

Digital Transformation Canada

Market Brief

Overview

On September 3, 2026, Prime Minister Mark Carney announced the launch of [Digital Transformation Canada \(DTC\)](#), a new federal organization created to modernize how the Government of Canada develops, manages, procures, and deploys technology. DTC brings together Shared Services Canada (SSC) with selected digital and technology functions from the Treasury Board of Canada Secretariat, Public Services and Procurement Canada, and Employment and Social Development Canada's Canadian Digital Service.

The goal is to create a more coordinated approach to federal digital transformation by bringing infrastructure, digital services, procurement, cybersecurity, AI, and technology modernization closer together.

What DTC Will Focus On

DTC will focus on expanding shared digital solutions across government, modernizing the technology used by public servants, and using federal procurement more strategically.

Three initial priorities:

1. **Scale shared digital solutions** to reduce duplication and operating costs, increase emerging-technology adoption such as AI, strengthen digital sovereignty and security, and improve Canadians' service experience.
2. **Equip public servants with modern**, secure tools to improve productivity and reduce administrative burden.
3. **Use federal purchasing** power strategically to help Canadian digital and AI companies test, scale, and commercialize technologies.

Together, these priorities position DTC as both a government modernization initiative and a mechanism for strengthening Canada's domestic technology ecosystem.

Key Technology Areas

DTC's mandate could create increased activity across several areas of the federal technology market:

- **Artificial Intelligence:** AI-enabled services, automation, machine learning, and AI governance.
- **Cybersecurity:** Security modernization, threat protection, zero trust, identity and access management.
- **Cloud:** Secure cloud environments, hybrid infrastructure, and workload modernization.
- **Digital Government:** Data management, analytics, governance, and infrastructure supporting AI and digital services.
- **Enterprise Software:** Productivity, collaboration, workflow, and government-wide business applications.
- **Digital Identity:** Authentication, identity verification, and secure access to government systems and services.
- **Networking:** Connectivity, network modernization, visibility, and infrastructure management.
- **Shared Digital Services:** Common technology platforms that can be used across multiple federal departments.

AI is expected to be a broader modernization priority, which could also increase demand for supporting technologies such as secure cloud infrastructure, data management, cybersecurity, identity, observability, and AI governance.

Why It Matters

The creation of DTC could lead to a more centralized federal technology environment. By combining SSC with other digital and procurement functions, the government may be able to coordinate infrastructure, cybersecurity, applications, procurement, and service delivery more closely.

For the technology market, this could mean greater use of government-wide solutions, more standardized requirements, and potentially larger enterprise-level procurements. Vendors may increasingly need to demonstrate that their technologies can scale across departments, integrate with shared architectures, and meet higher expectations around security and interoperability.

AI as a Broader Modernization Priority

AI is embedded throughout DTC's mandate rather than being treated as a standalone technology category. As federal AI adoption expands, demand may also grow for the technology required to support it, including secure cloud infrastructure, data platforms, cybersecurity, identity management, observability, and AI governance. This means the opportunity extends beyond AI applications themselves to the broader infrastructure needed to deploy AI securely and on a scale.

Digital Sovereignty

Digital sovereignty is another important part of DTC's mandate. The government is connecting technology modernization with Canada's ability to control and secure its digital infrastructure. Future technology decisions may place greater importance on where government data is stored and processed, supply-chain security, foreign ownership and legal exposure, Canadian technical capacity, and the ability to maintain critical systems independently. Specific procurement requirements have not yet been established, but these considerations may become increasingly important as DTC develops its technology and procurement frameworks.

Impact on the Technology Market

DTC could gradually change how the Government of Canada evaluates and purchases technology. A more centralized approach may lead to greater use of enterprise-wide procurement, shared contracting vehicles, standardized technology requirements, and stronger coordination between procurement and technology officials. Canadian technology companies, DTC could provide a stronger pathway to use government procurement to test and commercialize emerging technologies.

For U.S. and international vendors, the announcement does not suggest exclusion from the Canadian federal market. However, Canadian operations, local partnerships, data-hosting capabilities, security credentials, and supply-chain transparency may become increasingly important competitive factors.

What to Watch

The most important question is how much authority DTC will ultimately have over federal technology procurement. It is also important to monitor whether existing procurement vehicles remain in place, how support for Canadian technology companies appears in future solicitations, and how the government defines digital sovereignty in practice.

Bottom Line

Digital Transformation Canada represents a significant restructuring of the federal government's technology environment by bringing IT modernization, digital services, AI, cybersecurity, procurement, and shared infrastructure into a more coordinated model.

The immediate impact is primarily organizational, but DTC could ultimately influence how the Government of Canada plans, evaluates, procures, and deploys technology across departments. The next six to twelve months will be important as the organization establishes its procurement model, authorities, and technology strategy.

For vendors, DTC could increase the importance of positioning technologies as part of broader government-wide modernization efforts rather than as standalone products. Vendors may increasingly need to demonstrate enterprise scalability, interoperability with shared architectures, strong security capabilities, and alignment with integrated digital-government objectives. This may favor solutions that can clearly show how they contribute to multiple priorities across modernization, AI, cybersecurity, data, productivity, and shared digital services.