UNIT4

In business for people

Unit4 State of
the Digital Nation

PUBLIC SECTOR TECHNOLOGY
MATURITY TRENDS 2025

Contents

Executive summary

Despite a climate of external pressures, including budgetary constraints, environmental mandates, and the residual effects of the COVID-19 pandemic, progress in digital transformation and technology modernization has generally been stagnant across most regions and organizational types. However, alongside these enduring challenges, there are significant positive developments that underscore the adaptability and innovative potential of public sector organizations. Noteworthy are the advances in select regional pilots, successful integration of emerging analytics capabilities, and rising organizational commitment to foundational technology upgrades. These achievements, while not yet universal, offer instructive examples of what is possible when barriers to change are effectively addressed.

This whitepaper contextualizes these issues using comparative 2023–2025 research data. It provides a nuanced examination of the transformation landscape, highlighting not only where technology has enabled progress but also where proactive approaches are beginning to deliver tangible organizational improvements. The analysis is regionally segmented, offering evidence-based recommendations while recognizing areas where measurable progress in transformation and technology adoption has taken place.

About the research

Every two years, Unit4 commissions Vanson Bourne to undertake a benchmark research project on the technology challenges across the Public Sector in our key geographies. In early 2025, they surveyed 400 public sector decision-makers with involvement in or knowledge of their organization's back-office systems, including those from Finance, IT, HR, strategy, and corporate operations. The aim is to understand the pain points, challenges, and successes experienced across the public sector and how these have evolved over time. This is the 3rd iteration of this survey.

Introduction

From false starts and slow progress to growing innovation adoption

From 2023 to 2025, Public Sector organizations have operated under mounting expectations for increased efficiency, transparency, and citizen engagement. Digital transformation has been positioned as a critical driver for these objectives. However, the promise of technology-led reform has not been fully realized. Despite strong strategic intentions, as evidenced by **98%** of surveyed organizations claiming to have some form of digital transformation strategy, delivery lags remain substantial. That said, there is a discernible trend toward the adoption of advanced digital tools and solutions, exemplified by increases in the use of AI-driven analytics, cloud-based productivity suites, and process automation, particularly in forward-thinking regions and progressive organizations.

Regional similarity of key priorities 2025 vs. 2023.

- Growing pressures for centralized services or shared services (**50% vs. 33%**),
- Greater focus on environmental sustainability **(49% vs. 32%)**
- Greater pressure to deliver efficiency savings **(49% vs. 37%)**

Across nearly all regions and sub-sectors, the anticipated acceleration in digital transformation has not materialized at scale. Systemic barriers, including workforce inflexibility stemming from return-to-office mandates and insufficient leadership support for technological integration, have stagnated or, in some cases, regressed transformation agendas. Despite these hurdles, there are positive outliers that highlight the opportunities made possible by sustained investment, pilot initiatives, and collaborative change strategies.

Digital transformation remains a key priority across the Public Sector, with almost all organizations

- **98%** reporting that they have a strategy in place, with 71% targeting completion within the next two years (unchanged from 2023 and 2021 research)
- **49%** report that major improvements are needed in data compatibility.
- **78%** believe that accessing real-time data could be easier.
- **69%** not fully convinced their strategy will deliver the level of interoperability expected.

Fundamental obstacles such as fragmented IT ecosystems, limited interoperability, data compatibility gaps, and an enduring reliance on manual processes continue to frustrate progress. Nonetheless, a minority of organizations have managed to move beyond these barriers through targeted investments and cross-functional collaboration, setting positive precedents for sector-wide advancement.

Key barriers include

- Misalignment across internal departments **(45% vs 41%)**
- System complexity **(43% vs 19%)**
- Lack of leadership **(41% vs 28%)**

# Regional Analysis of Trends and Key Findings 2023 vs. 2025

United Kingdom

The marked reduction in hybrid or remote work—falling from **93%** of organizations in 2023 to **49%** in 2025—reflects a strategic pivot towards centralization, aiming to foster organizational cohesion and accelerate onsite collaboration. However, interview findings suggest this move may have hindered access to technical talent pools and dampened flexible working, which are essential for the rapid adoption of digital platforms and cloud-based solutions.

- Value for money remains a core challenge: **59%** of UK public institutions view their current back-office solutions as failing to deliver optimal performance, mirroring 2023 data and demonstrating limited progress in modernizing legacy systems.
- The legacy of COVID-19 is still viewed as a more disruptive force than shifting national strategies **(25% vs 21%)**. Pandemic backlogs, the need for operational resilience, and workforce well-being remain prominent in shaping the transformation narrative.

Despite ambitious digital strategies, the UK's transformation agenda struggles with practical execution. Decision-makers repeatedly cite poor integration across departmental systems and an ongoing reliance on outdated technologies. Approximately **44%** report that the complexity of back-office operations hampers the realization of anticipated benefits from new applications. Advances in automation and analytics remain piecemeal, often isolated at department or project level rather than systemically embedded.
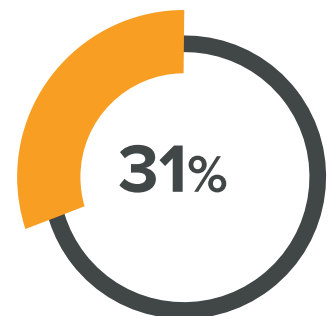
The need for data to enable faster, smarter decisions

67%
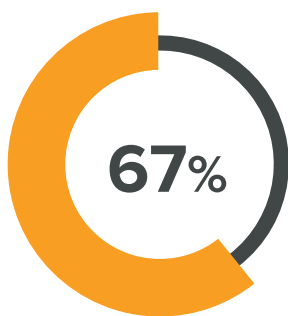
Report that **access to the range of information they need to do their job** could have been easier over the past 24 months
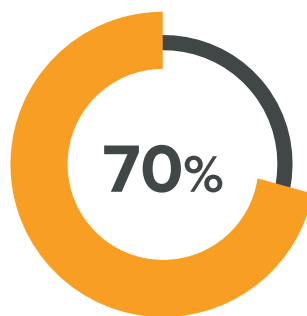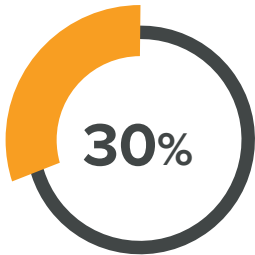
70%

State that **access to real-time data** could have been easier over the past 24 months
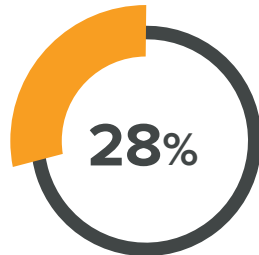
31%

Adopting/increasing the use of AI is **a short-term priority (next 12 months)**

When asked If you could design your organisation's processes from scratch, which of the following would you prioritise?
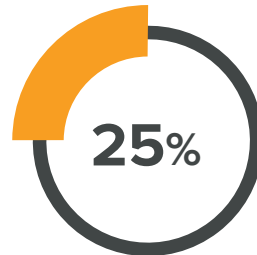
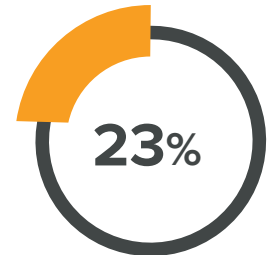| Real-time data and reporting to ensure reports are up-to-date and instant	Better oversight of expenditure, income and budget to manage the cost of services	Better data security and protection	Predictive analytics to allow for better and quicker workforce planning and forecasting
30%	28%	25%	23%

Positive developments: Several UK organizations have successfully implemented cloud-based ERP modules in finance and HR functions, resulting in improved reporting accuracy and more agile resource allocation. There is a growing adoption of AI-powered solutions in areas such as fraud detection and regulatory compliance, leading to measurable reductions in manual workloads and error rates. Notably, a small number of councils have leveraged digital services to enhance citizen engagement, meeting rising expectations for service quality and transparency.

The reversal in remote work policies has curtailed momentum toward cloud adoption and the use of collaborative digital platforms. However, some entities report improved intra-team communications and faster decision cycles through onsite collaboration, underscoring the value of matching work models to operational priorities. Organizations that invested early in real-time reporting or SaaS-based back-office tools note process simplification and enhanced reporting cycles. However, sector-wide uptake remains slow, limited by funding cycles and procurement barriers.

Recommendations for success:

- Invest in robust, interoperable SaaS and workflow automation platforms to accelerate digital transformation and reduce legacy system dependencies.
- Strengthen cross-departmental adoption of analytics and collaborative technologies through structured change management and executive sponsorship.
- Amplify knowledge-sharing across government bodies to replicate successful digital pilots and innovations.

Canada

Hybrid work policies have shifted, with adoption dropping from **89%** to **66%**, mainly due to perceived benefits of increased face-to-face collaboration for decision-making. However, this shift has posed serious challenges in attracting and retaining technical talent, particularly in organizations situated in remote or geographically dispersed areas.

Centralisation, sustainability, and efficiency were cited more frequently in 2025 vs 2023, likely driven by increasing environmental awareness and a renewed emphasis on resilience in the aftermath of the pandemic.

- Adopting lower cost solutions that deliver efficiencies through collaboration **(50% vs 32%)**
- **32%** of organizations want better data security.
- **89%** report that **access to the range of information they need to do their job** could be easier

The desire for solutions that drive efficiency through collaboration is particularly strong in Canada **(50%)**, reflecting the more decentralized nature of government.

AI and machine learning technologies have gained strategic priority, with almost one-third of Canadian respondents **(29%)** identifying implementation as a short-term organizational goal— up from previous survey cycles. Yet, widespread, effective deployment is obstructed by weak system integration and interoperability across platforms.
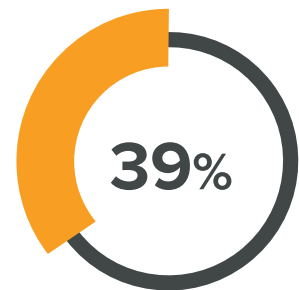
Persistent barriers to transformation include:

23%
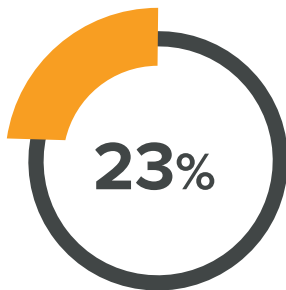
of organizations report that workplace location mandates negatively impact technical recruitment, echoing unresolved obstacles from 2023.
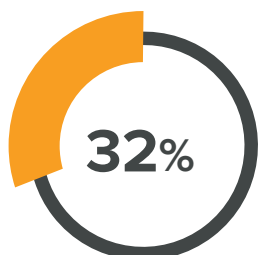
51%
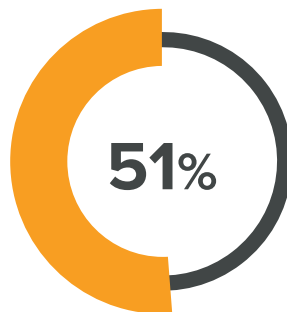
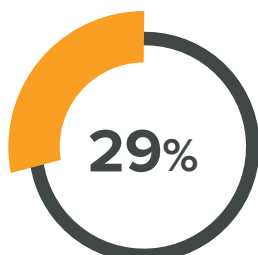cite changing priorities as stopping their change programs

39%

state that their leadership resists change (an increase of **6%** from 2023)

When asked If you could design your organisation's processes from scratch, which of the following would you prioritise?
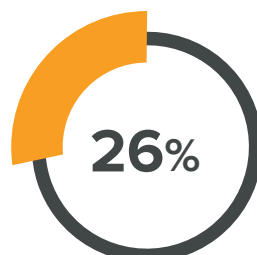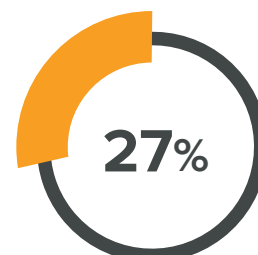
Better data security and protection	The automated ability to deploy people with the right skills to the right time and location	High quality vendor payroll support	Automation of transactions and manual back office functions to free up resources
32%	**29%**	**26%**	**27%**

The Canadian public sector has demonstrated a high intent to modernize back-office functions through digital means, with a majority **(63%)** targeting the implementation of a complete digital strategy within the next two years. Notably, several Canadian regions have piloted cross-agency digital integration projects that have cut process times for regulatory reporting and citizen services. Federally, investment in secure government clouds has improved disaster recovery capabilities and enabled remote service continuity.

Positive developments: The implementation of machine learning for data analysis in provincial finance departments has enhanced forecasting accuracy and improved resource allocation. A select group of local governments achieved major reductions in manual data reconciliation by automating payroll and procurement, fueling momentum towards broader adoption. Additionally, the prioritization of predictive analytics for workforce planning marks a shift towards evidence-based decision support and forward-looking service management.

Recommendations for success:

- Expand unified, cloud-native back-office architectures, prioritizing platforms that simplify system integration and automate manual data processes.
- Launch targeted digital upskilling initiatives for rural and technical staff, enabling a broader, more inclusive transformation agenda.
- Publicize and scale successful pilots in machine learning and automation to accelerate broader adoption and shared learning.

Sweden

Hybrid and remote employment fell dramatically from **85%** in 2023 to **44%** in 2025, reflecting aggressive moves to restore in-person culture and purported collaboration gains. However, the report narrative highlights growing workforce dissatisfaction with inflexible work structures and the negative impact on talent retention, especially among technical and data management professionals.

Swedish public organizations are at the forefront of sustainability initiatives but risk falling behind in digital adoption due to cultural inertia and slow back-office modernization. Although progress has been made, data compatibility remains a persistent issue with a slight increase in system interoperability **(12%)** from 2023.

Key priorities:

* Growing central services/shared service footprint **(55% vs 31%)**
* **78%** State that **access to real-time data** could have been easier over the past 24 months
* Public pressure to improve spending transparency **(46% vs 28%)**
* **81%** state that **access to the range of information they need to do their job** could be easier

Changing priorities is cited as a major transformation barrier, increasing significantly to **41%.** Despite some leadership improvements, operational staff remain wary of new digital processes and unfamiliar automation tools.

37%
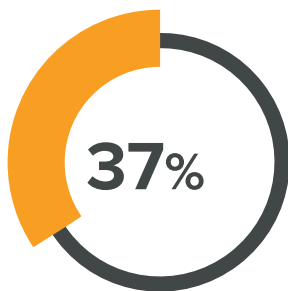
cite adopting or increasing the use of AI as **a short-term priority (next 12 months)**

56%
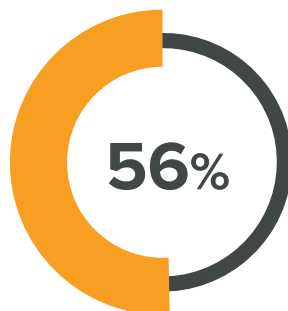
prioritize enhancing employee user experience

12%
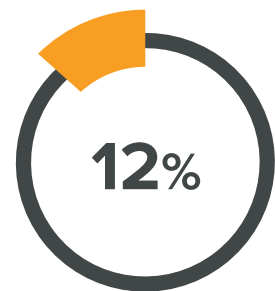
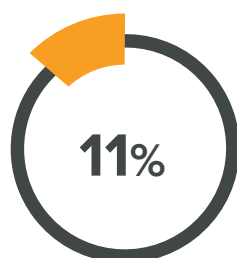reduction from 2023 in leadership resisting change

However, there is marked progress in the modernization of payroll and HR processes, as well as isolated but impactful automation pilot programs in municipal administration, which have streamlined budget approval and compliance tracking. Cost oversight and payroll digitalization have come to the forefront as organizational priorities, driven by fiscal constraints and the need to maximize value **(48%)** from existing technology investments.

When asked If you could design your organisation's processes from scratch, which of the following would you prioritise?
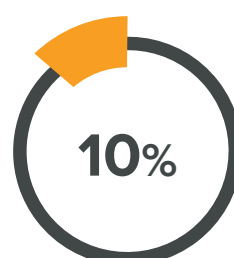
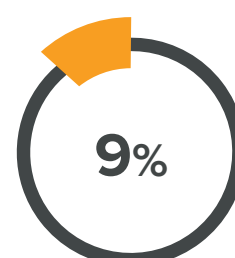| Better oversight of expenditure, income and budget to manage the cost of services	The automated ability to deploy people with the right skills to the right time and location	High quality vendor payroll support	The ability to connect and share data with other departments and services
13%	**11%**	**10%**	**9%**

Positive developments: Notably, instances of collaborative pilots between municipalities for shared data services have enabled more nimble responses to both fiscal and regulatory pressures. The steady rise in real-time data access—cited by some as an enabler of faster policy adaptation—exemplifies the tangible benefits of continuous investment in modular digital solutions.

Recommendations for success:

- Institutionalize cross-functional training on digital tools to reduce resistance and foster a culture of continuous improvement.
- Standardize data management protocols and adopt open APIs for incremental connectivity gains across legacy and new systems.
- Share successful case studies about transformation programs and shared data solutions to encourage broader adoption.

Netherlands

Data management remains a critical weakness: **78%** of organizations cite ongoing challenges with data silos and the need for major compatibility improvements—mirroring the state in 2023. The narrative evidences recurring problems with system fragmentation, dependency on manual processes, and lack of unified data strategies.

Leadership gaps and misalignments increased slightly **(41% to 45%)**, identified as primary contributors to delays in digital transformation and SaaS adoption efforts.

Investments in real-time monitoring and integration tools have risen, yet full deployment and adoption fail to keep pace with strategic ambitions **(76%)**, often constrained by procurement complexity and fragmented departmental approaches.

Key priorities:

- Growing central services/share service footprint **(53% vs 29%)**
- Pressure to make things slicker and smarter for citizens **(45% vs 28%)**
- Greater focus on sustainability **(40% vs 28%)**
- **73%** report that **access to the range of information they need to do their job** could be easier

The Dutch public sector displays strong aspirations for data-driven governance and technology integration. Emphasis is placed on centralization as a means to streamline governance, with growing interest in shared service models and cloud-based platforms. Nevertheless, the operationalization of these ambitions remains slow.
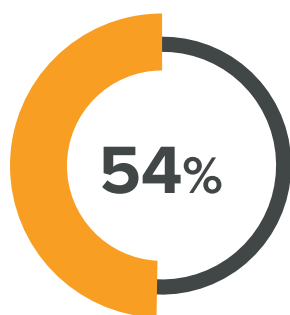
54% cite that back office systems are not agile or adaptable — an increase of **13%**
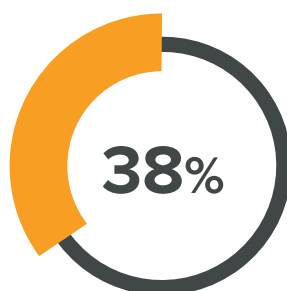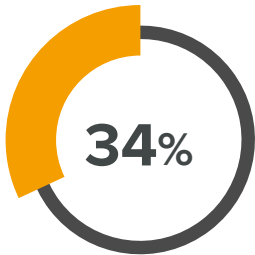

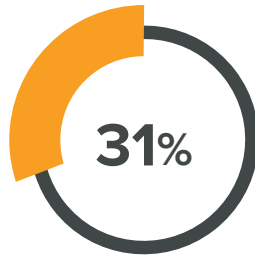**38%** state that their staff don't have the right skills to adapt quickly

Significantly, it is leadership resistance that shows the greatest movement, **31%** vs **17%** in 2023.

When asked If you could design your organisation's processes from scratch, which of the following would you prioritise?
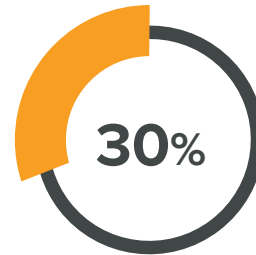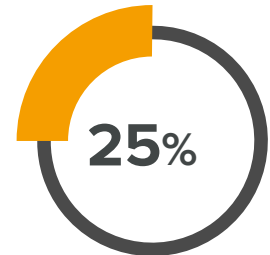
Better data security and protection	The automated ability to deploy people with the right skills to the right time and location	Better oversight of expenditure, income and budget to manage the cost of services	High quality vendor payroll support
34%	**31%**	**30%**	**25%**

Positive developments: There is concrete evidence of regional breakthroughs: select municipalities have implemented cloud-based back-office systems, reducing manual processes and improving compliance with regulatory reporting. A number of agencies piloting data management tools report significant acceleration in budget planning cycles and greater transparency in interdepartmental data sharing.

Specific examples include partial deployment of integration platforms that only achieve local optimization rather than sector-wide improvement. Organizations adopting incremental, user-centric solutions—such as modular ERP with built-in compliance features—have observed the greatest progress in reducing manual reporting and improving data security. In addition, the introduction of leadership development cohorts has shown early signs of improving alignment and project ownership.

Recommendations for success:

- Develop a comprehensive, phased strategy for retiring legacy systems and migrating to cloud-native, integrated data platforms.
- Institute cross-agency leadership cohorts and mentorship programs to align transformation ownership and drive interdepartmental collaboration.
- Build on real-world successes by expanding modular, user-centric technology pilots for shared services.

Organizational insights

Central Government

Central agencies face persistent transformation inertia due to hierarchical structures and outdated infrastructure. While there has been a modest rise in the integration of sustainability and policy analytics modules, digital initiatives remain stifled by risk aversion and resistance to large-scale process re-engineering. Notably, **44%** (up from **40%**) cite hesitance in adopting contemporary AI and automation solutions.

Local and Regional Government

Localities continue to emphasize automation to address resource constraints and optimize transaction-heavy processes, such as payroll, procurement, and regulatory reporting. However, staff shortages and uneven digital literacy—unchanged since 2023—impede operational scaling and technology deployment. The lack of agile collaboration tools in many regions perpetuates siloed service delivery.

Healthcare

Healthcare organizations have made some strides in streamlining patient information systems; however, fully interoperable finance, HR, and payroll systems remain a future goal rather than a present reality. Return-to-office policies for back-office staff during 2024—2025 have disrupted workforce planning and digital project continuity, highlighting an urgent need for remote collaboration tools and resilient IT support.

Technology impact:

Actionable recommendations

Prioritize seamless system adoption

The persistent absence of system-wide interoperability demands active investment in solutions that facilitate both incremental upgrades and holistic integration.

Develop hybrid work strategies

To counteract talent shortages exacerbated by rigid return-to-office policies, organizations should leverage secure cloud-based productivity suites, enable asynchronous digital workflows, and maintain hybrid models wherever security and compliance frameworks permit.

Strengthen change management practices

Leadership and workforce culture remain critical impediments to transformation. Intensive, iterative change programs—coupled with transparent communication and tailored digital upskilling—are vital for improving acceptance and realizing sustained digital gains.

Enhance data governance and analytics

Establish centralized data governance frameworks, adopt standardized data-sharing protocols, and deploy advanced analytics platforms to improve real-time decision-making and compliance across all levels of the Public Sector.

Conclusion

The period from 2023 to 2025 has been characterized more by aspirations than substantive digital change within the Public Sector. While certain organizations and regions demonstrate innovative technology deployment and isolated progress on digital transformation objectives, widespread systemic change has yet to materialize. Nonetheless, examples of successful transformation—such as process automation pilots, growing adoption of AI, and shared municipal data platforms—point the way for others.

The ongoing prevalence of siloed legacy systems, reluctance to embrace hybrid working, and insufficient leadership alignment continue to impede operational efficiency and strategic responsiveness. Going forward, Public Sector organizations must prioritize holistic integration strategies, agile policy frameworks, and sustained leadership investment to translate digital ambitions into meaningful and measurable results. By nurturing and scaling positive initiatives, the broader sector can move beyond stagnation and realize the full benefits of technology-driven transformation.

Why Unit4

Unit4 can help you transform the way your people work, to drive efficiency, build in predictability, and increase citizen value. Our platform enables you to free your teams to do more of what matters: delivering greater value to the community.

The Unit4 Public Sector Industry Model

Our industry model approach provides Finance and HR teams in Public Sector organizations with solutions that transform how people work — giving them time to focus on what matters most: delivering citizen value.

The model provides Public Sector specific capabilities and workflows to help you deliver more responsive services more quickly. Meaning you won't only be able to increase efficiency, achieve compliance, transform service delivery, and empower your people — you'll be able to do it in half the time it would take you to implement any other ERP.

The Public Sector Model provides:

- **Specialized knowledge of the Public Sector and its technology requirements –** because we understand your sector, we provide a specific platform that gives you the functionality, agility, and efficiency you need to create a better operating environment out-of-the-box.

- **Fast time to value –** a quicker implementation process with reduced risk, thanks to pre-built workflows, means your organization realizes more benefits more quickly.

- **Improved data integration –** our flexible cloud platform lets you integrate multiple, changing technology stacks, and our best practice guidance helps you unify data and simplify your statutory reporting.

- **Futureproof technology –** we're committed to investing in best-of-breed tech that helps you meet changing sector and security needs.

- **Satisfy citizens and retain talent –** deliver user-friendly digital experiences and automations that meet the ever-rising standards of the modern service economy, bringing a better experience for service users and reduced administrative burdens for your people.

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