IDC MarketScape

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

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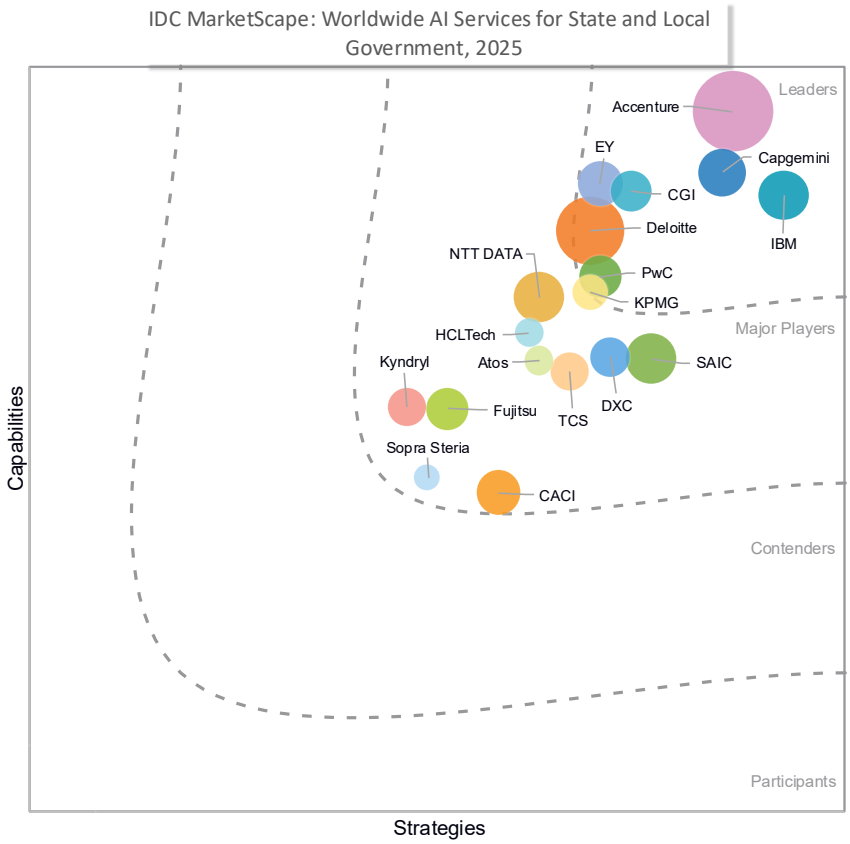
THIS EXCERPT FEATURES CGI AS A LEADER

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 PROFILES

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.

CGI

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

Founded in 1976 in Quebec, Canada, CGI Inc. (Consultants to Government and Industry) has evolved into a global IT and business consulting firm. With more than 93,000 professionals across 400 offices in 40 countries, CGI serves 5,500 clients worldwide. Roughly one-third of its annual revenue is generated from government engagements across federal, state, and local agencies. CGI employs over 30,000 consultants dedicated to the public sector and serves more than 200 state and local governments in 28 countries.

A core tenet of CGI's go-to-market strategy is its "metro market" model — maintaining a distributed presence across over 80 U.S. locations to ensure public sector clients receive localized support complemented by global scale. This approach gives CGI the agility of a local provider with the backing of an international enterprise.

CGI has modernized high-profile systems such as California's tax administration platform and Michigan's CGI Advantage ERP modernization, which reduced support desk demand by embedding AI assistants into workflows. Its public sector record spans ERP, human services, regulatory licensing, and case management, with recurring managed service contracts anchoring its long-term engagements.

From a technology perspective, CGI is specifically embedding AI directly into its platforms rather than bolting it on later. Its responsible AI framework emphasizes human oversight, transparency, and compliance with regulatory standards, with participation in oversight organizations such as the EU AI Commission and Canada's Federal AI Council.

CGI's Focus on State and Local Government

- **Case management and automation.** CGI Transcend is a SaaS HHS platform designed to modernize child welfare, child support, Medicaid, and adult protective services. It uses low-code configuration, AI-enabled data extraction, and predictive risk scoring to ease caseworker workloads and improve program outcomes.
- **Regulatory services.** CGI OverCite is a cloud-based licensing, permitting, inspections, and enforcement system. Texas Department of Licensing and Regulation consolidated 39 disparate regulatory systems and 200+ license types (900,000+ active licensees) into CGI OverCite, streamlining workflows and embedding AI for fraud detection and compliance oversight.
- **ERP for government.** CGI Advantage serves 22 U.S. states with finance, HR, budgeting, and procurement. More states run CGI Advantage SaaS ERP than all other SaaS ERPs combined. Recent deployments include Michigan, where the CGI Advantage Assistant tool (AI-powered guided walkthroughs and videos) reduced training costs and dramatically cut support desk calls.
- **Analytics and citizen engagement.** CGI's AskData AI platform, piloted with a state Department of Environmental Protection, integrates data from EPA, NOAA, and state systems. Citizens ask natural-language questions (e.g., flood risk, water quality, permitting), and they receive answers in under 45 seconds, empowering local decision-making and advancing environmental justice.
- **Data analytics and program integrity.** CGI ProperPay is an AI-powered auditing solution that helps detect and prevent improper payments in Medicaid and Medicare. State and local agencies have recovered over $3 billion through its predictive fraud analytics. Beyond healthcare, CGI supports tax departments with revenue forecasting models and public assistance programs with anomaly detection tools, boosting oversight while reducing manual workload.

- **Security and privacy by design.** CGI delivers solutions that are secure by default. It was the first ERP vendor to receive GovRAMP authorization for CGI Advantage, sponsored by Arizona's state CIO. CGI's full suite of solutions — including Momentum, Sunflower, and CGI Transcend — adhere to NIST 800-53, HIPAA, and ISO standards. CGI also builds privacy governance into its systems from the start, incorporating ISO 27701 and GDPR principles in social services platforms and health records systems.
- **Education and road mapping.** CGI partnered with the Texas Department of Information Resources to deliver statewide AI workshops to 30+ agencies. These sessions combined GenAI education, governance frameworks, live demos, and use-case ideation to establish agency-level AI road maps.

Strengths

- **Government domain expertise.** CGI brings nearly five decades of experience, with 500+ ERP implementations, 22 state CGI Advantage clients, and dedicated solutions purpose-built for fund accounting and human services.
- **Responsible AI governance.** Its Responsible AI framework emphasizes guardrails not roadblocks, with human-in-the-loop oversight, transparent governance dashboards, and embedded compliance controls.
- **Embedded AI.** AI is built into all CGI government platforms — from Samantha (an AI-driven virtual assistant in CGI Advantage) to predictive analytics for fraud detection — reducing reliance on retrofitted or generic models.
- **Strategic partnerships.** CGI co-develops with Salesforce, Snowflake, Microsoft Azure, and AWS, aligning product road maps and leveraging platform-native AI (e.g., Salesforce Agentforce, Snowflake ML) for faster delivery.
- **Outcome-driven models.** CGI uses AI LaunchPad and A3F frameworks to co-create, test, and accelerate adoption. Projects are frequently outcome-based, tying value to measurable ROI (e.g., weeks saved in BI reporting via AskData).

Challenges

- **Limited transparency in SLED revenue split.** CGI derives ~34% of its revenue from government, though it does not provide state and local breakdowns. This may complicate comparative benchmarking.
- **Structured delivery models.** Large-scale governance processes can be slower than boutique firms for niche, quick-turn initiatives.
- **Coverage gaps.** Metro market presence is strong in major U.S. centers, but rural clients may still rely on remote delivery.

- **Breadth over depth in emerging niches.** CGI's wide-ranging portfolio sometimes means less depth in specialized emerging areas (e.g., smart cities, predictive policing).
- **Innovation versus cost predictability.** Agencies may struggle to budget for evolving AI features (e.g., CGI Advantage road map includes AI transaction creation and transparency portals).

Consider CGI When

- **Your organization needs broad capabilities and scale.** Midsize and large agencies modernizing taxation, social services, or procurement across multiple departments can benefit from CGI's deep public sector expertise and delivery capacity.
- **You value partnerships and co-investment.** CGI aligns product road maps with major hyperscalers such as Microsoft, Salesforce, Snowflake, and AWS, enabling agencies to adopt AI faster with strong ecosystem support.
- **Security and compliance are top concerns.** CGI delivers solutions that are FedRAMP High and GovRAMP-certified, offering end-to-end audit readiness and security controls aligned with public sector regulations.
- **Your agency is seeking measurable ROI from AI adoption.** Examples such as Michigan's ERP modernization and the AskData pilot demonstrate CGI's ability to cut support costs and deliver sub-minute analytics, translating to clear operational impact.
- **You need government-purpose-built platforms with embedded AI.** CGI's solutions such as CGI Advantage ERP, CGI Transcend for human services, and CGI OverCite for licensing come with AI built into workflows, reducing reliance on retrofitted or generic tools.

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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