ISG Provider Lens®

Public Sector Services and Solutions

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of: kyndryl

QUADRANT REPORT | SEPTEMBER 2026 | U.S.

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Public sector modernization in the U.S. is shifting toward secure, outcome-driven digital delivery

The U.S. Public Sector is undergoing significant transformation as federal, state and local government agencies modernize mission-critical operations through digital technologies, data-driven decision-making, cloud adoption, cybersecurity enhancements and emerging technologies.

Market context

The U.S. public sector technology landscape in 2025 and 2026 is shifting from broad digitalization toward reliable, secure and measurable service delivery. Key priorities include citizen-facing modernization, cloud rationalization, AI governance, shared services and tighter operating discipline across agencies and public institutions.

The U.S. public sector is entering a new phase of modernization. Agencies continue to modernize legacy environments, but the emphasis has shifted toward operational resilience, CX and rapid service delivery. Federal organizations are prioritizing IT modernization, cloud migration and improved digital access while managing the cost, risk and complexity of replacing legacy systems.

A second force is the rise of AI as an operational tool rather than an experimental novelty. Government leaders are increasingly expecting AI to support service routing, knowledge management, document handling and workflow automation, but only in areas where governance, security and data quality are strong enough to support its deployment. This criterion is changing how public sector buyers evaluate service providers. Agencies are not only assessing providers' technical skills but also implementation discipline, compliance readiness and clear business outcomes.

The broader market favors delivery models that are scalable, reusable and measurable. Public sector organizations face increasing pressure

Agencies are **shifting from** legacy systems to **secure, modular digital services and shared platforms.**

to deliver better services within constrained budgets, driving the demand for modular platforms, cloud-based services, shared capabilities and integrated workflow tools. Meanwhile, agencies are paying close attention to cyber protections, identity controls and data stewardship as modernization expands the attack surface.

Enterprise priorities

Legacy modernization with service continuity remains the key priority for U.S. federal agencies. While legacy systems continue to support many critical operations, they also slow down delivery, complicate security and create long-term cost drag. The trend in 2025 and 2026 is not a sudden rip-and-replace strategy but a phased transition toward cloud migration, application rationalization and selective modernization of the most customer-visible and mission-critical processes.

The second priority for public sector agencies is CX. They are increasingly treating digital services as a driver of public trust rather than merely an IT function. As a result, they are investing in better portals, simpler navigation, self-service tools, integrated case handling and fewer paper-based or manual handoffs. Agencies such as OPM are aligning modernization with better customer service, modern web presence, cloud-based back ends and digital workflows to reduce friction for employees, retirees and applicants.

The third priority is AI with appropriate governance. The direction is clear: agencies seek generative and predictive AI capabilities but prefer them to be embedded within governed platforms rather than added as isolated pilots. This is creating demand for capabilities such as secure model hosting, prompt and output controls, workflow orchestration, document intelligence and human-in-the-loop review. It is driving focus on data readiness as AI value in the public sector depends heavily on structured data, high-quality content and reliable access management.

The fourth priority is workforce enablement. Public sector organizations continue to adapt to hybrid work patterns and increasingly distributed operating models. This is driving demand for modern collaboration suites, cloud productivity environments, knowledge bases, chat support and tools that improve employee productivity across locations and functions. In practice, this is expanding managed IT services beyond infrastructure toward change management, adoption support, process redesign and training.

Provider dynamics

Provider competition in 2025 and 2026 is becoming increasingly execution-focused and less architecture-led. Providers are increasingly differentiated by their ability to reduce implementation risk, support incremental modernization and demonstrate measurable service improvements within constrained budgets. Thus, leaders would be those that combine advisory, delivery, integration, security and managed services into a single accountable model.

Cloud ecosystems are central to provider positioning. The market is increasingly organized around hyperscaler-aligned delivery, with public sector buyers favoring platforms and partners that support secure migration, data governance, AI experimentation and application modernization within government-compliant environments. Providers that simplify procurement, offer reusable assets and accelerate implementation are better positioned than those relying on large bespoke programs. The market is also shifting toward modular engagements, phased delivery and faster proof of value, creating opportunities for niche specialists and large system integrators.

A second dynamic is the growing importance of AI-ready service design. Providers stand out for their ability to turn AI into operational workflows rather than isolated use cases. This includes document processing, call center support, fraud detection, maintenance prediction, knowledge search and case routing. Leading providers are those that combine AI with data engineering, cloud foundations and governance frameworks to enable agencies to scale use cases safely. This area is also where originality matters: providers that can offer sector-specific services for healthcare, education, public safety, social services and infrastructure will differentiate themselves from generic AI resellers.

Cybersecurity remains a vital provider selection criterion, albeit it is now inseparable from modernization. Partners that protect identity, strengthen access management, secure cloud transitions and support resilience during transformation are favored. Strong leaders are those that operate across legacy and modern environments without disrupting services. Therefore, providers with extensive federal and state experience, established compliance practices and the ability to align technology change with policy and procurement realities will stand out.

Another provider trend is the growing importance of change management and adoption services. Public sector modernization often depends as much on user adoption as technology implementation. Providers that help agencies train users, redesign workflows, build champion networks and sustain adoption are likely to gain a competitive advantage as buyers increasingly prioritize implementation depth over slide deck sophistication.
In this environment, service providers are expected to act as outcome partners rather than traditional contractors.

Outlook

Across the U.S., the near-term outlook remains positive for enabled services in the public sector, but only for offerings that prove practical value. Federal, state and local buyers are likely to continue prioritizing cloud migration, digital service design, AI-assisted workflows and improved citizen and employee experiences. The strongest demand is expected to come from organizations managing large transaction volumes and public interfaces, including health, education, social services, infrastructure and public safety bodies.

The federal layer will serve as the market bellwether, setting expectations for procurement, cybersecurity and digital service patterns. At the same time, state and local organizations are likely to progress at different rates because funding, technical maturity and workforce capacity vary widely. This creates a two-speed market: with one segment focused on advanced modernization and AI adoption and another prioritizing stabilization, cost control and incremental digitalization. Providers that address both segments with flexible delivery models will be best positioned for growth.

Looking ahead through 2026, the public sector technology will increasingly be evaluated on reliability, not technological novelty. Agencies will favor partners that simplify operations, strengthen public trust and modernize with minimal disruption. The best opportunities will lie at the intersection of cloud, workflow automation, secure AI and service redesign, especially where these capabilities can be reused across multiple public institutions rather than developed for individual programs.

U.S. public institutions are shifting from transformation strategies to disciplined, measurable execution. This shift is driving demand for secure cloud foundations, governed AI use cases and service models that improve reliability, reduce friction and support long-term operational resilience across health, education, social services, infrastructure, and public administration.

Provider Positioning

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	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
Accenture	Leader	Leader	Leader	Leader	Leader
ActioNet	Not In	Contender	Not In	Not In	Not In
ASM Research	Contender	Not In	Not In	Not In	Not In
Atos	Not In	Not In	Not In	Rising Star ★	Not In
Bain & Company	Product Challenger	Not In	Not In	Not In	Not In
BCG	Leader	Not In	Not In	Not In	Not In
Beezi	Not In	Not In	Not In	Not In	Contender
Booz Allen Hamilton	Leader	Not In	Product Challenger	Product Challenger	Leader
CACI	Not In	Product Challenger	Market Challenger	Contender	Not In
Caelum Research Corporation	Not In	Not In	Not In	Not In	Contender

Provider Positioning

	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
Calnet	Not In	Not In	Not In	Not In	Contender
Capgemini	Leader	Product Challenger	Leader	Product Challenger	Product Challenger
Carahsoft Technologies	Not In	Contender	Not In	Not In	Not In
Cardinality.ai	Not In	Not In	Not In	Not In	Contender
CDW-G	Not In	Contender	Not In	Not In	Not In
CGI Federal	Leader	Leader	Leader	Leader	Leader
Cognizant	Leader	Leader	Leader	Leader	Leader
Cognyte	Not In	Not In	Not In	Not In	Product Challenger
Concentrix	Not In	Not In	Market Challenger	Not In	Not In
Conduent	Market Challenger	Not In	Leader	Contender	Not In

Provider Positioning

	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
CTS Beacon	Not In	Not In	Contender	Not In	Not In
Deloitte	Leader	Product Challenger	Leader	Leader	Leader
DXC	Not In	Leader	Product Challenger	Market Challenger	Product Challenger
Empower AI	Not In	Not In	Not In	Not In	Product Challenger
ES3	Not In	Not In	Not In	Not In	Contender
EXL	Not In	Not In	Leader	Not In	Not In
EY	Leader	Not In	Not In	Leader	Not In
General Dynamics IT	Contender	Leader	Not In	Leader	Leader
Genpact	Not In	Not In	Product Challenger	Not In	Not In
Granicus	Contender	Not In	Not In	Not In	Not In

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	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
Guidehouse	Not In	Not In	Not In	Product Challenger	Not In
HCLTech	Not In	Leader	Not In	Leader	Leader
Helplama	Not In	Not In	Contender	Not In	Not In
Holistic AI	Not In	Not In	Not In	Not In	Contender
Huron	Contender	Not In	Not In	Not In	Not In
IBM	Leader	Leader	Leader	Leader	Leader
ICF International	Contender	Market Challenger	Not In	Not In	Market Challenger
immixGroup	Not In	Contender	Not In	Not In	Not In
Infosys	Leader	Leader	Leader	Product Challenger	Leader
Intellectyx	Not In	Not In	Not In	Not In	Contender

Provider Positioning

	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
Invensis	Not In	Not In	Contender	Not In	Not In
KPMG	Product Challenger	Not In	Not In	Product Challenger	Not In
Kyndryl	Leader	Leader	Leader	Leader	Leader
Leidos	Product Challenger	Leader	Leader	Leader	Not In
LevelBlue	Not In	Contender	Not In	Not In	Not In
MAXIMUS	Not In	Not In	Leader	Not In	Not In
McCarren AI	Not In	Not In	Not In	Not In	Contender
MetTel	Not In	Contender	Not In	Not In	Not In
Microtech	Not In	Contender	Not In	Not In	Not In
NEC	Not In	Not In	Not In	Not In	Market Challenger

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	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
NTT DATA	Product Challenger	Leader	Not In	Leader	Not In
NWN Carousel	Not In	Contender	Not In	Not In	Not In
Peraton	Not In	Market Challenger	Market Challenger	Market Challenger	Not In
Publicis Sapient	Market Challenger	Not In	Not In	Not In	Not In
PwC	Leader	Not In	Not In	Leader	Not In
QuantaHub Squared	Not In	Not In	Contender	Not In	Not In
Rackspace Technology	Product Challenger	Leader	Product Challenger	Product Challenger	Product Challenger
Red River Computer	Contender	Not In	Not In	Contender	Not In
Reflection	Not In	Not In	Not In	Not In	Market Challenger
SAIC	Product Challenger	Product Challenger	Not In	Product Challenger	Market Challenger

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	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
Scale AI	Not In	Not In	Not In	Not In	Leader
Serco	Not In	Not In	Not In	Market Challenger	Not In
Slalom	Not In	Not In	Not In	Contender	Not In
SoundThinking	Not In	Not In	Not In	Not In	Product Challenger
SRA International	Not In	Contender	Not In	Not In	Not In
SupportNinja	Not In	Not In	Contender	Not In	Not In
Sutherland	Not In	Not In	Product Challenger	Not In	Not In
TCS	Product Challenger	Product Challenger	Product Challenger	Product Challenger	Product Challenger
TP	Not In	Not In	Market Challenger	Not In	Not In
TPx Communications	Not In	Market Challenger	Not In	Not In	Not In

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	Strategy and Enablement Services (Consulting)	Managed IT Services	Business Process and Other Outsourcing Services	Digital Transformation and Modernization Services	AI and Innovation Services
Trustwave	Not In	Contender	Not In	Not In	Not In
TTEC	Not In	Not In	Product Challenger	Not In	Not In
Tyler Technologies	Contender	Not In	Not In	Not In	Not In
Unisys	Market Challenger	Rising Star ★	Not In	Market Challenger	Leader
Vcare	Not In	Not In	Contender	Not In	Not In
Verint	Not In	Not In	Not In	Not In	Contender
Vultron	Not In	Not In	Not In	Not In	Contender
Wipro	Product Challenger	Product Challenger	Product Challenger	Product Challenger	Product Challenger
Zones	Not In	Not In	Not In	Contender	Not In

Key focus areas of the Public Sector Services and Solutions 2026 study.

- **Strategy and Enablement Services (Consulting)**
- **Managed IT Services**
- **Business Process and Other Outsourcing Services**
- **Digital Transformation and Modernization Services**
- **AI and Innovation Services**

Simplified Illustration Source: ISG 2026

Definition

Public sector leaders are navigating a critical moment in 2026 globally, where fiscal pressures are meeting bold innovation demands. Governments balance tight budgets while responding to citizens' demands for seamless, equitable services amid ongoing economic uncertainties.

After years of disruption from pandemics and geopolitical shifts, agencies now prioritize resilience over reaction. Technology adoption is accelerating to achieve improved efficiency. Funding streams are tightening as taxpayers demand proof of impact, pushing public entities toward public-private partnerships.

The public sector's priorities are on human-centered transformation. Agencies chase outcomes that matter: safer communities, healthier populations and sustainable infrastructure. Digital equity is rising as a core tenet, with interoperability becoming non-negotiable, linking siloed systems for fluid data sharing.

Service providers are adapting swiftly to these shifts. Traditional vendors are becoming strategic allies, offering modular solutions that scale with need. There is increasing competition among consultancies and tech firms vying for contracts that reward lifecycle value over upfront bids. Providers that master transparency and adaptability win trust, as procurement rules evolve to favor flexibility and proven social impact.

The market outlook points toward cautious optimism, anticipating accelerated modernization waves, with AI and automation easing administrative loads to free staff for strategic work. Fiscal discipline is focusing on invest-to-save strategies, such as digitizing legacy processes. By the end of 2026, the most adaptive governments are expected to emerge stronger, poised for a decade of purposeful re-invention.

Scope of the Report

This ISG Provider Lens® quadrant report covers the following five quadrants for services/ solutions: Strategy and Enablement Services (Consulting), Managed IT Services, Business Process and Other Outsourcing Services, Digital Transformation and Modernization Services, and AI and Innovation Services.

This ISG Provider Lens® study offers IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making by covering providers' positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

Provider Classifications

The provider position reflects the suitability of providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between $20 million and $999 million with central headquarters in the respective country, usually privately owned.
- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above $1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens® quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens® quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/ services and follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.

Strategy and Enablement Services (Consulting)

This report is valuable for providers offering **strategy and enablement services (consulting)** in the **U.S.** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Contracting officer's technical representatives (COTRs)

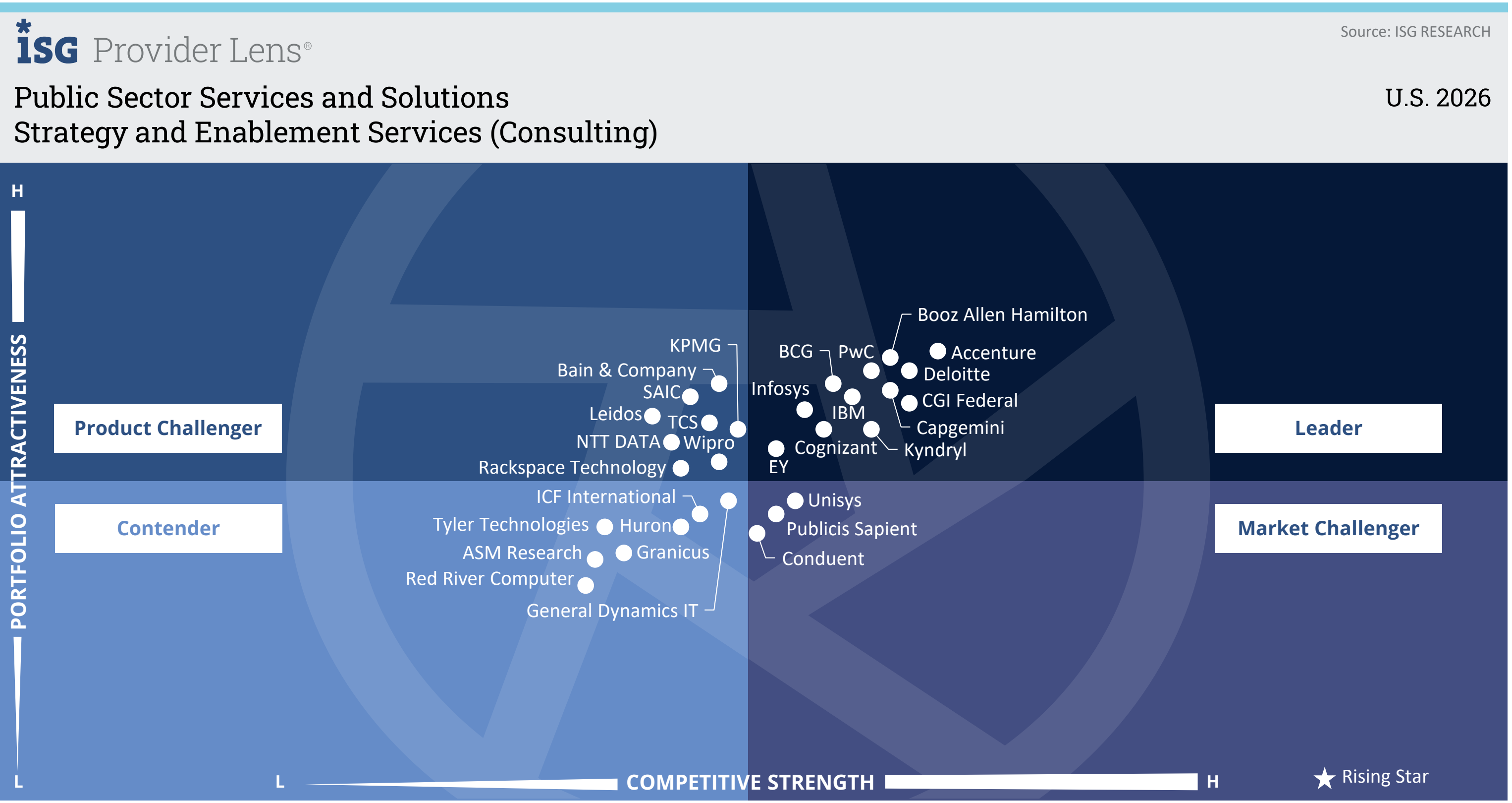
Should read this report to evaluate the technical capabilities and compliance of IT providers. The report will help ensure that contracts meet agency requirements, expected outcomes are delivered and oversight and accountability are strengthened, ultimately enhancing the success and integrity of public sector projects.

Chief procurement officers (CPOs)

Should read this report to gain actionable market insights and supplier benchmarks. This information will help them drive strategic sourcing, negotiate stronger contracts and align procurement with evolving technology trends. By adopting this approach, CPOs can achieve cost savings, improve supplier value and advance the agency's strategic objectives.

Category acquisition managers (CAMs)

Should read this report to identify top-performing IT service providers, track evolving market conditions and develop data-driven sourcing strategies. This report helps optimize spending, fosters innovation and reduces category-specific risks, directly supporting effective IT procurement and value creation for their organization.



The quadrant assesses providers that offer services and solutions to help public sector entities **navigate complex challenges** and **enhance performance**, security and **operational efficiency**, leveraging strategic planning and a systems approach.

Harish B

Definition

Strategy and enablement services in the public sector are vital for governments and entities serving the public sector to navigate complex challenges. These services include specialized expertise, innovative strategies and actionable insights to improve governance, optimize operations and enhance service delivery. Using digital technologies, strategic planning and a systems approach, consultants help governments streamline processes, reduce inefficiencies and respond effectively to evolving citizen demands and global disruptions such as climate change and economic instability.

Consultants offering strategic management services in the public sector help organizations set measurable goals, analyze internal and external factors and adopt frameworks that align with long-term objectives.

This structured approach enables firms to improve decision-making and resource allocation, while enabling accountability and transparency. Consultants also support organizations in adopting emerging technologies such as AI and blockchain to build agile organizations.

Eligibility Criteria

1. Have **experience providing strategy and enablement services to public sector clients** in the relevant region covered in the study
2. Have successfully **engaged or are engaging with at least three public sector entities** on strategy and enablement services
3. Have at least three of the following capabilities related to public sector strategy and enablement:
    - Experience in **advising the region's central or provincial/ devolved governments**
    - Proven **track record of delivering government digital strategies**
    - Familiarity with **public sector regulations and frameworks,** such as G-Cloud and Digital Marketplace
    - Ability to **integrate digital solutions with legacy systems**
    - Expertise in **cost optimization and efficiency planning**
    - Capability to **provide vendor-agnostic recommendations**
    - Strong **data governance and security advisory** services
    - Experience in **designing AI and automation roadmaps**
    - Capacity for **enterprise architecture and IT service redesign**
    - **Cybersecurity and risk assessment** consulting expertise
4. Demonstrate **strong partnerships** with industry associations, regulatory bodies, technology firms and startups specializing in the public sector
5. Offer **referenceable public sector use cases** across the value chain

Observations

The public sector strategy and consulting services market in the U.S. is shifting toward AI-led redesign, tighter operating models and clear mission outcomes. Agencies seek support that simplifies citizen journeys, modernizes legacy environments as well as proves value, security and governance in every engagement. The demand for consulting services is rising for service redesign that makes public programs faster and easier to use. Federal and state buyers want help improving benefits, licensing, health, education and social service journeys with less friction and fewer handoffs. Demand is shifting beyond strategy planning toward experience design, process simplification and practical implementation.

AI is evolving from a technology pilot to an operating model consideration. Public sector organizations need guidance on where AI delivers the maximum value, how it should be governed and how it can improve workforce productivity while maintaining trust. Thus, the demand for use case prioritization, responsible deployment and workforce change support is growing. Another trend is stronger discipline in buying and managing technology. The shift toward managing government as a single customer is increasing the demand for standardization, portfolio rationalization and better commercial control. This creates opportunities for advisory services around sourcing strategy, cloud decisions and vendor consolidation.

Agencies also seek help building digital skills and reshaping operating models to sustain modernization. Leading consulting providers will be those that combine strategy with adoption, change management and capability building.

From the 172 companies assessed for this study, 30 qualified for this quadrant, with 12 being Leaders.

Accenture helps government agencies align strategy, technology and operations through mission-focused advisory, operating model redesign and modernization roadmaps, enabling accountable, adaptive and outcome-driven transformation.

BCG

BCG leverages its transformation leadership, operating model design and data-driven decision-making capabilities to help public sector organizations translate mission objectives into actionable strategies, thus improving effectiveness, adaptability and long-term performance.

Booz Allen Hamilton

Booz Allen Hamilton helps define mission-focused strategies, modernize operating models and governance, and align technology investments with mission outcomes through deep public sector expertise and transformation leadership.

Capgemini helps public sector organizations align mission priorities with technology and operations through integrated strategy, transformation planning and operating model design, thereby improving efficiency, governance, agility and service outcomes.

CGI Federal combines operating model design, process optimization and disciplined program execution to translate mission goals into actionable strategies and enhance governance, efficiency, accountability and mission outcomes.

Cognizant helps public sector organizations drive business-led digital transformation through strategic planning, enterprise roadmaps, process optimization and human-centered service design, thus improving efficiency, modernization outcomes and citizen experiences.

Deloitte's approach to improve accountability, decision-making, cross-functional collaboration and delivery of sustainable transformation outcomes involves aligning strategy, governance and operating models with modernization goals.

EY

EY helps public sector organizations align strategy with mission goals through future-state operating model design, governance advisory and transformation readiness assessments that improve agility, accountability and execution success.

IBM

IBM helps agencies align mission strategy with enterprise architecture and draws on AI-enabled advisory, hybrid transformation planning and strong governance to enable data-driven decisions, modernization and continuity of mission-critical services.

Infosys

Infosys helps modernize technology operations through mission-led transformation, cloud, AI and automation, supported by flexible global delivery and strong governance that ensure accountability, continuity and measurable outcomes.

kyndryl

Kyndryl's approach to modernizing mission-critical environments combines infrastructure-led transformation, hybrid IT orchestration and resilient operating models; this strategy improves continuity, flexibility, security and operational efficiency.

pwc

PwC helps U.S. public sector organizations align strategy, policy and operations through business-led transformation, analytics-driven decision-making and strong financial, governance and risk management capabilities that improve accountability and mission outcomes.

Kyndryl

Leader

"Kyndryl leads with extensive experience in managing large-scale operational transitions, where it helps agencies navigate organizational, technical and contractual complexities while reducing implementation risk."

Harish B

Overview

Kyndryl is headquartered in New York, U.S. It has more than 73,000 employees across over 60 countries. In FY26, the company generated $15.1 billion in revenue. Rather than treating security as a separate workstream, Kyndryl embeds cybersecurity, identity management and operational risk considerations into enterprise transformation planning from the outset. The company maintains broad alliances with major technology providers, enabling agencies to leverage integrated solutions that accelerate modernization while supporting interoperability requirements.

Strengths

Operational resilience leadership: Kyndryl focuses on resilient operating models that integrate disaster recovery, cyber resilience and service continuity into strategic planning, helping agencies sustain essential public services during disruptions. It combines infrastructure knowledge with operational analytics to improve service reliability, workload performance and resource utilization, supporting measurable improvements in government operational efficiency.

Hybrid IT orchestration expertise: Kyndryl has strong capabilities in integrating on-premises, cloud and edge environments, allowing agencies to modernize incrementally without disrupting existing mission systems or creating unnecessary operational risk. Its strategy engagements often emphasize selecting the technology ecosystem best suited to agency requirements rather than promoting a single platform, giving agencies more architectural flexibility and long-term adaptability.

Infrastructure-first transformation strategy: Kyndryl brings deep expertise in enterprise infrastructure modernization, enabling U.S. public sector agencies to align IT strategy with resilient, mission-critical operations while maintaining continuity across complex technology environments.

Caution

Kyndryl should provide more comprehensive multi-year transformation planning that links infrastructure evolution, emerging technologies and organizational priorities to help agencies better sequence investments and sustain long-term modernization objectives.

Managed IT Services

This report is valuable for providers offering **managed IT services** in the **U.S.** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Buyer/Senior buyers

Should read this report to evaluate IT providers' capabilities, pricing and performance, enabling informed sourcing decisions and effective risk management. This approach ensures cost-efficient procurement, promotes supplier accountability and aligns purchases with the agency's technology and service objectives.

Chief procurement officers (CPOs)

Should read this report to gain actionable market insights and supplier benchmarks. This information will help them drive strategic sourcing, negotiate stronger contracts and align procurement with evolving technology trends. By adopting this approach, CPOs can achieve cost savings, improve supplier value and advance the agency's strategic objectives.

Category acquisition managers (CAMs)

Should read this report to identify top-performing IT service providers, track evolving market conditions and develop data-driven sourcing strategies. This report helps optimize spending, fosters innovation and reduces category-specific risks, directly supporting effective IT procurement and value creation for their organization.

The quadrant assesses providers that offer services and solutions to help public sector entities **focus** on their **core responsibilities**, ensuring **efficient and secure IT operations** through managed IT services.

Harish B

Definition

Managed IT services play a crucial role in the public sector, offering numerous benefits to government agencies and organizations. These services enable public institutions to focus on their core responsibilities by ensuring efficient and secure IT operations. Public sector entities can control costs, improve service delivery and enhance cybersecurity by outsourcing IT service management.

By offering managed IT services, service providers help public sector organizations adapt to the rapidly evolving digital landscape. These services ensure access to advanced technologies, expertise and resources that could be challenging to maintain in-house due to budget constraints. Providers enable the modernization of IT infrastructure, supporting digital transformation initiatives and smart city development. They offer services such as proactive monitoring, maintenance and support to improve organizations' operational efficiency and productivity, while reducing downtime and ensuring critical systems' stability.

Eligibility Criteria

1. Have **experience providing managed IT services** to public sector clients in the relevant region covered in the study
2. Have successfully **engaged or are engaging with at least three public sector entities** on managed IT services
3. Have at least three of the following capabilities related to public sector managed IT services:
   - Ability to **provide end-to-end IT infrastructure** management
   - Region-specific **service delivery capabilities** for government security requirements
   - **Compliance with government security standards**, such as Cyber Essentials and ISO 27001
   - Experience in **managing cloud and hybrid IT environments**
   - Offer **around-the-clock service desk** and support capabilities
   - Proven ability to **handle secure data hosting** for government services
   - **Expertise in network and connectivity** for government operations
   - Expertise in **identity and access management**
   - Experience in **disaster recovery and resilience planning**
   - Proven capability in **handling large-scale IT operations**
4. **Demonstrate strong partnerships** with industry associations, regulatory bodies, technology firms and startups specializing in the public sector
5. Offer referenceable public sector use cases across the value chain

Observations

The public sector managed IT services market in the U.S. in the short term is shifting toward secure, outcome-led operations that improve citizen and employee experience. Agencies seek providers that modernize their legacy systems, strengthen cyber controls and manage services with less friction. They increasingly expect providers to manage complete service journeys rather than infrastructure alone. Federal IT planning focuses on cloud-first operations, improved CX and reduced system fragmentation, which favors integrated service desk, application and platform management.

Cybersecurity is now built into managed services delivery. Federal budget guidance emphasizes zero trust, identity control and shared services, making continuous monitoring and compliance part of the core service, not an add-on. Agencies also expect increased integration of automation in incident handling, knowledge management and workflow routing. Federal IT strategy also emphasizes better data access and business intelligence, which is increasing the demand for analytics-enabled managed services. The market is moving toward skills-based support models. Providers that combine federal expertise with training, transition support and flexible staffing will be better positioned than firms relying only on labor replacement.

From the 172 companies assessed for this study, 32 qualified for this quadrant, with 12 being Leaders and one a Rising Star.

accenture

Accenture delivers end-to-end managed IT services, cloud and cybersecurity expertise, AI-driven operations and proven government-scale delivery, helping agencies modernize securely, improve efficiency and maintain resilient mission-critical services.

CGI

CGI Federal combines government-focused managed services with deep federal expertise, integrated IT and application support, and strong security and compliance capabilities to ensure reliable, secure and mission-aligned operations.

DXC

DXC's managed and modernization capabilities around complex IT environments are built on its strong infrastructure and legacy modernization expertise, scalable service delivery and secure, resilient operations that ensure continuity of mission-critical services.

GDIT

Drawing on its deep federal and national security expertise, **GDIT** integrates cybersecurity and large-scale infrastructure management to provide mission-critical managed IT services. This supports resilience, compliance and mission-aligned technology operations.

HCLTech

HCLTech delivers managed IT services through strong digital operations, automation-driven service management, hybrid cloud modernization and integrated security capabilities, helping agencies improve reliability, efficiency, resilience and compliance.

IBM

IBM helps public sector agencies modernize complex IT environments through hybrid cloud management, AI-driven operations and integrated cybersecurity, thus improving resilience, performance, reliability and mission continuity.

Infosys

Infosys' managed IT services are built on strong digital operations, AI-driven automation, cloud and hybrid IT expertise and integrated cybersecurity capabilities, which help public sector agencies to improve reliability, scalability, efficiency and compliance.

kyndryl

Kyndryl draws on its hybrid IT expertise, resilient operations and strong service governance to deliver reliable, scalable and mission-aligned technology services across diverse environments.

Leidos

Leidos delivers mission-focused managed IT services through deep government expertise, secure enterprise operations and complex systems management, enabling reliable, compliant and high-performance support for critical public sector missions.

NTT DATA

NTT DATA provides end-to-end managed IT services across infrastructure, applications, cloud and workplace operations, leveraging automation, AI and cybersecurity to improve reliability, scalability, efficiency and secure government modernization.

rackspace technology

Rackspace Technology provides managed cloud, multicloud and hybrid infrastructure services backed by proactive support, automation and integrated security. These capabilities enable public sector agencies to modernize technology environments while improving scalability, reliability and operational efficiency.

cognizant

Cognizant helps public sector agencies modernize through application and infrastructure management, cloud transformation, automation and analytics, delivering secure, scalable and mission-aligned IT operations with improved efficiency and service reliability.

unisys

Unisys (Rising Star) delivers secure digital workplace and end-user services, resilient infrastructure management and cloud and hybrid IT expertise, using automation to improve productivity, service responsiveness and operational continuity across public sector environments.

Kyndryl

"Kyndryl supports U.S. public sector managed IT services with resilient operations, infrastructure expertise and secure enterprise technology management capabilities."

Harish B

Leader

Overview

Kyndryl is headquartered in New York, U.S. It has more than 73,000 employees across over 60 countries. In FY26, the company generated $15.1 billion in revenue. Its position in the U.S. public sector managed IT services is built on its experience of managing complex enterprise technology environments and delivering resilient operational support. The company combines infrastructure expertise, service management discipline and modernization capabilities to help agencies maintain reliable IT operations. Its technology-neutral approach enables government organizations to optimize existing environments while preparing for future digital transformation needs.

Strengths

Deep infrastructure operations expertise: Kyndryl brings strong capabilities in managing complex enterprise technology environments, including networks, data centers, cloud platforms and workplace technologies. This infrastructure expertise enables public sector organizations to optimize, modernize and operate their core IT foundations while improving scalability, performance and integration across evolving technology landscapes.

Strong operational resilience and mission continuity focus: Kyndryl helps government agencies strengthen technology resilience through continuity planning, disaster recovery, risk mitigation and operational readiness practices. Its focus on resilience frameworks, recovery capabilities and governance supports agencies in maintaining mission continuity and reducing operational disruptions during unexpected events or technology failures.

Hybrid IT management capabilities: Kyndryl specializes in managing diverse technology ecosystems that combine traditional infrastructure, private cloud and public cloud environments. This ability enables agencies to modernize incrementally while maintaining control over existing systems. Kyndryl's ability to work across multiple technology platforms allows agencies to pursue modernization strategies based on mission requirements rather than a single technology ecosystem.

Caution

Kyndryl can further align managed IT operations with broader business and mission transformation strategies, helping agencies move from technology management toward more outcome-driven modernization programs.

Business Process and Other Outsourcing Services

Who Should Read This Section

This report is valuable for providers offering **business process and other outsourcing services** in the **U.S.** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Buyer/Senior buyers

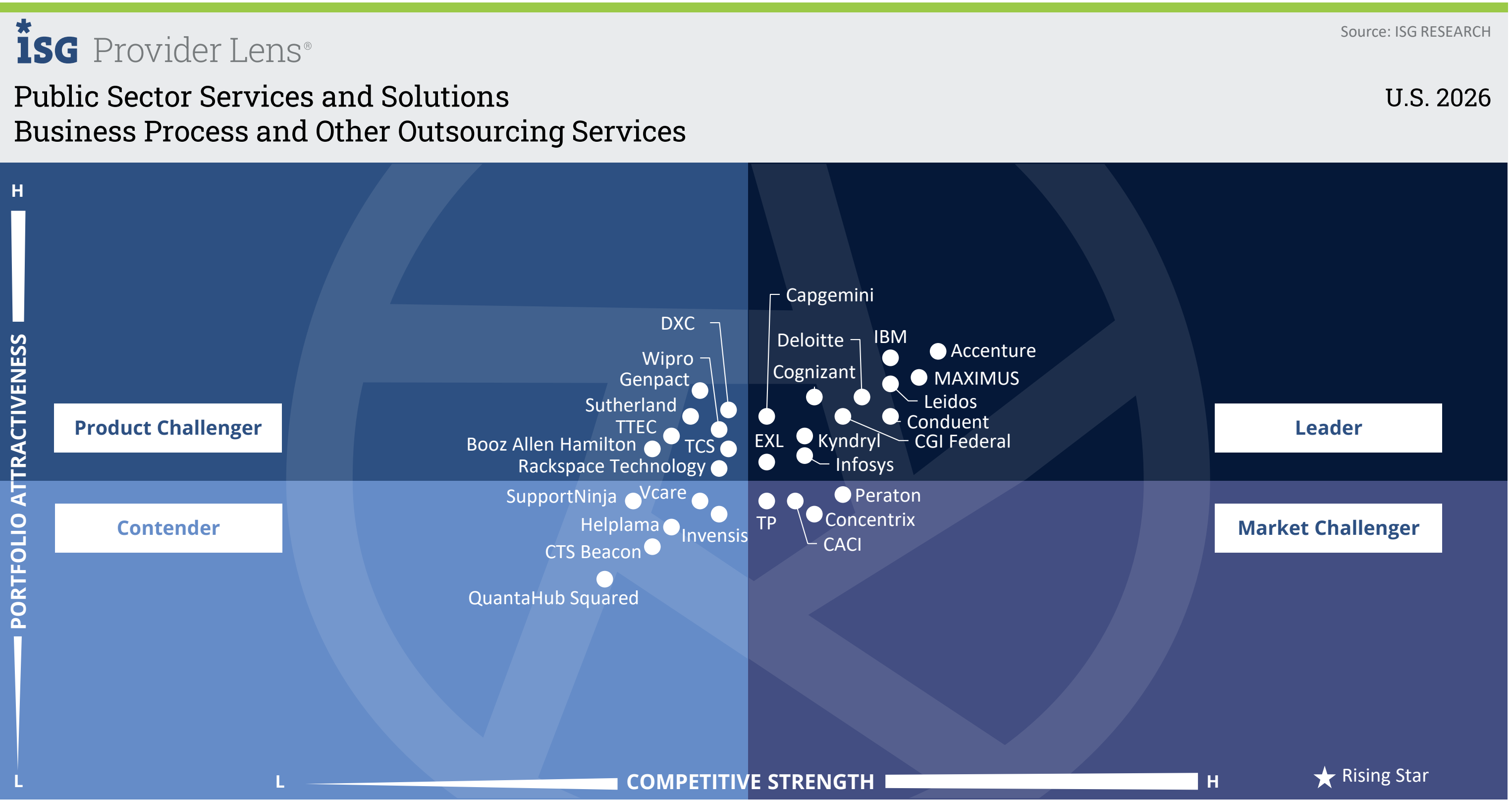
Should read this report to evaluate IT providers' capabilities, pricing and performance, enabling informed sourcing decisions and effective risk management. This approach ensures cost-efficient procurement, promotes supplier accountability and aligns purchases with the agency's technology and service objectives.

Chief procurement officers (CPOs)

Should read this report to gain actionable market insights and supplier benchmarks. This information will help them drive strategic sourcing, negotiate stronger contracts and align procurement with evolving technology trends. By adopting this approach, CPOs can achieve cost savings, improve supplier value and advance the agency's strategic objectives.

Category acquisition managers (CAMs)

Should read this report to identify top-performing IT service providers, track evolving market conditions and develop data-driven sourcing strategies. This report helps optimize spending, fosters innovation and reduces category-specific risks, directly supporting effective IT procurement and value creation for their organization.



The quadrant assesses providers that offer services and solutions to help public sector entities **enhance efficiency**, reduce costs and **access specialized expertise** by **outsourcing non-core functions.**

Harish B

Definition

The public sector increasingly relies on BPO and other outsourcing services to enhance efficiency, reduce costs and access specialized expertise. Public sector firms can focus on their primary objectives using advanced technologies such as AI and cloud computing and by delegating non-core functions such as IT services, payroll and customer support to external providers. This approach optimizes resource allocation and addresses challenges in recruiting highly skilled professionals, especially in areas such as data management and cybersecurity.

Providers offer outsourcing services, fostering competition and innovation among them, resulting in improved service delivery quality. However, careful management is required to mitigate risks such as contracting failures or reduced service quality in critical areas such as healthcare and education. By assisting public sector firms in establishing robust SLAs, providers enable successful outsourcing while ensuring accountability and performance.

Eligibility Criteria

1. Have experience **providing business process and other outsourcing services** to public sector clients in the relevant region covered in the study
2. Have **successfully engaged or are engaging with at least three public sector entities** on BPO and outsourced services
3. Have at least three of the following capabilities related to public sector BPO and outsourced services:
   - Experience in **delivering outsourced services** to the region's government organizations
   - Strong **compliance with data protection and security** regulations
   - Proven **expertise in handling high-volume citizen services**
   - **Cost-effective service delivery** with proven efficiency gains
   - **Robust business continuity** and risk management processes
   - Secure **handling of sensitive government data**
   - Experience with **AI and RPA for process automation**
   - Strong track record in benefits, **welfare and HR services**
   - Offer **multi-channel citizen engagement solutions** (phone, web and mobile)
   - Capability to **provide scalable workforce solutions**
4. Demonstrate **strong partnerships with industry associations,** regulatory bodies, technology firms and startups specializing in the public sector
5. Offer **referenceable public sector use cases** across the value chain

Observations

U.S. public sector outsourcing is shifting in the short term from labor savings to mission support, with buyers prioritizing secure service delivery, cloud operations, AI enablement and accelerated citizen outcomes. This demand is most pronounced across health, education, social services, infrastructure and public safety, where agencies seek simple journeys, better continuity and tight control.

Outsourcing is moving toward human-centered delivery. Agencies want help with end-to-end digital journeys, content and workflow redesign and managed service operations rather than isolated process tasks. AI services are becoming part of day-to-day operations, especially for intake, case support, search and analytics. Consequently, demand is rising for governed AI implementations, data cleanup and model oversight.

Hybrid and multicloud models are expanding as agencies balance compliance, security and flexibility. This expansion is increasing demand for migration, rationalization and platform management. Shared services, help desks, records management, onboarding and retirement processing are being bundled into broader contracts. Providers that understand policy-heavy workflows and can ensure service continuity will have the edge.

From the 172 companies assessed for this study, 30 qualified for this quadrant, with 12 being Leaders.

Accenture transforms public sector business processes through automation, AI and analytics, backed by deep government expertise and global delivery capabilities, improving efficiency, responsiveness, compliance and mission outcomes.

Capgemini modernizes public sector business processes with automation, analytics and technology-enabled operations, supported by scalable global delivery, continuous improvement and government-focused governance, compliance and service quality.

CGI delivers government-focused business process services with deep federal expertise, secure and compliant operations, integrated technology and managed services that support complex, mission-critical agency programs.

Cognizant helps public sector agencies modernize operations through AI, automation, analytics and business process outsourcing, delivering secure, compliant and efficient services that improve workforce productivity, service quality and mission outcomes.

Conduent improves citizen and administrative services for government agencies through deep public sector expertise, large-scale service delivery and technology-enabled operations that enhance efficiency, compliance, accessibility and program outcomes.

Deloitte transforms public sector operations through deep government expertise, digital modernization, data-driven insights and organizational change capabilities that improve efficiency, service delivery and mission outcomes.

EXL optimizes public sector operations through data-driven process transformation, advanced analytics, AI and automation, improving efficiency, compliance, decision-making and service delivery across complex administrative workflows.

IBM modernizes mission-critical public sector operations with enterprise-scale transformation, AI and automation and secure hybrid cloud solutions that improve efficiency, resilience, compliance and service delivery.

Infosys

Infosys helps public sector agencies modernize operations through digital transformation, cloud, AI and automation, supported by scalable global delivery and continuous improvement practices that enhance efficiency, agility, accuracy and service outcomes.

kyndryl

Kyndryl helps public sector agencies manage mission-critical ITOps with resilient infrastructure operations, cybersecurity-focused managed services and legacy modernization expertise that enable reliable, secure and efficient digital transformation.

Leidos

Leidos improves mission-critical public sector operations through deep government domain expertise, strong health and human services capabilities and data-driven decision support that enhance efficiency, compliance and operational performance.

Maximus

Maximus delivers citizen-focused government services with deep expertise in healthcare, human services and workforce programs, along with large-scale contact center and program management capabilities that improve accessibility, compliance and service outcomes.

Kyndryl

Leader

"Kyndryl enables U.S. public sector business process and outsourcing modernization through mission-critical technology services, operational resilience and expertise in managing complex government IT environments."

Harish B

Overview

Kyndryl is headquartered in New York, U.S. It has more than 73,000 employees across over 60 countries. In FY26, the company generated $15.1 billion in revenue. The firm's strength in U.S. public sector business process and outsourcing services lies in its heritage of managing complex, mission-critical technology operations at enterprise scale. The company combines infrastructure expertise, operational resilience and modernization capabilities to help government organizations maintain reliable services while transforming legacy systems.

Strengths

Mission-critical technology management: Kyndryl operates and maintains complex technology environments that support essential government services. Its experience with large-scale infrastructure management, systems operations and enterprise environments enables public sector organizations to improve reliability and operational continuity.

Secure and resilient service operations: Kyndryl emphasizes operational resilience, cybersecurity and risk management as core elements of its service delivery model. These capabilities support government organizations that require secure, dependable and continuously available services for critical programs and administrative operations. Kyndryl's managed services approach helps agencies strengthen operational stability, maintain service continuity and reduce risks across complex technology environments.

Legacy modernization and integration: Kyndryl helps organizations address legacy system challenges through modernization, integration and transformation initiatives. Its ability to manage existing systems while enabling modernization provides value for agencies undergoing digital transition.

Caution

Kyndryl should further optimize delivery models to accelerate modernization programs and respond more quickly to changing government priorities. Increased flexibility can help agencies achieve faster improvements while managing complex environments.

Digital Transformation and Modernization Services

Who Should Read This Section

This report is valuable for providers offering **digital transformation and modernization services** in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Contracting officer's technical representatives (COTRs)

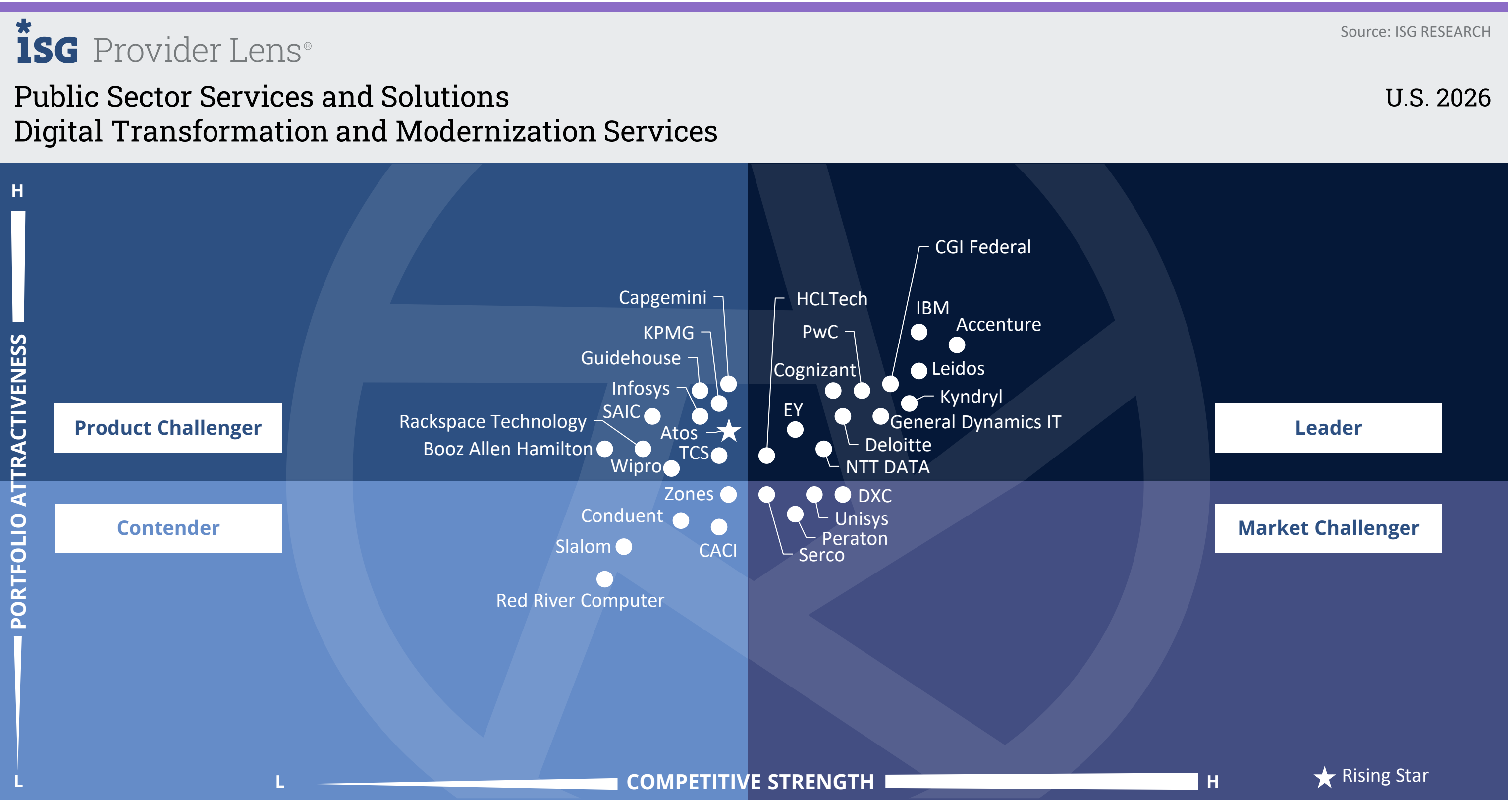
Should read this report to evaluate the technical capabilities and compliance of IT providers. The report will help ensure that contracts meet agency requirements, expected outcomes are delivered and oversight and accountability are strengthened, ultimately enhancing the success and integrity of public sector projects.

Chief procurement officers (CPOs)

Should read this report to gain actionable market insights and supplier benchmarks. This information will help them drive strategic sourcing, negotiate stronger contracts and align procurement with evolving technology trends. By adopting this approach, CPOs can achieve cost savings, improve supplier value and advance the agency's strategic objectives.

Category acquisition managers (CAMs)

Should read this report to identify top-performing IT service providers, track evolving market conditions and develop data-driven sourcing strategies. This report helps optimize spending, fosters innovation and reduces category-specific risks, directly supporting effective IT procurement and value creation for their organization.



The quadrant assesses providers focused on **modernizing** government **operations** and enhancing citizen service delivery through **digital technologies.** This approach allows public sector employees to provide responsive services to constituents.

Harish B

Definition

Digital transformation and modernization in the public sector are crucial for modernizing government operations and enhancing service delivery to citizens. By leveraging digital technologies, governments can streamline processes, reduce operational costs and improve efficiency across various departments. This transformation enables the automation of manual tasks, allowing public sector employees to focus on high-priority work and deliver fast, responsive services to constituents.

Providers implement digital solutions such as self-service e-portals, electronic document management and open data platforms to help governments empower citizens to access government services and information easily. These innovations foster transparency, increase public trust and promote citizen engagement in governance. Providers facilitate data-driven decision-making enabled by digital transformation to help governments allocate resources effectively and develop innovative policies that address societal challenges.

Eligibility Criteria

1. Have experience **providing digital transformation and modernization services** to public sector clients in the relevant region covered in the study
2. Have successfully engaged or are **engaging with at least three public sector entities** on digital transformation and modernization services
3. Have at least three of the following capabilities related to public sector digital transformation and innovation services:
   - Proven experience **delivering digital transformation** for government organizations
   - **Expertise in emerging technologies** such as blockchain and IoT
   - **Capability to integrate legacy systems** with modern digital solutions
   - Have adopted a **cloud-native** and API-first approach
   - Expertise in **cybersecurity** for digital government services
   - Experience in **data-driven decision-making** and analytics
   - Adoption of **Agile and DevOps methodologies**
   - **Experience in citizen-centric service design**
   - **Expertise in workforce upskilling** and digital technology adoption
   - Ability to **scale innovation** across government departments
4. **Demonstrate strong partnerships** with industry associations, regulatory bodies, technology firms and startups specializing in the public sector
5. Offer **referenceable public sector use cases** across the value chain

Observations

U.S. public sector modernization is shifting from digitalization to service redesign, with agencies focusing on simpler journeys, stronger trust and faster delivery. Digital work is increasingly judged by tangible outcomes that people experience, not just by systems that are replaced. Citizen experience is becoming the primary design principle. Agencies are simplifying forms, portals and contact center paths so people can complete tasks without needing to know how the government is organized. This shift is particularly prominent in health, education, social services and infrastructure, where fragmented journeys often cause delays and frustration.

AI is moving into real operations, but with tighter guardrails. Federal guidance issued in 2025 encourages faster AI adoption while strengthening governance, procurement and public trust. In 2026, agencies are using AI for document handling, triage and decision support, while keeping human oversight in the loop. Interoperability is a major buying priority. Agencies want modular platforms, APIs and connected workflows that let data flow across programs and reduce dependence on legacy systems. Cybersecurity is now integral to modernization; it is part of the design for every digital service and procurement decision.

Providers are being judged on execution rather than promises. Government Accountability Office (GAO) continues to highlight weaknesses in portfolio control, acquisitions and workforce capabilities, increasing demand for partners who can manage complexity and improve governance. Providers with strengths in legacy modernization, cloud operations, data integration, identity, testing and change management are best positioned to win.

From the 172 companies assessed for this study, 31 qualified for this quadrant, with 12 being Leaders and one Rising Star.

accenture

Accenture helps U.S. public sector agencies achieve mission outcomes through end-to-end transformation by leveraging cloud, AI, analytics and automation, backed by deep government expertise to modernize operations, improve decisions and deliver responsive digital services.

CGI

CGI Federal aids U.S. agencies in modernizing through deep federal mission expertise, legacy system integration and secure digital transformation, enabling improved interoperability, compliance and cybersecurity and aligning technology investments with mission goals.

cognizant

Cognizant helps public sector agencies modernize through digital engineering, application modernization, cloud, AI and data capabilities, enabling scalable, integrated technology ecosystems, improved decision-making and enterprise-wide transformation.

Deloitte.

Deloitte supports government agencies in modernizing through strategy-led transformation and deep public sector expertise, leveraging advanced cloud, AI, cybersecurity and data capabilities to enable scalable, secure and mission-aligned digital ecosystems.

EY

EY modernizes government agencies through strategic advisory, cloud, AI and data capabilities, combined with strong governance, risk and compliance expertise, enabling secure, sustainable transformation and improved mission and citizen outcomes.

General Dynamics IT

General Dynamics IT accelerates agency modernization through mission-focused digital transformation, secure cloud and application modernization, and integrated cybersecurity aligned with zero trust principles, improving agility, resilience and mission continuity.

HCLTech

HCLTech modernizes public sector agencies through engineering-led transformation, cloud and hybrid infrastructure expertise, application modernization, DevSecOps and cybersecurity capabilities, improving agility, resilience, governance and innovation.

IBM

IBM aids public sector agencies in modernizing through hybrid cloud leadership, AI- and data-driven transformation and strong cybersecurity supported by end-to-end consulting to improve resilience, service delivery, governance and operational efficiency.

kyndryl

Kyndryl helps public sector agencies modernize mission-critical technology through hybrid cloud integration, infrastructure and workplace transformation and strong cybersecurity capabilities, improving resilience, operational continuity, scalability and service delivery.

Leidos

Leidos emphasizes public sector agencies' modernization through deep mission expertise, systems integration, AI and data analytics, and cybersecurity-led transformation to enable secure, efficient and mission-aligned modernization across complex government environments.

NTT DATA

NTT DATA supports the modernization of public sector agencies through consulting-led transformation, legacy application modernization and secure cloud and platform engineering, leveraging AI, automation and strategic partnerships to improve resilience, scalability and service outcomes.

pwc

PwC aligns public sector agencies' technology modernization with mission and policy goals through strategy-led transformation, business and technology integration, advanced analytics, and strong governance, risk and change management expertise.

Atos

Atos (Rising Star) helps government agencies modernize mission-critical infrastructure through expertise in hybrid cloud, cybersecurity and high-performance computing to improve resilience, scalability, secure operations and data-driven decision-making.

Leader

"Kyndryl strengthens U.S. public sector digital transformation through mission-critical infrastructure expertise, secure modernization and resilient technology operations."

Harish B

Kyndryl

Overview

Kyndryl is headquartered in New York, U.S. It has more than 73,000 employees across over 60 countries. In FY26, the company generated $15.1 billion in revenue. In the U.S. public sector, its modernization services focus on managing, transforming and operating complex technology environments that support critical government missions. The firm combines deep infrastructure expertise with cloud services, cybersecurity, automation, data management and advisory capabilities to help agencies modernize legacy environments while maintaining reliability and resilience. Its operational focus enables government organizations to pursue transformation while sustaining essential services.

Strengths

Hybrid cloud integration: Kyndryl supports government modernization by leveraging hybrid cloud expertise to connect legacy systems to modern cloud platforms. Its ability to integrate, manage and optimize diverse technology environments helps agencies transition toward more flexible architectures while maintaining security and governance requirements.

Infrastructure and workplace modernization: Kyndryl helps agencies modernize infrastructure, improve EX and enable efficient service delivery. Its expertise in workplace transformation, network modernization and enterprise technology management supports government organizations seeking scalable digital operations.

Mission-critical technology operations: Kyndryl manages and modernizes large-scale technology environments where reliability and continuity are essential. The company's cybersecurity capabilities and experience supporting complex infrastructure operations help public sector agencies protect critical systems and improve system performance, operational resilience and operational stability during modernization.

Caution

While Kyndryl has strong infrastructure expertise, continued investment in cloud-native application modernization, platform engineering and software development practices can enhance its ability to support end-to-end transformation initiatives.

AI and Innovation Services

This report is valuable for providers offering **AI and innovation Services** in the **U.S.** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Chief information officers (CIOs) and chief technology officers (CTOs)

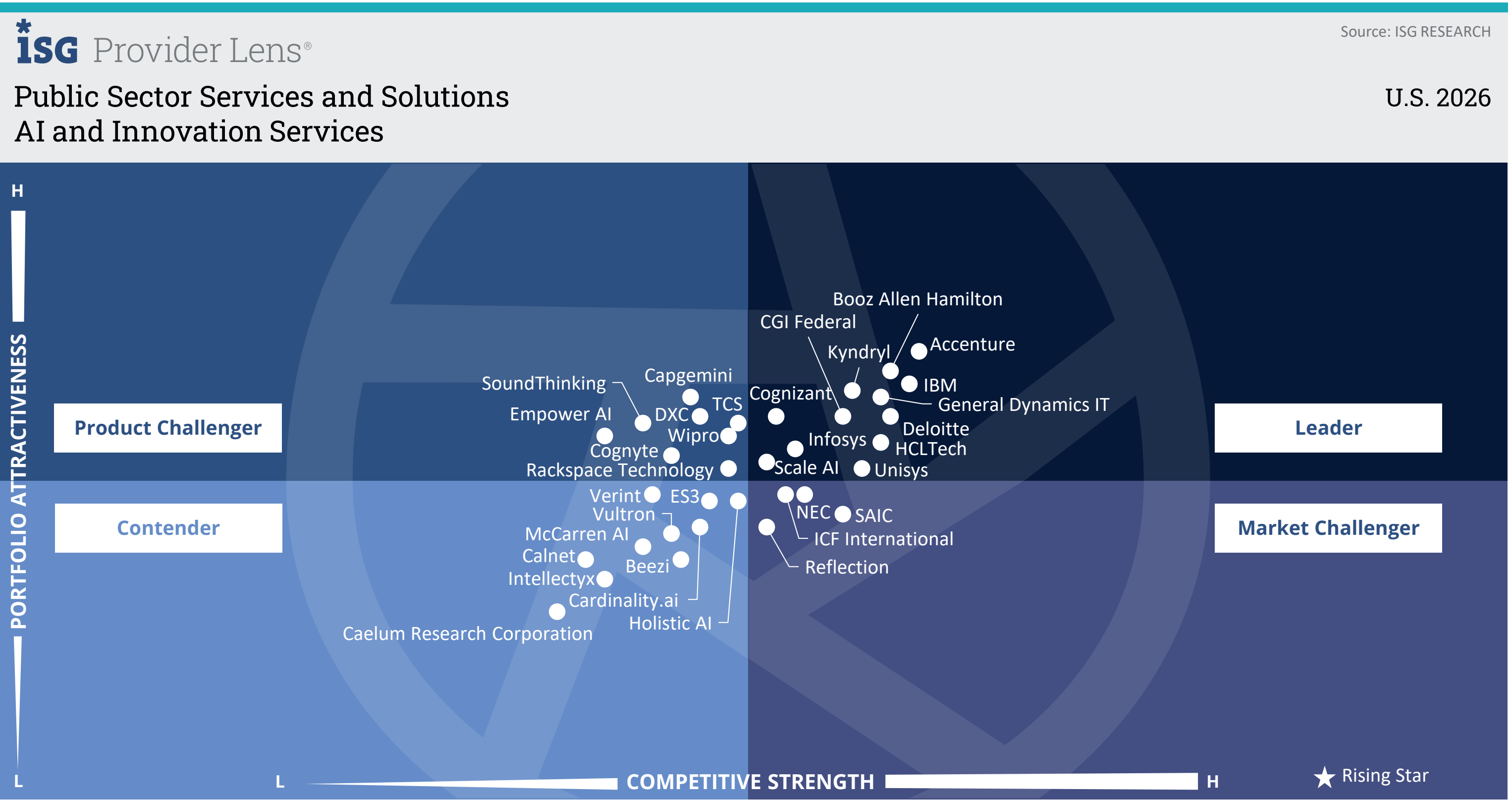
Should read this report to evaluate providers' AI capabilities, innovation maturity and ability to support modernization agendas. The report will help them identify providers that can enable automation, smarter decision-making and scalable digital services.

Heads of digital transformation

Should read this report to compare providers that can help redesign public services using AI, analytics and generative technologies. These insights enable them to select providers that improve citizen engagement, streamline operations and accelerate modernization.

Chief procurement officers (CPOs)

Should read this report to gain structured insight into AI and innovation service providers' capabilities, risk posture and value propositions. These insights enable them to design smarter sourcing strategies, negotiate stronger AI-focused contracts and ensure that supplier choices support long-term digital and fiscal objectives.



The quadrant assesses providers focused on **delivering AI and innovation services** that help government agencies **improve decision-making,** streamline operations and **accelerate** the **adoption of emerging technologies.**

Harish B

Definition

AI and innovation services are reshaping the public sector in 2026, driving smarter governance and responsive citizen experiences. Governments harness AI to automate routine operations, predict and personalize interactions at scale. These advancements cut delays, optimize resource use to tackle complex issues such as urban planning and disaster response with precision.

Providers deploy AI solutions, including intelligent chatbots, predictive analytics platforms and generative tools, to enable seamless self-service for citizens. Virtual assistants handle inquiries 24/7, while AI-driven dashboards offer real-time insights into public needs.

Providers prioritize ethical AI frameworks to ensure fairness, transparency and compliance with evolving regulations. Workforce re-skilling programs build AI literacy, transitioning staff from manual to strategic oversight-driven roles. By delivering equitable, proactive services that evolve with community expectations, AI innovation rebuilds trust.

Eligibility Criteria

1. Have experience **providing AI and Innovation services** to public sector clients in the relevant region covered in the study
2. Have successfully engaged or are **engaging with at least three public sector entities** on digital transformation and modernization services
3. Have at least three of the following capabilities related to public sector digital transformation and innovation services:
   - Proven track record in **AI-powered public service automation** for government entities
   - Deep **expertise in GenAI**, ML models and **ethical AI governance**
   - Offer **AI-first design with microservices**, APIs and serverless architectures for rapid deployment
   - **Offer human-centered AI design** focused on equitable, accessible citizen experiences
   - Provide scalable **AI innovation frameworks** adaptable across agencies and jurisdictions
   - Experience **deploying low-code AI platforms** for non- technical government users
   - Offer **robust AI ethics frameworks** ensuring transparency, fairness and regulatory compliance
4. **Demonstrate strong partnerships** with industry associations, regulatory bodies, technology firms and startups specializing in the public sector
5. Offer **referenceable public sector use cases** across the value chain

Observations

U.S. public sector AI and innovation services are shifting from pilot mode to operational scale, with agencies focused on embedding AI in core workflows rather than testing it on the side. Key themes include accelerated production delivery, tight governance, clean data foundations and service redesign that makes government simpler and more responsive.

AI is moving from experiment to execution across federal, state, local and education settings. Agencies are under pressure to prove value quickly, but execution gaps persist because procurement processes, fragmented data and workforce readiness slow adoption. Innovation spending is becoming more mission-tied, and public buyers seek AI, automation and modern platforms that improve case work, service routing and staff productivity rather than technology that stands alone.

A more practical AI stack is emerging, with stronger cloud, compute and integration choices to support inference, model deployment and secure data sharing, especially where compliance and privacy requirements are strict. Human-centered service design is gaining importance, and agencies are making digital services easier to use, with more personalized, faster interactions that reduce the burden on citizens and employees. The providers that stand out will be those that integrate strategy, engineering and managed services into a single delivery model. Buyers seek partners that can move AI into production, modernize legacy environments and sustain outcomes after launch.

From the 172 companies assessed for this study, 34 qualified for this quadrant, with 12 being Leaders.

accenture

Accenture enables trusted public sector AI through responsible AI governance, enterprise workflow integration and a broad innovation ecosystem, helping agencies scale AI adoption, improve productivity, enhance citizen experiences and achieve sustainable transformation.

Booz Allen Hamilton

Booz Allen Hamilton delivers mission-ready AI tailored to government operations, combining advanced analytics, secure AI engineering and rapid innovation to improve decision-making, operational effectiveness and trusted AI adoption.

CGI

CGI Federal helps agencies adopt AI through mission-focused, secure solutions that integrate with legacy systems, enhance decision-making and automation, and support compliant, practical innovation aligned with government operations.

cognizant

Cognizant supports public sector agencies to modernize with AI-driven automation, data modernization and cloud engineering, while emphasizing human-centered adoption, workforce enablement and scalable digital services that improve productivity and decision-making.

Deloitte.

Deloitte facilitates responsible AI adoption through governance, risk and ethics frameworks, combined with strategic transformation, advanced analytics and workforce-focused change management to improve decision-making, mission outcomes and sustainable innovation.

General Dynamics IT

General Dynamics IT helps agencies deploy secure, mission-integrated AI by combining data engineering, cybersecurity, cloud and automation capabilities to enable trusted AI adoption, improve decision-making and modernize critical government operations.

HCLTech

HCLTech assists government agencies to operationalize AI through engineering-led innovation, AI-enabled digital engineering and intelligent automation, integrating AI with cloud and hybrid environments to improve productivity, resilience, software quality and mission performance.

IBM

IBM supports the adoption of responsible AI through governance, enterprise AI platforms and hybrid cloud expertise, enabling scalable innovation, secure modernization, better decision-making and improved public service delivery.

Infosys

Infosys modernizes government agencies through AI-enabled digital engineering, intelligent automation, cloud modernization and advanced analytics to create scalable, data-driven solutions that improve efficiency, decision-making and mission outcomes.

kyndryl

Kyndryl helps government agencies adopt AI through intelligent operations, AIOps and automation, backed by infrastructure expertise, secure architectures and hybrid IT modernization, improving efficiency, resilience, service performance and AI readiness.

Scale AI

Scale AI accelerates AI adoption in government agencies through high-quality data infrastructure, model training and evaluation, and mission-focused AI solutions that improve accuracy, reliability and decision-making in complex operational environments.

unisys

Unisys modernizes government agencies through secure AI-enabled operations, intelligent automation and digital workplace solutions, improving efficiency, service delivery, productivity and cyber resilience across mission-critical environments.

Leader

"Kyndryl supports U.S. public sector AI innovation through intelligent operations, resilient infrastructure and mission-focused technology modernization."

Harish B

Kyndryl

Overview

Kyndryl is headquartered in New York, U.S. It has more than 73,000 employees across over 60 countries. In FY26, the company generated $15.1 billion in revenue. It combines operational expertise, automation capabilities, cloud services and cybersecurity knowledge to help agencies introduce AI-driven improvements while maintaining reliability, resilience and control across essential government technology ecosystems. The firm's key strength in the U.S. public sector AI and innovation space is its ability to apply AI to complex technology operations, infrastructure management and mission-critical environments.

Strengths

AI-driven intelligent operations: Kyndryl applies AI to enterprise technology operations, helping agencies improve monitoring, automate service management, identify potential issues proactively and increase the efficiency in large-scale government technology environments. Its experience operating in complex environments enables government organizations to use AI to improve service performance, operational visibility and continuous improvement.

Infrastructure foundation for AI adoption: Kyndryl's deep infrastructure management experience provides a solid foundation for AI implementation. It helps agencies modernize underlying technology environments, improve data accessibility and create operational conditions required for successful AI adoption. Its focus on secure architecture, risk management and operational protection helps agencies adopt intelligent technologies while maintaining mission assurance and compliance.

Automation and AIOps capabilities: Kyndryl applies AI for ITOps, automation and service optimization. These capabilities enable public sector organizations to reduce operational complexity, improve system availability and enhance responsiveness across critical technology services.

Caution

Kyndryl could expand software engineering, AI application development and ML implementation capabilities to support more end-to-end AI transformation engagements.

Appendix

The ISG Provider Lens® 2026 – Public Sector Services and Solutions 2026 study analyzes the relevant software vendors/service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens® program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of September 2026 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

All revenue references are in U.S. dollars ($US) unless noted otherwise.

The study was conducted in the following steps:

1. Definition of Public Sector Services and Solutions market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge & experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts & figures received from providers and other sources.
6. Use of the following key evaluation criteria:
   * Strategy and vision
   * Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * Technology advancements

Lead Analyst

Harish B

Senior Manager and Principal Analyst

Harish brings more than two decades of technology, business and market research experience and expertise to ISG clients. He has rich experience in executing MI/CI and strategy/management consulting projects for asset-intensive industries (aerospace & defense, oil & gas, energy & utilities, automotive, public sector, semiconductor and manufacturing). Prior to ISG, Harish has worked with leading market research/ analytics and consulting firms, including Frost & Sullivan and Genpact. At ISG, He is focused on ISG Provider Lens®. His research and analysis for ISG clients focuses on asset-intensive market development, disruption and change. He currently contributes to ISG Provider Lens® global research studies as a principal analyst.

Research Analyst and Co-author

Varsha Sengar

Research Specialist

Varsha Sengar is a Research Specialist at ISG, responsible for supporting and coauthoring ISG Provider Lens® studies on Retail and CPG, Manufacturing, Chemicals, and Public Sector. She has over 8 years of experience in technology research and consulting. At ISG, she is responsible for delivering the enterprise perspective for IPL and collaborates with analysts, advisors, and enterprise clients on various

research requests, which include primary and secondary research. She supports the lead analysts across multiple regions in the research process and authors the global summary report. Prior to this role, she has carried out multiple ad-hoc projects, including competitive benchmarking reports, market sizing and forecasting, vendor profiles and newsletters delivering industry-level actionable insights and recommendations.

Study Sponsor

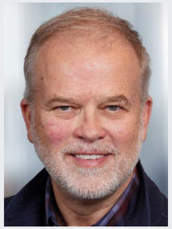
Iain Fisher

Director and Principal Analyst

Iain Fisher is ISG's head of industry research and market trends. With over 20 years in consulting and strategic advisory, Iain now focuses on cross industry research with an eye on technology led digital innovation, creating new strategies, products, services, and experiences by analysing end-to-end operations and measuring efficiencies focused on redefining customer experiences. Fisher is published, known in the market and advises on how to achieve strategic advantage. A thought leader on Future of Work, Customer Experience, ESG, Aviation and cross industry solutioning. He provides major market insights leading to changes to business models and operating models to drive out new ways of working.

Fisher works with enterprise organizations and technology providers to champion the change in customer focused delivery of services and solutions in challenging situations. Fisher is also a regular Keynote speaker and online presenter, having authored several eBooks on these subjects.

IPL Product Owner



Jan Erik Aase

Partner and Global Head – ISG Provider Lens®

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens®, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens®

The ISG Provider Lens® Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners. ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens® research, please visit this webpage.

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ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

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The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

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