

AI maturity in the public sector

Thank you for downloading this Iron Mountain Resource. Carahsoft is the provider for Iron Mountain cyber solutions available via GSA Multiple Award Schedule, NASA SEWP V, NJSBA, and other contract vehicles.

To learn how to take the next step toward acquiring Iron Mountain solutions, please check out the following resources and information:



For additional resources:
carah.io/IronMountainResources



For upcoming events:
carah.io/IronMountainEvents



For additional Iron Mountain solutions:
carah.io/IronMountainSolutions



For additional cyber solutions:
carah.io/Cybersecurity



To set up a meeting:
IronMountain@Carahsoft.com
888-662-2724



To purchase, check out the contract vehicles available for procurement:
carah.io/IronMountainContracts

AI maturity in the public sector

Is your organization ready to harness the power of AI and unstructured data

Jill B. Shoup
Research Director

Grace Gibson
Senior Marketing Manager



Introduction

Artificial intelligence (AI) and unstructured data are reshaping industries by providing new opportunities for efficiency and growth. In the public sector, AI and unstructured data go hand in hand, with many already making use of the combination. However, few have concrete processes in place to unlock the true potential. Shifting the focus from standalone AI capabilities to AI with unstructured data will allow for improved efficiency, strengthened decision-making, and a greater value to customers. With the growing push from government initiatives, the ability to make this transformation is gaining momentum within organizations.

Findings are based on research conducted by Iron Mountain alongside independent market research specialist Vanson Bourne. Data in this report is based on 212 IT and data decision-makers in the public sector excluding healthcare, who have knowledge or involvement in their AI strategy. You can read the global report [here](#).

Three key takeaways:



The public sector is turning to AI to reduce costs and overhead (61%)



Fewer public sector organizations are more advanced with their AI maturity when compared to the global average (35% vs a 40% global average), with more than half looking to scale IT capabilities to see improved AI value



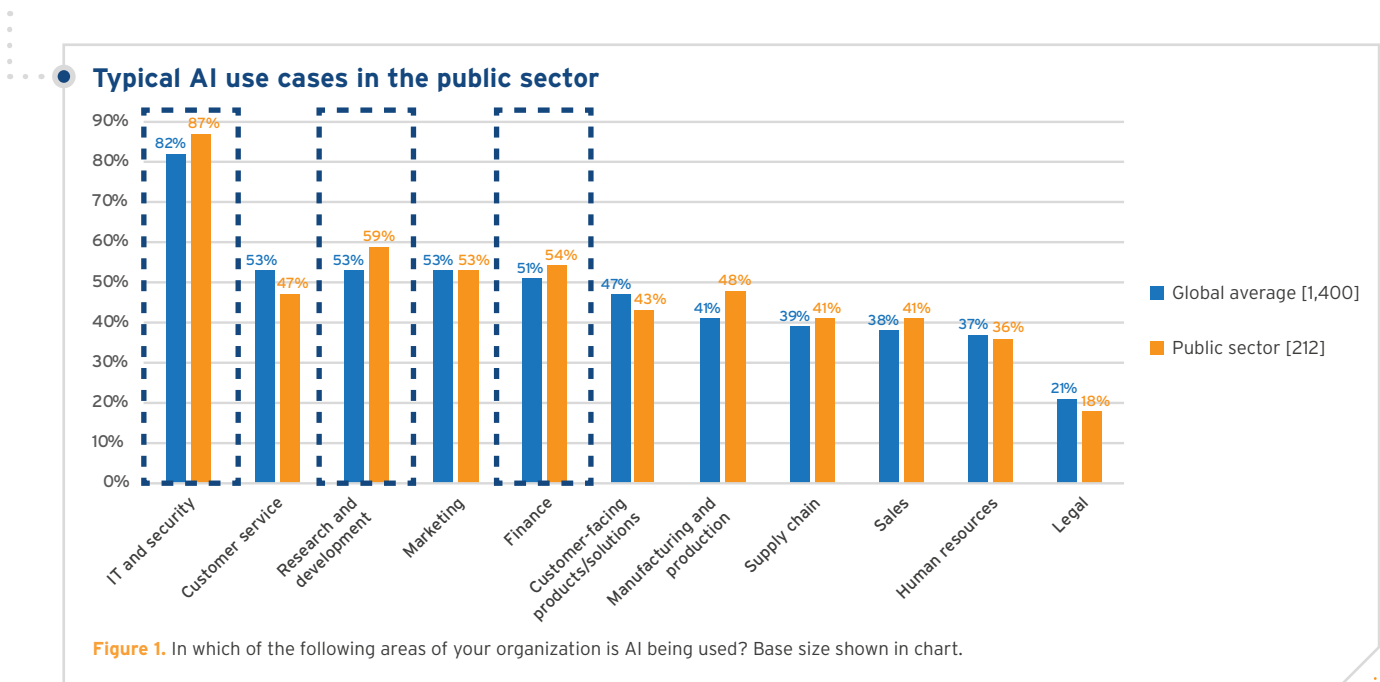
Unstructured data is widely used within the sector, yet improvements need to be made for organizations to experience its true value

- 80% often leverage unstructured through AI tools (compared to a 74% global average)
- But 74% report they're not highly effective at making their unstructured data trustworthy for AI applications

AI can help reduce costs and overhead within the public sector

AI is continually evolving, creating new tools and capabilities that can help revolutionize the way organizations function. For many in the public sector, using AI will be key in helping overcome some of the wider sector challenges as it can be implemented across a variety of operational areas. Our research found that AI's main use case in the sector is actually cost reduction via reducing overhead or time spent on non-revenue generating work (61%).

For the public sector, AI is most commonly deployed across IT and security, research and development, and finance use cases (see **Figure 1**).



Moreover, the public sector is one of the most likely sectors to be deploying AI across research and development areas. It's likely the influx of resources from government plans prioritizing these areas such as [The National Artificial Intelligence Initiative Act of 2020 in the US](#), or the [Digital Europe Programme in the European Union](#), is a contributing factor in this growing focus.

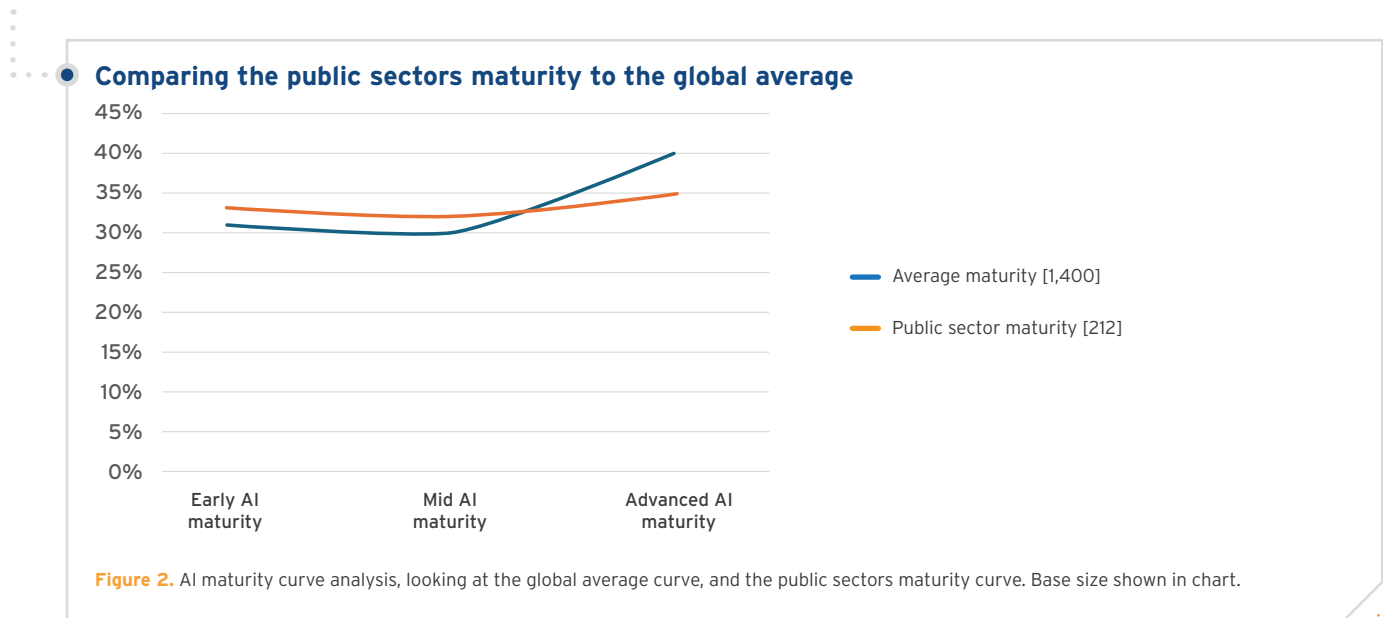
On the other side of the spectrum, there's lower-than-average integration of AI across customer service (53% and 47%) and customer-facing products/solutions (47% and 43%) than other global organizations. However, that doesn't mean that AI isn't being used more broadly to improve customer experience within the sector. In fact, more than the global average (public sector: 58% vs global average: 52%) strongly agree that their organization effectively uses AI-powered agents to streamline operations and improve customer experience. Given AI's potential to optimize processes, personalize interactions, and reduce response times, it makes sense that the public sector organizations prioritize these areas to improve citizen engagement and service delivery. However, it does raise the question - why is AI not used specifically within customer service areas, when customer experience is clearly an important outcome?

This discrepancy may stem from the unique challenges faced by public sector organizations when implementing AI in direct customer-facing roles. Strict regulations around data privacy, ethical concerns, and the need to maintain public trust can slow the adoption of AI in sensitive customer service interactions. Additionally, legacy systems and resource constraints may limit the integration of advanced AI tools within frontline services. However, as more organizations recognize the benefits of AI-powered agents in enhancing responsiveness and efficiency, there is an opportunity to extend these capabilities into dedicated customer service functions, improving both operational performance and citizen satisfaction.

AI Adoption is mixed for the industry

Within the public sector, AI maturity is relatively flat with a similar number of organizations across each phase. However, there's a slightly higher proportion of organizations in the early and mid-stages of their AI journey when compared to the global average. This is in line with other research reports such as [McKinsey](#) who claim 38% of AI use cases within public sector organizations in the European Union have yet to reach the implementation stage.

Nonetheless, in recent years there has been a rise in government funding for AI research projects that likely kickstarted AI adoption, resulting in the higher-than-average number of organizations in the middle of their AI journey (see [Figure 2](#)).



For instance, in the start of the fiscal year of 2025 the budget proposal for the US requested [\\$3 billion specifically for developing and integrating AI applications](#) across federal agencies, including \$300 million in mandatory funding aimed at addressing risks and advancing AI use. If these funds were to become available to organizations they could help overcome some of the barriers holding the industry back from full AI adoption.

Many in the public sector have outdated and fragmented systems, which will strongly impact on many organizations' ability to integrate AI tools. In addition to these infrastructure challenges, the public sector feels they should allocate more resources for AI expertise and project development to optimize AI adoption and value. This is felt more strongly in the public sector than the global average (public sector: 52% vs global average: 48%) and perhaps relates to limited funding in the industry, which has led to a slower rate of adoption and training, leaving many in the dark on AI's true potential.

Organizations within the industry also want to work on scaling IT capabilities to manage and process large volumes of data (51%), and provide a clear vision, strategy and direction for AI initiatives (49%). There's a need for clear frameworks, ranging from initial integration to typical use cases, to how to scale with the evolving technology. However, this won't be plain sailing for the public sector. They'll need to invest in their skills, processes, and how they measure AI success.

What's more, many will have to invest in creating one unified strategy for AI to ensure consistency and effectiveness. In fact, more than the global average, the public sector strongly agrees that a unified strategy for operationalizing, optimizing and activating physical and digital data is critical to being AI ready (public sector: 60% vs global average: 49%).

These changes will be beneficial to many different business outcomes, particularly within employee productivity. Once again, more than the global average (public sector: 62% vs global average: 51%) believe AI will be very important in helping them achieve employee productivity goals over the next two years. This links to the cost saving and process optimization that AI can provide, but only through efficient and strategic use of AI can the public sector see such benefits.

How important is AI for the following business outcomes in the next 2 years?

Showing data for 'very important' only

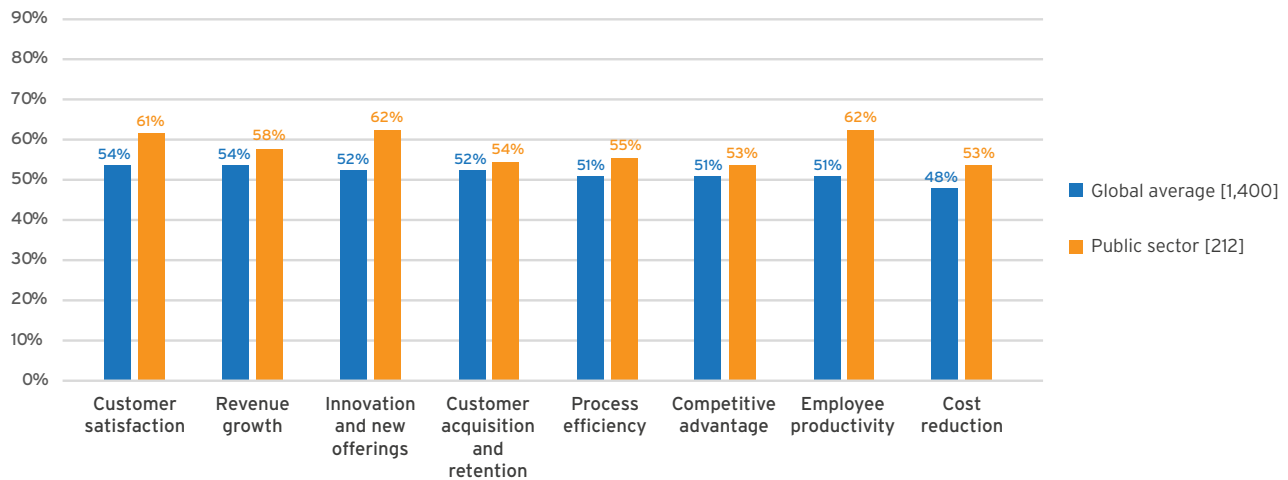


Figure 3. How would you rate the importance of AI in helping your organization achieve the following goals over the next 2 years? Base shown in chart.

Additionally, AI can help boost innovation and new offerings, an expected business outcome predicted by more in the public sector than the global average (public sector: 62% and global average: 52%). This will be particularly useful as the sector faces increasing pressure to deliver more efficient, citizen-centric services and adapt to evolving societal needs with limited resources.

Leveraging unstructured data is becoming more of a priority

Over the next two years, retrieval augmented generation (RAG) and multimodal AI will become the key to success. Both technologies involve leveraging multiple data sources, something that is going to be very important over the next two years. In fact, nearly two thirds (65%) of public sector organizations report that unstructured data (the use of files such as videos, audio, social media etc.) is going to be very important to their success over the next two years, more than the global average (56%).

Unstructured data is going to be very important to my organization's success over the next 2 years

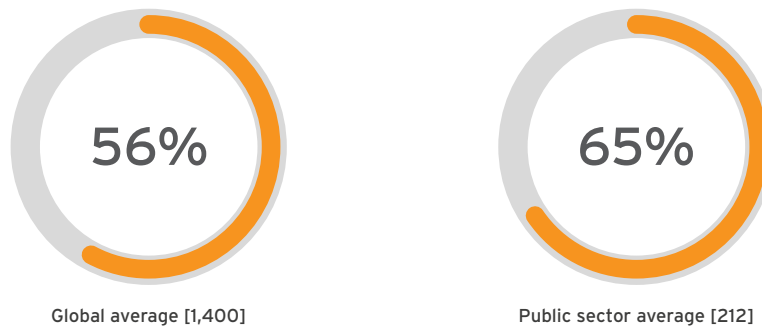


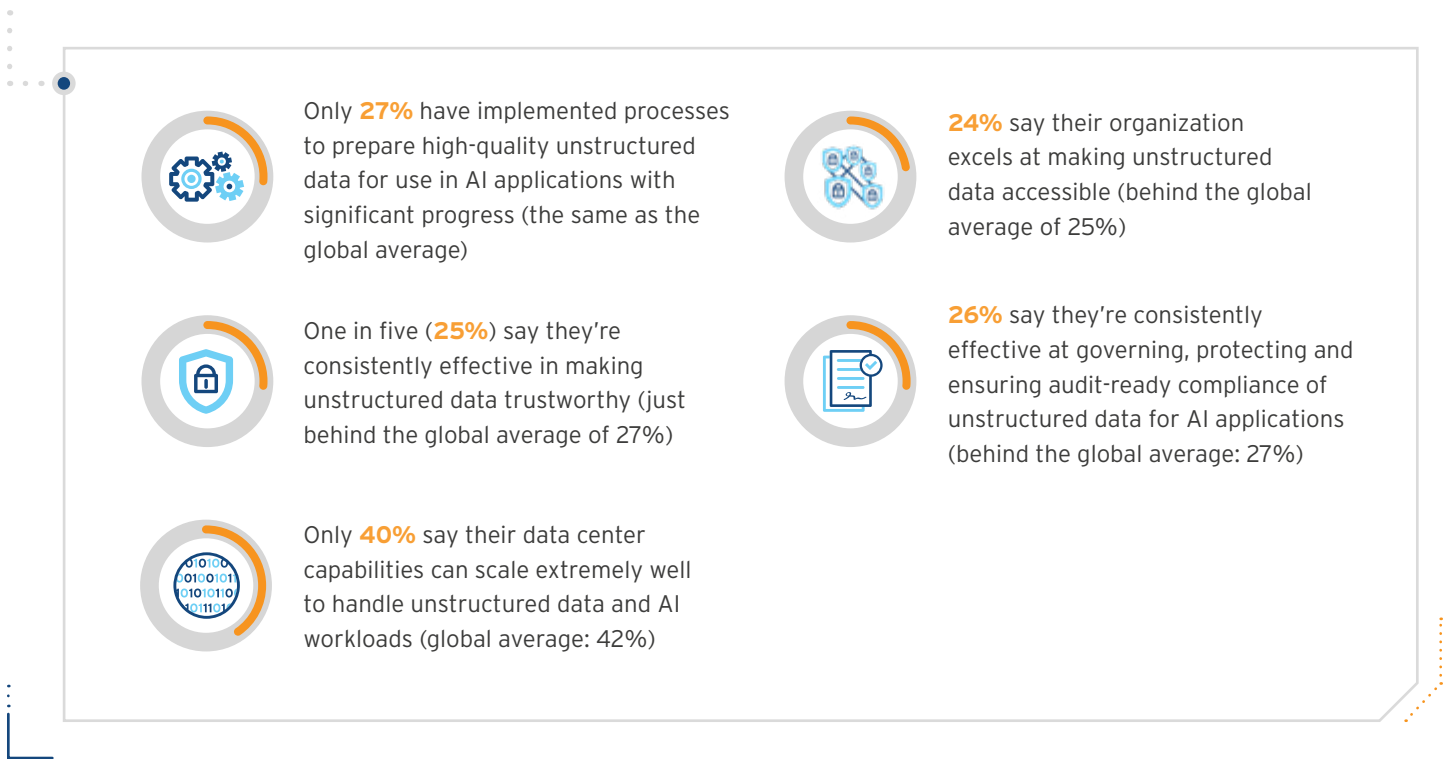
Figure 4. How important do you expect unstructured data (text, audio, video, images, social media content, emails, etc.) will be to your organization's success in the next two years? Base size shown in chart.

Ensuring organizations have the right processes in place to leverage AI tools such as RAG and multimodal AI is critical – without them, the value of unstructured data is significantly limited. This is especially important for the public sector, where reliance on unstructured data is already strong: 80% of organizations report using AI often or routinely to extract value from unstructured data, compared to a 74% global average. Additionally, unstructured data is used in 59% of AI use cases in the sector on average, which is on par with the global average of 60%. This demonstrates that while public sector organizations recognize the value of unstructured data, many are still lacking the robust processes needed to fully capitalize on its potential.

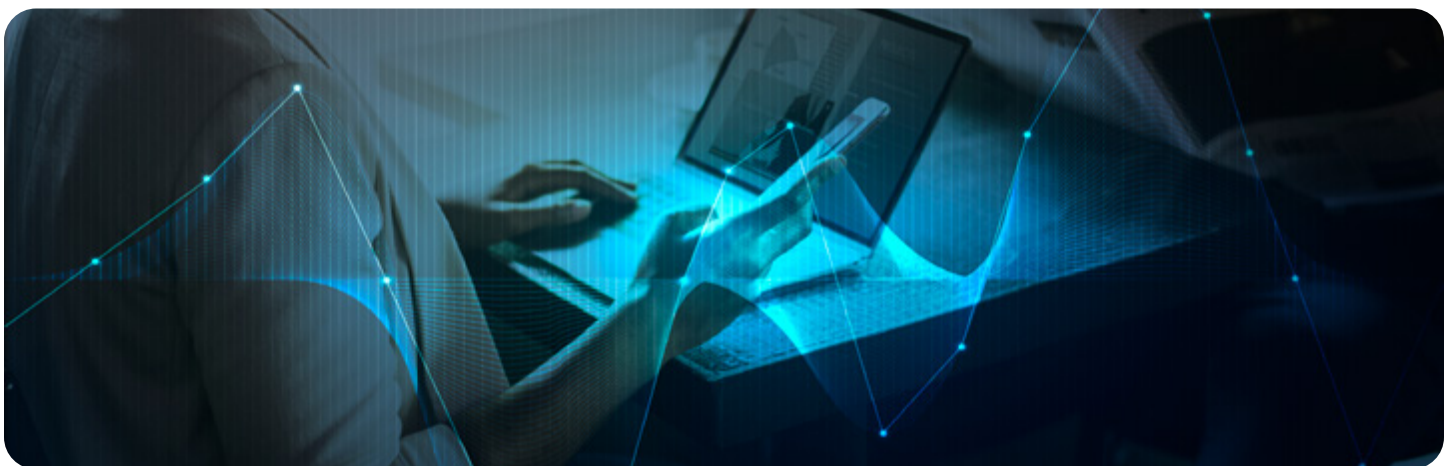


For instance, slightly fewer than the global average think their organization is highly effective at making unstructured data trustworthy for AI applications (public sector: 25% vs global average: 27%).

What's more,



Considering the sector isn't completely AI mature, it's not surprising to see many organizations need help with effectively implementing these processes. Perhaps a unified asset strategy is one solution decision-makers could lean on. It's a strategy which allows for the operationalizing, optimizing, and activating of physical and digital data. In fact, 60% strongly agree implementing this approach is critical to becoming AI ready, considerably more than the global average (49%). The public sector has a clear need for guidance to unlock the true value that leveraging unstructured data and AI can provide.



Conclusion:

The public sector is progressing with AI and unstructured data but lags slightly behind the global average in terms of AI maturity, with fewer organizations in the more advanced stages of adoption.

This gap is likely influenced by resource limitations and the challenges of implementing AI across complex public systems. While a high number of public sector organizations already leverage unstructured data through AI tools, many still struggle to make the data trustworthy and actionable, highlighting a critical barrier to realizing its full value.

To move forward, public sector organizations must prioritize the development of foundational processes for managing, preparing, and governing unstructured data. By doing so, they can improve the quality and reliability of AI-driven insights, ultimately enabling smarter, more efficient and citizen-centric services. Failing to act now may widen the gap between early adopters and those more advanced, resulting in additional missed opportunities for public value, service innovation, and long-term digital transformation.

How can Iron Mountain help?

Whether you're at the start of your AI journey or reaching full maturity, Iron Mountain can help you turn your information into insights and further your AI-readiness. Determine what information should be scanned, stored, or defensibly destroyed, by developing a data governance framework. Automate manual processes, enable audit-ready compliance, and make information accessible and useful with [Iron Mountain InSight®](#). The scalable platform offers comprehensive digital and physical content management, intelligent document processing, workflow automation, and information governance capabilities that seamlessly integrate into your existing environment and support your digital transformation initiatives.



About the research

Iron Mountain commissioned independent market research specialist Vanson Bourne to conduct this piece of research. The study included surveying 1,400 IT and data decision-makers who have knowledge of or responsibility for AI strategy at their organization. Respondents' organizations had to have 250 employees or more across the following countries: US, UK, France, Germany, India and Australia.

Organizations are from several public and private sectors but there was a strong focus in banking and financial services, insurance, healthcare and life sciences, media and entertainment, the public sector (excluding healthcare) and energy. This summary is based off 212 decision-makers in the public sector.

About Vanson Bourne

Vanson Bourne is an independent specialist in market research for the technology sector. Their reputation for robust and credible research-based analysis is founded upon rigorous research principles and their ability to seek the opinions of senior decision-makers across technical and business functions in all business sectors and all major markets. For more information, visit www.vansonbourne.com.



About Iron Mountain

Iron Mountain Incorporated (NYSE: IRM), founded in 1951, is the global leader for storage and information management services. Trusted by more than 220,000 organizations around the world, and with a real estate network of more than 85 million square feet across more than 1,400 facilities in over 50 countries, Iron Mountain stores and protects billions of information assets, including critical business information, highly sensitive data, and cultural and historical artifacts. Providing solutions that include secure storage, information management, digital transformation, secure destruction, as well as data centers, art storage and logistics, and cloud services, Iron Mountain helps organizations to lower cost and risk, comply with regulations, recover from disaster, and enable a more digital way of working. Visit www.ironmountain.com for more information.

©2025 Iron Mountain, Incorporated and/or its affiliates ("Iron Mountain"). All rights reserved. Information herein is proprietary and confidential to Iron Mountain and/or its licensors, does not represent or imply an invitation or offer, and may not be used for competitive analysis or building a competitive product or otherwise reproduced without Iron Mountain's written permission. Iron Mountain does not provide a commitment to any regional or future availability and does not represent an affiliation with or endorsement by any other party. Iron Mountain shall not be liable for any direct, indirect, consequential, punitive, special, or incidental damages arising out of the use or inability to use the information, which is subject to change, provided AS-IS with no representations or warranties with respect to the accuracy or completeness of the information provided or fitness for a particular purpose. "Iron Mountain" is a registered trademark of Iron Mountain in the United States and other countries, and Iron Mountain, the Iron Mountain logo, and combinations thereof, and other marks marked by ® or TM are trademarks of Iron Mountain. All other trademarks may be trademarks of their respective owners.