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DELL Technologies

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Sandbox to Scale:

The people, processes, and platforms needed to accelerate AI in federal civilian agencies

September 2025

MeriTalk

Introduction

As the administration doubles down on artificial intelligence (AI), federal civilian IT teams are racing to move beyond pilot programs and scale adoption with confidence.

OMB Memorandum M-25-21 called on agencies to "adopt a forward-leaning and pro-innovation approach that takes advantage of [AI] technology to help shape the future of government operations."

The new America's AI Action Plan reinforces this charge, outlining near-term priorities to expand access to frontier models, grow the AI workforce, and accelerate adoption across government.

Yet, many agencies remain stuck in pilot. As administrative pressure builds and generative and agentic capabilities expand, what do public sector leaders need to shift from sandbox to scale?

In this new study, MeriTalk, Dell Technologies, and NVIDIA surveyed 75 federal civilian IT leaders to pinpoint where AI pilots are gaining traction and what differentiates projects that successfully scale.

For the purposes of this research:

AI

is the ability of computer systems to simulate human intelligence to perform tasks

Generative AI (GenAI)

is a subset of AI that leverages large datasets to create high-quality content in many forms, like text, images, video, and software code

Agentic AI

refers to emerging AI systems that can autonomously plan, make decisions, and take action to accomplish goals

Executive Summary

Federal AI momentum is undeniable, but scaling adoption remains challenging:

- 93% of federal civilian leaders say getting AI right is essential to delivering on their mission, and 95% already credit GenAI with measurable productivity gains
- Yet only 33% have embedded AI into multiple workflows agency-wide and 81% admit they are more likely to launch a new AI pilot than scale an existing one
- Most common factors in AI projects that have stalled or failed? Governance or compliance blocks (45%), poor data quality (44%), and integration hurdles (41%)

Breakthrough agencies are scaling AI with investments across people, processes, and platforms:

- When it comes to their **people**, federal leaders say the most effective enablers to helping them scale AI initiatives have been improving change management practices, expanding AI training, and establishing dedicated leadership teams or centers of excellence
- For **processes**, feds point to formal governance frameworks, prioritizing use cases tied directly to their missions, and implementing clear performance metrics
- On the **platform** side, feds' most impactful actions include modernizing data infrastructure, adopting scalable cloud or hybrid environments, and deploying centralized tools for data governance and management

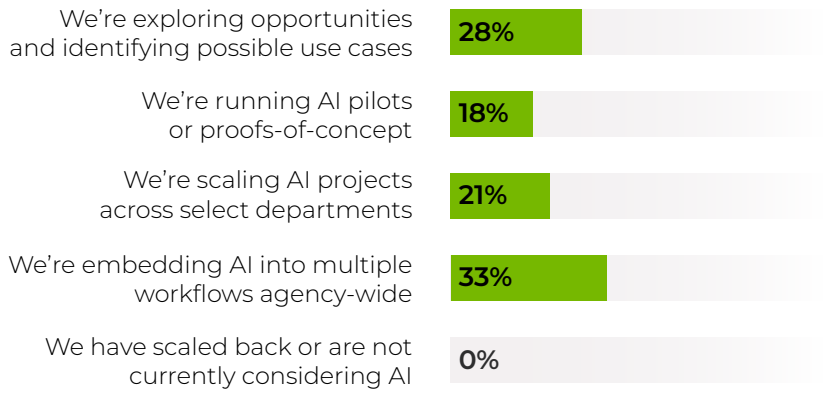
Infrastructure and talent will decide the next five years:

- Looking ahead, federal civilian leaders rank scalable, secure infrastructure (40%) as the No. 1 determinant of AI success over the next five years – ahead of an AI-ready workforce (31%) and actionable governance (29%)
- Feds expect the most valuable AI opportunities through 2030 to be cyber automation & resiliency (44%), streamlined procurement (36%), predictive policy modeling (35%), fraud prevention (35%), research breakthroughs (33%), and personalized citizen services (29%)

Where We Stand: AI Adoption & Early Wins

When it comes to AI, federal civilian IT leaders have moved from curiosity to conviction – 93% call AI mission-critical and 95% say GenAI is already boosting productivity. Early wins cluster around internal efficiency in HR, finance, procurement, and mission impact across cybersecurity, citizen services, and data analysis.

Which of the following best describes your agency's current state of AI adoption?



Commitment is high:

72% of federal civilian agencies are actively piloting AI

93% say getting AI right is essential to delivering on their mission

Momentum is growing:

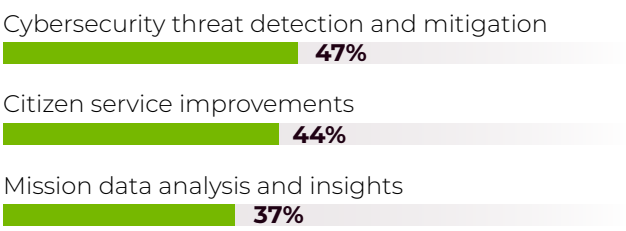
95% say GenAI has boosted productivity in their agency

65% are actively exploring agentic AI

Where are agencies seeing early success?

Internal efficiencies

Mission impact



Stress Fractures: Why Pilots Stall

Momentum stalls when governance frameworks and dedicated budgets lag behind ambition. Barely half of agencies have formal AI governance frameworks today, and 81% say they're likely to stay in the shallow end – launching new pilots rather than scale proven ones. Perceived risks and mounting pressure to show results complicate adoption.

Structural gaps:

Only

53%

say their agency has an approved AI governance framework

Just

41%

have dedicated AI budgets separate from general IT

Culture and pressure:

81%

are more likely to launch a new AI pilot than scale an existing one

77%

feel pressure to show AI results before they're ready

65%

hesitate to move even successful AI pilots into production due to perceived risk

Root Causes of Failure

Stalled projects trace back to a trio of gaps – people, process, and platform – led by compliance blocks, poor data quality, and unsuccessful integrations. FISMA-driven policy hurdles and shaky data confidence underscore why 95% have seen at least one AI effort falter.

Most common factors in projects that have stalled or failed?

#1 Governance or compliance blocks **(45%)**

#2 Poor data quality or availability **(44%)**

#3 Difficulty integrating with existing systems **(41%)**

#4 Lack of funding to scale **(33%)**

#5 Outdated infrastructure or insufficient compute capacity **(28%)**

#5 Insufficient cybersecurity planning **(28%)**

Feds say **FISMA standards** and government-wide AI policies are their biggest regulatory roadblocks

Just 53% feel very confident their current data foundations can support advanced AI

As one federal leader said, "We need scalable infrastructure upgrades; our legacy systems are **old and slow** to change"

What Scales AI: Actions That Work

Agencies that break through invest in culture, codified governance, and modern data platforms: over half cite robust change management and training efforts, formal frameworks, and upgraded infrastructure as the levers that turn isolated pilots into agency-wide assets.

Which steps have been most important in helping to scale AI initiatives?

Those effectively scaling AI agency-wide are significantly more likely to track formal Key Performance Indicators (KPIs) to measure the performance of their AI projects (80% to 55%)

Looking Ahead: Success Drivers & Opportunities

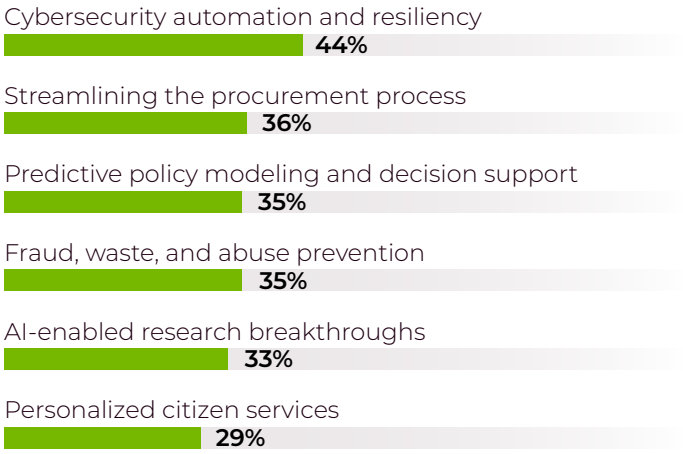
Federal civilian leaders say scalable, secure infrastructure will make or break AI success, followed closely by an AI-fluent workforce and clear governance. Over the next five years, they expect the biggest payoffs in cyber resilience, streamlined procurement, predictive decision support, and citizen-facing innovation.

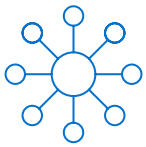
What will be the primary factor that determines AI success in your agency over the next three years?

- #1 Scalable, secure infrastructure that supports AI workloads and data needs **(40%)**
- #2 A skilled and AI-fluent workforce **(31%)**
- #3 A clear and actionable AI governance framework **(29%)**

Interestingly, those effectively scaling AI agency-wide view infrastructure and workforce as equally critical

Where do you see the greatest opportunities for AI to deliver value over the next five years?





Additionally, **76%** say sovereign AI – a nation's effort to develop and produce AI using its own infrastructure and data – will be very important for driving innovation across the U.S. government and economy

> "To move beyond pilots, we need dedicated AI leadership, scalable computing resources, and a clear roadmap that aligns AI projects with strategic priorities" – federal civilian leader

Recommendations

Focus first on scaling what works.

Eighty-one percent of federal IT leaders say their agencies are more likely to launch a new AI pilot than scale a successful one – a pattern that slows momentum and dilutes impact. Break the habit by requiring every new proposal to align with a mission metric (e.g., fraud dollars recovered, citizen wait times reduced, threats blocked) and outline a clear path to enterprise rollout. Prioritize funding for proven, high-impact use cases and leverage the upcoming AI procurement toolbox and advanced capability-sharing program outlined in the AI Action Plan to drive repeatable wins and scale across agencies.

Build an AI-fluent workforce and embed change champions.

Skills rank just behind infrastructure on the five-year success ladder. When it comes to scaling AI, feds say the most effective workforce-related enablers are training and structured change management programs. Offer role-based training – from prompting basics to ethics workshops – and assign a change management lead to every rollout. Per the AI Action Plan, leverage lessons learned from the new Chief Artificial Intelligence Officer Council (CAIOC), explore talent exchange programs, and ensure employees have access to, and training on, appropriate frontier AI models.

Operationalize governance to speed trust and funding.

Governance hurdles are the most common reason AI projects stall or fail. Move beyond static policies and work with the CAIOC to establish a cross-functional governance board to set rules on model performance, conduct bias reviews, and track KPIs. Tap into the AI Action Plan's call for agency-specific evaluation guidance and shared tools. Clear, consistent guardrails streamline approvals and help high-value projects move faster.

Modernize infrastructure to move from pilots to impact.

Federal IT leaders say infrastructure will be the No. 1 driver of AI success over the next five years. Invest in scalable computing built for AI workloads and a shared, high-quality data layer that simplifies access and control. Focus on capacity that grows with model size, break down data silos with a unified data catalog, and embed zero-trust protections throughout to ensure security reviews don't stall deployment. In line with the AI Action Plan, prioritize infrastructure that supports AI-ready datasets, secure-by-design architectures, and cross-agency evaluation capabilities to move AI from experimentation to execution."

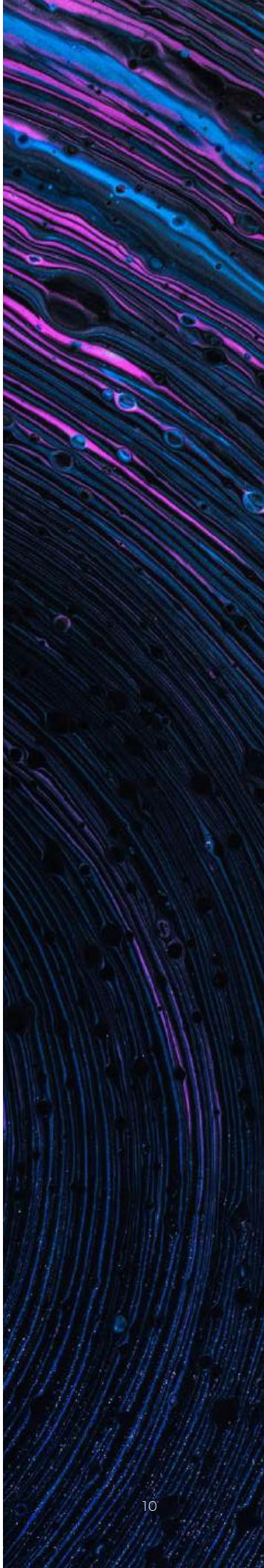
Methodology

MeriTalk, in collaboration with Dell Technologies and NVIDIA, surveyed 75 federal IT decision-makers from civilian agencies in June 2025. The research has a margin of error of ±11.29% at a 95% confidence level.

Job title:

CIO, CTO, CAIO, or CISO	**48%**
Deputy or assistant CIO, CTO, CAIO, or CISO	**5%**
Director of IT/technology	**21%**
IT program manager/officer	**13%**
Data, AI, infrastructure, or network manager	**12%**
Other IT manager	**1%**

100% of respondents are familiar with their agency's current or planned use of AI



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