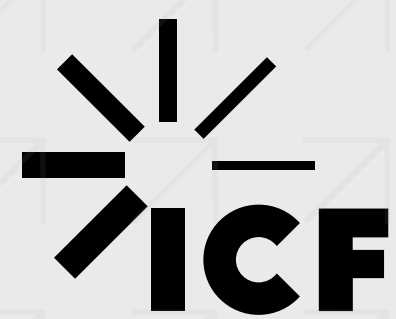




REPORT

AI Impact at Scale

Federal leaders share what it takes
to move from experimentation to
operational outcomes

Introduction

Federal agencies have moved well beyond the question of whether AI matters. Across the enterprise, AI is funded, operational, and increasingly embedded in mission delivery.

What comes next is harder: making it work at scale.

While 77% of federal leaders believe their agencies can implement AI cost-effectively, only 65% believe they can do so quickly. Pilots are succeeding, but the move from prototype to production still takes 10–17 months.

That slowdown does not signal a lack of confidence or ambition. It reflects the reality of embedding a fast-moving capability within institutions built for accountability and oversight. Agencies are demonstrating value in targeted use cases but struggle to translate those successes into consistent, enterprise-wide execution. Essentially, the challenge is less about whether AI works, and more about whether agencies can operationalize it.

In practice, delays come from the difficulty of integrating governance, procurement, data readiness, and workforce enablement. Until these are addressed together, agencies will struggle to support continuous delivery rather than episodic change.

The leaders who will create the most value in this next phase will treat AI scaling as an organizational challenge—not just a technical one—and redesign execution accordingly: evolving how decisions are made, how expectations are communicated, and how progress is measured and sustained over time.

To better understand how agencies are navigating this moment, we partnered with Market Connections to survey 200 federal civilian employees directly involved in AI strategy, procurement, implementation, and delivery. Their responses provide a clear view into the operational realities shaping the next phase of federal AI leadership.

The next competitive advantage will come from building the capacity to deliver with AI—consistently, at scale, and at speed.

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Takeaways

The velocity gap is real

Federal agencies are advancing AI prototypes, but execution slows significantly during the transition to production. The velocity gap is the clearest signal that agencies are struggling to operationalize AI at scale.

Operating model friction is the constraint

The slowdown in scaling AI is driven less by technology or funding and more by procurement, governance, data, and legacy processes that were not built for iterative delivery.

Governance must shift from static to enabling

Agencies need flexible, risk-tiered governance models that enable speed and accountability—replacing approval bottlenecks with guardrails that move with the work.

Workforce enablement is the missing link

Training availability is high, but real-world application lags. Closing this gap requires sustained, hands-on enablement and human-centered design.

Mission impact must define success

AI success is shifting from efficiency gains to measurable mission outcomes—changing how initiatives are prioritized, evaluated, and scaled.

Confidence Without Velocity: Understanding the Current Moment

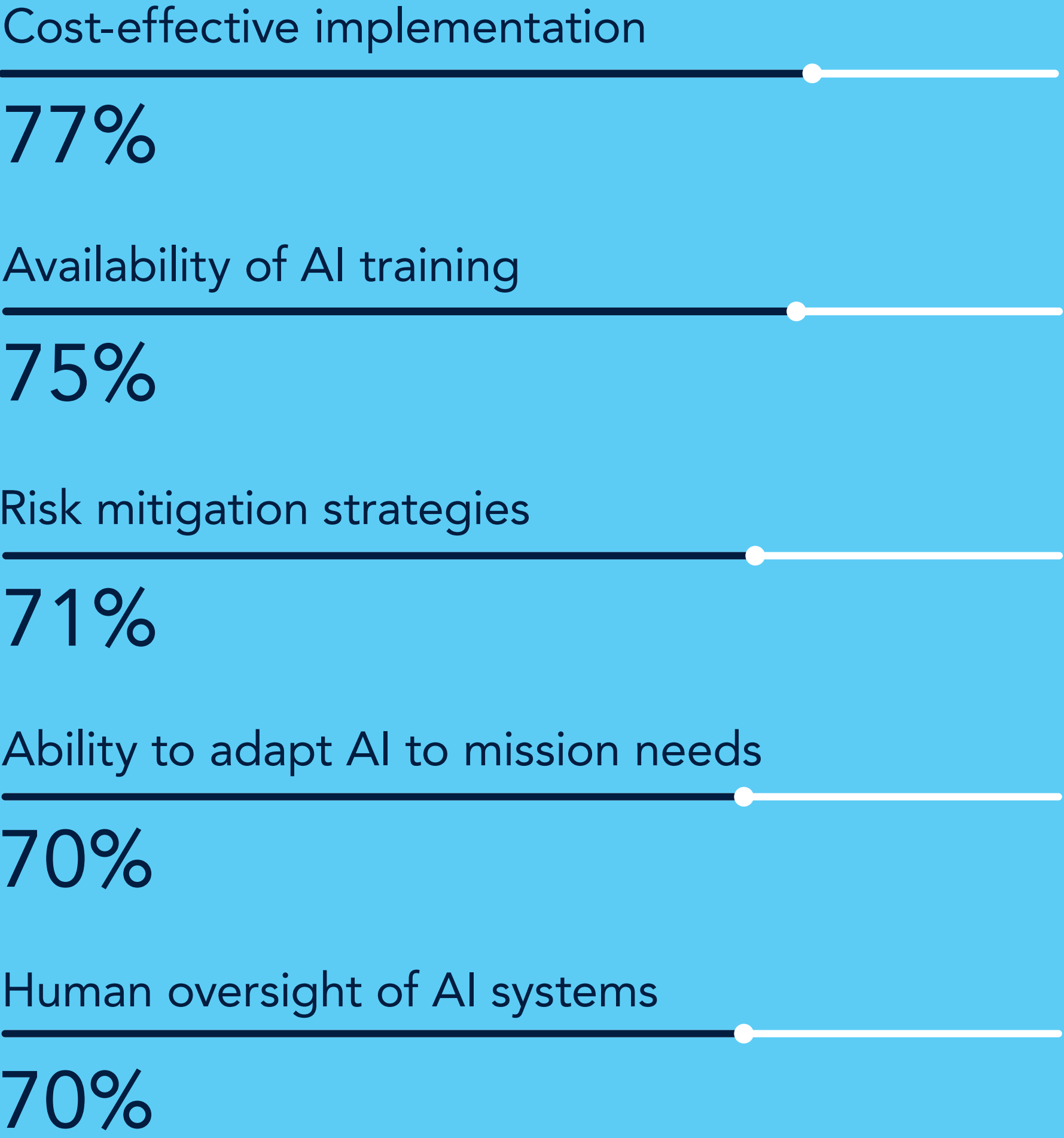
Leaders express strong confidence in their agencies’ ability to implement AI, manage risk, and establish governance for responsible adoption.

But that confidence does not yet translate into speed. Most agencies report balancing risk and pace (55%), with only 5% moving quickly while actively managing risk.

Execution timelines make the gap clear. Moving from concept to prototype takes an average of 6.7 months. Even after a functional prototype is developed, progression to production remains slow—averaging 10.35 months, with nearly one-third reporting timelines of 13 months or longer.

That gap extends into day-to-day execution. Just 55.5% of leaders are confident that end users can apply AI effectively in practice, and 56% believe their agencies can respond quickly when issues arise.

Confidence is highest in:



The constraint is
not whether AI works.
It's how quickly it
can be **delivered
and applied in
real conditions.**



ID 3: Smoke

ID 1: Building_Intact 91%

ID 1: Smoke

ID 2: Smoke

ID 1: Fire

ID 1: Debris_scattered 66%

6.7 months

average time from AI concept to functional prototype across federal agencies.

10 to 17 months

average time for an AI prototype to reach production deployment.

The Execution Gap Behind AI Scale

AI is outpacing the operating models required to deploy it. As AI initiatives scale beyond pilots, delays cluster around a small set of execution challenges: procurement, data readiness, workforce enablement, and governance.

Leaders widely believe governance structures are in place (84%), yet 60% say red tape slows deployment, exposing a gap between governance maturity and execution speed. Structures intended to ensure accountability often become friction in delivery.

Procurement remains the largest bottleneck. Federal acquisition frameworks were built for fixed requirements and long cycles—not the fast, iterative nature of AI—creating delays from use case approval through deployment.

Data readiness continues to slow progress. The scale and speed of AI amplify longstanding challenges with accessibility, quality, and integration, delaying execution downstream.

Taken together, these patterns show that AI adoption is constrained less by technical feasibility than by the systems required to move solutions into production.

Which stages cause the greatest AI delays in your agency?





If we had to change one thing to help accelerate AI, it would have to be our procurement process. Right now, it takes us several months to procure a solution after we've identified the use cases.

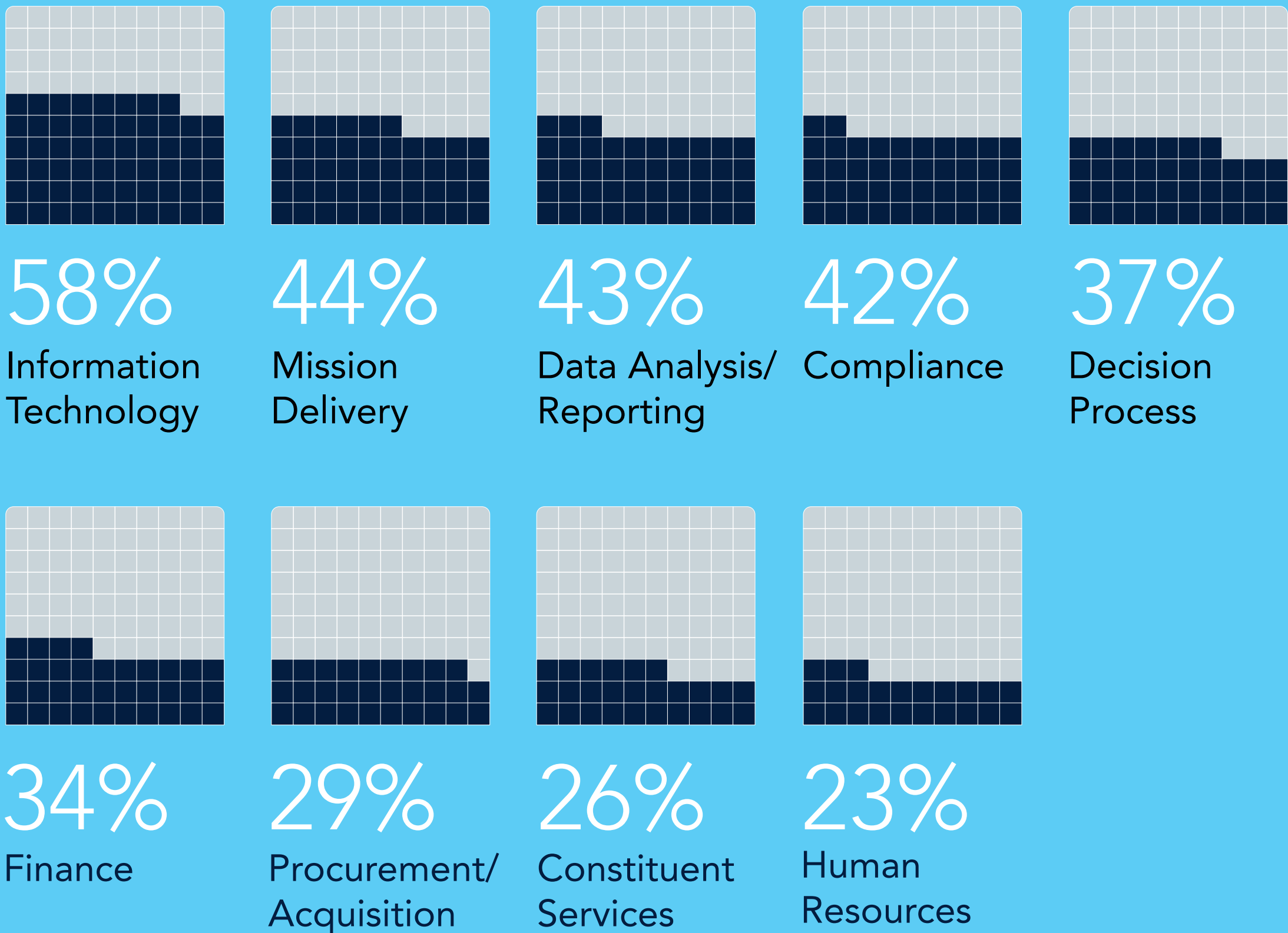
—Treasury survey respondent

Redefining AI Success: Outcomes Over Efficiency

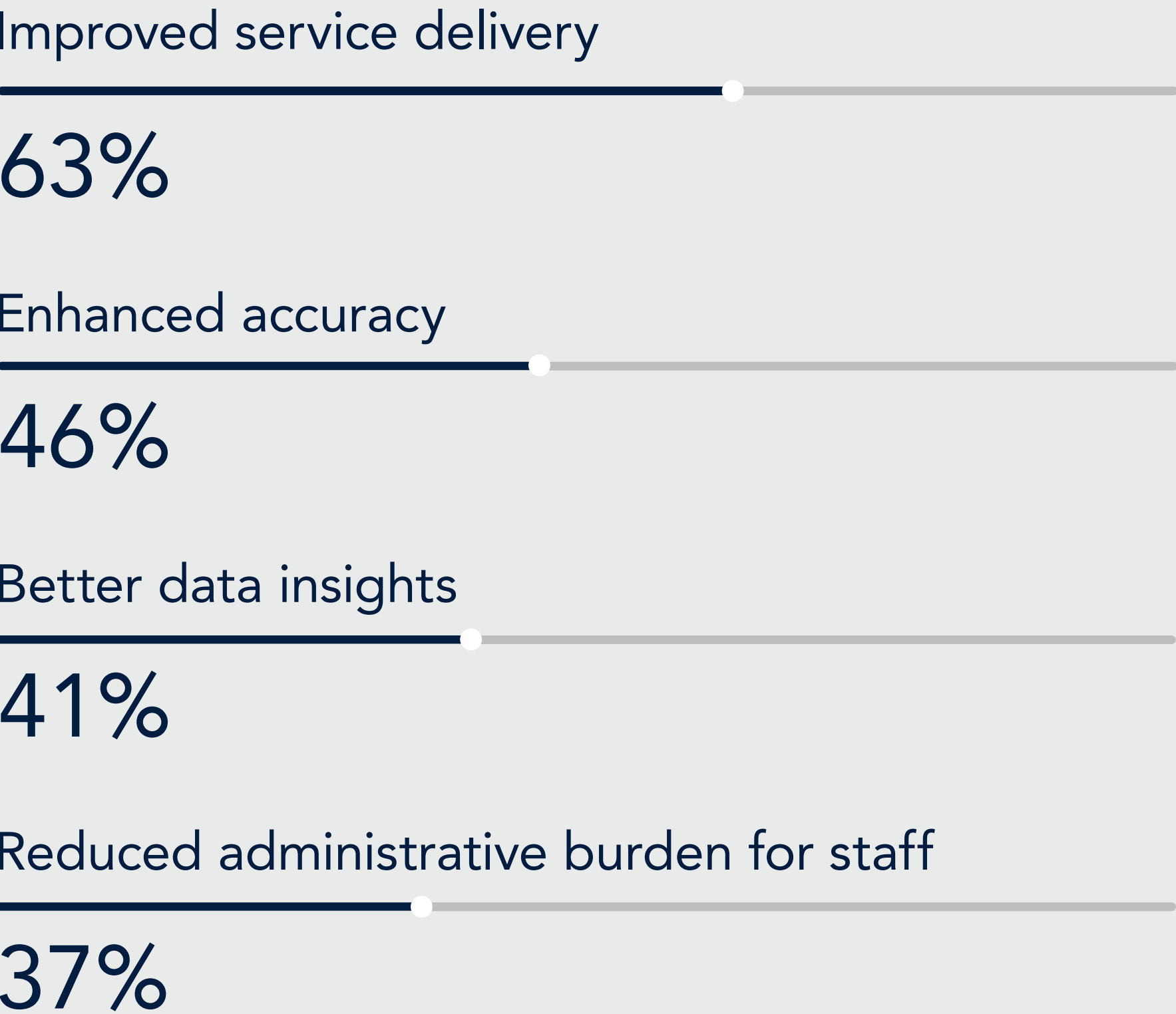
AI has moved beyond IT and into the core of mission delivery. What began as targeted pilots is now expanding across agency functions—from decision support and compliance to service delivery and procurement.

As AI adoption expands, the definition of success is evolving with it. Early efforts heavily emphasized efficiency: faster workflows, reduced administrative burden, and cost savings. Leaders are increasingly prioritizing improvements in service delivery, decision-making, and data insights over efficiency alone.

AI implementation across agency functions and departments



How does your agency define a successful AI deployment?



The data reinforces this evolution in priorities. More respondents identify data analysis, insights, and decision support (36%) as the area where AI will deliver the greatest future impact than speed, efficiency, and acceleration (20%).

This marks a shift in how agencies evaluate AI initiatives. Efficiency remains important but is increasingly viewed as a byproduct rather than the primary measure of success. As AI scales across the enterprise, outcome-based measures become essential to sustaining momentum, aligning stakeholders, and demonstrating mission impact.

Alignment around those outcomes, however, is not yet consistent across agencies. Program-focused respondents prioritize cost savings at more than twice the rate of technology-focused respondents (61% vs. 29%), while technology-focused teams place greater emphasis on data insights (46% vs. 19%). These competing priorities create friction in how AI initiatives are funded, evaluated, and scaled.

Leaders who create the most value from AI will be those that align execution to shared, outcome-based measures—turning early experimentation into durable operational value at scale.

Where leaders expect AI to deliver the greatest impact:

36%

Data analysis,
insights, and
decision support

20%

Speed,
efficiency, and
acceleration

A photograph of a doctor in a white lab coat with a stethoscope around her neck, sitting and talking to an elderly woman with short white hair wearing a yellow sweater. They are in a clinical setting with a window in the background. The image is overlaid with a dark blue gradient.

AI-driven anomaly detection in claims data is already showing promise, but we're still scratching the surface. Better models mean more dollars flowing to care and fewer to frauds and imposters.

—HHS survey respondent

Recommendations and Next Steps

Redesign procurement for iterative delivery

Modernize acquisition approaches to support rapid iteration and evolving requirements—reducing delays between identified use cases and deployment and unlocking a significant speed advantage from prototype to production.

Modernize governance into enabling guardrails

Shift from static approvals to adaptive, risk-tiered frameworks—closing the gap between governance confidence and deployment speed while maintaining accountability and trust.

Invest in data readiness as mission-critical infrastructure

Prioritize accessible, reliable, AI-ready data as a foundational capability—reducing downstream delays and improving performance across use cases, rather than treating data readiness as a project-level dependency.

Drive workforce adoption through real-world application

Close the gap between training and effective use by embedding AI into workflows and designing around user needs—translating access into sustained adoption and operational impact.

Anchor success in mission outcomes from the start

Define shared, outcome-based measures early—such as service delivery improvements, decision accuracy, or time to mission impact. Align stakeholders to reduce friction from competing views of success and strengthen how initiatives are scoped, funded, and scaled.

Turning Momentum into Mission Impact

Federal agencies have already proven that AI works. The next phase is making it work reliably at scale—embedding it into the systems, processes, and decisions that drive mission outcomes.

A majority of surveyed leaders (58.5%) agree that AI's perceived mission value outweighs its implementation costs. The challenge now is execution: moving from isolated success to repeatable, enterprise-scale capability.

What happens next will be defined by how quickly agencies can translate early success into sustained, enterprise-scale performance in real-world conditions.

The agencies that lead in this next phase will not necessarily be those with the most pilots or the largest investments. They will be the ones that redesign how execution happens—shortening time to value, scaling what works, and translating AI momentum into measurable mission impact.



Methodological Notes

ICF commissioned Market Connections to conduct an online survey of 200 U.S. federal civilian employees who are directly involved in artificial intelligence decision-making, procurement, strategy, or implementation at their agencies. These takeaways come directly from the survey results.

Respondents represent 18 federal departments and agencies, with the largest shares from HHS (14%), Agriculture (9%), and Homeland Security (9%). Two-thirds (67%) hold technology-focused roles; 18% are operations-focused; and 16% are program-focused. 85% hold GS-13 or equivalent grades or above. The survey was conducted in March of 2026.



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