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GovTech – new technologies in the public sector

GovTech, understood as innovative solutions designed for use by public administration, is one of the most prospective and attractive economic areas for businesses. Its value in Europe is expected to triple by 2025. These figures come from a report by the Polish Economic Institute (PIE) on the potential of the GovTech market in Poland.

The traditional public procurement model does not always work well when purchasing new technologies. In many countries, technological public procurement has become monopolized by large corporations. As a result of declining competitiveness, not only do the prices of sought-after solutions rise, but it also becomes increasingly difficult to obtain technological products that meet the specific needs of public institutions.

The response to losses caused by inefficient public procurement is the growing development of GovTech initiatives observed in many developed countries. The global market for modern technological solutions dedicated to public administration is worth almost USD 400 billion. In Poland alone, more than 2,000 such projects were implemented in 2017, which remains only a fraction of the needs of a modern administration.

European spending on GovTech already amounts to nearly USD 25 billion, and by 2025 its estimated value is expected to triple, according to the Polish Economic Institute's report on new technologies serving public administration and citizens.

Many countries are adopting solutions that improve ICT public procurement processes, leading to greater procedural efficiency. A key change is the shift away from waterfall-based procurement models toward agile, competition-based approaches. The success rate of ICT projects implemented using agile methodologies is three times higher than that of projects using traditional procedures (42% compared to 14%, respectively).

Thanks to an approach that does not require creating new regulations but instead adapts existing ones to the realities of a rapidly developing world, Poland has an opportunity to gain a strong position on the global GovTech map. A solution that has increased the participation of SMEs, start-ups, and technological innovators in public procurement more than twentyfold has already attracted the interest of 20 countries, with which the GovTech Poland team has established partnerships.

The Polish Economic Institute is a public economic think tank with a history dating back to 1928. Its main research areas include foreign trade, macroeconomics, energy, and the digital economy, as well as strategic analyses of key areas of social and public life in Poland. The Institute prepares analyses and expert studies supporting the implementation of the Strategy for Responsible Development and promotes Polish research in economic and social sciences domestically and internationally.

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