

# Magic Quadrant for Cloud-Based ERP for U.S. Local Government

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Enterprise resource planning applications automate local government administrative and financial processes. This research helps local government leaders assess and select cloud ERP vendors as part of an enterprise cloud strategy that emphasizes core process automation and innovation.

## Market Definition/Description

*This document was revised on 20 May 2025. The document you are viewing is the corrected version. For more information, see the [Corrections](#) page on gartner.com.*

Gartner defines cloud ERP services for local government as services provided by the vendor or third-party systems integrators (SI) to assess needs, implement solutions and evolve platforms that are transforming their back-office systems via the implementation of cloud-based ERP solutions. These integrated products include financial management system (FMS) functionality, order to cash (O2C), procure to pay (P2P), grant fund accounting, utility billing, human capital management (HCM), supply chain management (SCM) and other administrative ERP functionality.

Broadly speaking, local government ERP solutions enable a variety of enterprisewide business processes, primarily those associated with core systems that enable the government enterprise to conduct business and deliver services.

For local government ERP solutions, process enablement covers a wide range of enterprise processes that include:

- FMS functionality, including general ledger (GL), accounts payable (AP), accounts receivable (AR) and financial planning.
- P2P functionality, which must cover at least contract life cycle management, e-procurement, AP invoice automation, vendor management, collaboration and payments.
- HCM functionality, which must cover at least administrative HR capabilities, such as core HR data management, employee life cycle transactions and position management.
- Other administrative ERP functionality to support typical local government service-centric activities, such as budgeting, utility billing, grant fund accounting, project management (for project-centric capabilities) and developing a government's Comprehensive Annual Financial Report (CAFR).

## **Mandatory Features**

Mandatory features for this market include:

- Financial management system capabilities (AP, AR, GL) that provide visibility into an enterprise's financial position through automation and process support for any activity that has a financial impact.
- Procure-to-pay capabilities, including the ability to pay for and manage supply of goods, services and people in support of delivery of public services. Included are e-sourcing, contract management, e-purchasing, accounts payable, supplier engagement and collaboration, payments and procurement of services.
- Human capital management functions that relate to administrative HR and talent management business requirements, benefits administration including core HR data management, employee life cycle transactions, and position management.

## **Common Features**

Common features for this market include:

- Modular/composable architectures displaying the ease with which the ERP can be deployed and integrated alongside other applications (cloud and on-premises) or platforms outside the primary ERP application suite to fulfill a composable ERP strategy. This includes the development for extension of the data model and/or functionality, and the ability to consume, provide and exchange data/metadata.

- Support/SI/methodology capabilities that address quality, cost, global availability and certification of professional services that have proven to be vital to driving implementation of ERP solutions for clients. Included are established partner networks, vendor certification programs and the capacity to support implementations that are properly aligned with the ERP vendor's sales strategies and projections.
- Sustainability functions that include ranking, reporting on and managing environmental, social and corporate governance initiatives natively within the suite.
- Ancillary capabilities, such as project management and professional services automation (for project-centric capabilities), subscription and recurring billing, utility billing and management services, fund accounting, service procurement and real estate lease management; these may be offered optionally based on supported industries.

## Magic Quadrant

**Figure 1: Magic Quadrant for Cloud-Based ERP for U.S. Local Government**





**Gartner.**

## Vendor Strengths and Cautions

### CentralSquare (Finance Enterprise)

CentralSquare (Finance Enterprise) is a Niche Player in this Magic Quadrant. Its ERP is aimed at county and municipal local governments, approximately 60% of which have an annual general fund budget of less than \$250 million. It is part of a larger portfolio targeted at public administration, public safety and justice. The company focuses on clients in North America. Recent enhancements include prioritized integration between accounts payable and other subsystems (such as grants and contracts), deeper integration with third-party

HCM suites (such as UKG Pro and BambooHR) and procurement portals and budgeting software.

### *Strengths*

- **Experience in U.S. local government:** CentralSquare offers a broad range of public administration solutions aimed at all sizes of U.S. local governments. The firm traditionally targets small, midsize and some large local governments in the U.S. CentralSquare brings industry-critical functionality to local government, including grant fund accounting and utility billing.
- **Partner network:** CentralSquare has adopted strong partnership models with industry-leading service providers for cloud hosting, budgeting, human resources and other critical business functions. It allows customers to select solutions that address and adjust to their changing business conditions without vendor lock-in.
- **Local government-relevant integrations:** CentralSquare offers integrations across the enterprise through its Fusion Web Services. Its Finance Enterprise JSON-based web service APIs enable integration and automations for critical business functions, including HR employee management, time and attendance, and financial functions.

### *Cautions*

- **Public safety focus:** CentralSquare is strongly committed to its public safety and justice (PS&J) offerings with a lighter focus on public administration solutions. With a relatively small number of U.S. local government ERP clients compared with others in the market, CentralSquare still maintains a continued investment in public administration, with two major product releases annually and continuous-cycle minor product updates. Customers that have both CentralSquare PS&J and public administration solutions may benefit from the enhanced vendor relationship.
- **Advanced capabilities:** AI innovations with CentralSquare are currently limited to public safety (recent acquisition of Blueline AI) and enterprise asset management ([EAM] partnership with IDS and its Asset Optimizer).
- **Small government implementation:** While CentralSquare's network of third-party solution providers is a strength for customers resourced to support composable architecture, smaller municipal governments may struggle to support and manage this style of ERP implementation.

## CGI (Advantage)

CGI is a Challenger in this Magic Quadrant. Its CGI Advantage product targets a small number of larger U.S. local governments and serves U.S. public-sector clients. It supports multistate payroll tax processing, mobile inventory management with QR/bar code scanning, eBond verification and advanced treasury functions. Recent enhancements include an improved user experience, automation and data-driven decision making for governments. Other improvements include AI-driven, persona-based configurations that personalize user experience, enable more efficient data entry and reduce errors, and automation of business processes.

### *Strengths*

- **Strong core financials focus:** CGI's focus on foundational capabilities for a range of core financial processes includes grant compliance and federal grant reporting. It offers strong performance-based budgeting capabilities with real-time cost control and spend management capabilities. Grant accounting as part of broader fund accounting is widely adopted by local government customers.
- **Integration and partnerships:** CGI has a broad range of integrations and service partners with strength in third-party enterprise applications and federal government services. CGI has strong domain expertise with state and local government and federal compliance rules and integrations.
- **System implementations/integrations:** CGI consulting implements a wide range of alternatives across many tiers of government clients, including large local governments. Governments seeking to outsource their technology stack will find CGI's managed services are becoming more popular among local governments.

### *Cautions*

- **Limited local government:** CGI has a relatively small number of local government ERP customers compared with its peers. Its focus is primarily on larger organizations in that market. As a result, smaller local governments should ensure the company is attuned to the challenges and priorities they face as well as the relative costs of ownership.
- **Product roadmap:** CGI's position as a major vendor in the global business consulting market increases the risk that its product division will not be a priority moving forward. In Peer Insights, local government customers express this feedback to Gartner when considering CGI Advantage.

- **Utility billing:** CGI has a native utility billing capability, yet few of its local government customers use it. Local governments will not find large cohorts of peers to share knowledge.

## **Infor (CloudSuite Public Sector)**

Infor is a Leader in this Magic Quadrant. Its CloudSuite, derived from the Infor Lawson product, offers local government solutions in a multitenant cloud-hosted platform available with FedRAMP authorization. It includes core financials, project and grant accounting, procurement and supply management, employee scheduling, and payroll and utilities billing. CloudSuite Public Sector focuses on midsize to large government and education markets with HR, finance and other government CloudSuite offerings. Features include a common data model, enterprise analytics with AI, process automation and machine learning, low/no-code application development, APIs, business intelligence and reporting, with an established data model accessible without one-off integrations on the Infor OS platform.

### *Strengths*

- **CloudSuite Public Sector:** Infor has demonstrated its commitment to public-sector clients by offering a suite of government-ready, integrated enterprise applications on a secure and compliant cloud platform hosted in AWS.
- **Integrated data model:** Infor OS leverages a data structure with global database dimensions, enabling reporting and business intelligence across the complete suite of government application services. With the platform-based AI/ML and structured data, enterprise-level intelligence and automations can enable next-level government services.
- **Procurement and projects:** Infor offers robust project and grant accounting features with integrated and automated procure-to-pay functionality.

### *Cautions*

- **Focus on large local government:** Infor primarily provides solutions to large local governments, given the price and scope of the offering. Infor's comprehensive set of platform-hosted municipal government services may challenge smaller municipal governments that find resourcing a CloudSuite Public Sector implementation to be cost-prohibitive.
- **Vendor lock-in:** Infor's comprehensive modular suite of integrated public-sector solutions poses a risk of vendor lock-in and dependence that may be difficult to escape, a concern

expressed by Gartner local government customers, in spite of its comprehensive integration capabilities.

- **Resourcing:** Smaller local governments may find the breadth and complexity of Infor CloudSuite difficult to manage with limited internal technical staff.

## Microsoft (Dynamics 365)

Microsoft (Dynamics 365) is a Leader in this Magic Quadrant. It is distributed globally, with a strong presence in North America and EMEA. It provides local governments with compliant financials, CRM and citizen engagement. It serves midsize local governments looking for core financials with tight integrations to Microsoft Power Platform, Microsoft productivity tools and Microsoft Copilot. It offers AI-driven insights powered by structured ERP data and common data models. Recent enhancements include agentic AI through Microsoft Copilot Studio to automate and assist core workflows and business processes. In addition to the Microsoft productivity suite and Power Platform LCAP, extensive partner apps for governments extend its capabilities.

*Microsoft declined requests for supplemental information or to review the draft contents of this document. Gartner's analysis is therefore based on other credible sources.*

### Strengths

- **Platform strategy:** Governments that rely on productivity and collaboration suite tools (Teams, Office) will benefit from the single-cloud platform, including low/no-code (Power Platform), identity and access (Entra ID) and Content (SharePoint) with Dataverse support.
- **Data sovereignty:** Microsoft maintains separate, U.S.-based infrastructure to ensure the physical segregation of data in the Government GCC and GCC High DoD clouds for Azure services with NIST 800-145 compliance. Its data in these clouds remains in the U.S.-based data centers with state and federal background checks on all personnel.
- **Compliance:** Dynamics 365 U.S. Government is compliant with Criminal Justice Information Services, FedRAMP and GovRAMP High certifications.

### Cautions

- **Feature parity:** Customers of Dynamics 365's GCC, GCC High and DoD offerings experience feature disparity with Dynamics 365 Finance. Some of the customer experience features are on the roadmap for government clouds.



- **Centralized administration complexities:** In matrixed government organizations where IT procurement, support and administration are centralized, complexities often arise in administration of Azure services, including Dynamics 365. Such governments should invest heavily in designing functional role-based access control and rights management models, which Microsoft supports out of the box.
- **Local government features:** Microsoft Dynamics 365 US Government offerings have few features or options enabled to support local governments directly, such as utility billing or strong HR features. This means customers need to procure third-party solutions from Microsoft AppSource or LCAP development using Power Platform.

## OpenGov (ERP Cloud)

OpenGov (ERP Cloud) is a Niche Player in this Magic Quadrant. It targets small and midsize local governments, and is an AWS Government Competency Partner and in the AWS Public Sector Partner Program. Built in the AWS cloud, it offers stand-alone modules for financial management (utility billing and cash management), procurement and contract management, and budgeting, with additional modules for asset management, permitting and licensing, and tax and revenue collection. Recent enhancements include AI to automate procurement (such as scope of work drafting) and improved search for budgeting. Its acquisition of Ignatius will enhance its low-code capabilities for automating public-sector forms and workflows and creation of custom-built applications.

*OpenGov declined requests for supplemental information or to review the draft contents of this document. Gartner's analysis is therefore based on other credible sources.*

### Strengths

- **Local government focus:** OpenGov exclusively focuses on the small and midsize U.S. local government market. It understands the market challenges and priorities, and the solution does not need to be heavily configured to meet the sector's needs.
- **Integrations and partner network:** OpenGov's strong network of partners offers integrations, including Stripe for payments, UKG for HCM, Esri for GIS and other critical business functions. It allows customers to select complementary solutions that address and adjust to changing business conditions without vendor lock-in.

- **Implementation:** OpenGov offers both in-house professional services, and partner-led implementation and support.

### *Cautions*

- **Distribution of focus:** OpenGov's flexible licensing model means many customers do not utilize a broad range of modules. Those for procurement and contract management as well as for permitting and licensing have greater traction than financial management. This means many local government users receive less comprehensive support for areas such as financial management.
- **Lack of native HCM functionality:** Though payroll is part of the financial management module, OpenGov does not have a broader native HCM module in its ERP Cloud offering. It partners with specialist vendors, such as UKG and NEOGOV, to plug this gap.
- **Recent management changes:** OpenGov's acquisition by Cox Enterprises and co-founder Joe Lonsdale's departure in early 2024 leave additional uncertainty around OpenGov's future direction and focus.

### **Oracle (Fusion Cloud ERP)**

Oracle offers two ERP products for local government, Oracle Fusion for midsize and large local governments, and Netsuite for smaller and midsize local governments. Oracle (Fusion Cloud ERP) is a Leader in this Magic Quadrant. It targets midsize and large enterprises, including government, across the Americas, EMEA and APAC. Oracle Fusion Cloud ERP provides a suite of SaaS applications including financials, HCM, payroll, benefits and procurement, permitting and licensing with analytics including AI and Generative AI capabilities. Recent enhancements include role-based Activity Centers that provide a centralized action-focused hub for employees and managers, advanced internal control monitoring with risk management, and Oracle Cloud Success Navigator, which helps customers accelerate cloud transformation. New AI agents and generative AI capabilities assist and automate government business processes.

*Oracle declined requests for supplemental information or to review the draft contents of this document. Gartner's analysis is therefore based on other credible sources.*

### *Strengths*

- **Data model:** Oracle Fusion Cloud ERP uses a structured enterprise data model to serve governments struggling to achieve data/analytics and AI ambitions due to distributed and

divergent data sources. Oracle Fusion Cloud Enterprise Data Management provides a flexible and configurable administrative console to align data dimensions across applications, allowing local governments to manage master data, track and approve chart-of-account changes.

- **Technology Platform:** Oracle continues to provide strong application and data integration, extension development and AI-enabled capabilities through the Oracle Cloud Infrastructure (OCI)-based platform strategy.
- **Embedded AI Capabilities:** Oracle is embedding AI and GenAI in a wide range of use cases, from financial and HR capabilities to prompt-based user experience (UX). At this point, Oracle notes that those ERP-embedded features have no additional licensing costs for Fusion users, which may appeal to customers interested in launching ERP automation strategies.

### *Cautions*

- **Local government alignment:** Oracle Cloud ERP is not a feasible ERP solution for all local governments due to its higher budgetary and resourcing requirements compared with other ERP solutions in the Magic Quadrant. The firm's main focus is midsize to large local government organizations.
- **Pricing:** Gartner customers continue to report that the price initially proposed can be high, compared with other providers that may be under consideration. This is particularly true for midsize organizations.
- **Implementation:** Gartner customers report that not all of Oracle's professional services partners have domain expertise in industry verticals like local government. This is a cause for concern as professional services partners are usually engaged for implementations.

### **Oracle (NetSuite)**

Oracle offers two ERP products for local government, Oracle Fusion for midsize and large local governments, and Netsuite for smaller and midsize local governments. Oracle (NetSuite) is a Visionary in this Magic Quadrant. The ERP boasts rapid implementation cycles, accelerated ROI and a simple user experience with built-in standard reporting. Hosted on Oracle Cloud Infrastructure (OCI), it offers scalable platform capabilities, security and compliance, similar to Oracle Fusion Cloud ERP. It serves small and midsize government agencies, with features for local governments, including utility billing, grant accounting and

compliance with Government Accounting Standards Board reporting. Its enhancements include AI and analytics capabilities using prebuilt data insights and AI scripting tools to assist in AI prompt-response modeling. Its Oracle Playbook for AI Excellence helps customers rapidly derive value from a growing set of NetSuite AI capabilities.

*Oracle declined requests for supplemental information or to review the draft contents of this document. Gartner's analysis is therefore based on other credible sources.*

### *Strengths*

- **Rapid deployment:** With an average project cycle under 12 months, Oracle NetSuite for Government Cloud Service offers rapid deployment, data conversion and preconfiguration options, reducing overall project migration costs.
- **User personas:** NetSuite's customizable role-based dashboards come preconfigured to support a variety of user personas. Workflows and reports by role are customizable, enabling faster time to productivity for local governments not requiring unique configurations.
- **Implementation:** Oracle NetSuite offers professional services, implementation and support with domain knowledge in local government.

### *Cautions*

- **Market focus:** Oracle's NetSuite for Government remains a minor player in the overall revenue despite being positioned to target local governments as an adjunct offering and supporting many core business functions. It continues to focus on small and midsize businesses as core customers rather than heavily regulated governments.
- **Support:** Oracle NetSuite offers premium support, but at a high cost. Gartner clients have raised concerns about the high expense for this support considering the number of quality support resources and extensive online training videos that non-customers can find.
- **Licensing costs:** Oracle NetSuite local government customers enjoy a variety of vendor licensing models, including enterprise licensing, user-based and persona-based options. Its licensing model enforces usage limits and varies widely across organization size and scale.

SAP is a Leader in this Magic Quadrant. Its S/4HANA Cloud Public Edition serves highly regulated government agencies, those public-sector organizations with strict data security requirements or those attempting to reduce technical debt. Its solutions include ERP, HCM, payments, expense management and citizen services with AI, analytics and low-code application development. Recent enhancements include Microsoft Teams integration in its public cloud offering. Joule, its GenAI assistant, offers insight into enterprise operations and assists customers with access to SAP knowledge resources.

### *Strengths*

- **Broad customer appeal:** SAP enjoys a global customer base across a wide range of industry segments, including all levels of government, with 7,200 North American public-sector customers. Local government customers will have access to a national network of peer user groups and best practices.
- **Enterprise processes and data:** SAP integrates government budget management, regulatory compliance, procurement and finance to a command data model that provides enterprise-level data and analytics, reporting and AI. It includes targeted government AI for budgeting, fund management and citizen engagement.
- **Partner ecosystem:** SAP has customers in many government verticals with dedicated public-sector development, implementation, support teams and partners. In addition, a variety of public-sector-specific solution extensions and add-ons can be found on the SAP Store marketplace.

### *Cautions*

- **Sales execution/pricing:** With two different deployment models, public or private cloud, and a relatively complex pricing strategy, local governments may find it hard to navigate and identify the best-fit solution and pricing model that meets their needs.
- **Local government scale:** In the government ERP market, SAP S/4HANA private cloud focuses on larger local governments and is not well-aligned to small local governments without support from managed service providers. SAP's public cloud offering is a recent addition to the market, aimed at local governments. It currently lacks a substantial number of publicly available references from small government entities in the U.S.
- **Cloud deployment models:** Some government agencies are statutorily or legally required to maintain core financials in private clouds. While SAP S/4HANA Cloud Private Edition can be implemented in private clouds with great flexibility, including sovereign cloud

deployments in select countries such as the U.S., the complexity and cost make this product a poor fit for many local governments. SAP S/4HANA Cloud Public Edition uses a multitenant, public cloud architecture with full customer segregation providing isolation levels comparable to private cloud environments.

### **Springbrook (Cirrus ERP)**

Springbrook is a Niche Player in this Magic Quadrant. Its Cirrus ERP targets small and midsize local governments. The multitenant SaaS solution, hosted in the Microsoft Azure cloud, is based on its Springbrook Enterprise V7 solution, available both on-premises and in the cloud. Its stand-alone modules cover finance, utility billing, payroll, budgeting, and tax and revenue collection, with partner-led payment capabilities (via Xpress Bill Pay), and reporting and analytics (via Salesforce Tableau). It recently enhanced its accounts receivable module for relative feature parity with Enterprise V7 for its finance module, and utility billing for tiered billing. It has HCM capabilities integrated with the acquisition of Pulse Software, a specialist provider of HCM.

*Springbrook declined requests for supplemental information or to review the draft contents of this document. Gartner's analysis is therefore based on other credible sources.*

#### *Strengths*

- **Pricing:** A simple pricing model covers all users for a flat cost and is suited for small local governments with limited resources.
- **Backward compatibility:** All existing Springbrook Enterprise cloud customers can upgrade to Cirrus ERP without purchasing additional licenses, offering a low barrier to adoption for existing customers. Cirrus is highly compatible with cloud versions of Enterprise V7 due to its similar underlying database.
- **Future focus:** Cirrus ERP is earmarked as the flagship ERP for Springbrook, superseding Enterprise V7 in the long term. As a result, existing and prospective customers can expect research and development work to focus largely on Cirrus.

#### *Cautions*

- **Feature comparison with Enterprise V7:** While Cirrus ERP is based on Springbrook's existing flagship ERP solution, some features are not available in Cirrus. This includes

application-wide data grid drill-downs, enhanced general ledger displays, and state-specific reporting.

- **Small local government focus:** Cirrus ERP targets governments in areas with a population up to 100,000. Midsize and large organizations are not in scope as potential customers, meaning Cirrus ERP is not suited to a significant share of the market.
- **Closed architecture:** Despite a public API, Springbrook lacks a network of partners offering out-of-the-box integrations to its products. It also has no low-code capabilities for extending functionalities or customizing the user experience.

## **Tyler Technologies (Enterprise ERP)**

Tyler Technologies offers two ERP products for local government, Enterprise ERP for midsize and large local governments, and ERP Pro for smaller and midsize local governments. Tyler Technologies (Enterprise ERP) is a Leader in this Magic Quadrant. It is part of a comprehensive set of local government enterprise solutions offered as a modular and configurable SaaS-hosted ERP for midsize local governments. Its large installed base of Enterprise ERP customers across the U.S. has positioned it as a popular choice for many local governments. Enterprise ERP (formerly Munis ERP) provides capabilities required by local governments, with native integrations to its suite of enterprise solutions for local government. Building on its ERP product strategy, Tyler Technologies has enhanced and extended core capabilities with AI-enabled priority-based budgeting, enterprise electronic payments and AP automation.

### *Strengths*

- **U.S. local government focus:** Tyler Technologies large customer base of U.S. local governments and local government verticals, including public safety and community development, have given it a pervasive presence and a large user community. This creates an appealing opportunity for a broad cross-section of the local government customer base to engage with the firm.
- **Tight integration:** Tyler Technologies maintains a suite of local government applications and services, payment systems and cashiering that are pervasive across the government functional landscape, reducing clients' need to build custom integrations.
- **Reporting:** Enterprise ERP provides role-based reporting and analytics features natively that enable local governments to quickly demonstrate compliance, accountability and transparency.



## *Cautions*

- **Support:** Customers reported issues with Tyler Technologies support services, expressing varying levels of satisfaction across the product lines. Enterprise ERP customers have complained of long resolution cycles, inconsistent support and issues with an inadequately staffed support team.
- **Implementation:** Tyler Technologies maintains its own implementation resources and teams, with few options to use certified third-party systems integrators or implementation partners. This can lead to problematic governance and accountability risks during implementations.
- **Integrations:** Tyler Technologies customers face challenges with the integration and extension of Tyler Technologies solutions due to the need for a more open integration framework.

## **Tyler Technologies (ERP Pro)**

Tyler Technologies offers two ERP products for local government, Enterprise ERP for midsize and large local governments, and ERP Pro for smaller and midsize local governments. Tyler Technologies (ERP Pro) is a Visionary in this Magic Quadrant. It's part of a comprehensive set of local government enterprise solutions offered as a modular and configurable SaaS-hosted ERP for smaller and midsize local governments. Its suite of technology is designed to scale with governments. It provides core capabilities required by local governments, including financials, tax, utilities and asset management. Customized citizen engagement through My Civic gives customers access to services through a single mobile app. Building on its ERP product strategy, it has enhanced and extended its core capabilities with AI-enabled priority-based budgeting, enterprise electronic payments and AP automation.

## *Strengths*

- **Support for small government:** Tyler Technologies ERP Pro serves primarily small governments with limited resources, allowing local governments with manual processes to automate administrative tasks and gain insights, and to demonstrate effective and responsible administration of public resources.
- **Ease of use:** Tyler Technologies ERP Pro offers preconfigured report dashboards, mobile access, simplified workflows and automated processes that make its ERP a simple and effective solution for small governments. Modules for utility billing, HR, payroll and time



accounting can extend ERP Pro to provide a complete government administrative solution.

- **Cost:** Tyler Technologies ERP Pro offers a low cost of entry for licensing and implementation, making it a good economical option for small governments.

### *Cautions*

- **Data model:** While ERP Pro does not support an abstract data model, it does provide purpose-built native integrations between its suite of enterprise applications within the Tyler Technologies ecosystem. Customers seeking to build data lakes for analytics and AI insights will be limited by the absence of an open data model.
- **Support:** Customers reported issues with Tyler Technologies ERP's support services, with varying levels of satisfaction across the product lines. While Tyler Technologies has reported that satisfaction scores are improving, prospects seeking stronger support options should assess their needs to determine if this product suits them.
- **Closed architecture:** For more progressive local governments, Tyler Technologies LCAP or third-party DA/AI/BI capabilities are limited despite its extensive set of local government solutions to support a diverse set of capabilities and business functions, integrations to digital platforms and enterprise content management.

### **Workday**

Workday is a Leader in the Magic Quadrant. Workday Human Capital Management and Workday Financial Management serve all U.S. local governments, with their extensibility most attractive to those seeking a best-in-breed solution. Workday Financial Management and Human Capital Management are cloud-native components of the Workday Cloud Platform hosted in its private cloud and on Amazon Web Services. Its open APIs and an interoperability framework are designed to facilitate integration and extension and support core financial and HR functions. Recent enhancements include AI agents designed to transform HR and finance processes and optimize enterprise-level operations. Its Launch for Government deployment methodology supports local governments by reducing the implementation and configuration complexity and cost with industry standard configurations.

### *Strengths*

- **Open architecture:** Workday open architecture enables integration into best-in-breed solutions supporting local government verticals with low-cost integrations. Workday Marketplace hosts vendor solutions built on Workday to support local government functions.
- **Data fabric:** Workday data fabric and intelligent data core provide an extensible framework that allows customers to connect external data sources to the model with configurable extraction, transformation and loading pipelines and LCAP.
- **Configurability:** Workday offers flexibility and ease of configuration without customization. Its government customers have praised its process configurability through Workday Extend as a significant reduction in overall technical debt.

### *Cautions*

- **Local government solutions:** Workday offers limited citizen facing applications for local governments. Customers seeking a more comprehensive set of platform-based solutions, such as community development or public safety, should consider whether this product can meet their needs.
- **User interface:** Government clients note that Workday's user interface is bulky and cumbersome to maneuver. Prospective buyers should seek product demonstrations to determine if it can serve their needs.
- **Legacy APIs:** While Workday maintains a comprehensive portfolio of APIs, many are legacy SOAP rather than JSON. Government agencies trying to simplify and standardize interfaces may find this frustrating.

## **Vendors Added and Dropped**

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

### **Added**

As this is a new Magic Quadrant, no vendors were added.

## **Dropped**

As this is a new Magic Quadrant, no vendors were dropped.

# **Inclusion and Exclusion Criteria**

Magic Quadrant research identifies and analyzes the most relevant providers and their products in a market. As such, several criteria elements were considered prerequisites for a vendor to be considered in this Magic Quadrant, the first for this specific market.

To qualify for inclusion, providers had:

- Ten local government installs with a minimum of 400 employees
- Purchasing and accounts payable capabilities
- Accounts receivable capabilities
- Fixed-asset accounting capabilities
- Project accounting/costing/billing capabilities
- Financial analytics/financial planning capabilities
- The ability of the general ledger to define data entities at the account and transaction levels and support hierarchical and multiledger analysis structures
- Utility billing as native capability or through a third party
- Grant fund accounting as native capability or through a third party
- Capability to produce Annual Comprehensive Financial Reports (ACFRs) natively

## **Honorable Mentions**

The following vendors did not qualify for inclusion in this Magic Quadrant, but nevertheless merit consideration by enterprises with specific needs in certain industries or regions:

- **TechnologyOne:** This vendor focuses on local government customers in APAC and EMEA, so did not meet the criterion for at least 10 U.S. local government customers as specified in the market definition.
- **Unit4:** This vendor focuses on local government customers in EMEA, so did not satisfy the criterion for at least 10 U.S. local government customers as specified in the market definition.

## Evaluation Criteria

### Ability to Execute

Gartner assesses vendors' Ability to Execute by evaluating the products, technologies, services and operations that enable them to be competitive, efficient and effective in this market, and that benefit their revenue, client satisfaction and retention, and general reputation.

Each provider's Ability to Execute is judged by its success in fulfilling its promises, using the following criteria:

- **Product or Service:** Assesses the product offerings that compete in the defined market. These may be offered natively or through partnerships, as defined in the Market Definition/Description section and detailed in any subcriteria. This Magic Quadrant evaluates functional capabilities in all areas defined in the Market Definition/Description section:
  - Core solution characteristics
  - Advanced functionality
  - Utility billing
  - Citizen engagement
  - Grant fund accounting
  - Payroll
  - Integrations

- Configuration, ease of deployment and support
- Reporting
- Local government focus
- **Overall Viability:** Includes an assessment of the vendor's overall financial health, as well as the financial and practical success of the relevant business unit. It considers the likelihood of the vendor continuing to offer and invest in its product, as well as the product's position in its portfolio.
- **Sales Execution/Pricing:** Assesses the vendor's abilities in all presales activities and the structure that supports them. Included here are deal management, pricing and negotiation, presales support, and the sales channel's overall effectiveness. Each vendor is also evaluated on its ability to sell ERP.
- **Market Responsiveness/Record:** Assesses the vendor's ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customers' needs evolve and market dynamics change.
- **Marketing Execution:** Assesses the clarity, quality, creativity and efficacy of programs designed to convey the vendor's message, influence the market, promote a brand, increase awareness of products and establish a positive identification in customers' minds. This "mind share" can be created by a combination of publicity, promotions, thought leadership, social media use, referrals and sales activities.
- **Customer Experience:** Assesses the vendor's products, services and programs in terms of how they enable customers to achieve expected results with the products evaluated. Considerations include the quality of technical support for vendor-buyer interactions and account support. Also assessed is the vendor's ability to make its marketing vision a reality and help finance teams complete the transition from on-premises to cloud deployment.
- **Operations:** Assesses the vendor's ability to meet its goals and commitments. Factors include the quality of the organizational structure, skills, experiences, programs, systems and other means that enable the organization to operate effectively and efficiently.

**Table 1: Ability to Execute Evaluation Criteria**

<i>Evaluation Criteria</i>	<i>Weighting</i>
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	High
Customer Experience	Medium
Operations	Medium

Source: Gartner (May 2025)

## Completeness of Vision

Gartner assesses vendors’ Completeness of Vision by evaluating their ability to articulate their perspectives on the market’s current and future direction, anticipate customer needs and cloud technology trends, and tackle competitive forces.

Each vendor’s Completeness of Vision is judged on its understanding and articulation of how market forces can be exploited to create new opportunities for itself and its clients, using the following criteria:

- **Market Understanding:** Assesses the vendor’s ability to understand customers’ needs and relate those needs to products and services. Vendors with a clear vision of their market listen to and understand customers’ demands and can shape or enhance the market. As part of this, for the purposes of scoring, Gartner segments the U.S. local government cloud ERP market by size of population:
  - Small local governments: those with a population below 100,000

- **Midsized local governments:** those with a population between 100,000 and 500,000
- **Large local governments:** those with a population greater than 500,000
- **Marketing Strategy:** Assesses clear, differentiated messaging that is communicated consistently both internally and externally through social media, advertising, customer programs and positioning statements. We analyze how effective a vendor's marketing strategy has been at raising awareness of it in this new and evolving market.
- **Sales Strategy:** Assesses strategy for selling that uses appropriate networks, including direct and indirect sales, marketing, services, and communication networks. It also assesses any partners that extend the scope and depth of the vendor's market reach, expertise, technologies, services and customer base.
- **Offering (Product) Strategy:** Assesses approach to product development and delivery that emphasizes market differentiation, functionality, methodology and features in light of current and likely future requirements.
- **Business Model:** Assesses the suitability of the design, logic and execution of the vendor's business proposition in terms of the likelihood of achieving continued success.
- **Vertical/Industry Strategy:** Assesses the vendor's strategy to direct resources (e.g., sales, product and development), skills and products to meet the specific needs of U.S. local government.
- **Innovation:** Assesses direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or preemptive purposes. In particular, we analyzed each vendor's strategy for using cloud delivery as a way of bringing innovation to ERP functions and processes.

**Table 2: Completeness of Vision Evaluation Criteria**

<i>Evaluation Criteria</i>	<i>Weighting</i>
Market Understanding	High
Marketing Strategy	Medium

<i>Evaluation Criteria</i>	<i>Weighting</i>
Sales Strategy	High
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	High
Innovation	High

Source: Gartner (May 2025)

## Quadrant Descriptions

### Leaders

Leaders in this market demonstrate flexibility and strength in core ERP capabilities, with a vision of how cloud ERP can support local government processes as well as evolve within an ever-changing landscape of compliance requirements. They couple this with a clear Ability to Execute this vision through products, services and go-to-market strategies. They have a strong market presence and are growing their revenue and market share with value-add services specific to local government.

Leaders show a consistent ability to secure deals with local governments of varying size and scale, offering a comprehensive range of solutions across all areas of core financial management. They have demonstrable successful deployments by customers, with support, integration and service offerings to match customers of any scale.

Leaders typically address the specific needs of U.S. local governments, though they may also serve a wider public-sector and private-sector market by supporting broad market requirements with both service- and product-centric offerings. They may also be too complex to deal with or too costly to be considered in less complex functional scenarios.

### Challengers



Challengers in this market have targeted local government as a growth opportunity and aligned their product offerings to local governments. Due to the sheer number of customers available in the market, opportunities for Challengers to disrupt and displace traditional leaders abound. Some have developed a substantial presence in adjacent areas of the market and see local government as an unexploited opportunity. They tend to have viable and proven cloud-native services, but they focus on a specific size of enterprise or selection of industries. Challengers can become Leaders by refining their vision for this market, concentrating on strong customer support and managed service options. The sensitivity of local governments to vendors that understand their business is critical to Challengers, and a one-size-fits-all approach will not help gain customers. Platform-based Challengers can demonstrate closer alignment to local governments by illustrating their abilities to reduce technical debt with centralized and consolidated offerings like LCAP and content management, and demonstrate integration possibilities to other enterprise services like cashiering, community development and tax administration.

## **Visionaries**

Visionaries understand how the organization is changing as it moves to a cloud-service-centric ERP system and often appeal to Visionary government customers. They have a good vision for technology and functionality, but are limited in terms of their ability to demonstrate customer success. Visionaries also typically have aggressive product development roadmaps with rapid adoption of new technologies like AI and ML applied in innovative ways. Local government organizations should closely evaluate the extent of Visionaries representing their industry segment. Visionaries may become Challengers or Leaders, depending on how they strengthen their go-to-market capabilities and whether they can develop partnerships that complement their strengths.

## **Niche Players**

Niche Players offer service-centric ERP capabilities, but are limited in their Completeness of Vision and Ability to Execute, and may not have the full footprint of capabilities. Instead of a strong cloud technology vision, some may offer narrower cloud platform capabilities or industry focus. Although they do sell and market these applications on a stand-alone basis, this is neither their focus nor part of their primary go-to-market strategy. Consequently, they typically have a weaker vision for business transformation needs than do Leaders and Visionaries. They may also target specific industries or company sizes with deeper

functionality. For example, several Niche Players focus on project-centric and midsize enterprises.

A Niche Player may be suitable for your requirements, and all Niche Players in this Magic Quadrant should be considered viable contenders. If you like what a Niche Player offers, your evaluation should assess how well-aligned that vendor is with the market's direction and your potential business strategic direction. A Niche Player may be a risky choice if this assessment shows it is not following the trends of your specific industry or market.

## Context

Local governments continue to prioritize ERP modernization, with 60% of respondents to the 2023 Gartner Legacy Modernization Survey saying they are making a major or phased replacement of their ERP, or replacing it with modular solutions by 2025.<sup>1</sup> This is being matched by accelerated investment over the next five years. For instance, in the U.S., state and local government investment in back-office solutions such as ERP, supply chain management and CRM is forecast to grow from \$14.9 billion in 2025 to \$23.5 billion in 2028, a CAGR of 16.5% (see *Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2023-2029, 4Q24 Update*).

Despite this growth in spending, local government leaders often struggle to modernize their ERP systems. The usual range of challenges — data migration, project governance, change management and funding — is compounded by acute staffing and talent shortages. Half of local government respondents to the 2023 Gartner's Legacy Modernization Survey identified a lack of internal skills among the top five challenges to modernization initiatives.<sup>1</sup> As ERP vendors increasingly withdraw support for on-premises solutions, the scale of change involved for staff and the business processes they use to serve citizens is especially overwhelming.

Core ERP solutions for government are commercial off-the-shelf (COTS) applications that, at a minimum, include financial management, human resources and procurement capabilities. Most also include a budget planning and management module, along with grantee (recipient) management capabilities.<sup>1</sup>

However, the scope of ERP applications can vary broadly by the government organization seeking a new solution. In the U.S. government, ERP may include library management,

whereas transportation and public works agencies typically require asset management capabilities.

These additional modules for specific line-of-business functions, such as regulation and permitting, land management, grantor management, utilities, library, and asset management, can be bundled with the core ERP capabilities according to the government's scope of requirements. They can also be purchased or developed separately from core ERP applications. In fact, ERP COTS modules that comprise core ERP can be purchased separately as financial management, human capital management, procurement and grant management applications as part of a composable ERP strategy.

Modern government-specific ERP applications in the market are typically COTS products that are highly configurable. Most vendors are leading with a SaaS delivery model, although some still offer on-premises implementations. In general, ERP vendors are encouraging and, in some cases, requiring existing customers to transition to a SaaS instance. Similar to Tier 2 vendors, many government ERP vendors are now partnering or procuring adjunct solutions similar to platform-based ERP vendors to include low/no-code, content management, productivity and integration.

Larger government organizations, such as national, state and very large local governments, have typically implemented global, market-diversified ERP vendor solutions in recent years, such as Microsoft, Infor, Oracle, SAP and Workday. Midsize to small governments are generally engaging with regional-government-specific ERP vendors for their solutions, such as CentralSquare, TechnologyOne, Tyler Technologies or Unit4. Governments have consistently expressed that global offerings were "more system" than they needed and offered at a higher cost than they could afford.

ERP vendor offerings for distinct markets (for example, by tier and size of governments) have blurred slightly in recent years. For example, with the exception of CGI, which offers government-specific ERP to large and midsize governments in North America, global ERP vendors with offerings for both commercial and government verticals are continuing to gain traction with many large government organizations. In addition, Gartner has observed an emerging trend that vendors that previously pursued only large governments, but may have captured market share with small governments through acquisitions, are now more actively pursuing business with midsize to small government organizations.

A combination of standardization through COTS and market consolidation through acquisition is enabling this ERP market trend. COTS via SaaS delivery reduces the cost and

complexity of delivering and deploying new functionality. Further, global ERP vendors have since priced their offerings to scale to both small and large governments, and/or offer more than one ERP product to address the differing needs of governments of varying sizes. However, based on inquiries with governments, the majority of small to midsize government organizations continue to purchase new ERP solutions from regional-government-specific ERP providers, often with additional line-of-business applications or modules bundled into their requests for proposal.

This Magic Quadrant should be used to help local governments evaluate and select ERP solutions appropriate to their own organizational requirements and aspirations. Through proper alignment of current requirements, strategic goals, staffing levels and budgetary realities with vendor offerings, U.S. local government customers will realize better organizational alignment and satisfaction.

## Market Overview

Local governments are prioritizing modernization and transformation of legacy on-premises services and digital service transformation. Governments at all levels report drivers for modernization include agility (42%), customer experience (40%) and business optimization (50%), while spending on government ERP modernization is expected to grow at a CAGR rate of 13.5% through 2029.

Local government ERP is a transforming market segment where traditionally on-premises, government targeted solutions have aged out. Legacy .NET-, AS/400- and COBOL-based ERP remain across U.S. local governments, with managed service providers continuing to develop support offerings designed to extend their useful life.

Legacy on-premises ERP are still pervasive across local governments. Market shifts and continued vendor divestment from traditional legacy local government ERP toward SaaS platform-based solutions have accelerated. Governments are serious about transforming their enterprises as they seek to reduce overall technical debt, improve data transparency and establish a higher level of government process efficiency with automation and AI. Personalizing government services using AI through the adoption of enterprise services with homogeneous data models is a critical evolution in government strategy.

## Four Trends Influence the Local Government ERP Market

Unlike many ERP markets, the local government ERP market has seen more evolution than disruption. Vendors traditionally not supporting local government have shifted some focus toward this market, and many have aggressively adopted it as a strategic business objective. Established vendors in local government ERP likewise have intensified their support for the market and have rapidly adopted cloud-platform-type offerings with identity management, low-code application platforms (LCAP), data/analytics and AI.

### **Trend 1: AI Meets ERP**

While GenAI hype is trending downward, it has led to investment in the application of AI, including GenAI, within core financials, including payables, budgeting, asset management and other ERP functions. While the application of AI to unstructured data has produced mixed results, the structured nature of ERP data models and data definitions has produced benefits with high-value outcomes.

Some vendors offering GenAI chatbot-based interfaces allow customers and users to quickly summarize reports and interrogate a variety of data dimensions from ad hoc datasets. Other vendors have developed AI-based budgeting solutions to quickly provide spend analytics and spend-to-plan insights. While AI-enabled payables have been available for many years and have reduced data entry by automating invoice entry, AI is also assisting in account reconciliation, fraud analysis, predictive budgeting and other critical ERP business functions.

### **Trend 2: Citizen Experience**

Many of the local government ERP Magic Quadrant vendors serve both private- and public-sector customers. Some offer both service-centric and product-centric ERP, including supply chain, order-to-ship and product life cycle management. Customer and user identities create personas for a personalized experience across the complete product suite with business intelligence, AI, insights and spend management enabled by a homogeneous data model.

Local government service portfolios are traditionally delivered using a disparate collection of enterprise applications, all with their own customer experience. Governments are feeling pressure to deliver similar personalization with their broad internal and external service delivery portfolio, including purchasing, procurement, payroll, utility billing, tax, parks, community development and other services with a common, congruent UX. This contextualized and persistent experience will allow stakeholders to receive government services that are customized to their persona and current through their life cycle.

### **Trend 3: Resourcing**

As government clients move to public cloud services, including ERP, competition for talent resources increases considerably. Procurement of new enterprise solutions with multicloud or hybrid cloud deployments compounds the complexity and resourcing requirements that many local governments are ill-prepared to support.

Governments increasingly are selecting managed service providers for cloud-based enterprise applications rather than developing or procuring talent. Opportunities for cloud platform and application resources are abundant, and salary levels for this talent have placed them out of reach for many local governments.

This has forced many ERP vendors to build a managed service practice or expand their current managed service offerings to support local governments. This is a dramatic shift for local governments that, traditionally, supported their enterprise applications internally.

#### **Trend 4: Enterprise Platforms**

Governments at all levels have adopted platform-as-a-service public cloud. However, local governments have largely not capitalized on these service offerings. While productivity, collaboration, identity management and content management services have achieved a high degree of penetration in local government, most have failed to maximize value on their investments. Public cloud platforms have also rapidly deployed AI, analytics and business intelligence with enterprise security, low/no-code application platforms, workflows, APIs and integrations across their platforms. Trends continue toward consolidating enterprise services like ERP around public cloud platforms, allowing local governments to achieve the highest value and justify costs. This strategy also lets customers extend the capabilities of their enterprise application services by employing public cloud platform services.

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#### **⊕ Evidence**

#### **⊕ Evaluation Criteria Definitions**

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