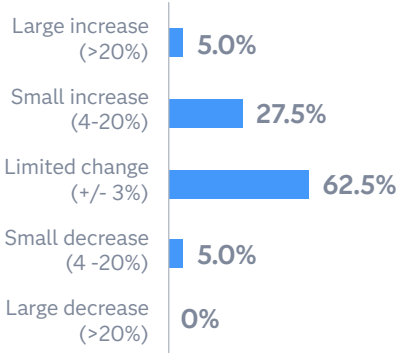
# North America – Government

## Limited investment in North American government agencies is slowing data and AI adoption

### TOP 5 CHALLENGES

01	Data foundation not centralized / optimized	➤	57.1%
02	Lack of data governance	➤	48.6%
03	Lack of skilled employees	➤	40%
04	Lack of executive support	➤	40%
05	Cost for AI development and deployment	➤	28.6%

### EXPECTED AI INVESTMENT GROWTH



### TOP 5 IMPLEMENTATION PRIORITIES

01	Build an AI technology architecture	➤	54.3%
02	Create AI strategy and roadmap	➤	54.3%
03	Support AI training and reskilling	➤	48.6%
04	Develop a data architecture that supports AI	➤	40%
05	Build and run a data science and AI team	➤	37.1%

### HOW LEADERS SEE AI BUSINESS VALUE

01	Process efficiency / effectiveness	➤	70%
02	Product / service innovation	➤	52.5%
03	Personal productivity	➤	47.5%

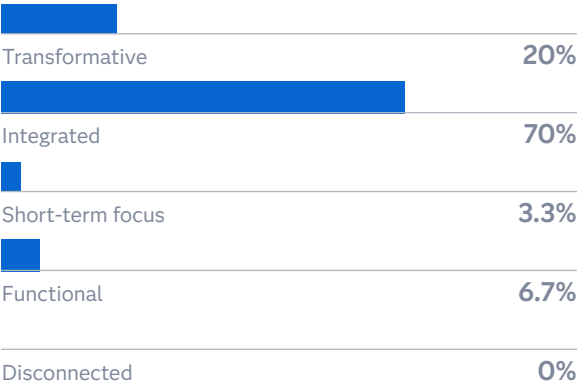
North American government organizations are cautiously advancing their use of AI, with most expecting only limited changes in investment (62%) and just 5% anticipating large increases. The top challenges facing organizations include a lack of centralized data foundations (57.1%), a lack of data governance (48.6%) and shortages in skilled employees and executive support (both at 40%). These issues suggest that both technical infrastructure and organizational alignment are critical barriers to scaling AI initiatives. Cost concerns (28.6%) also play a role, though they appear less pressing than structural and talent-related obstacles. Despite these challenges, there is clear recognition of AI's value, particularly in improving process efficiency (70%), driving innovation (52%) and enhancing personal productivity (47%).

To address these barriers, government organizations are prioritizing the development of AI technology architecture and strategic roadmaps (both at 54.3%), alongside training and reskilling efforts (48%). Building supportive data architecture and forming data science teams are also key focus areas, reflecting a comprehensive approach to AI readiness. These priorities indicate a shift toward long-term capability building rather than rapid deployment. However, the modest investment expectations suggest that progress may be incremental and dependent on broader organizational buy-in. Organizations will have to offer stronger executive support, improve their data governance and provide sustained investment in infrastructure and talent to fully realize AI's potential in public sector transformation.

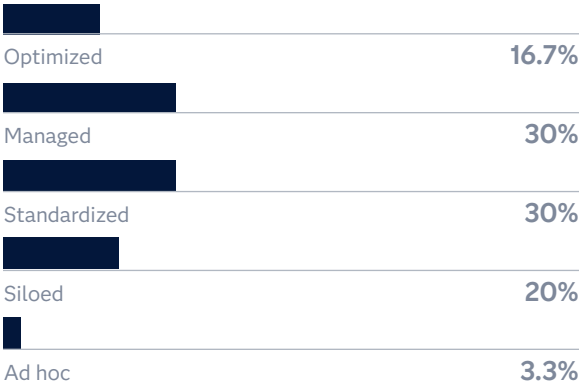
# Latin America – Government

## Latin American government agencies lead the way in the mature use of AI & data

### AI MATURITY



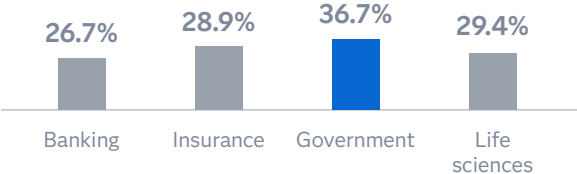
### DATA INFRASTRUCTURE MATURITY



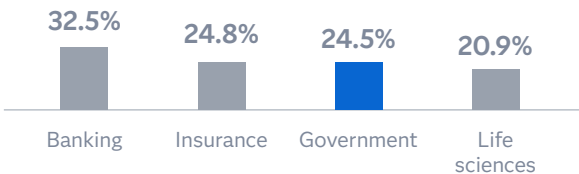
Latin American government organizations show strong AI adoption, with 70% at the “integrated” level and 20% achieving “transformative” maturity levels – indicating a high commitment to embedding AI into government operations. Only 10% remain in early stages (functional or short-term focus), and none are disconnected, reflecting widespread recognition of AI’s strategic value. On the data infrastructure side, 30% are “standardized” and another 30% “managed,” providing a solid foundation for AI deployment. However, just 16.7% have optimized infrastructure, highlighting the need to advance data infrastructure optimization to fully support the transformative potential of AI in government services.

## Government’s mixed standing in trustworthy AI adoption across Latin America

### OVERALL TRUSTWORTHY AI: TRANSFORMATIONAL STATUS



### TRUSTWORTHY AI INVESTMENT FOR AGENTIC AI: SIGNIFICANTLY INCREASING



In Latin America, government leads in overall trustworthy AI transformational status at 36.7%, outpacing banking, insurance and life sciences. However, it falls behind in significantly increasing investment for agentic AI (25%), ranking it only third and highlighting the risk of falling behind other industry sectors in the future.

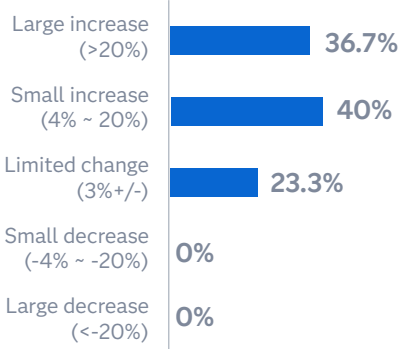
# Latin America – Government

## Latin American government organizations are actively working to advance their use of AI

### TOP 5 CHALLENGES

01	Data foundation not centralized / optimized	>	68.8%
02	Lack of skilled employees	>	50%
03	Lack of specialized tech personnel	>	43.8%
04	Lack of data governance	>	37.5%
05	Lack of clear evaluation criteria	>	27.7%

### EXPECTED AI INVESTMENT GROWTH



### TOP 5 IMPLEMENTATION PRIORITIES

01	Build an AI technology architecture	>	81.2%
02	Support AI training and reskilling	>	50%
03	Build and run a data science and AI team	>	43.8%
04	Develop a data architecture that supports AI	>	43.8%
05	Integrate AI models into existing systems	>	25%

### HOW LEADERS SEE AI BUSINESS VALUE

01	Personal productivity	>	63.3%
02	Product / service innovation	>	53.3%
03	Decision making	>	53%

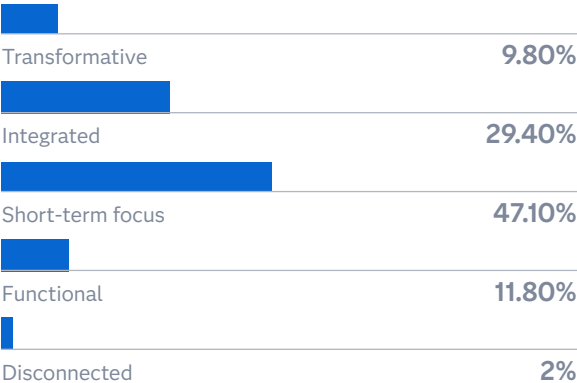
Latin American government organizations are actively working to advance their use of AI but face several foundational challenges. The most pressing issue is the lack of centralized and optimized data infrastructure (68.8%), followed by shortages in skilled employees (50%) and specialized tech personnel (43.8%). Data governance and evaluation criteria are also cited as barriers, indicating that both technical and strategic frameworks need strengthening. Despite these challenges, investment outlook is optimistic, with 40% expecting small increases and 36.2% anticipating large increases in AI funding. This signals a strong commitment to AI development, even as foundational gaps persist.

To address these issues, government organizations are prioritizing the creation of AI technology architecture (81.2%) and supporting training and reskilling initiatives (50%). Building data science teams and developing supportive data architecture are also key focus areas, reflecting a holistic approach to AI readiness. Leaders see AI as a tool for enhancing personal productivity (63.3%), driving innovation (53.3%) and improving decision making (53%). Key takeaways include the need for continued investment in infrastructure and talent, a strategic focus on integration and governance and a clear recognition of AI's potential to transform public sector operations.

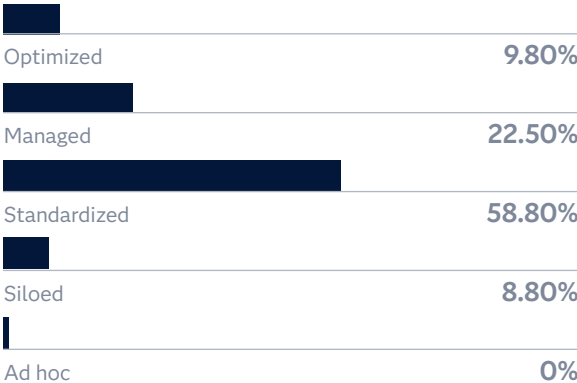
# Europe – Government

## Government organizations show very modest levels of AI and data infrastructure maturity

### AI MATURITY

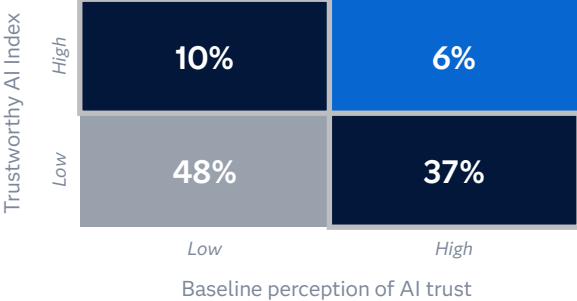


### DATA INFRASTRUCTURE MATURITY



Government organizations in Europe stand out among our focus industries for their rapid embrace of generative AI, signaling strong interest in leveraging new technologies to enhance public services and operations. While many are still in the middle stages of AI and data infrastructure maturity, with nearly half at the median level of AI maturity and close to 60% at the same stage for data infrastructure, this reflects a solid foundation from which to build. The speed of GenAI adoption demonstrates both ambition and adaptability, and the next opportunity lies in translating this momentum into higher levels of maturity and impact.

## Comparatively low levels of trust in AI



Despite European government organizations’ rush to adopt AI, almost 60% report some level of skepticism about the technology (low trust). Overall, just 6% have both a high level of innate trust in AI and a high level of capability in delivering trustworthy AI. Overall, 16% are working effectively to deliver trustworthy AI – more than insurance, but less than life sciences and banking organizations.

European government organizations are particularly concerned about data privacy and security risks associated with AI, which plays into the overall modest trust levels shown here.

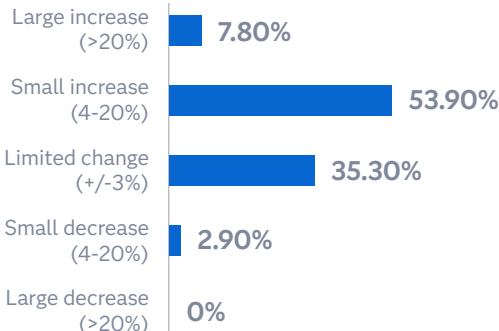
# Europe – Government

European government organizations are bullish on AI investment, focused on architecture development and skills acquisition and keen to see personal productivity outcomes

### TOP 5 CHALLENGES

01	Data foundation not centralized / optimized	>	55.4%
02	Lack of data governance	>	52.3%
03	Lack of specialized tech personnel	>	33.8%
04	Costs	>	32.3%
05	Lack of skilled employees	>	30.8%

### EXPECTED AI INVESTMENT GROWTH



### TOP 5 IMPLEMENTATION PRIORITIES

01	Build an AI technology architecture	>	64.6%
02	Build and run a data science and AI team	>	43.1%
03	Develop a data architecture that supports AI	>	35.4%
04	Create AI strategy and roadmap	>	35.4%
05	Support AI training and reskilling	>	35.4%

### HOW LEADERS SEE AI BUSINESS VALUE

01	Personal productivity	>	70.6%
02	Process efficiency / effectiveness	>	66.7%
03	Product / service innovation	>	53.9%

European government organizations report strong investment plans for AI over the coming year, with over 60% expecting AI investment to grow by at least 4% and only around a third of organizations expecting a limited change in investment.

Government organizations, like others in our four focus industries, are particularly challenged by foundational data issues and a gap in skills availability. Around one-third of respondents (32.3%) cite AI costs as being a key challenge. Government organizations in Europe are the most likely, among our four focus industries, to cite a lack of data centralization and optimization as a key challenge.

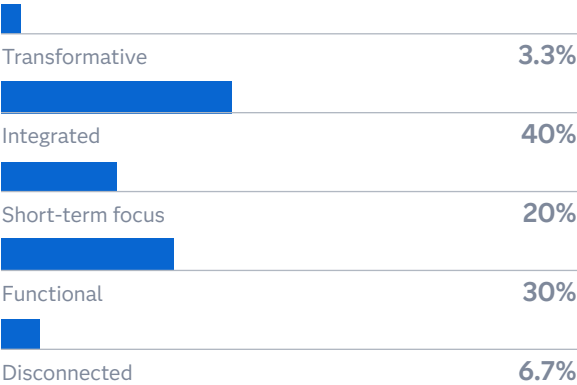
Key implementation priorities going forward focus on a blend of architecture and skills acquisition, with European government organizations the most likely of our four focus industries to cite construction of an AI technology architecture as a key priority.

Unlike those of our other focus industries, leaders in European government organizations are most likely to be looking for AI business value in improved personal productivity – over 70% say this is a key focus. Given government organizations’ accelerated adoption of GenAI, this is understandable – but personal productivity can be accomplished by the use of traditional AI as well, as it complements the employee in performing complex tasks with a high degree of accuracy and transparency.

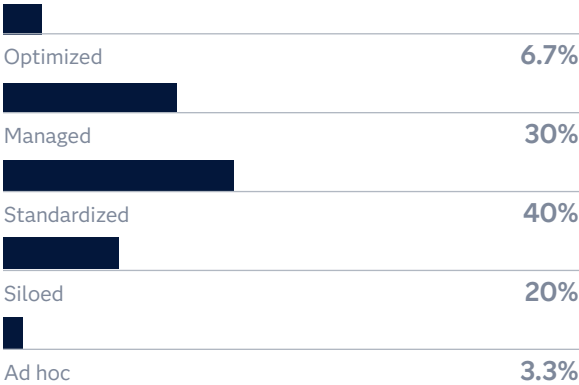
# META – Government

## Data Infrastructure and AI are advancing in the META government sector, but still have room to improve

### AI MATURITY



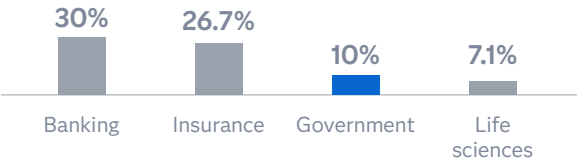
### DATA INFRASTRUCTURE MATURITY



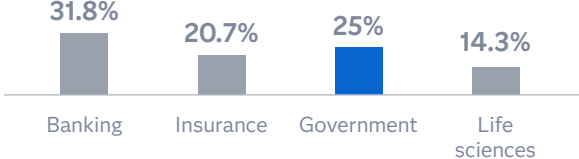
META government agencies show moderate AI maturity, with 40% at the “integrated” level and 30% the “functional” stage, indicating that many are embedding AI into operations, but few (3.3%) have reached transformative use. Similarly, while 40% have standardized data infrastructure and 30% have managed systems, only 6.7% are at the “optimized” level – suggesting that limited data agility may constrain the full potential of AI in driving innovation and public service efficiency.

## Issues with trust in AI overall, but agentic AI shows promise

### OVERALL TRUSTWORTHY AI: TRANSFORMATIONAL STATUS



### TRUSTWORTHY AI INVESTMENT FOR AGENTIC AI: SIGNIFICANTLY INCREASING



META Government agencies lag behind banking and insurance in overall trustworthy AI transformational status (10% vs. 30% and 26.7%, respectively), indicating slower progress in embedding AI responsibly across operations. However, government ranks second in significantly increasing investment in agentic AI (25%), surpassing life sciences and insurance, suggesting a strong forward-looking commitment to enhancing autonomous AI capabilities despite current maturity gaps.

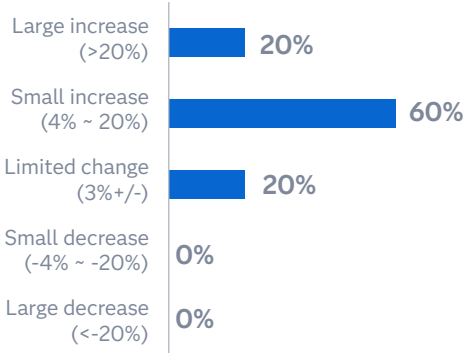
# META – Government

## Government agencies in the META region are increasingly recognizing the strategic importance of AI

### TOP 5 CHALLENGES

01	Data foundation not centralized / optimized	>	78.6%
02	Lack of data governance	>	57.1%
03	Lack of skilled employees	>	42.9%
04	Lack of executive support	>	35.7%
05	Lack of specialized tech personnel	>	28.6%

### EXPECTED AI INVESTMENT GROWTH



### TOP 5 IMPLEMENTATION PRIORITIES

01	Support AI training and reskilling	>	57.1%
02	Develop data architecture that supports AI	>	50%
03	Build and run a data science and AI team	>	35.7%
04	Create AI strategy and roadmap	>	35.7%
05	Develop responsible AI policy	>	35.7%

### HOW LEADERS SEE AI BUSINESS VALUE

01	Process efficiency / effectiveness	>	66.7%
02	Personal productivity	>	53.3%
03	Decision making	>	46.7%

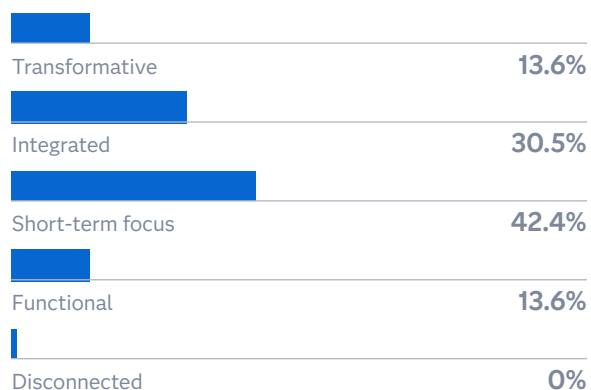
Government agencies in the META region are increasingly recognizing the strategic importance of AI, with 80% expecting investment growth and 20% anticipating large increases. However, foundational challenges persist, particularly around data infrastructure: Nearly 80% of respondents report siloed or unoptimized data foundations (78.6%), and 57.1% cite a lack of data governance. Talent shortages also remain a concern, with 42.9% noting a lack of skilled employees and 28.6% pointing to gaps in specialized tech personnel. Additionally, 35.7% of respondents highlight a lack of executive support, which may hinder strategic alignment and long-term planning for AI initiatives.

To address these challenges, META government agencies are prioritizing AI training and reskilling (57.1%), developing supportive data architecture (50%) and forming dedicated data science teams (35.7%). Strategic planning and responsible AI policy development are also key focus areas, reflecting a maturing approach to governance and deployment. Leaders see AI's business value primarily in improving process efficiency (66.7%), enhancing personal productivity (53.3%) and supporting better decision making (46.7%). While investment momentum is strong, success will depend on resolving data and talent gaps, fostering executive buy-in and aligning AI initiatives with clear strategic goals.

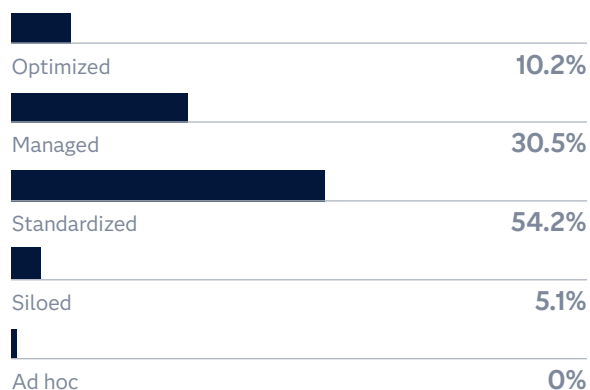
# Asia Pacific – Government

## Strong data foundations position AP governments for AI integration

### AI MATURITY



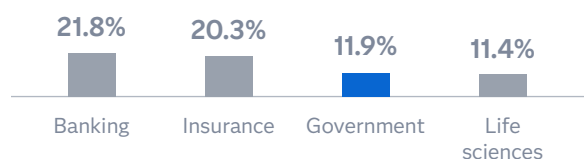
### DATA INFRASTRUCTURE MATURITY



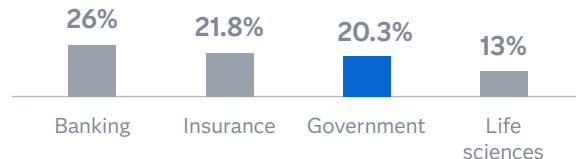
Asia Pacific government organizations appear well-positioned to scale AI, thanks to a relatively mature data infrastructure. Over half of government entities report having standardized data environments, and nearly one-third have reached the managed stage. This data readiness supports the finding that 30.5% of organizations already operate with integrated AI, while 13.6% describe their AI use as transformative. Although a sizable share still focuses on short-term use cases, the combination of structured data practices and growing AI maturity suggests that governments are steadily transitioning from experimentation to more embedded, strategic AI deployment.

## AP governments are investing in trust to accelerate AI maturity

### OVERALL TRUSTWORTHY AI: TRANSFORMATIONAL STATUS



### TRUSTWORTHY AI INVESTMENT FOR AGENTIC AI: SIGNIFICANTLY INCREASING



Although only 11.9% of AP government organizations report transformational adoption of trustworthy AI today, investment signals a shift toward progress. A notable 20.3% are significantly increasing investment in trustworthy AI for Agentic systems, suggesting growing recognition of the need to embed transparency, accountability and control into more autonomous technologies. This gap between current maturity and future commitment reflects a sector that is aware of its limitations but actively preparing for responsible scaling. With foundational data systems already in place, governments appear poised to translate investment in trust into deeper and more sustainable AI integration.

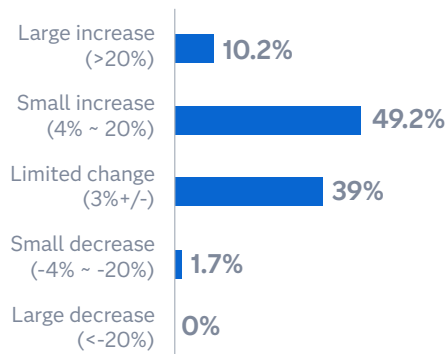
# Asia Pacific – Government

## AP governments are aligning AI value with capability

### TOP 5 CHALLENGES

01	Lack of data governance	➤	51.1%
02	Data foundation not centralized / optimized	➤	51.1%
03	Lack of skilled employees	➤	46.8%
04	Cost for AI development and deployment	➤	29.8%
05	Lack of executive support	➤	25.5%

### EXPECTED AI INVESTMENT GROWTH



### TOP 5 IMPLEMENTATION PRIORITIES

01	Build an AI technology architecture	➤	63.8%
02	Develop a data architecture that supports AI	➤	46.8%
03	Support AI training and reskilling	➤	44.7%
04	Build and run a data science and AI team	➤	44.7%
05	Customize GenAI models	➤	29.8%

### HOW LEADERS SEE AI BUSINESS VALUE

01	Product / service innovation	➤	72.9%
02	Process efficiency / effectiveness	➤	62.7%
03	Personal productivity	➤	52.5%

Government leaders across AP see AI as a critical tool for public sector transformation. Nearly 73% expect it to drive product and service innovation, with additional value expected in process efficiency (62.7%) and personal productivity (52.5%). These priorities reflect a clear view of AI as both a service modernizer and a performance enabler.

This confidence is mirrored in the investment outlook. A combined 59.4% of government organizations expect AI investment to increase, though most foresee modest growth. Only 1.7% expect a decrease. This indicates steady momentum, with leaders opting for a controlled approach to scaling.

Yet, major barriers remain. The most pressing challenges are structural rather than financial. Over half of organizations cite lack of data governance and unoptimized data environments, while nearly as many report talent shortages. These gaps suggest that operational readiness is not yet fully aligned with strategic intent.

To address this, governments are focusing their AI investment on capability building. The top priorities include building AI technology architecture (63.8%), improving data infrastructure (46.8%) and developing internal skills through training and team formation (44.7%). Fewer are investing in advanced areas like GenAI model customization, reflecting a deliberate focus on strengthening foundations before scaling more complex use cases.

# Glossary of Important Terms

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<b>AI governance</b>	<i>The framework of policies, processes and controls that guide the responsible development, deployment and oversight of AI systems, ensuring they are ethical, transparent, trustworthy and aligned with organizational and regulatory standards.</i>
<b>Agentic AI</b>	<i>A class of artificial intelligence systems composed of autonomous, goal-driven agents that collaborate through orchestration layers to perform complex tasks with minimal human supervision, leveraging memory, reasoning and dynamic tool use to adapt and act independently.</i>
<b>AI Impact Index</b>	<i>A quantitative benchmark that reflects the realized business value of AI by aggregating outcomes such as productivity, innovation, customer experience, operational efficiency and financial returns to show how effectively AI supports strategic and operational goals.</i>
<b>AI maturity</b>	<i>The degree to which an organization has embedded AI into its strategy, operations and culture. Maturity ranges from early experimentation to transformation.</i>
<b>Data infrastructure maturity</b>	<i>The degree to which an organization's data architecture is structured, governed and integrated, ranging from ad hoc and siloed practices to fully optimized, continuously improving systems.</i>
<b>Generative AI</b>	<i>A branch of artificial intelligence that creates original content, such as text, images, audio or code, by using models trained on existing data to respond to prompts with new outputs.</i>
<b>Responsible AI</b>	<i>A set of practices and technologies designed to ensure AI is ethical, transparent and aligned with societal and organizational values.</i>
<b>Traditional (predictive) AI</b>	<i>A form of artificial intelligence that uses rule-based or statistical models to perform narrowly defined tasks, such as prediction, classification or optimization, within structured environments – relying on human-defined inputs and outputs rather than generating new content.</i>
<b>Trust dilemma</b>	<i>The misalignment between perceived trust in AI and its actual trustworthiness. This can lead to underuse of reliable systems or overreliance on unproven ones.</i>
<b>Trust in AI</b>	<i>A subjective willingness to rely on AI, shaped by user experience, perception and organizational context. Trust may exist even when the system lacks trustworthy foundations.</i>
<b>Trustworthy AI</b>	<i>An objective measure of an AI system's reliability, integrity and transparency. It reflects whether the technology is built and governed in ways that justify trust and minimize risk.</i>
<b>Trustworthy AI Index</b>	<i>A measure of how extensively an organization has adopted practices, technologies and governance frameworks to ensure its AI systems are ethical, transparent, reliable and aligned with societal and regulatory expectations.</i>
<b>Quantum AI</b>	<i>The fusion of quantum computing and artificial intelligence that leverages quantum phenomena, such as superposition and entanglement, to accelerate learning, optimization and simulation in high-dimensional systems.</i>

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## About IDC

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International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services and events for the information technology, telecommunications and consumer technology markets.

With more than 1,300 analysts worldwide, IDC offers global, regional and local expertise on technology and industry opportunities and trends in over 110 countries. IDC's analysis and insight help IT professionals, business executives and the investment community to make fact-based technology decisions and to achieve their key business objectives.

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SAS is a global leader in data and AI. With SAS software and industry-specific solutions, organizations transform data into trusted decisions. SAS gives you THE POWER TO KNOW®.

Read the full global report, [Data and AI Impact Report: The Trust Imperative](#), and learn more about [SAS working with governments around the globe](#).

