

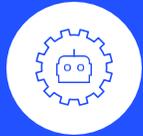
McKinsey
& Company

AI-Powered Government Efficiency

March 2025

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Agenda



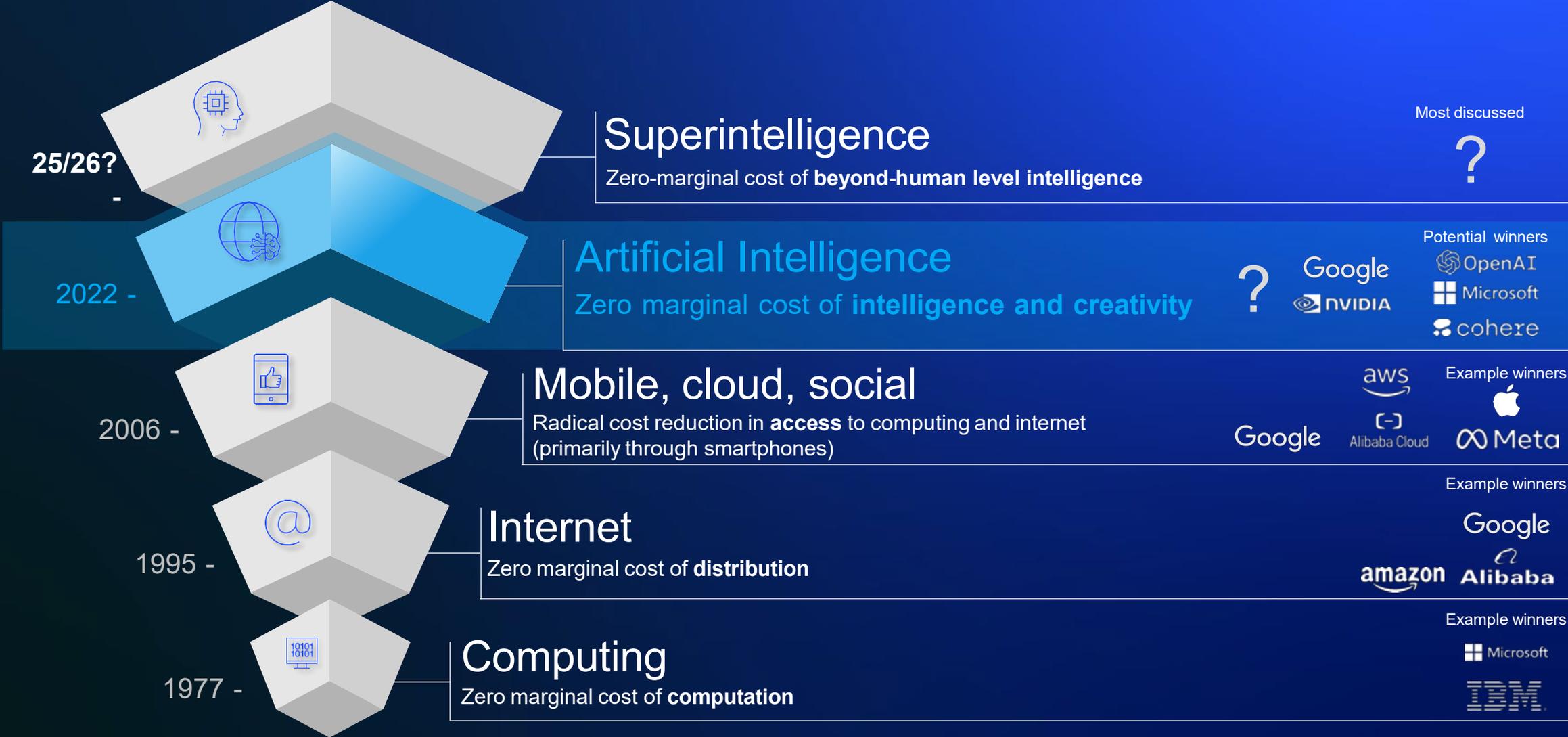
Quick facts on AI

[Practical short-term gains for AI-Powered government](#)

[Gains from similar efforts elsewhere](#)

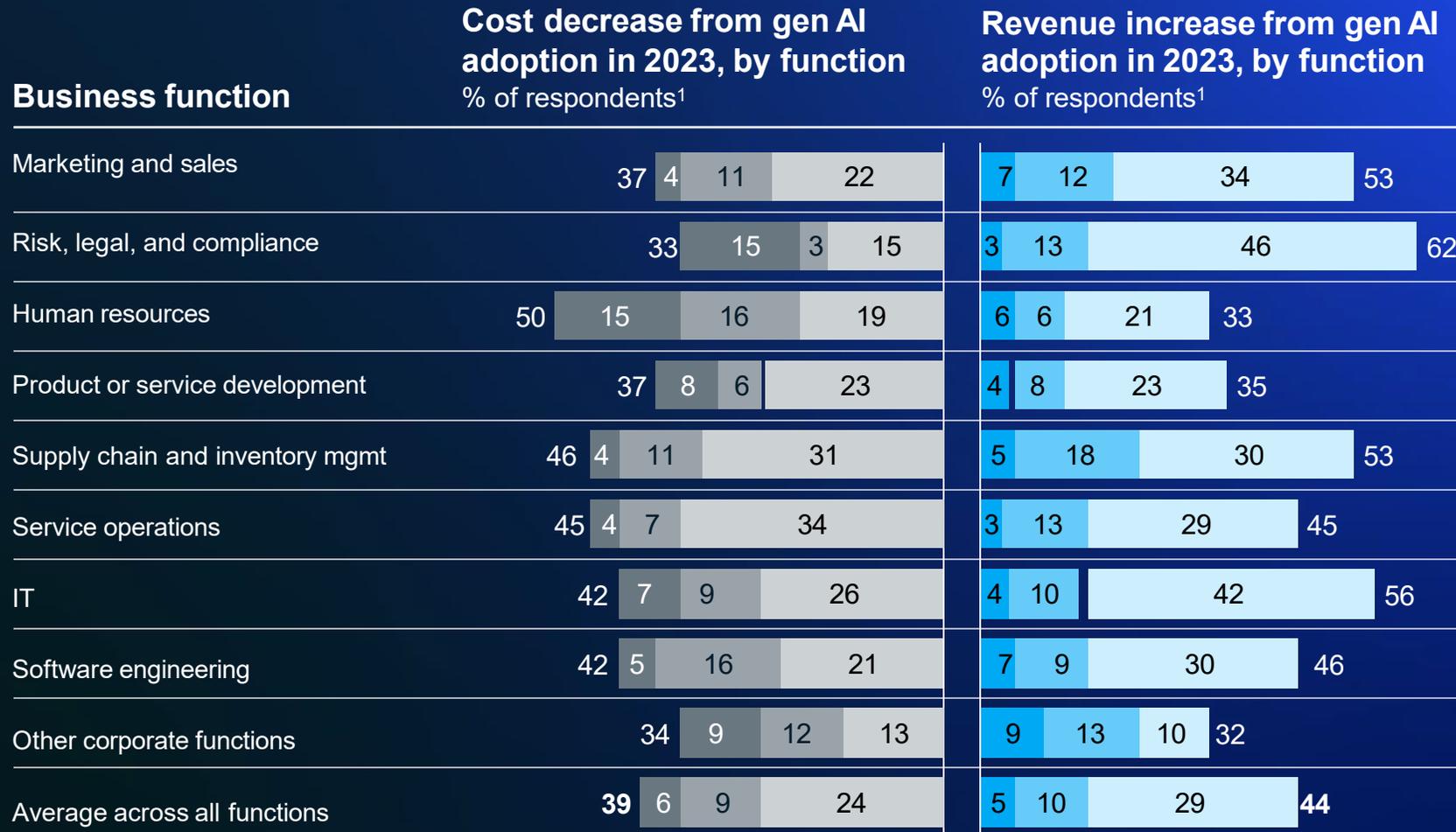
[What could the process of ReWiring look like?](#)

AI is the 4th platform revolution—after computing, internet and mobile—reducing marginal cost of intelligence



Private sector most often sees cost reductions from Gen AI adoption in HR and revenue increases in supply chain management

■ Increase by >10%
 ■ Increase by 6–10%
 ■ Increase by ≤5%
 ■ Decrease by ≥20%
 ■ Decrease by 10–19%
 ■ Decrease by <10%



65%

Share of respondents saying that their organizations are regularly using generative AI in at least one business function

44%

Average share of respondents reporting a revenue increase via generative AI adoption

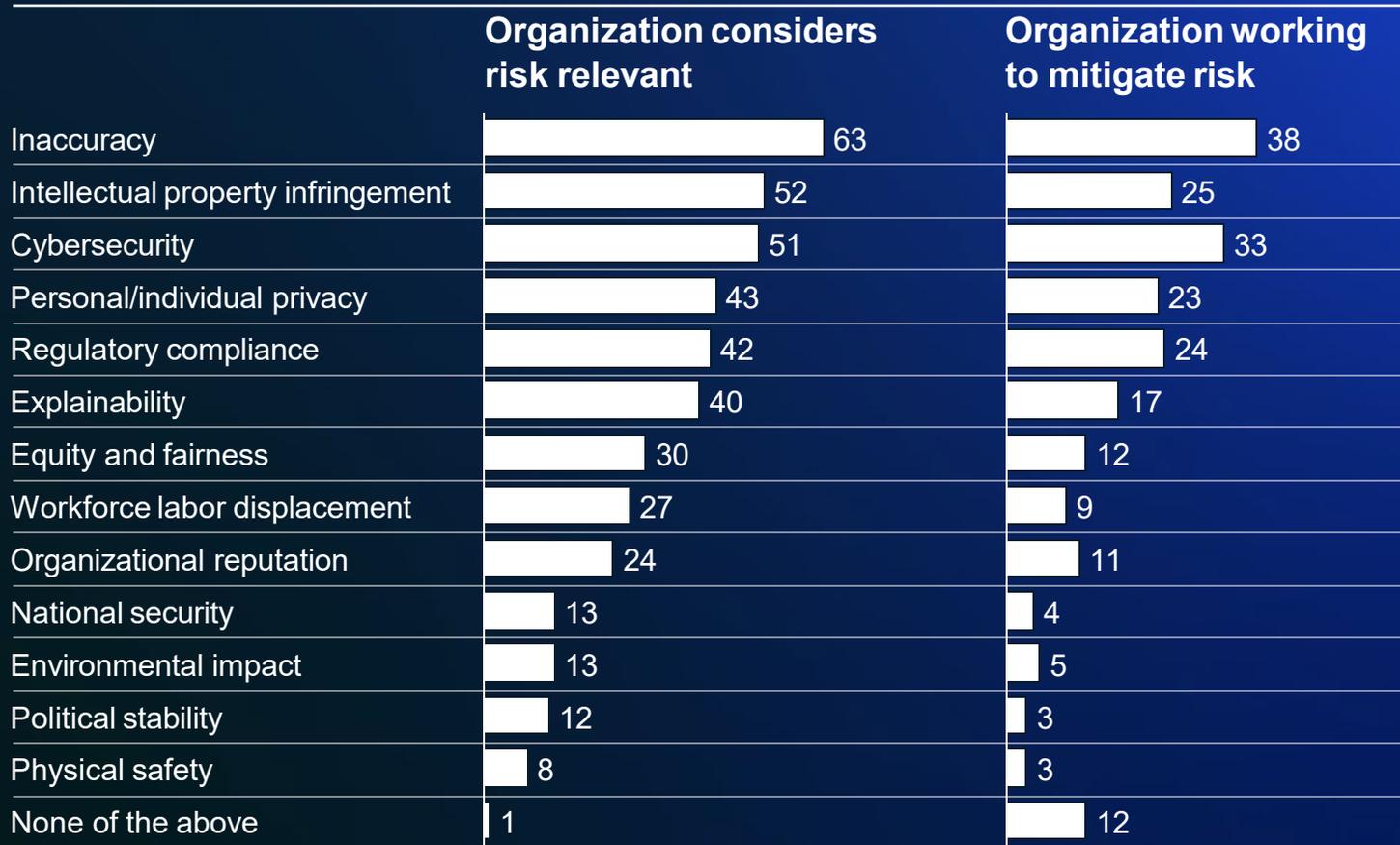
39%

Average share of respondents reporting a cost decrease via generative AI adoption

1. Question was asked only of respondents who said their organizations have adopted AI in a given function. Respondents who said “no change,” “cost increase,” “revenue decrease”, “not applicable,” or “don’t know” are not shown.

Alongside the benefits of Gen AI, businesses recognize the diverse risks associated

Gen AI related risks that organizations consider relevant and are working to mitigate, % of respondents¹



Adoption dimensions for gen AI

The adoption trajectory of advanced technologies varies for each technology and each use case within that technology. Advancements along the following dimensions could enable reaching the next level of adoption for gen AI:

- **A clearly defined ROI** for widespread horizontal and vertical use cases by sector—along with a **demonstrated ability to control risks and ensure safety** with the development and deployment of new AI solutions
- **Decreased computational costs**, alongside **improvement in overall AI efficiencies** (for example, improving latency)

1. Only asked of respondents whose organizations have adopted AI in at least one function. For both risks considered relevant and risks mitigated

The 4Cs of GenAI

● Action Stories detailed next



Conversation

Communicates using natural language, understands users' intent, answers questions, and takes actions

15-35%

capacity gain of service technicians through chatbot recommending next-best-action



Content synthesis

Synthesizes (un-) structured data sources, identifies as well as validates information, and assists in problem-solving

up to **80%**

time reduction in application processing through GenAI HR CV screening tool



Content generation

Generates new content in the form of text/images/models based on user specifications and contextual data

>20%

reduction of material weight through GenAI-enabled product design, leading to lower cost



Coding

Follows natural language instructions to interpret, translate, and generate code, as well as synthetic data

>40%

increase in productivity of developers through GenAI-assisted coding generation

GenAI use cases applicable along the whole Automotive value chain

Frequently encountered myths about Gen AI adoption in government

1 AI isn't suited for highly regulated environments.

Reality: While regulation is complex, AI can improve compliance by detecting anomalies, automating reporting, and ensuring policy adherence — often reducing regulatory risk rather than increasing it.

2 AI requires massive data sets that governments don't have

Reality: While large datasets can improve model accuracy, GenAI unlocks unstructured data. Effective data-sharing protocols and privacy-preserving techniques (like federated learning) can help unlock this data's value.

3 AI will replace government jobs

Reality: AI is more likely to augment roles by automating repetitive tasks, enabling public servants to focus on higher-value activities such as strategic planning and complex decision-making.

4 AI solutions are too complex to implement.

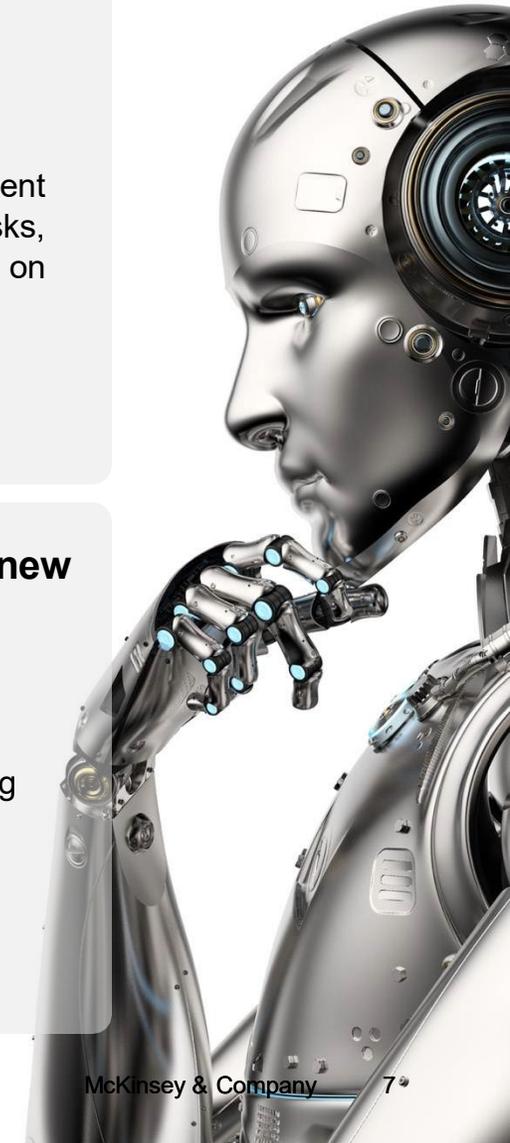
Reality: While some AI systems are complex, many solutions are now designed for no-code or low-code platforms, making adoption easier. Moreover, governments can start small with pilot programs before scaling.

5 AI poses unacceptable risks for public services.

Reality: While AI does introduce risks (e.g., bias, security), frameworks for responsible AI — including transparent algorithms (show me the work), human in the loop, and risk management — can mitigate these concerns.

6 AI requires extensive new infrastructure.

Reality: Cloud-based AI solutions reduce the need for costly infrastructure investments, allowing governments to access advanced capabilities through scalable platforms.



4 key ways that AI and advanced technologies can improve government performance

1 Help diagnose inefficiencies



By analyzing vast datasets of unstructured data, AI can help identify inefficiencies in government operations that would otherwise require significant labor investment to uncover. This can be a source of funding for an AI driven transformation.

2 Improving internal operations



Data-driven insights and predictive analytics can empower government leaders to make more informed and effective decisions. Freeing up employees to focus on moments of high impact

3 Accelerate modernization and speed of service



AI-driven solutions can transform legacy systems and streamline current processes by facilitating the handling of repetitive tasks and redesigning workflows to eliminate redundancies.

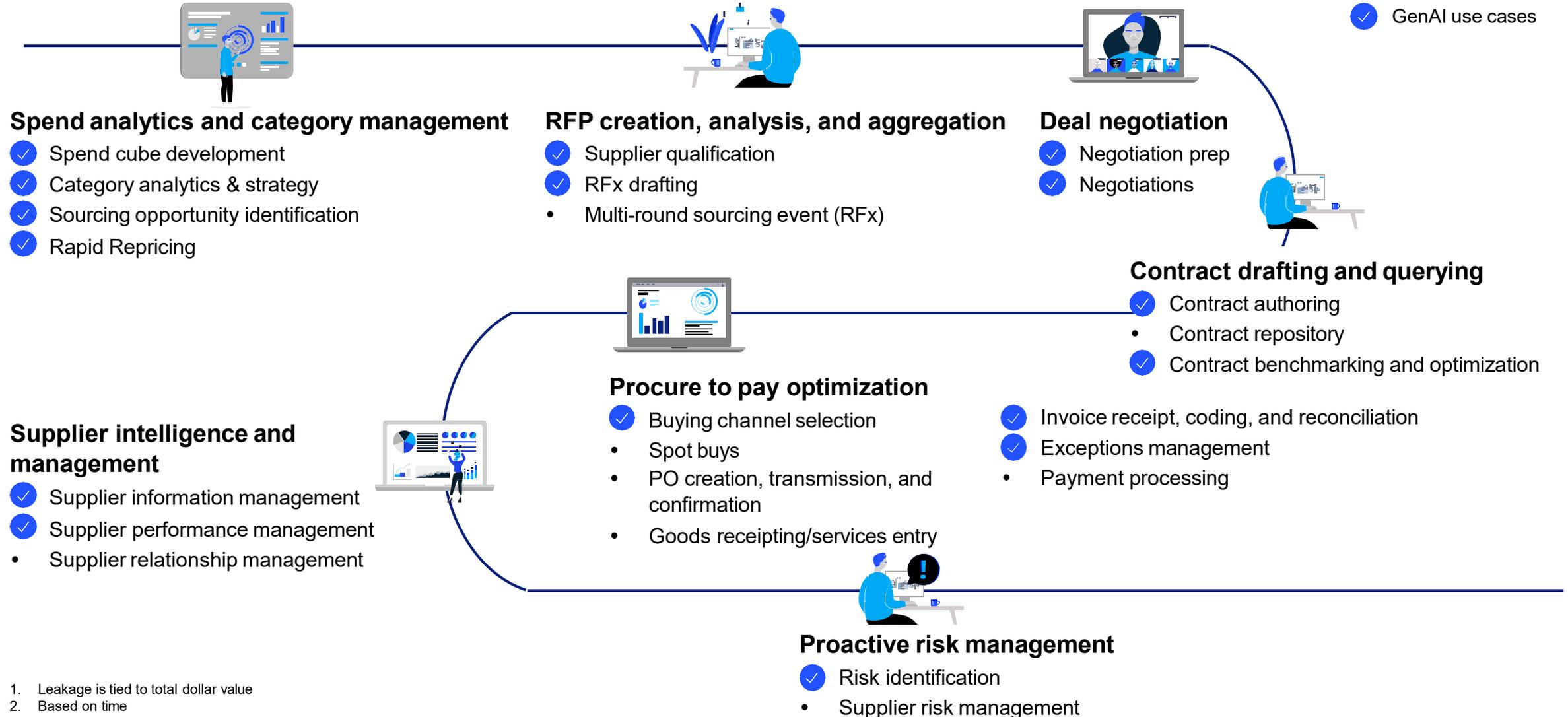
4 Reframe citizen engagement



Enabling self service via chat bots and call center automation. Allowing for higher degree of accessibility, consistency of messaging while expanding hours of meaningful citizen engagement.

1. AI-powered solutions can be used across the end-to-end procurement lifecycle to find efficiencies and harvest savings

Non-exhaustive



Summary of benchmark countries that have implemented GenAI use cases

Domain	Use case description	Examples
 Context analysis, synthesis, and summarization	Public servant co-pilot: Summarizes complex information and generates policy briefs and other documents; automates routine tasks, e.g., data entry, drafting emails and reports and proofreading	 Singapore  Japan
	Government knowledge base: Provides access to information to other Department of Defense agencies, to enhance accessibility and facilitate research and engineering	 USA
	Hiring: Automatically evaluates CVs and eases HR administrative tasks	 USA
 Interaction and communication	Government one-stop-shop: Helps citizens with easy access to information about government services, policies and programs (e.g., chatbot). It also helps citizens to fill out applications for subsidies and other public support	 UAE  Germany  India
	Streamline internal processes: reduces bureaucracy, automate tasks, and improves efficiency in government operations	 UK
	Emergency call assistance: Provides real-time information and support during emergency calls, helping citizens get / convey important information before connected to a real person	 Portugal
	Creative content generator: Provides a helpful first draft of abstracts, outlines, speeches, simple correspondence, internal awareness creation memos, frequently asked questions, whitepapers, and citizen guides	 Japan
 Content generation	Legal content generator: Drafts solicitation documents and contracts based on natural language input	 USA
	Coding: Boosts coding productivity using GenAI-based coding assistants (e.g., GitHub Co-pilot)	 UK
 Coding and software		

! Additionally, GenAI may support non-core and sector-specific government functions (e.g., utilities, justice, central banking and education)

Six key dimensions of ReWired to be considered in the process

Alignment
on value

1. Impact-led digital roadmap

...and reimagining business domains to deliver outstanding citizen experiences and lower unit cost

To align the senior leadership team on the transformation vision, value, and roadmap...

Business domain

...

...

...

Business domain

Delivery
capabilities

2. Data and AI

To continuously enrich data and make it easy to consume across the organization to improve customer experiences and business performance leveraging AI

3. Operating model

To increase the metabolic rate of the organization by bringing business, operations and technology together

4. Technology

To allow your organization to more easily use technology to innovate with pace

5. Talent

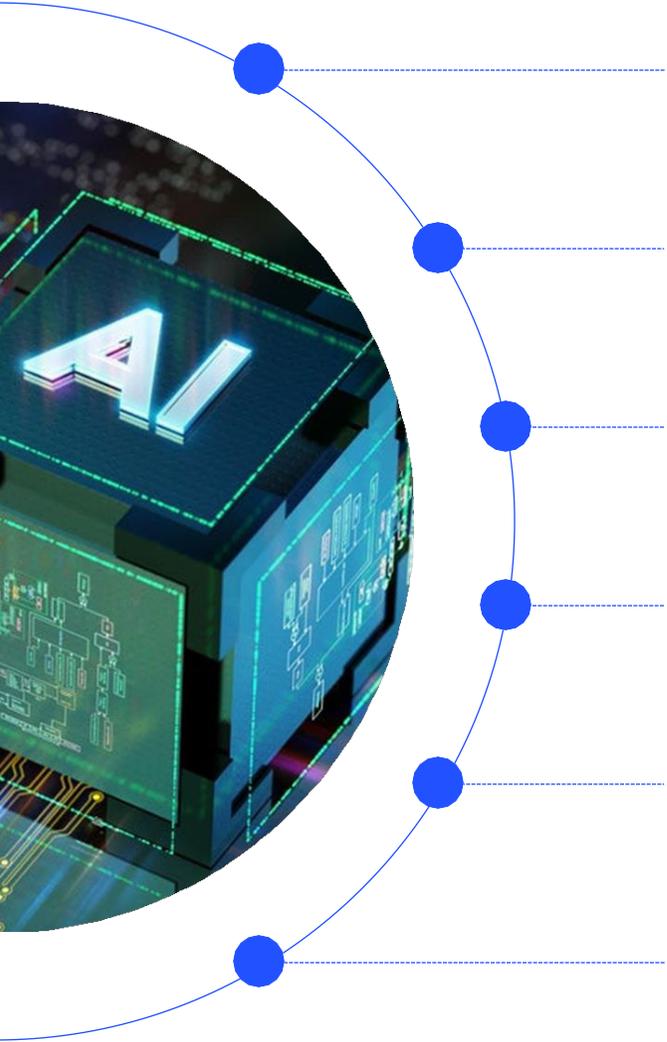
To ensure you have the right skills and capabilities to execute and innovate

Change
management

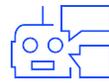
6. Adaption and scaling

To maximize value capture by ensuring the adoption and enterprise scaling of digital solutions and by tightly managing the transformation progress and risks

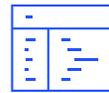
Typical starting points for AI adoption in government



Standardized Rule Interpretation – Ensure consistency and efficiency in applying regulations across agencies and agency staff.



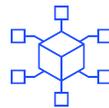
AI-Assisted Chat Bots and Call Centers – Minimize call volume by providing automated, accurate responses to common inquiries.



Revitalize Citizen Communications – Revamp your copy and creative asset production in citizen communication.



Training on New Ways of Working – Leveraging existing educational infrastructure to retrain employees on new ways of ethical AI use. Has to be combined with the rollout of Msft Copilot, OpenAI Enterprise or the like.



Facilitated RFP Creation/Processing – Leverage AI to streamline and expedite procurement issuance and reviews



Invoice Matching – Implement methods and systems that can analyze contracts and match to invoices, minimizing fraud and overbilling from vendors.