

The Cost of Doing Nothing:

Why Public Sector (PS) Productivity Lags Behind Other Industries.

Learn what IT Leaders in the PS think about the future of AI, transformation, and the digital workplace.

SURVEY CONDUCTED BY VANSON BOURNE



Introduction

While private industries race ahead with AI and days-old innovations, Public Sector (PS) organizations remain bogged down by aging systems, fragmented infrastructures, and a workforce struggling to adapt. Across the USA, UK, France, and Germany, technical debt, outdated tools, and slow modernization efforts are costing thousands of hours a week—undermining both employee productivity and public trust.

But where most see struggle, we see opportunity.

This report explores the root causes behind many of the criticisms of the public sector, and where IT leaders can make a difference.

Inside This Report

- Sound the Alarm: Productivity Is Trailing Other Industries 4
- Beyond The Tech: Digital Adoption Help Is Needed 6
- The Inevitable HR-IT Partnership: Who Will Lead the Way?..... 11
- About the Survey13



Meet Nexthink's Experts



Victoria Fiorini, Field Marketing Manager, Public Sector

Victoria is a strategic marketer with a passion for public sector engagement. At the intersection of innovation and government priorities, she builds marketing programs that align with agency missions and drive impact. She holds a B.S. in Business and Technology Management from NYU's Tandon School of Engineering.



Marty Helms, Federal Channel Manager

Marty is a technology and channel leader focused on advancing digital experiences across the public sector. At Nexthink, he leads federal channels and strategic initiatives that empower agencies and enterprises alike. His prior roles at Dynatrace, Red Hat, and Sun Microsystems reflect a career built on partnerships, innovation, and business growth.



Chris Sibold, Field Marketing Manager, Public Sector

Chris is the Regional Vice President, Federal at Nexthink, where he guides federal agencies through digital modernization. With a background in leadership roles at IBM, AirWatch, and Voyatek—and service as a U.S. Air Force officer—Chris brings deep insight into the challenges and opportunities of government IT, and is dedicated to public service and digital transformation.

Sound the Alarm: Productivity Is Trailing Other Industries

On average, Public Sector organizations waste thousands of hours per week trying to troubleshoot failed connections, crashes, and spotty networks. In fact, we found that the average PS employer loses nearly 2,000 extra hours per week compared to other industries.

How many hours do you believe your organization loses in total per working week due to poor DEX?

	All Industries	Public Sector
Mean	3817	5761



Expert Analysis



In the USA, slow digitalization and technical debt are largely to blame for productivity loss. Several large public sector organizations have struggled to update their digital work environments over the years. For example, the **U.S. Department of Veterans Affairs** has been notoriously sluggish to eliminate its backlog of disability claims, and upgrade their electronic health records systems.

The PS in America is also laden with more technical debt in their IT estates than in other market segments. For example, many applications are just now moving off the mainframe. In addition, productivity loss can be attributed to the precarious environment of federal workers right now. Under the recent administration, it's estimated that **10% of federal workers** have either been dismissed, or have accepted buyouts or early retirement.



In the UK, PS productivity loss can be attributed to an outdated IT infrastructure (**30% of central government IT systems are considered obsolete**), and a fragmented tech landscape. To the latter, **NHS England**, for instance, uses 50 different CRM platforms, and there are 190 distinct authorization services across government departments. Connecting those pieces will be a challenge without the right DEX platform, integrations, and leadership team in place.



In France, low budget allocation towards digital technologies, and a low adoption of cloud and AI has contributed to its PS productivity challenges. Only **22.9% of French PS enterprises use cloud solutions**, and 5.9% have adopted AI technologies, both figures being below the EU averages.



In Germany, **fragmented responsibilities** between federal, state, and local governments are cited as major barriers to digital work progress—as well as the slow implementation of digital projects.

Only **60 out of 334** planned digital policy projects in Germany have been implemented, indicating a need to accelerate efforts to meet digitalization goals.

Beyond the Tech: Digital Adoption Help Is Needed

The respondents in our survey pointed to a number of adoption concerns that warrant further analysis. Many report their employees need better support for newer technologies, and because of this gap, they're more vulnerable to poor adoption experiences compared to other industries.



To what extent do you agree or disagree with the following statement:

Users are likely to be daunted by **new technologies** (such as generative AI) and so will **require greater adoption support** than for previous types of transformation projects.

	All Industries	Public Sector
 Agree	88%	93%
 Disagree	12%	7%

In addition, a majority of IT leaders in the PS believe there are too many users in their organization for IT to provide adequate adoption support for everyone.

To what extent do you agree or disagree with the following statement:

There are too many users in our organization for IT to provide adequate adoption support for everyone.

	All Industries	Public Sector
 Agree	61%	68%
 Disagree	39%	32%



As we highlighted in the previous [Science of Productivity Report](#), a major challenge to digital adoption has to do with poor **Digital Dexterity**. And coincidentally, the top variables that impact Digital Dexterity in the PS are no different from those in other industries.

What are the biggest barriers to improving employee digital dexterity in your organization?

Combination of responses ranked first, second and third.

All Industries

1100

Public Sector

220

Resistance to change	51%	56%
Inability to demonstrate value of new technology	62%	64%
IT's lack of proven record to get buy-in from other parts of the business	68%	69%
Lack of training/resources	55%	46%
Unclear priorities	45%	52%
Other	0%	0%
There would be no barriers to improving employee digital dexterity	2%	1%
Don't know	0%	0%
Summary: There would be barriers to improving employee digital dexterity	98%	99%

Expert Analysis

Why did respondents report so many adoption issues? Here are a few reasons:



Older Workforce

PS employees, regardless of their country, tend to skew older and typically aren't digital natives. As a result, things like poor digital adoption support affect this group even more than the average employee in another segment.



Legacy Systems

In addition, it's been documented that many federal agencies (in the US, for example) continue to operate critical legacy systems, some of which are decades old. The persistence of these legacy systems can impact the workforce's exposure to and proficiency with newer technologies.



Antiquated IT Strategies

Much of the IT strategy in the PS is also outdated, still entrenched in the desk-side/reactive support model, which is why so many respondents falsely believe the number of users is the deciding factor in the quality of support they can provide. Across the board, PS employment practices tend to attract a segment of people expecting routine: consistency and repetition of operation. PS applications are often custom, and 'memorization' of process wins over dynamic methodology for accomplishing tasks. As a result, modernization does not happen often, and users are resistant to changes in procedure.



In the USA, for example, IT leaders need to focus on replacing legacy systems (e.g., mainframes), streamlining citizen services, and modernizing cybersecurity. Many agencies in America still run on decades-old infrastructure, and federal digital transformation is fragmented due to siloed departments and complex procurement rules.



In the UK, decision-makers should focus on integrating digital across all levels of government, especially in health, welfare, and local authorities. While the UK has pioneered sites like [Gov.uk](https://www.gov.uk) and opened data initiatives, progress has stalled due to Brexit-related budget pressures, legacy systems, and inconsistent digital skills.



In France, PS leaders would do well to keep encouraging [SME participation](#) (small and medium-sized enterprises) in e-government platforms and to accelerate cloud adoption across ministries. Despite strong national digital policies, PS uptake has been uneven, especially in major ministries and rural municipalities.



In Germany, IT leaders should concentrate on digitalizing basic administrative services (e.g., ID, tax, permits), and reducing bureaucracy. Why? Germany is still [behind several EU digital targets](#), and many of its public offices rely heavily on paper-based processes.

The Inevitable HR-IT Partnership: Who Will Lead the Way?

As reported in The Science of Productivity Report (Part 2), the majority of IT leaders believe HR and IT will merge within the next five years (64% agree). But unlike in other industries, IT leaders in the PS report a stronger belief that this merger will be led by either the CIO, or a completely new role (like ‘Chief Employee Experience Officer’).

Who do you think should be responsible for leading a future IT-HR hybrid department in your organization?

All Industries

1100

Public Sector

220

Chief Information Officer (CIO)	29%	40%
Chief Human Resources Officer (CHRO)	16%	8%
Chief Operating Officer (COO)	15%	9%
A new role e.g. Chief Employee Experience Officer	40%	42%
Don't know	1%	1%



Expert Analysis

Despite its criticisms for being slow to innovate, the Public Sector in America has been an early adopter of new hybrid roles like Chief Experience Officer (CX). For example, in the past five years, most American federal agencies have created an office of the CX, which blends traditional HR and IT responsibilities. It's unlikely, however, that those offices oversee an exhaustive list of responsibilities from both departments.

Why is the next leader unlikely to come from HR?

Regardless of the country (USA, Germany, France, or the UK), within the PS there is a perception that HR is not currently equipped to lead the conversation around overall employee experience. HR is seen as delivering procedural expectations of employment, but not influencing consultatively with career development or performance planning. Meanwhile, CIOs are accustomed to tracking metrics and delivering performance outcomes—a critical skill set for designing scalable, digital-first employee experiences.

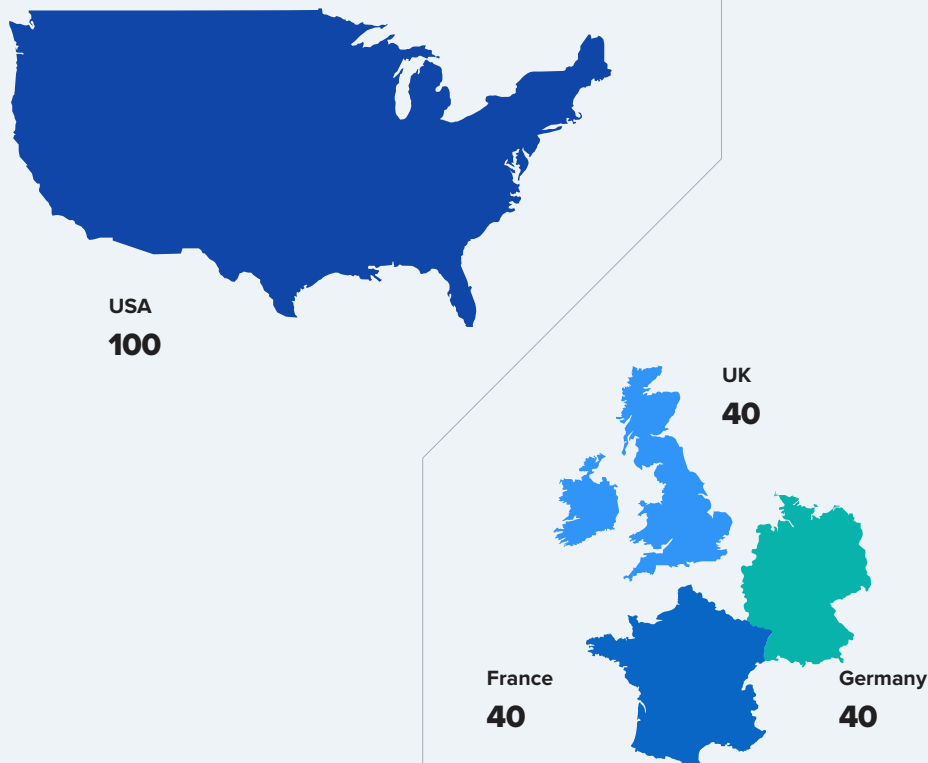
It should be noted that HR leaders in the commercial space likely have a broader understanding of the impact of technology on the satisfaction and performance of personnel. If we had to bet who will lead a joint HR-IT department, we'd put our money on either a CIO role or an expanded CX role, (i.e. someone with significant tech knowledge and corporate exposure, likely from the commercial space).



About the Survey

The data in this report was taken from a larger survey project conducted with Vanson Bourne. You can locate that information in the Science of Productivity Report ([Part 1](#) and [Part 2](#)). The larger parent survey includes 1,100 respondents, and from the Public Sector, we've captured responses from 220 IT Leaders who support governments, non-profits, and other public-facing institutions. Respondents came from the UK, the USA, France, and Germany, and work at organizations of 1,500 employees or more.

Country



About Nexthink

Nexthink is the global leader in Digital Employee Experience management. The company's products allow enterprises to create highly productive digital workplaces for their employees by delivering optimal end-user experiences. Through a unique combination of real-time analytics, automation and employee feedback across all endpoints, Nexthink helps IT teams meet the needs of the modern digital workplace.

Have questions about the Nexthink platform?

[CONTACT US](#)

nexthink

nexthink.com