Public Sector & Government

Regulatory barriers halt progress for the Public Sector

Public sector & Government organisations are falling behind other industries when it comes to utilising Open Innovation, according to Sopra Steria Next's Open Innovation Report 2025. Only 51% of asked organisations have collaborated with startups, which is the second lowest frequency in any industry. However, those who have collaborated are the most experienced out of any industry, as 43% of these organisations have collaborated for more than five years. 82% of the collaborating organisations deem it important to strategy, which is the third highest industry, and 60% of them say they reach their objectives, which is below average.

Few public agents have dedicated departments, only 56%, and the most crucial barrier is legal and regulatory constraints, experienced by 60% - the highest of any industry. Strict interpretations of procurement regulations halt collaborations with startups, which they need to overcome in order to reach their strategic ambitions

51%
of Public Sector & Government organisations have collaborated with startups – the second lowest level across industries

82%
judge Open Innovation to be important to strategy – the third highest level

60%
of Public Sector & Government organisations reach their objectives always or most of the time – below average

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01. Second lowest level of organisations
to have collaborated with startups

Q: Has your organisation ever collaborated with a startup?
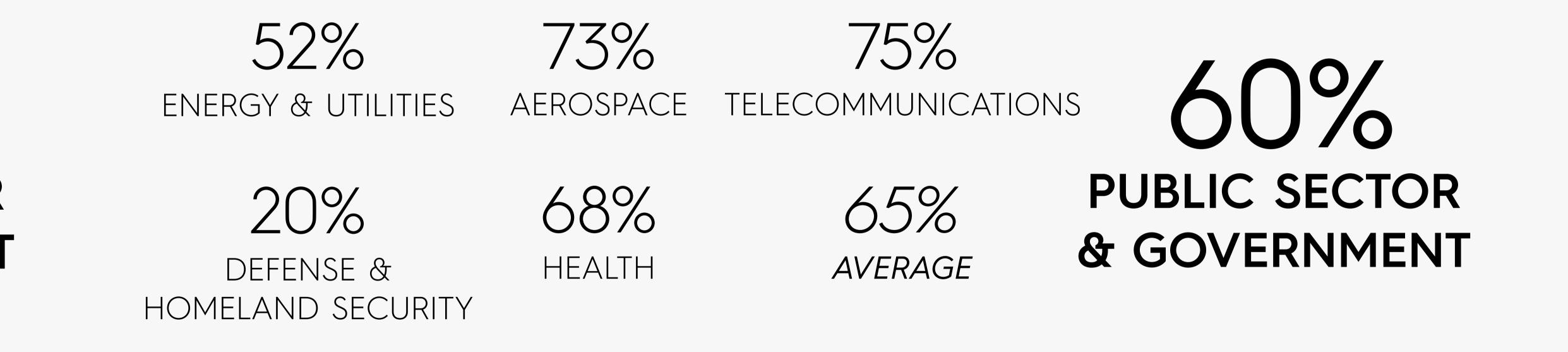Companies selecting Yes, both Domestic and Foreign Startups, Yes, Domestic Startups and Yes, Foreign Startups

| 42% Defence & Homeland Security | **51% Public Sector & Government** | 68% Health | 74% Energy & Utilities | 89% Telecommunications | 92% Aerospace | 72% *Average* |

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02. Moderate level of organisations
who judge Open Innovation strategically important

| 86% RETAIL | 58% LEGAL SERVICES | 88% TELECOMMUNICATIONS |
| 60% DEFENCE & HOMELAND SECURITY | 77% HEALTH | 80% *AVERAGE* |

82%
PUBLIC SECTOR & GOVERNMENT

Q: How important is startup collaboration for your organisation's strategy?
Companies answering Very Important (Mission Critical) and Slightly Important, but not Mission Critical

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03. Average level
of successful collaborations

| 52% ENERGY & UTILITIES | 73% AEROSPACE | 75% TELECOMMUNICATIONS |
| 20% DEFENSE & HOMELAND SECURITY | 68% HEALTH | 65% *AVERAGE* |

60%
PUBLIC SECTOR & GOVERNMENT

Q: Overall, how often in your collaborations with startups did you achieve your objectives?
Companies answering Always and Most of the Time
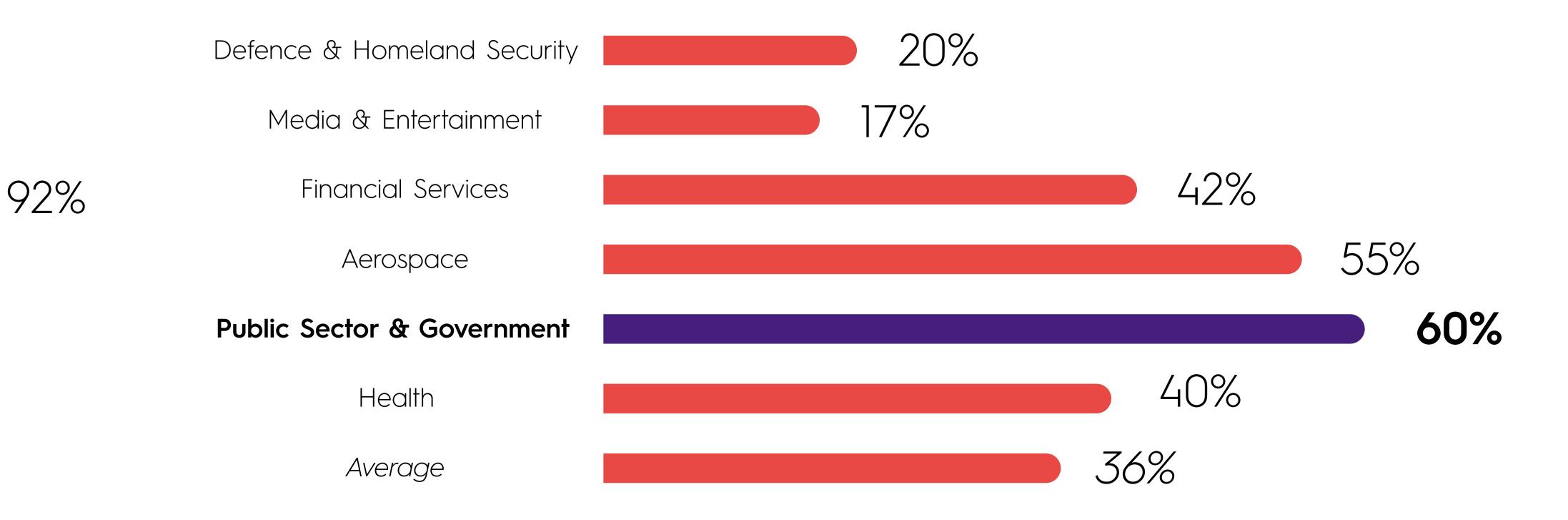
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04. Industry with the second least amount
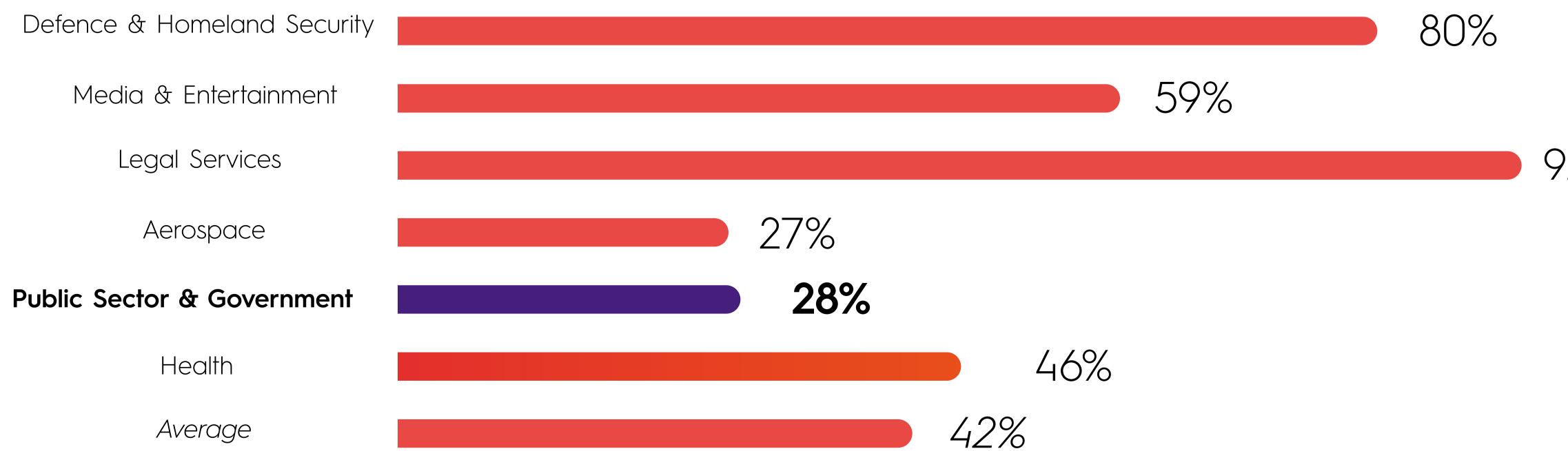### of new organisations to Open Innovation

Q: For how many years has your organisation collaborated with startups?
Corporates answering Less than one year and 1 – 2 years

Industry	%
Defence & Homeland Security	80%
Media & Entertainment	59%
Legal Services	92%
Aerospace	27%
Public Sector & Government	**28%**
Health	46%
Average	42%

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05. The industry that finds regulatory constraints
to be the biggest barrier for collaborating with startups

Q: Of the following, which are the biggest barriers (obstacles) for your organisation when collaborating with startups?
Corporates answering Legal and regulatory constraints (e.g., privacy, security, compliance)

Industry	%
Defence & Homeland Security	20%
Media & Entertainment	17%
Financial Services	42%
Aerospace	55%
Public Sector & Government	**60%**
Health	40%
Average	36%