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Smart Government Market - Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented, By Solution (Government Resource Planning System, Security, Analytics, Remote Monitoring), By Service (Professional Services, Managed Services), By Region & Competition, 2021-2031F

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Abstracts

The Global Smart Government Market is projected to expand from USD 34.47 Billion in 2025 to USD 79.69 Billion by 2031, registering a CAGR of 14.99%. Smart government entails incorporating big data analytics, Internet of Things solutions, and information and communication technologies into public administration to optimize operations and enhance services for citizens. The market's growth is primarily fueled by the critical necessity to cut operational costs and the increasing strain of urbanization, which necessitates more effective resource management. Additionally, the global shift toward these governance models is supported by growing public demands for transparency and readily available digital channels.

However, despite these clear advantages, the market encounters substantial obstacles related to data security and the difficulty of safeguarding sensitive infrastructure against cyberattacks. The deployment of interconnected systems increases the range of potential vulnerabilities, demanding specialized defensive skills that are frequently in short supply. As noted by ISC2 in 2024, the global shortage of cybersecurity professionals has widened to 4.8 million, emphasizing the critical lack of expertise required to protect these growing digital environments.

Market Driver

The incorporation of Artificial Intelligence and Machine Learning into public services is transforming the industry by automating intricate administrative duties and improving engagement with citizens. Governments are actively implementing these technologies to analyze massive datasets for predictive policy creation and to accelerate service delivery, which helps reduce administrative delays. This swift adoption is particularly visible in federal operations, where pilot projects are being expanded into full-scale enterprise solutions to satisfy efficiency requirements. As reported by the U.S. Government Accountability Office in July 2024, the number of AI use cases across select federal agencies nearly doubled from 571 in 2023 to 1,110 in 2024, highlighting the vital role of intelligent automation in modernizing public infrastructure.

The reinforcement of Cybersecurity Frameworks and Data Sovereignty Measures has become a crucial driver, as the digitization of critical infrastructure widens the exposure to state-sponsored and criminal threats. Public sector organizations are focusing on strong defense systems to safeguard sensitive citizen information and ensure the continuity of essential services in an unstable digital environment. This priority stems from a quantifiable rise in sophisticated attacks on government networks worldwide. For instance, the 'Microsoft Digital Defense Report 2024' released in October 2024 noted a 2.75-fold year-over-year increase in human-operated ransomware attacks. Reflecting the financial commitment to secure governance, the UK Government allocated a ?3.4 billion investment in 2024 to upgrade NHS IT systems and hasten digital transformation.

Market Challenge

The main obstacle hindering the growth of the Global Smart Government Market is the critical concern over data security and the increasing complexity of cyber threats. As public administrations digitize extensive volumes of sensitive citizen information, such as biometric data and financial records, they become attractive targets for malicious entities. This exposure leads to hesitation within government agencies to fully migrate from legacy on-premise systems to the cloud-based architectures essential for smart governance. Concerns regarding severe data breaches and the potential loss of public trust compel agencies to favor defensive strategies over innovation, which effectively delays the rollout of advanced digital services.

This reluctance is further exacerbated by the gap between the swift advancement of threat vectors and the readiness of public sector defenses. Government entities frequently lack the necessary resources and strategic assurance to effectively mitigate these complex risks. According to the 2024 Cybersecurity Study by the National

Association of State Chief Information Officers (NASCIO), while 71% of state Chief Information Security Officers view AI-enabled threats as a high risk, 41% are not confident in their team's capacity to manage these emerging dangers. Consequently, financial resources are increasingly redirected toward compliance and remediation efforts rather than investing in new smart technologies, which directly slows market expansion.

Market Trends

The focus on Climate-Smart and Green GovTech Solutions is reshaping public sector procurement as agencies aim to separate digital growth from increased carbon emissions. Governments are requiring the adoption of circular economy principles and energy-efficient infrastructure to lessen the environmental footprint of their growing computational needs. This transition goes beyond mere efficiency, involving the strategic deployment of technologies designed to actively lower ecological impact. Evidencing the success of these initiatives, the UK Government's 'Greening Government ICT Annual Report 2023 to 2024', published in January 2025, reported a 9% reduction in total carbon dioxide equivalent emissions from government digital services and ICT compared to the prior year.

The expansion of Decentralized Digital Identity Ecosystems is transforming the structure of trust by moving credential control from centralized databases to digital wallets managed by users. This shift resolves interoperability and privacy issues by allowing citizens to securely present verifiable credentials across different jurisdictions without dependence on isolated legacy systems. Global momentum for this structural change is clear, with public sector bodies increasingly embracing these distributed models to improve service access. According to the 'Global Shift Toward Decentralized Identity Adoption' report by Identity.com in April 2025, 1,181 public entities across 105 countries are now actively participating in decentralized identity projects, highlighting the public sector's rapid move toward these user-focused frameworks.

Key Market Players

- Microsoft Corporation
- IBM Corporation
- Oracle Corporation

Salesforce, Inc.

Broadcom, Inc.

Capgemini Services SAS

Nokia Corporation

Cisco Systems, Inc.

Report Scope

In this report, the Global Smart Government Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

- Smart Government Market, By Solution
  - Government Resource Planning System
  - Security
  - Analytics
  - Remote Monitoring
- Smart Government Market, By Service
  - Professional Services
  - Managed Services
- Smart Government Market, By Region
  - North America
    - United States

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- Colombia

Middle East & Africa

- South Africa

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Saudi Arabia

UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Smart Government Market.

Available Customizations:

Global Smart Government Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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