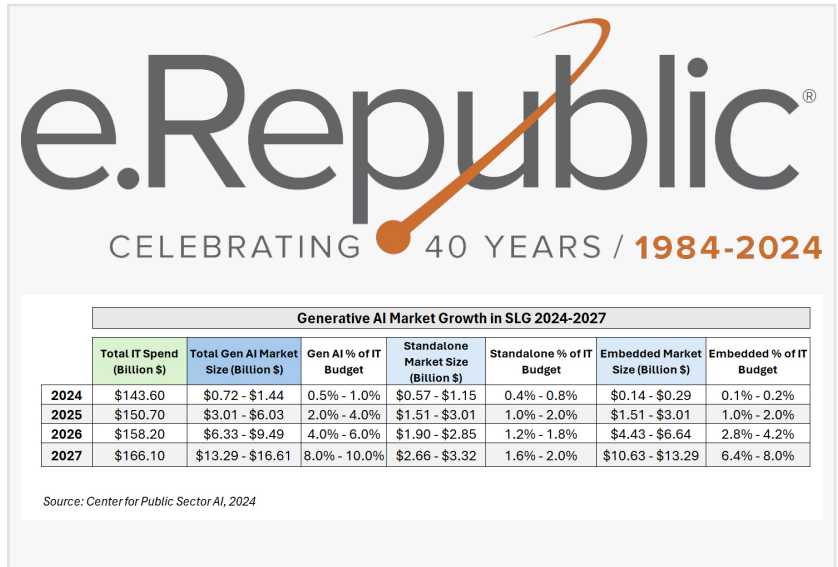# e.Republic Unveils New Market Projections and Benchmark Survey Results for Generative AI in Government

SACRAMENTO, CALIFORNIA, UNITED STATES, May 29, 2024 /EINPresswire.com/ -- e.Republic, the nation's leading data, media, and events company focused on state and local government and education, has released its market assessment anticipating a significant increase in the adoption and investment in Generative AI technologies by U.S. state and local governments.

Generative AI Market Growth in SLG 2024-2027

	Total IT Spend (Billion $)	Total Gen AI Market Size (Billion $)	Gen AI % of IT Budget	Standalone Market Size (Billion $)	Standalone % of IT Budget	Embedded Market Size (Billion $)	Embedded % of IT Budget
2024	$143.60	$0.72 - $1.44	0.5% - 1.0%	$0.57 - $1.15	0.4% - 0.8%	$0.14 - $0.29	0.1% - 0.2%
2025	$150.70	$3.01 - $6.03	2.0% - 4.0%	$1.51 - $3.01	1.0% - 2.0%	$1.51 - $3.01	1.0% - 2.0%
2026	$158.20	$6.33 - $9.49	4.0% - 6.0%	$1.90 - $2.85	1.2% - 1.8%	$4.43 - $6.64	2.8% - 4.2%
2027	$166.10	$13.29 - $16.61	8.0% - 10.0%	$2.66 - $3.32	1.6% - 2.0%	$10.63 - $13.29	6.4% - 8.0%

Source: Center for Public Sector AI, 2024

According to research from the Center for Public Sector AI, investment in Generative AI is projected to grow from $1.44 billion in 2024 to between $13.29 billion and $16.61 billion by 2027. Initially, standalone Generative AI applications are being procured as agencies test and experiment with GenAI in their environments. However, embedded AI solutions, which integrate AI capabilities into existing applications, are anticipated to dominate the larger market share by 2027.

Dustin Haisler, President of e.Republic and Co-Lead of the Center for Public Sector AI, commented on this trend: "The rapid adoption of Generative AI technologies by state and local governments is a testament to their transformative potential. State and local agencies are quickly moving from experimentation to finding more enterprise use cases for the technology. Our forecast shows that by 2027, Generative AI expenditures could account for up to 10% of the total IT budget, underscoring the strategic importance of these investments. GenAI is evolving similarly to how cloud adoption did a decade ago, as agencies moved from standalone implementations to solutions that abstract the underlying environment on which the technology is procured."

GENERATIVE AI MARKET GROWTH IN SLG, 2024-2027:

* 2024 *

Total IT Spend $143.6B
Total GenAI Market Size $0.72-$1.44B
GenAI % of IT Budget   0.5%-1.0%
Standalone Market Size $0.57-$1.15B
Embedded Market Size $0.14-$0.29B

* 2025 *
Total IT Spend $150.7B
Total GenAI Market Size $3.01-$6.03B
GenAI % of IT Budget   2.0%-4.0%
Standalone Market Size $1.51-$3.01B
Embedded Market Size $1.51-$3.01B

* 2026 *
Total IT Spend $158.2B
Total GenAI Market Size $6.33-$9.49B
GenAI % of IT Budget   4.0%-6.0%
Standalone Market Size $1.90-$2.85B
Embedded Market Size $4.43-$6.64B

* 2027 *
Total IT Spend $166.1B
Total GenAI Market Size $13.29-$16.61B
GenAI % of IT Budget   8.0%-10.0%
Standalone Market Size $2.66-$3.32B
Embedded Market Size $10.63-$13.29B

The assessment was performed using data from surveys, enterprise generative AI growth estimates and trends, existing AI procurements through Gov Tech Industry Navigator and IT spending estimates from the Center for Digital Government.

Benchmark Survey Findings:

Along with market projections, the Center for Public Sector AI has also released new AI benchmark findings for state and local government adoption (with education soon to follow). These findings reveal an inversion in approach and adoption stages for Generative AI among state and local governments.

- Strategic Pivot : In 2023, only 50% of state and local governments were considering Generative AI. By 2024, 56% are exploring potential use cases, indicating a shift from exploration to policy development and pilot programs.

- Skill Gaps and Resources: The lack of staff with AI-related skills is a significant barrier, with 38%

of organizations reporting this as a top challenge.

- Policy and Governance: Half of the surveyed organizations are developing comprehensive AI strategic plans, and 49% are creating policies that address AI ethics and fairness.

- Use Cases: Key use cases for Generative AI include cybersecurity, constituent engagement, and administrative assistance. There is growing interest in developing AI governance frameworks and analyzing the benefits of AI.

The full survey results will be available on the Center for Public Sector AI's website.

Haisler added, "In response to massive market changes, last December, we announced the Center for Public Sector AI, a public sector-dedicated research institution focused on helping usher in the AI era of government. It began its work with the first major public sector GenAI benchmark survey in 2023, and we're excited to release updates to this landmark survey today, showing that agencies have radically changed the way they approach generative AI in their organizations."

Companies that have incorporated aspects of AI, including Generative AI, Machine Learning (ML), and Natural Language Processing (NLP), will also have the opportunity to showcase their use-cases in advance of the 2025 GovTech 100 curation by updating their information here.

About the Center for Public Sector AI | https://www.govtech.com/cpsai

The Center for Public Sector AI, a division of e.Republic, is a national research and advisory institute focused on technology policy and best practices in state and local government. It offers strategic guidance on AI policy, procurement and practical application, ensuring that the public sector is fully prepared to adopt and implement AI in a responsible and effective manner.

About e.Republic | https://www.erepublic.com/

Now in its 40th year, e.Republic is the nation's only media, data and events company focused exclusively on state and local government and education. The company's mission is to serve as the trusted source for guidance, innovation and meaningful connections, empowering government and education to reach their fullest potential.

Mark Androvich
e.Republic
+1 916-932-1343
email us here

This press release can be viewed online at: https://www.einpresswire.com/article/715303913

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors

try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.