

Transforming Canadian Public Services

Transformation Trends - Key Data

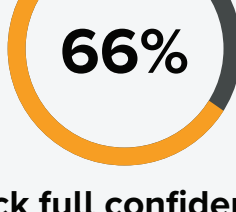
The Canadian public sector exhibits a strong and widespread dedication to digital transformation, with most organizations implementing modernization strategies. Unit4's research, "The State of the Digital Nation – Canadian Transformation Trends," provides valuable insights into ongoing technological advancements.

Key data points

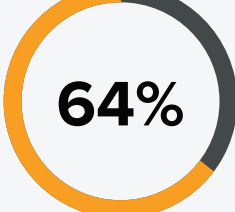
Despite apparent confidence in delivery timelines and budgets, a notable gap in integration readiness suggests organizations may not be tracking the most relevant success indicators.



of organizations are actively implementing or planning digital transformation strategies



lack full confidence in achieving interoperability across back-office systems



anticipate completion within two years



expect on-time delivery



anticipate staying within budget

Completing projects on time and on budget is insufficient if systems don't work together. Organizations should measure success by system collaboration and operational benefits, not just project milestones.

IT & SaaS challenges

IT leaders find that simply adopting cloud services doesn't eliminate complexity, and sector-specific challenges continue to strain tech teams.

100%

of IT decision-makers report challenges with their SaaS strategy

50%

cite security concerns

50%

cite lack of integration

50%

% cite AI cost barriers as challenges

100%

of IT decision-makers report challenges with their SaaS strategy

These challenges show that adopting SaaS without a platform strategy shifts complexity rather than solves it. Organizations should evaluate how each tool fits within their overall technology ecosystem, not just by itself.

Cost pressures & service cuts

Cost-cutting drives decision-making in Canada's public sector. To meet savings targets, organizations face difficult choices and embrace transformation. Municipalities are adopting collaborative tools and SaaS solutions as effective strategies.

100%

of organizations are pursuing cost savings

42%

are resorting to cuts in citizen services

64%

of municipal governments adopting collaborative solutions

48%

moving to SaaS

Aggressive transformation and cost-cutting require careful planning. Consolidating platforms and prioritizing technologies with quick, measurable savings helps organizations fund future phases while maintaining essential public services.

Data management issues

Fragmented data is a major barrier to efficient operations. Leaders often lack timely access to crucial information, making core processes unnecessarily complex. The gap between system capabilities and user needs keeps growing.



89%

found it challenging to obtain information over the past two years



88%

experience difficulties accessing real-time data



97%

of municipal finance decision-makers say year-end processes, statutory reporting, and regulatory compliance could have been significantly easier



Only 45%

actively use real-time reporting tools



49%

are still exploring real-time reporting tools

Without integrated platforms, leaders make decisions from partial data and advanced tools like AI are unreliable.

Workforce & recruitment challenges

Workforce challenges are increasing as 2025 return-to-office mandates hinder public sector talent recruitment. Those responsible for building future teams struggle most with their own staffing.

Restricted flexible work policies attract talent, but organizations must also upskill employees, build skills-based pipelines, and track engagement to retain staff.

23%

now report recruitment struggles tied to return-to-office mandates (new in 2025)

11%

are hiring people who lack the right skills

8%

cannot find the right people at all

4%

explicitly cite retention issues

39%

face recruitment difficulties overall

Strategic priorities

Canadian public sector leaders have varied priorities: data security is key for most, HR leaders value automation and prediction, while procurement wants improved spending control. These differences show that universal transformation strategies won't meet everyone's needs.

The variation in priorities across roles is not a weakness to be managed but a reality to be designed for.

32%

prioritize data security as top priority

37%

of HR leaders prioritize automated workforce deployment

23%

prioritize predictive analytics for workforce planning

24%

of procurement leaders prioritize better oversight of expenditure

Technology adoption

Canadian public sector technology adoption has surged, mostly in the past year. AI and machine learning are widely adopted, but implementing them quickly without solid data infrastructure may lead to unstable results.

48%

have adopted AI and machine learning (most growth in past year)

Most technology adoption occurred within the last

12 months

The priority now is not to slow adoption but to sequence it with intention.

Barriers to transformation

Organizations unsure about transformation results face obstacles beyond technology; funding issues and departmental misalignment are top barriers, showing that modernization demands both organizational change and new systems.

Technology can't solve these issues alone. Organizational alignment is essential for successful transformation.

In summary, while Canadian public sector organizations are making significant strides in digital transformation, their journey is marked by ongoing challenges in integration, workforce management, cost pressures, and data fragmentation. Success will depend not only on technological advancements, but also on strategic alignment, thoughtful planning, and effective collaboration across departments to ensure that meaningful efforts deliver lasting benefits to public services.

For more information, go to: [unit4.com](#)

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