NTT DATA

Build, govern, scale and deliver: Cloud and AI in government

A strategic playbook for state and local government leaders



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A new era for mission-driven government

The convergence of cloud and AI

Cloud computing has evolved from a cost-saving infrastructure strategy to a dynamic engine of government transformation. AI, especially agentic AI, can change government operations and deliver results — improving citizen experiences, managing taxpayer resources responsibly and building resilient, cost-effective technology foundations.

As agencies become increasingly digital, trust is becoming even more essential at every stage of the journey. Citizens, elected officials and oversight bodies must be able to trust how agencies manage data, govern AI systems and safeguard critical operations.

When implemented strategically, cloud modernization and AI can help CIOs and CISOs strengthen cyber resilience, reduce operational risk, improve governance and deliver more efficient and transparent services.

But realizing all these benefits requires more than adopting modern and digital technologies. It requires intentional decisions about cloud, AI adoption, architecture, security, governance, organizational alignment and investment priorities.

This guide explores the leadership priorities that help CIOs move from modernization to mission impact as they build secure, AI-ready foundations, scale shared capabilities and deliver measurable outcomes through disciplined execution.

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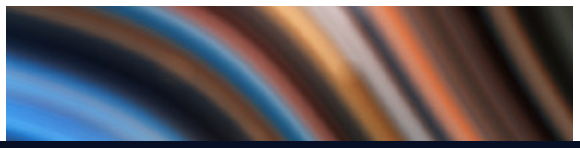


The strategic role of three cloud models

Three cloud models. One mission.

Sovereign cloud

Trust and compliance

- Ensures sensitive information remains within approved jurisdictions, helping agencies meet data-residency, privacy and regulatory requirements.
- Often the preferred choice for highly regulated workloads where compliance, security and public trust are important.

Private cloud

Control and governance

- Enables greater control over infrastructure, data governance, security policies and operational oversight.
- Well-suited to agencies that require predictable performance, strict governance, and greater visibility into how systems and data are managed.

Public cloud

Innovation and scale

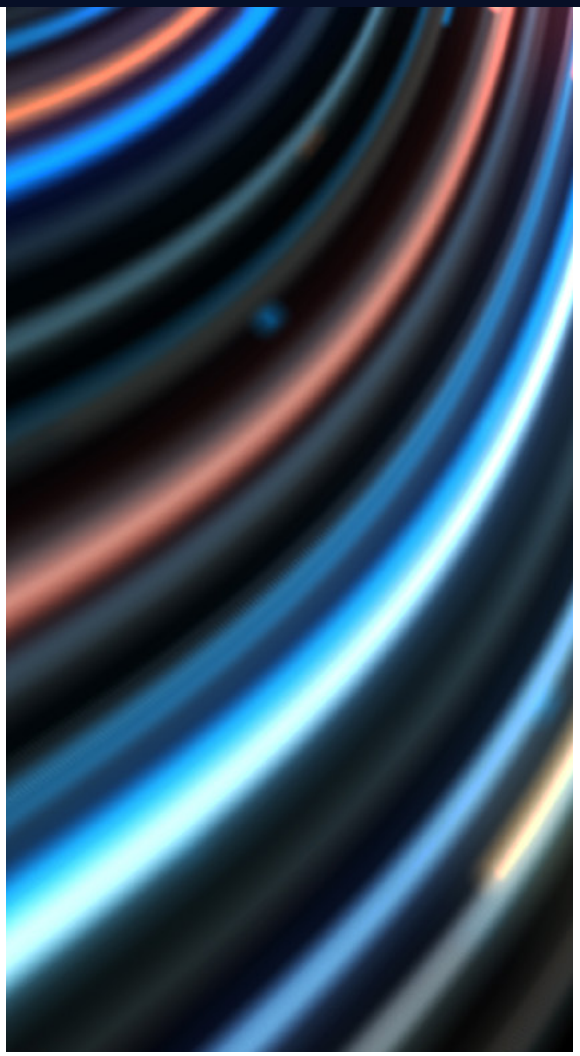
- Allows agencies to rapidly modernize services, scale resources on-demand, and access advanced capabilities such as AI, analytics and automation.
- FedRAMP-authorized providers offer the flexibility and innovation needed to meet evolving citizen expectations while maintaining government-grade security.

Rearchitecting cloud with strategic intent

Agencies now see private, private and public cloud as complementary choices. They carefully match workloads to cloud environments — private cloud for sensitive data, private cloud for control and governance and public cloud for innovation and growth — to deliver mission results and scale mission outcomes.

Leading agencies are building shared cloud and AI capabilities that can be reused by departments, counties, districts and other public entities. Establishing common architectures, governance models and enterprise platforms can be challenging, but the results are worth the effort: less duplication, accelerated innovation and being able to scale modernization efforts more consistently.

In addition to getting the technology right, building these capabilities requires coordination between departments, legal, budget and policy stakeholders to make sure investments deliver measurable, long-term benefits.



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The cloud-to-AI imperative

The focus is now shifting to delivering measurable outcomes at scale.

Cloud modernization has helped the public sector change for the better, making it easier to access data, and to scale up deliver services. It's also a key foundation for adopting AI-led services.

To demonstrate what's possible, many agencies have been running AI pilots and testing use cases. But too many are deploying AI only at the periphery, such as chatbots for simple inquiries or basic automation. And if they stop here, they'll miss a transformational opportunity. As constituent expectations evolve and AI capabilities mature, agencies must move beyond experimentation and into production.

By embedding AI into core mission-critical workflows, agencies can achieve real mission outcomes — getting benefits to eligible citizens faster, improving emergency preparedness, reducing administrative burdens on staff, strengthening program integrity and enhancing the overall constituent experience. To achieve this, they need governance, data, security and human-oversight frameworks to deploy AI responsibly and sustainably.

5 areas where AI transforms government operations

IT operations and infrastructure management

Predicts issues before they become outages

Helps lean IT teams manage increasingly complex hybrid environments

Cybersecurity and threat detection

Identifies threats in real time and automates response

Strengthens protection without significantly increasing security staff

Constituent services and case management

Improves case routing, fraud detection and consistent decision-making

Improves service quality and timeliness

Emergency management and public safety

Enables faster, more informed decisions through real-time data analysis

Improves preparedness and response during critical events

Cost control and resource optimization

Gives agencies greater visibility of and control over limited budgets

Optimizes cloud and infrastructure spending

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AI-powered cloud modernization in action



Emergency and disaster management

AI at work

When disasters strike, responders and service providers often struggle to make decisions, as they're relying on incomplete or outdated information. An AI-powered platform brings together live weather data, infrastructure status, demographic information and resource availability into a single operational view.

Outcomes

Emergency responders can make actionable recommendations in real time.

- Faster and more coordinated emergency response
- Improved route planning and resource delivery
- Improved coordination of agencies, responders and private-sector partners
- Enhanced decision support through integrated, real-time insights



Benefits and social services administration

AI at work

Benefits programs often rely on manual reviews, disconnected systems and paper-based processes that slow service delivery. An AI-powered case management solution reviews applications for completeness, applies eligibility rules consistently, flags high-priority cases, identifies potential fraud and routes complex cases to the right specialists.

Outcomes

Agencies can process applications faster and more accurately.

- Reduced application backlogs
- Accelerated eligibility decisions
- Improved accuracy and consistency
- Enhanced fraud detection and program integrity



Permitting and regulatory services

AI at work

Permit reviews often involve manual checks, multiple systems and complex regulations that slow approvals. An AI-powered permitting solution reviews applications for completeness, validates submissions against zoning and building codes, flags exceptions for staff review, and provides applicants with real-time status updates.

Outcomes

Agencies can process permits faster and more consistently.

- Accelerated permit approvals
- Enhanced rule-based validation
- Improved regulatory compliance and consistency
- Enhanced resident and business experience
- More consistent, auditable application of policy, with human oversight

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8 leadership priorities for cloud and AI success

When used together, cloud and AI can form the foundation for modern government services. Rather than pursuing modernization one project at a time, agencies must seek to build repeatable platforms, governed AI capabilities and scalable operating models that can be shared across agencies and jurisdictions.

The eight priorities set out in this section form a complete playbook for moving from modernization to mission impact. No single priority works in isolation, and real transformation happens only when all these priorities are pursued cohesively.

Technical and strategic foundation

1. Treat cloud as an operating model, not a destination
2. Prioritize AI where it can improve mission outcomes
3. Build an AI-ready architecture

Security and governance

4. Secure AI as if it's a new workforce
5. Create governance that enables innovation

Organizational alignment, scale and outcomes

6. Align technology to mission priorities
7. Scale through shared platforms
8. Measure what matters

By combining disciplined execution with a clear focus on mission outcomes, government leaders can turn cloud and AI investments into lasting public value.

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1. Treat cloud as an operating model, not a destination

Cloud is not a migration project. It's an operating model that helps balance mission requirements, security obligations, compliance mandates, performance needs and cost control. Yet many agencies struggle because they move workloads without modernizing governance, operate in silos where departments make disconnected cloud decisions or fail to address foundational capabilities such as identity, security, integration and FinOps.

Set up a cross-agency working group to establish standards and evaluate systems

One of the most effective ways to break down silos and build enterprise-wide cloud discipline is to establish a Cloud Governance Council. This cross-agency working group brings together CIO, CISO, legal, budget and program leaders to set shared standards, resolve conflicts and hold the agency accountable to its cloud operating model.

Start by establishing enterprise standards for workload placement and modernization. Then, evaluate systems against these five criteria:

1. **How critical the system is to the agency's mission.**
2. **How sensitive the data is.**
3. **What compliance requirements apply.**
4. **How complex the integrations are with other systems.**
5. **How ready the system is to be modernized.**

These criteria give leadership teams a consistent, defensible basis for cloud-placement decisions and make it easier to explain the rationale to stakeholders outside of IT.

Simply moving workloads is no longer enough. The cloud transformation factory, unlike the old concept of a "cloud migration factory", goes beyond moving workloads by also modernizing them along the way. It's a deliberate shift in mindset that makes transformation the end goal.



Read: Cloud transformation in the age of AI: The evolution of lift and shift

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2. Prioritize AI where it can improve mission outcomes

Successful AI programs begin with mission challenges, not technology

Start by identifying processes that are repetitive, data-intensive and critical to service delivery, such as permit and license reviews, case management or emergency response coordination.

Then, evaluate each use case against two dimensions — mission impact and implementation feasibility:

- **Mission impact** measures how directly the AI use case improves outcomes for the people the agency serves.
- **Implementation feasibility** measures how ready the agency is to execute, including data quality, integration complexity, staff readiness and vendor availability.

Use cases that score high on both dimensions are the best starting points. Use cases with high impact but low feasibility form the investment roadmap: They are worth pursuing once foundational capabilities are in place.

Every AI investment should be designed with a path to production, clear accountability and the ability to scale beyond a single department or use case. This simple framework makes it easier to build support across programs, budgets and technology stakeholders.

Explore AI-powered solutions designed specifically for public sector organizations that help automate routine work, support complex decision-making, improve constituent experiences and reduce administrative burdens, all while maintaining security, compliance and trust. These purpose-built AI solutions can help your agency deliver faster, more accurate and impactful outcomes.

Explore: AI: The mission multiplier for state and local government and education

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3. Build an AI-ready architecture

Cloud capacity alone will not support AI at scale.

For example, an AI assistant supporting benefits eligibility decisions is only as effective as the quality and accessibility of the underlying program data. Similarly, AI-powered emergency management depends on the ability to securely integrate weather feeds, public safety systems, transportation data and resource inventories in real time.

You need trusted data, secure integration, resilient infrastructure and governance built directly into the architecture. Without these foundations, promising AI pilots often cannot be scaled into production or adopted across departments.

Build once, govern centrally and reuse capabilities across programs

Architectures should be designed to support AI governance, explainability, auditability and human oversight. To build a resilient, AI-ready foundation, establish:

- **Secure cloud landing zones** that give every workload a governed, compliant environment to operate in, so you're not rebuilding security controls from scratch for each new initiative.
- **Modern API strategies** that allow agency systems to talk to each other reliably. This capability is essential when AI needs to pull data from multiple sources in real time.
- **Shared integration services** to reduce the cost and complexity of connecting new AI tools to existing systems.
- **Governed data platforms** to ensure that the data AI systems depend on is accurate, accessible and trusted — because an AI system is only as good as the data feeding it.
- **Centralized identity management** to control who and what can access sensitive information. This becomes even more critical as AI agents begin taking automated actions on behalf of the agency.

> "Citizen expectations are shifting dramatically, technology has matured significantly and the pressure to demonstrate impact is mounting. Agencies will need to move decisively from pilot to production and beyond — thoughtfully, safely and with operational discipline."
>
> **Beth Howen**, Executive Managing Director, State, Local and Education (SLED) North America



Read: Beyond the pilot: How to scale AI for real impact in government

4. Secure AI as if it’s a new workforce

As AI becomes increasingly agentic, systems are beginning to perform actions rather than simply provide recommendations. This introduces new risks relating to permissions, data access, automated decisions and accountability.

Treat AI agents as non-human identities

Apply the same principles used for workforce access management:

- **Least-privilege permissions** so AI systems can only access what they need
- **Role-based access controls** that limit which actions they can take
- **Approval workflows** for high-stakes decisions
- **Continuous monitoring** to detect unexpected behavior
- **Detailed audit trails** that allow you to reconstruct exactly what an AI system did and why

Involve security teams early, not at the end when the system is ready to launch. This is the most important point: When security is a requirement from the start, you can move faster and avoid delays, redesigns and losing trust from stakeholders.

Learn how state technology leaders can strengthen resilience, adopt AI responsibly and modernize IT to better serve constituents.

In this conversation with Scoop News Group, Wendy Collins, Aleta Jeffress and Ayman Husain from NTT DATA share actionable insights on:

- Building resilience across agencies and vendors
- Establishing strong AI governance frameworks
- Using automation and AI to “do more with less”
- Leveraging cloud for interoperability, cost savings, and scalability



Watch: NTT DATA leaders on cybersecurity, AI, and cloud priorities for state CIOs

5. Create governance that enables innovation

Governance should accelerate responsible innovation, not slow it down. It should give agencies the confidence to adopt cloud and AI capabilities quickly and safely while protecting sensitive data, ensuring compliance and maintaining public trust.

For example, governance frameworks can help agencies safely deploy AI to support disaster relief efforts, streamline access to programs such as Medicaid, WIC, CHIP, SNAP and disability benefits or automate evidence redaction for public safety video footage. In each case, governance ensures the use of approved data sources, appropriate safeguards for sensitive information and the oversight needed to deliver services responsibly and at scale.

What strong governance looks like

- Clear decision rights across CIO, CISO, legal, privacy, procurement, finance and program leadership
- Data classification and access policies; risk tiering for AI use cases
- Model monitoring and audit requirements
- Standard cloud and AI reference architectures
- FinOps controls for cloud consumption
- Procurement standards for approved tools
- Outcome reporting tied to mission impact

The leadership payoff is significant

When a governance framework is clear and practical, teams stop waiting for permission and start moving. Program leaders feel confident about bringing AI ideas forward because they know the guardrails exist. Legal and privacy teams engage as partners rather than gatekeepers. And, your agency builds a reputation for responsible innovation — which matters when legislative support, vendor partnerships or buy-in from the governor's office is needed to scale.

AI governance guides the development and deployment of AI systems in line with societal values, mitigating risks and allowing you to deliver measurable business value through trustworthy, responsible systems.

Download: Mastering AI governance: Empowering organizations to lead with responsible AI



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6. Align technology to mission priorities

Technology initiatives gain momentum when stakeholders understand how they support agency goals. Your agency strategy should translate cloud and AI investments into language that resonates with different audiences.



Stakeholders				
Program leaders	**Budget offices**	**Legal teams**	**Cybersecurity teams**	**Executive leadership**
What they care about				
Service delivery	Cost control and return on investment	Compliance and risk	Security	Programs scaling successfully
What they need				
An understanding of how the solution reduces operational burdens and fits existing workflows	A clear view of understanding of processing costs and ROI	Assurance that citizen data is protected and eligibility decisions comply with regulations	Assurance that the solution meets security and governance requirements	Visibility of milestones and risks; understanding how the initiative can be expanded to other programs

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Bring stakeholders together and establish shared success metrics

Successful CIOs bring these stakeholders together early and establish shared success metrics — such as reduced processing times, improved accuracy or stronger program integrity — creating a roadmap that aligns technology investments with mission outcomes.

Regular reviews and transparent reporting help maintain support and ensure the program can scale beyond a single use case.

In this interview following the NASCIO 2025 annual conference, NTT DATA's Beth Howen joins StateScoop's Colin Wood to unpack the top themes shaping government IT, including:

- Budget uncertainty and how it's reshaping modernization priorities
- The shift from "big bang" transformations to incremental, data-driven modernization
- The growing urgency around digital accessibility ahead of 2026–27 compliance deadlines
- Responsible AI and data governance as the foundation for improving citizen services

Watch: NASCIO 2025: NTT DATA's Beth Howen on modernization, AI, and the future of digital government

7. Scale through shared platforms

Moving from project thinking to platform thinking is how state and local governments get dramatically more value from every technology dollar spent.

Instead of multiple agencies independently developing constituent portals, document processing capabilities or AI assistants, a shared platform:

- Reduces duplication
- Improves security consistency
- Accelerates modernization
- Lowers cost-to-serve
- Improves service reliability
- Expands capabilities across agencies more efficiently

Success depends on three critical questions

1. Who owns it?

Shared platforms require a named owner, typically the central IT office or a designated enterprise services authority, which is responsible for setting standards, managing the roadmap and enforcing governance.

2. How do agencies opt in?

Adoption should be designed to be easy. Provide agencies with clear onboarding documentation, migration support and reference implementations they can adapt rather than build from scratch.

3. How is it funded?

Shared platforms require sustained investment, which is best supported through a hybrid approach: central appropriation funds the core platform while a cost-sharing or chargeback model covers agency use.

Getting these three elements right is a leadership challenge and a technology one. It requires the CIO to build trust across agency heads, work the budget process deliberately and make the case to the governor's office that shared investment creates shared returns.

Following a directive from the new governor to reduce costs and improve service, Virginia Information Technologies Agency (VITA) worked with NTT DATA to migrate all Commonwealth employees to a unified Microsoft 365 platform. The migration would eliminate information silos, ensure timely email and message delivery, better protect data, reduce licensing costs, and foster seamless communication and collaboration across the Commonwealth.



Read: The Commonwealth of Virginia reduces costs and complexity with Microsoft 365

8. Measure what matters

Decision-makers and oversight bodies — from governors and legislators to mayors and county executives —rarely fund technology for technology's sake. They fund outcomes. So, establish baseline metrics before investments begin and track progress against clearly defined mission objectives.

Make measurement clear and meaningful

The use cases described earlier in this guide illustrate what meaningful measurement looks like in practice.

Metrics for emergency and disaster management

- Response coordination
- Time to resolution
- Resource deployment accuracy
- Incident outcomes

Metrics for benefits and social services

- Time from application to eligibility decision
- Backlog size
- Error rates in eligibility determinations
- Caseworker capacity (when freed from administrative tasks)

Metrics for permitting and regulatory services

- Permit approval cycle times
- Application error rates
- Applicant satisfaction scores
- Staff hours redirected from routine reviews to complex cases

One practical discipline is building a mission impact dashboard — a one-page view, updated quarterly, that shows progress against baseline for each major cloud and AI initiative. Share it with the governor's office, legislative budget staff, agency heads and county and municipal leadership. State and local governments that demonstrate measurable outcomes build trust, strengthen future funding opportunities and create the political durability initiatives needed to survive across budget cycles and administration changes.

Managing high volumes of work orders at scale is a challenge state and local governments — from public housing authorities to county infrastructure agencies — know well. When Balfour Beatty Communities partnered with NTT DATA to automate the review of more than 500,000 work orders annually, the results were clear: 100% consistency and 98%+ accuracy compared to a human expert. The GenAI-powered solution flags errors, enhances risk management, and includes value-focused dashboards with a feedback mechanism — a proven model for government agencies modernizing asset and facilities management.



Read: Balfour Beatty Communities uses GenAI to transform its work order assurance process



Delivering mission impact

The opportunity is no longer to modernize technology but to improve how government serves people. Cloud and AI can help agencies deliver better services, operate more efficiently, and respond more effectively to the needs of citizens and communities.

The key is building the optimal technical and strategic foundation, securing and governing it, and ensuring execution.

Why partner with us

NTT DATA partners with state and local agencies nationwide to modernize operations, scale cloud securely and implement AI responsibly. Our work has helped agencies achieve nearly $1 million in annual savings, improve uptime for transportation services, reduce operational and long-term licensing costs for law enforcement agencies, modernize services with zero unplanned downtime, and deliver better outcomes for employees and citizens alike.

Trusted by government agencies across all 50 states, the District of Columbia, and Puerto Rico — with over 55 years of government expertise, FedRAMP-authorized partnerships, and NASPO ValuePoint contracts — we help agencies balance innovation with digital technologies to deliver mission outcomes.

Connect with us

Learn more: us.nttdata.com/publicsector

Schedule a consultation: us.nttdata.com/contact-us

Visit nttdata.com to learn more.

NTT DATA is a $30+ billion business and technology services leader in AI and digital infrastructure. We accelerate client success and positively impact society through responsible innovation. As a Global Top Employer, we have experts in more than 70 countries. NTT DATA is part of NTT Group.

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