



TBR Launches Federal IT Services Market Forecast

HAMPTON, N.H. (March 30, 2026)

Technology Business Research, Inc., is pleased to announce the launch of the *Federal IT Services Market Forecast*, the first market forecast in our Federal IT Services research area.

“The extreme volatility in the federal IT market in 2025, after a multiyear run of unprecedented growth, has left federal IT vendors and their partners scrambling to make sense of how future near- and long-term technology investments by the world’s largest single buyer of IT and IT services will play out,” said TBR Senior Analyst and report co-author John Caucis.

“Our new *Federal IT Services Market Forecast* provides TBR’s unique insights, developed through the lens of the leading federal systems integrators (FSIs), regarding federal IT spending trends over the next five years and how the industry’s largest IT contractors will adapt to shifting federal technology investment patterns.”

Focusing on the top 11 companies serving the U.S. federal government’s IT services needs — Accenture, Booz Allen Hamilton, CACI, CGI, IBM Consulting, ICF International, Leidos, KBRWyle, General Dynamics Technologies, Maximus and SAIC — this report includes five-year CAGR analysis for each covered company and analysis of both the civilian sector and the defense and intelligence sector.

The first publication of this annual report is now available. If you believe you have access to the full research via your employer’s enterprise license or would like to learn how to access the full research, [click here](#).

Federal IT Services Market Forecast 2026-2030 Excerpt

Federal information technology spending falls in federal fiscal year 2026 (FFY26), but FSIs still have long-term growth paths in national security and modernization

 **FFY26: Contraction**

 **CY30: nearly \$140B**

Key Forecast Takeaways



National security, defense, intelligence, AI, cyber, and mission software should help leading federal systems integrators (FSIs) hold or gain share through CY30.



Procurement reform will favor vendors that can deploy commercial technology quickly and prove measurable outcomes.



Civilian IT remains the weak spot, with budget volatility and consulting pressure likely lasting through at least CY27.



Total federal IT spending still trends toward nearly \$140 billion by CY30, with longer-term growth led by defense and intelligence spending.

Scenarios

1. Consulting pressure spreads

Vendors reframe work around measurable outcomes, fixed-price delivery, and productized AI and cyber offerings, even with margin trade-offs.

2. AI ROI disappoints

As in the commercial space, if results remain hard to quantify, AI adoption slows and vendor activity shifts toward implementation, integration, compliance and partnerships.

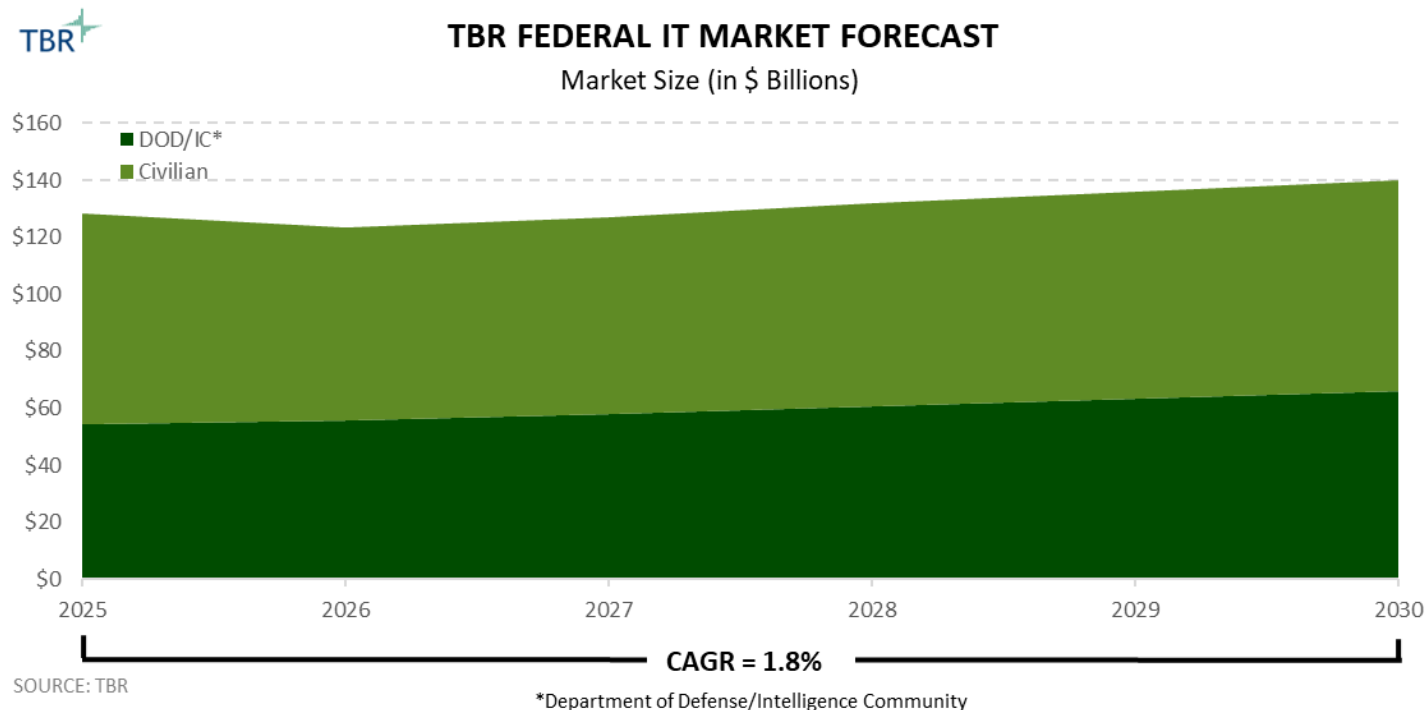
3. Hyperscalers push more risk to FSIs

More delivery responsibility lands on FSIs, raising workload and margin pressure but creating modernization and authorization opportunities.

The leading FSIs are poised to gain modest market share by CY30, particularly vendors most effectively capitalizing on aggressive expansion in defense IT outlays

TBR estimates spending on IT-related products and services by federal civilian agencies was roughly \$74.2 billion in FFY25, or 57% of total federal IT spending. TBR projects civilian IT spending will contract between 8% and 10% in FFY26 compared to FFY25 levels but will expand modestly between FFY27 and FFY30, and ultimately grow at a 5-year CAGR between 1.7% and 2.0% from FFY25 to FFY30 to reach about \$74 billion by FFY30.

We estimate aggregate IT spending by defense and intelligence agencies was about \$54 billion in FFY25, or roughly 42% of total federal IT spending. We anticipate IT spending in the defense and intelligence segment will expand at a 5-year CAGR between 2.5% and 3.0% to reach \$66 billion by FFY30.



5-year CAGR analysis by vendor

No. 3

Booz Allen Hamilton (Projected 5-year CAGR: 3.5%)

TBR does not expect BAH to return to overall top-line growth in CY26 as the company strategically restructures its civilian operations. By CY27 BAH's prior-year investments in becoming a leading provider of AI solutions to the federal government, recently expanded alliances with AWS and Palantir, and continued joint venture investments will underpin a recovery in sales growth. After BAH's growth rebounds, we expect revenue expansion will steadily accelerate to midsingle-digit rates through CY30, enabling market share capture.

No. 5

KBRWyle (Projected 5-year CAGR: 3.1%)

KBR's outlook is complicated by its role in the up to \$17.9 billion Global Household Goods contract that is in the process of being terminated and the decision to spin off the Mission Technology Solutions segment into a separate public company. KBR will experience short-term disruptions, but the vendor should expand at a CAGR of roughly 3.1% through CY30. The LinQuest acquisition is enabling KBR to make inroads with the U.S. Space Force and Air Force. Although the Trump administration's request to increase NASA's human space flight exploration funding by \$647 million ultimately failed, KBR will continue to support these initiatives. KBR will need to rapidly build out its digital lab network and more actively leverage its partners to avoid losing market share.

No. 4

General Dynamics Technologies (Projected 5-year CAGR: 3.2%)

Although GDT's IT services unit, GDIT, has been more frequently capitalizing on lucrative opportunities within the federal health market since 2H23 and recently stood up a division dedicated to supporting that client base, the DOD and the IC have been responsible for a majority and growing share of GDT's total estimated contract value. GDIT's acquisition of Iron EagleX and recent collaborations with partners like AWS indicate that the segment will continue to prioritize national security missions. GDIT will notably leverage the demand for cybersecurity in its increasingly collaborative go-to-market efforts while emulating elements of the forward-deployed model utilized by disruptors like Palantir. GDT's 5-year CAGR, which TBR estimates will be between 2.9% and 3.5%, is contingent on GDIT and MS developing greater synergy closer to 2030.

Explore deeper data and analysis

With TBR Insight Center's interactive data visualization tool, your team can quickly adapt thousands of federal IT services data points for tailored competitive analysis, go-to-market strategy and executive briefings. The tool enables you to curate relevant quantitative insights by company, business unit and/or market segment, creating a report specific to your needs and ensuring consistent frameworks across projects.

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