IDC MarketScape

IDC MarketScape: Worldwide AI Services for State and Local Government 2025 Vendor Assessment

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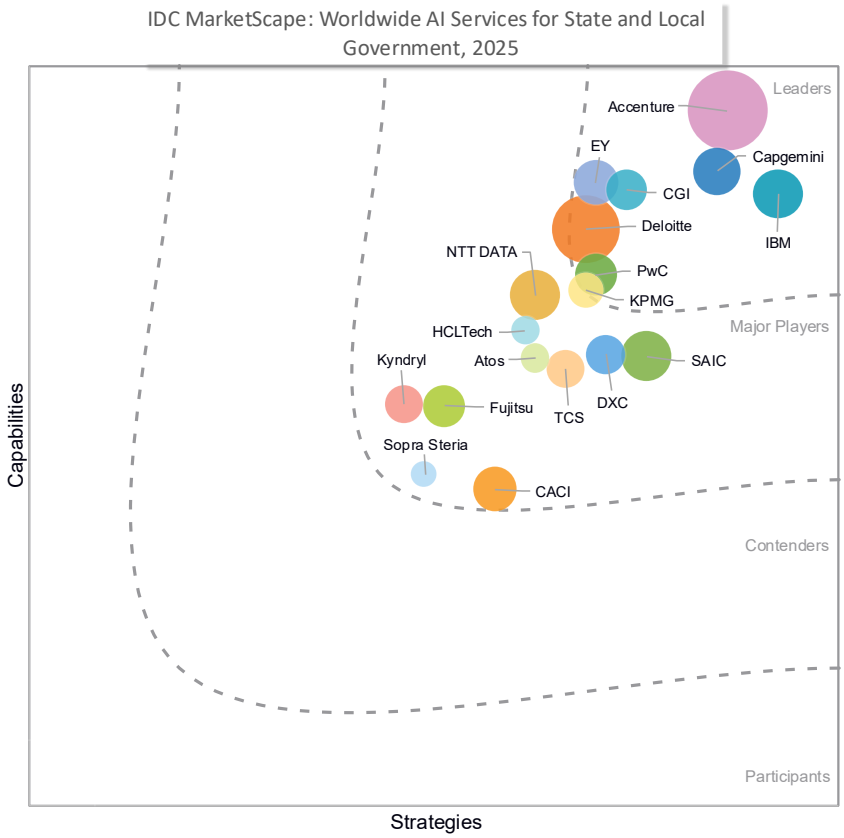
THIS EXCERPT FEATURES ACCENTURE AS A LEADER

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide AI Services for State and Local Government Vendor Assessment



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Please see the Appendix for detailed methodology, market definition, and scoring criteria.

ABOUT THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide AI Services for State and Local Government 2025 Vendor Assessment (Doc #US53009325e).

IDC OPINION

Global and regional services firms are rapidly expanding their investment in AI expertise and solutions in state and local government (SLG). Their strategies follow five main paths:

- **AI frameworks.** Designing tools that help governments move quickly from ideation to implementation, ensuring data readiness and mission-driven impact.
- **Ecosystem partnerships.** Building alliances to support AI workloads across public, private, hybrid, and sovereign clouds, while enabling use of multiple AI models.
- **Operational integration.** Embedding AI and AI agents into IT operations, software development, and cybersecurity to modernize legacy systems, boost efficiency, and enhance system observability.
- **Compliance and responsibility.** Advancing international standards for AI compliance, security, and responsible use in government.
- **Innovation hubs.** Establishing centers of excellence (COEs) and co-creation spaces in which governments can safely experiment, test ideas in sandbox environments, and accelerate ROI.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

- **Revenue threshold.** Vendors must have generated at least $100 million in worldwide AI services revenue in the past calendar year.
- **Breadth of services.** Vendors must offer AI-related business and IT services across the full life cycle (project-based, managed, support, and training). At least 15% of total revenue must come from IT services.
- **Government experience.** Vendors must provide AI services to state and local government agencies and have at least three current government customers engaged in the design, development, piloting, or implementation of AI solutions.

- **Technology neutrality.** Vendors must be technology agnostic and not operate as the services arm of a hardware or software provider whose products are embedded in the AI solution stack.
- **Partnership ecosystem.** Vendors must maintain go-to-market alliances with a diverse range of AI software and hardware providers, including global hyperscalers (AWS, Google Cloud, Microsoft) and AI specialists (Anthropic, OpenAI, Mistral).

ADVICE FOR TECHNOLOGY BUYERS

When evaluating AI professional services partners, local government leaders should look beyond technical breadth to consider mission alignment, local delivery capacity, and regulatory fit. The following criteria highlight the capabilities and constraints most relevant to agencies balancing innovation with compliance, budget realities, and impact:

- **Mission expertise and assets.** Assess whether the vendor provides ready-to-use, government-specific AI assets (e.g., FOI request assistants, benefits enrollment automation, policing assistants, or digital twins for urban planning) rather than generic enterprise catalogues. Evaluate depth of mission-trained experts who understand state and local agency priorities such as permitting, welfare case management, tax compliance, and public safety.
- **Local presence and delivery capacity.** State and local governments should assess the availability of local delivery teams, not just remote or fly-in support. Limited U.S. presence can increase costs and slow down deployment. Evaluate whether vendor staff are positioned to provide on-the-ground change management, training, and knowledge transfer in the jurisdiction.
- **Procurement fit and flexibility.** Consider whether the vendor adapts to short procurement cycles and small contracting vehicles common in state and local government. Vendors that rely on large, multiyear, federal-style contracts may be less agile for city or county needs.
- **Agility and openness of AI models and deployment models.** Determine whether the vendor can meet sovereignty, data residency, and state-level compliance requirements. Some firms emphasize private AI or sovereign cloud partnerships (e.g., with Mistral AI, Aleph Alpha), which may align with state data protection policies. Balance depth (expertise with specific models and platforms) against breadth (reducing lock-in risk through multimodel support).
- **AI compliance, security, and responsible use.** Confirm whether governance frameworks are embedded by design, aligning with state and federal AI regulations, HIPAA, CJIS, FedRAMP, and accessibility requirements. Check for AI-

specific certifications (e.g., ISO/IEC 42001) and whether staff hold clearances relevant to the criminal justice or health domains.

- **AI for software development life cycle and IT operations.** Evaluate whether the vendor's AI frameworks support legacy system modernization, especially in domains in which technical debt is common (e.g., welfare, permitting, tax). Assess breadth of tools for software development, testing, observability, and cybersecurity tailored to government IT environments.
- **Adoption readiness and change management.** Cutting-edge AI (e.g., autonomous agents, immersive digital twins) may exceed agency maturity. Evaluate whether the vendor provides structured change management, staff training, and long-term capability building to prevent overreliance on external consultants.
- **Co-innovation and ecosystem engagement.** Examine whether the vendor provides genuine collaboration opportunities through innovation hubs, hackathons, and applied labs involving government agencies, academia, and start-ups. Determine whether these engagements lead to deployable pilots rather than showcase-only demonstrations.

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Accenture

IDC has positioned Accenture in the Leaders category in this 2025 IDC MarketScape for worldwide AI services for state and local government.

Accenture is a global professional services company with a strong foothold in government digital transformation, particularly in artificial intelligence (AI), data, and cloud modernization. As of 2025, Accenture employs approximately 791,000 personnel globally, with more than 100,000 dedicated practitioners in the Public Service industry group. This group represents a growth engine for the company and includes teams dedicated specifically to SLG clients to deliver cloud, data, AI, and cybersecurity programs. Accenture's long-standing work in U.S. state capitals and international municipalities has evolved to support mission-specific challenges at the subnational level — challenges that include workforce shortages, legacy IT debt, and compliance with a mosaic of procurement and data governance rules.

Accenture's AI strategy has matured from traditional analytics into full-spectrum generative and agent-based services. The company committed to investing $3 billion in AI and generative AI (GenAI) in FY23, resulting in the creation of 60+ AI Innovation Studios and Labs worldwide, with several dedicated to Public Service. These include regionally accessible labs in Washington, D.C.; New York; San Francisco; Toronto; Brussels; London; and Singapore, enabling SLG clients in North America, Europe, the Middle East, and Asia/Pacific to prototype AI workflows in secure environments that align with national and regional compliance frameworks. These labs are designed to address high-friction areas in public service delivery (e.g., call centers, grant management, tax systems, and benefits platforms) by combining Accenture's agentic AI solutions with compliance-by-design architecture.

Accenture's AI professional-services portfolio integrates AI into services, industry, and solutions. Its solutions, capability engines, and co-innovation investments include:

- **NAV AI/AI Refinery for Public Sector.** This sovereign AI multi-agent platform is designed for government workforce and is deployed across state and local government clients. It is designed to be deployed on commercial clouds, air-gapped, or on premises to enable workers to build and deploy agentic teams. Accenture has embedded an encrypted proof-of-compliance solution for runtime attestations of data, AI, and computational compliance (proof of compliance at runtime). NAV AI, as the AI Refinery for Public Sector platform, is Accenture's investment designed to simplify and scale the deployment of AI agents and agentic workflows without governments having to make new IT investments. NAV AI/AI Refinery for Public Sector has a Software Bill of Materials (SBOM) certification and has been deployed into several U.S. state governments.
- **GenWizard.** This full-life-cycle generative AI development platform is designed to scale AI across application delivery, infrastructure, modernization, and development while adhering to industry standards and Responsible AI principles. It helps government agencies speed up technology delivery, reduce IT costs, and boost software quality by automating workflows — from reverse engineering and migration to modern operations and data engineering.
- **AVENUES.** This workforce transformation AI-powered interactive platform immerses new public service employees, especially child welfare caseworkers, in voice-activated, realistic scenarios to practice critical decision-making in a safe, simulated environment. It blends AI with immersive VR experiences to build empathy, reduce bias, and improve performance (such as lowering turnover) in public service roles.
- **Accenture Intelligent Mobility (AIM).** This cloud-based solution for transportation and infrastructure optimization is already deployed in state and metro transit environments. It integrates Accenture's strategic consulting

practices to improve engagement, data governance, and AI-driven insights for agencies' planning and operations. AIM offers a flexible approach by combining stakeholder input, partnerships, mobility expertise, and modern IT to enhance service delivery, improve access, and strengthen community outcomes. It is designed to help cities and transport authorities capture, control, and manage their data ecosystems, using that data infrastructure to power products and solutions that drive improvements in efficiency, safety, experience, and sustainability.

- **Amethyst.** This is Accenture's internal chatbot designed to assist employees with a wide range of tasks and inquiries, enhancing productivity and streamlining processes. Amethyst provides support for incident management, lost and stolen asset reporting, HR-related queries, policy guidance, technical troubleshooting, among other capabilities.
- **Method One.** This is Accenture's proprietary approach to delivering high-quality solutions and services to clients. It is a structured AI-powered framework that combines best practices, tools, and techniques to ensure consistent, efficient, and effective project delivery. Method One emphasizes collaboration, innovation, and adaptability, enabling teams to tailor solutions to meet specific client needs while maintaining high standards of quality and performance.

Strategically, Accenture has bolstered its SLG delivery through over 20 acquisitions in the past two years:

- Cognosante — expanding U.S. state-level health and human services capabilities
- 6point6 — reinforcing public sector cybersecurity and modernization expertise in the United Kingdom
- Intellera Consulting — scaling Accenture's reach into regional and municipal governments across Europe
- Soben — enhancing SLG-aligned capital program delivery
- Udacity — augmenting Accenture's capabilities in upskilling workforces in emerging technologies
- Anser Advisory — strengthening Accenture's capital project capabilities by adding expertise in advisory, compliance, and large-scale infrastructure delivery for public sector clients

These acquisitions — and the company's growth strategy — have added over 10,000 professionals to support its government AI services, increasing capacity for AI implementation, change management, and compliance services.

Crucially, Accenture's AI practice for SLG is underpinned by a strong compliance and governance foundation. The company supports and integrates:

- ISO/IEC 27001 certified environments for information security
- GDPR and EU AI Act frameworks, including full Data Protection Impact Assessments (DPIAs), penetration testing, and architecture documentation used in client engagements (e.g., Austrian government)
- Sovereign cloud and FedRAMP-aligned architectures with AWS GovCloud, Microsoft Azure Government, and local sovereign options (e.g., Core42 in the UAE)
- A proprietary responsible AI framework, complete with an AI control plane, risk taxonomy, model monitoring system, and governance templates for SLG clients seeking to build internal capacity while complying with emerging federal and international AI standards

Accenture's Focus on State and Local Government

Accenture's approach to SLG is structural rather than opportunistic, integrating government-specific resources, tools, and governance practices into its delivery model.

- Its dedicated AI labs and centers of excellence offer SLG clients a testbed for applied innovation within environments configured for public sector procurement and oversight. These include frameworks for ethical AI evaluation, sovereign cloud deployments, and impact modeling against public KPIs (e.g., equity, fraud prevention, sustainability).
- Accenture has state and local government client service teams within its Public Service division, with regional leadership teams in North America, EMEA, and Asia/Pacific empowered to respond to RFPs, grants, and intergovernmental modernization mandates. These teams draw on sector-specific repositories, including templates for use in public health, transportation, digital permitting, and Smart City planning.
- Accenture maintains localized capacity-building programs, including AI skills development in municipalities and small states. Through partnerships with universities, workforce boards, and regional AI hubs, the company has extended its AVENUES training platform into jurisdictions seeking to bridge talent gaps and meet local hire mandates.

Strengths

- **Compliance-first delivery.** Accenture's integration of responsible AI, ISO 27001, GDPR/EU AI Act alignment, and audit-ready documentation enables SLG agencies to move forward with AI initiatives that pass legal, ethical, and public scrutiny.
- **Mission-specific tools and templates.** Platforms such as NAV AI/AI Refinery for Public Sector, GenWizard, and AIM are preconfigured for government workflows in benefits delivery, tax compliance, transportation optimization, optimization,

health and human services, and public health — reducing implementation time and complexity.

- **Ecosystem strategy and interoperability.** Accenture's relationships with Google Public Sector, AWS, Palantir, Microsoft, Anthropic, and new large language model (LLM) providers such as Mistral AI enable SLG CIOs to retain flexibility, comply with procurement mandates, and avoid vendor lock-in.

Challenges

- **Cost and procurement complexity.** Accenture offers various pricing models — including time and materials, fixed-price, and outcome-based models — with clients reporting consistent pricing throughout projects. For cost-sensitive SLG agencies deploying generative AI, Accenture should utilize these pricing options — along with subscription-based models — to support decision-making scope adjustments.
- **Centralized delivery bias.** Accenture has a global footprint, and its hands-on SLG capacity may be weighted toward major metros and national capitals; though in the United States, the company services SLGs in 40 states. Small SLGs may rely on virtual delivery, but they will benefit from Accenture's outcomes-oriented approach to address local needs.
- **Engagement model rigidity.** While Method One provides repeatability, small SLG agencies may find it overly structured. Some CIOs report a mismatch between the scale of consultants deployed and the hands-on administrative expertise needed day-to-day.

Consider Accenture When

- Your agency is embarking on a major IT modernization initiative — such as replatforming tax, pension, and benefit systems — and requires GenAI services that are auditable, secure, and vendor-agnostic
- You operate in a high-compliance subsector (e.g., health and human services, public health, child welfare, transportation safety) and need an AI partner with demonstrated ability to navigate complex procurement, privacy, and audit mandates
- You represent a state, provincial, or regional government with access to AI funding or digital transformation grants, and need an integrator capable of scaling sovereign AI, agentic automation, and infrastructure modernization across multiple departments

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

IDC defines AI services as the combination of project oriented (e.g., business and IT consulting, systems integration, custom application development), managed services (e.g., application management, IT outsourcing, and hosting infrastructure services), and support services (e.g., hardware and software deploy and support, IT training) specifically for AI implementation and adoption projects. For this IDC MarketScape

report, IDC will consider project oriented, managed services, and support services aimed at designing, implementing and operating AI platforms and applications.

IDC defines state/local governments as civilian departments delivering public administration missions, as described by NAICS code 92 and NACE code 84 (Section O), operating at the state and local level. This excludes federal and national departments and agencies, public educational institutions, public healthcare facilities, and public corporations such as utilities or transit authorities.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Customer Experience Platforms for Telecommunications 2025 Vendor Assessment* (IDC #US52580525, August 2025)
- *IDC MarketScape: Worldwide End-to-End eDiscovery Software 2025 Vendor Assessment* (IDC #US51573424, August 2025)
- *Edge AI Strategies* (IDC #IDC_P39960, August 2025)
- *IDC MarketScape: Worldwide Edge Delivery Services 2024 Vendor Assessment* (IDC #US51812424, November 2024)
- *Emerging Vendor Program* (IDC #IDC_P18884, August 2024)
- *IDC MarketScape: U.S. Federal Government Cloud Professional Services 2024 Vendor Assessment* (IDC #US49996223, April 2024)

Synopsis

The IDC study evaluates AI professional services vendors for state and local governments, highlighting their strategies, capabilities, and compliance frameworks. It emphasizes the growing investment in AI solutions tailored to public sector needs, such as generative AI, automation, and predictive analytics. Vendors are assessed on their ability to modernize legacy systems, enhance citizen services, and ensure regulatory compliance. The report underscores the importance of ethical AI, security, and scalability in driving digital transformation across diverse government missions.

"AI is reshaping state and local governance, driving innovation in citizen services, compliance, and legacy modernization — unlocking transformative potential for public sector efficiency and trust," said Alison Brooks, PhD, research vice president, IDC's Worldwide Smart Cities and Public Safety.

ABOUT IDC

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, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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