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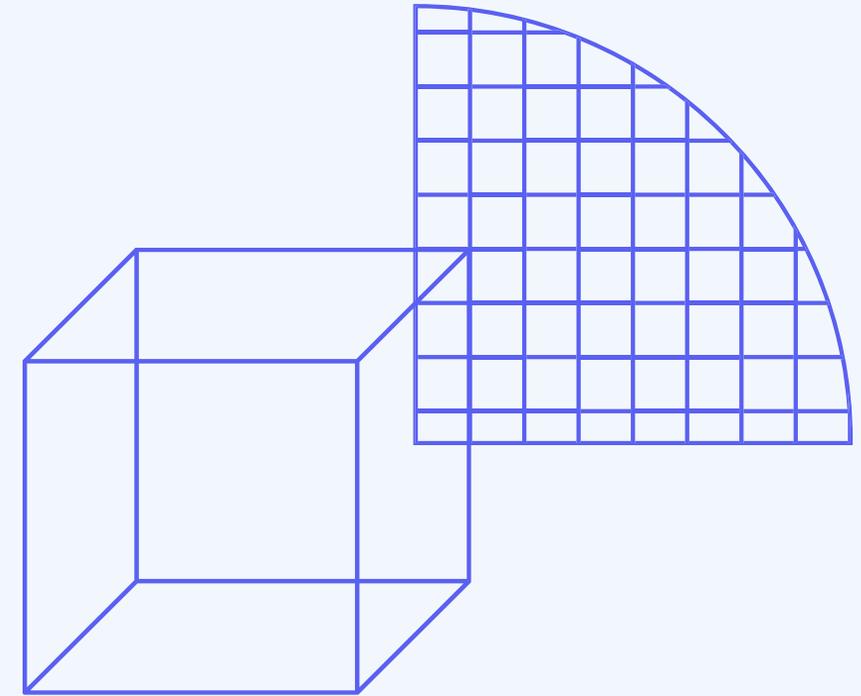
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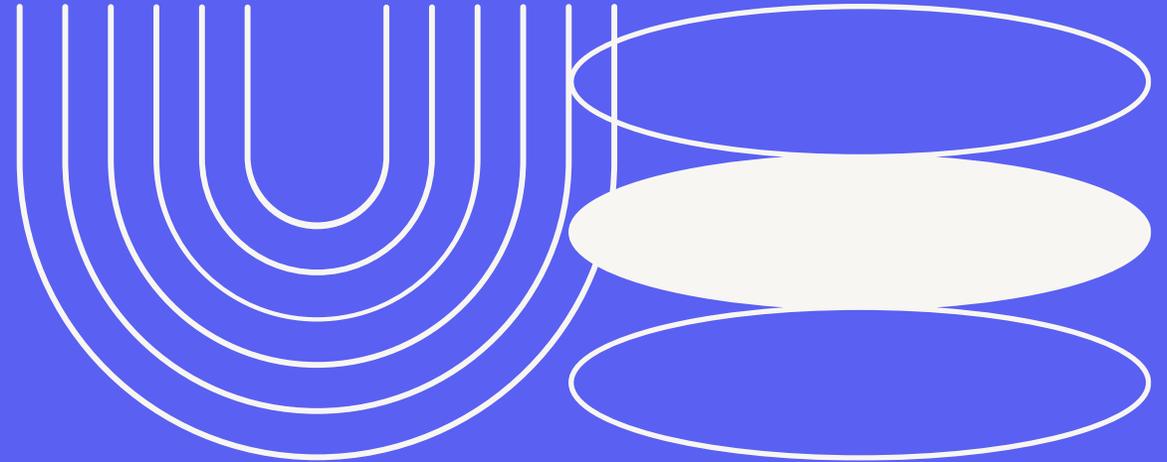
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# UNDERSTANDING AI PROCUREMENT IN GOVERNMENT

The build vs buy conundrum.



# Today's Agenda



## WHAT WE'LL DISCUSS

- Background
- The AI moment
- Build vs. buy conundrum
- The tech stack blueprint
- Case studies in action
- What this means for Government

# The background

This project was initiated by the AI Working Group, bringing together participants from Finland, Singapore, the UK, Australia, New Zealand, Bavaria and the World Bank.

We came together because AI is no longer just another IT product. Unlike cloud which could be treated as a service purchase, AI involves deeper questions of sovereignty, risk and control.



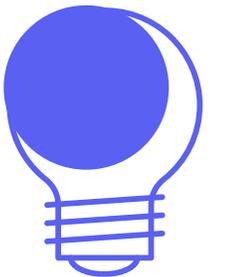
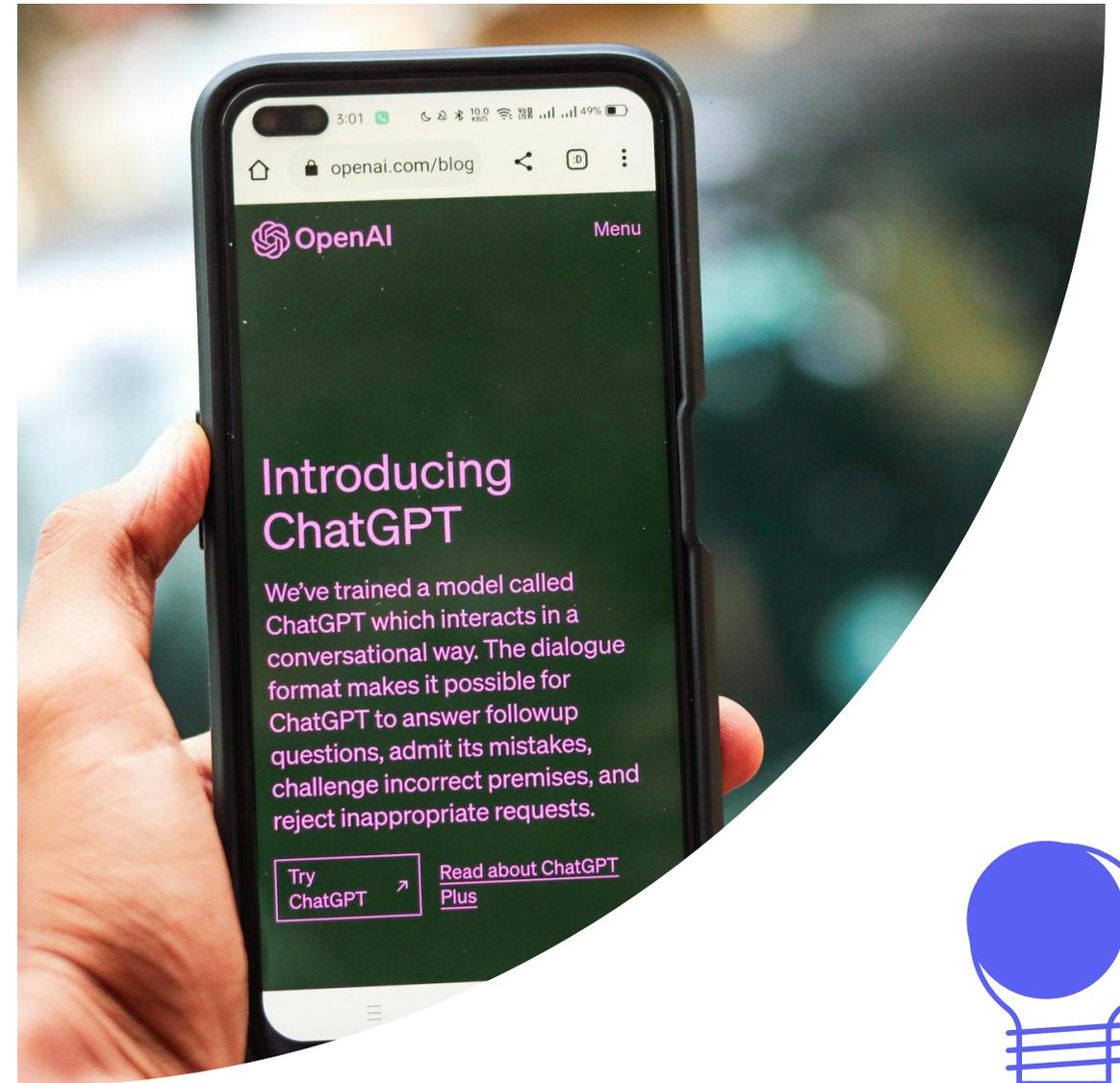
**The aim was to share insights across jurisdictions, identify common challenges in AI adoption and develop a shared way to cut through the hype, unpick what's under the hood and understand the mix of build vs. buy in practice.**

# The AI moment

Governments are under pressure to deploy AI rapidly, but AI is unlike past technologies. It's not just a "black box product" you can buy and trust instantly.

What's under the hood determines your risks, your sovereignty and your outcomes.

To lead responsibly, governments must understand the components that sit beneath the surface.

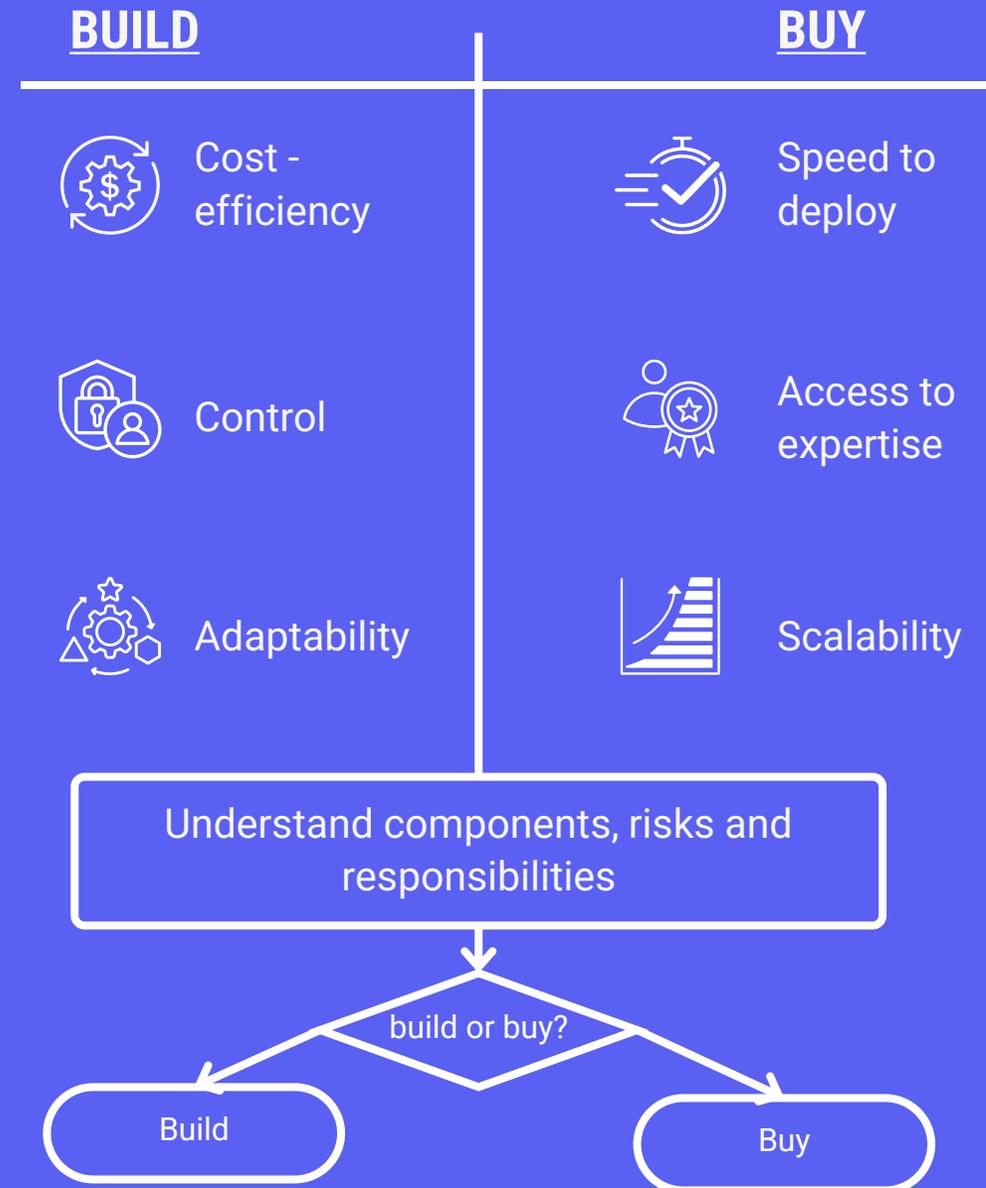


# The build-buy conundrum

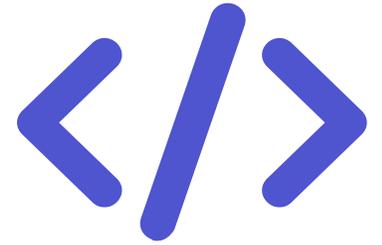
AI blurs the line: even buying introduces opaque risks.

Some components are better built for control and sovereignty whereas others are better bought for efficiency and speed.

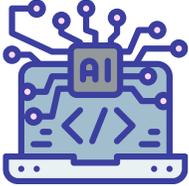
Understand the mix to get it right.



# The shift toward build



## First, AI makes building cheaper and faster



Civil servants can now assemble applications themselves, supported by cloud frameworks. What used to take months, takes weeks.

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## Second, there's the need for quality and assurance



Governments can't just outsource risk, they need control over the quality of deployed AI systems and the security of the data feeding them.

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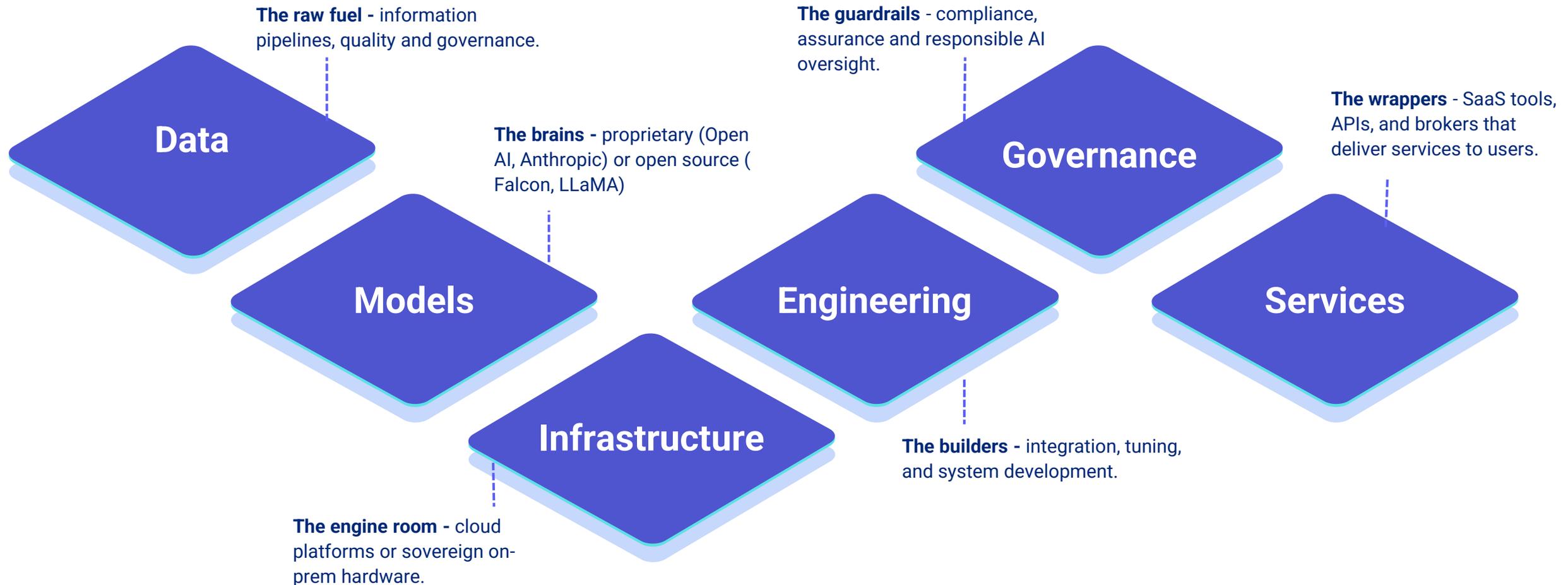
## Lastly, AI has the power to enable 100x performers



Individuals and small teams can deliver dramatically more, if given the right frameworks and compliance environments. This can enable 100x performers.

# AI tech stack: components

AI isn't one product: it's a stack of components. At its simplest level, think of it as six building blocks.

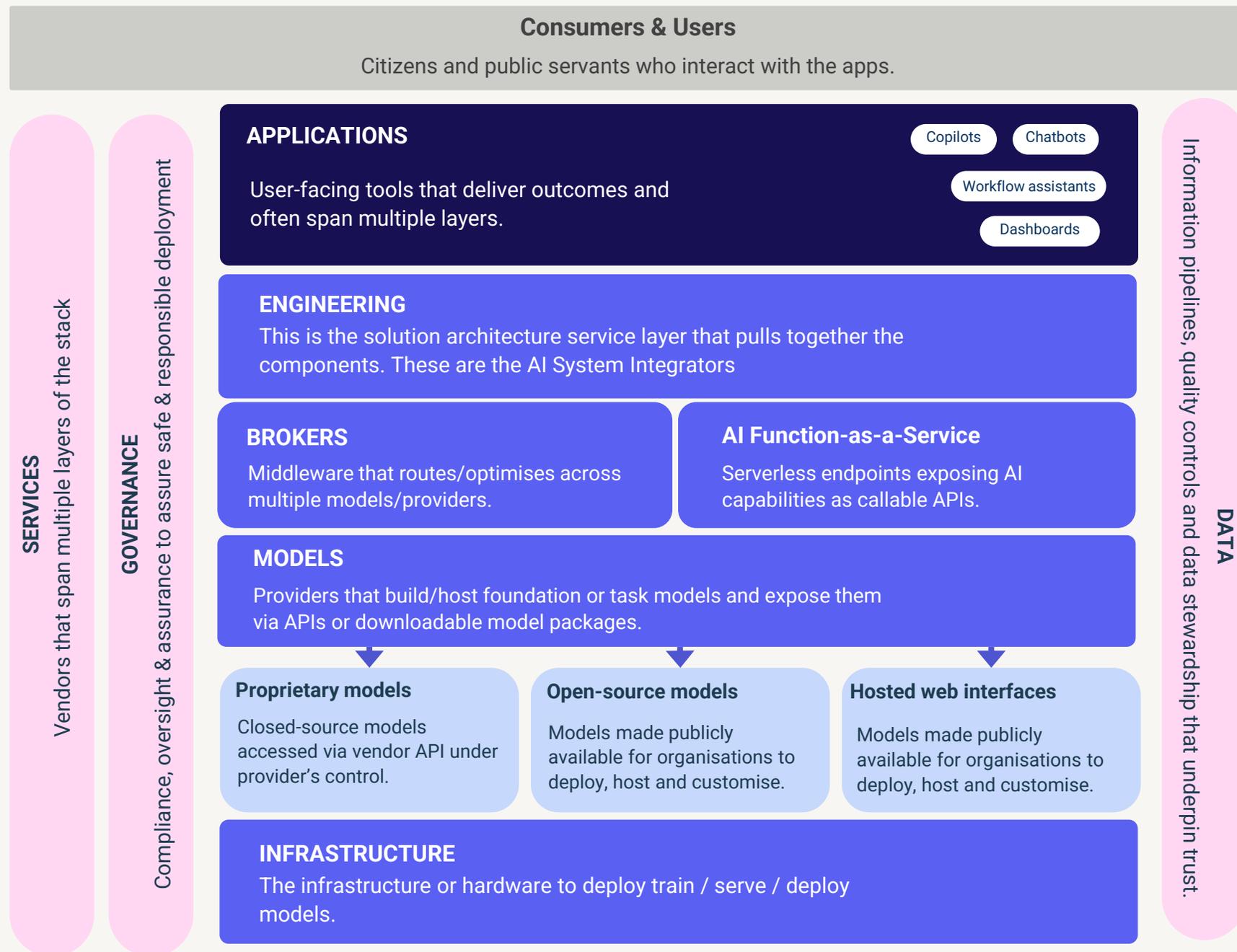


# What's under the hood?

Each one of these building blocks hides more complexity. When you look under the hood, you see a more detailed stack.

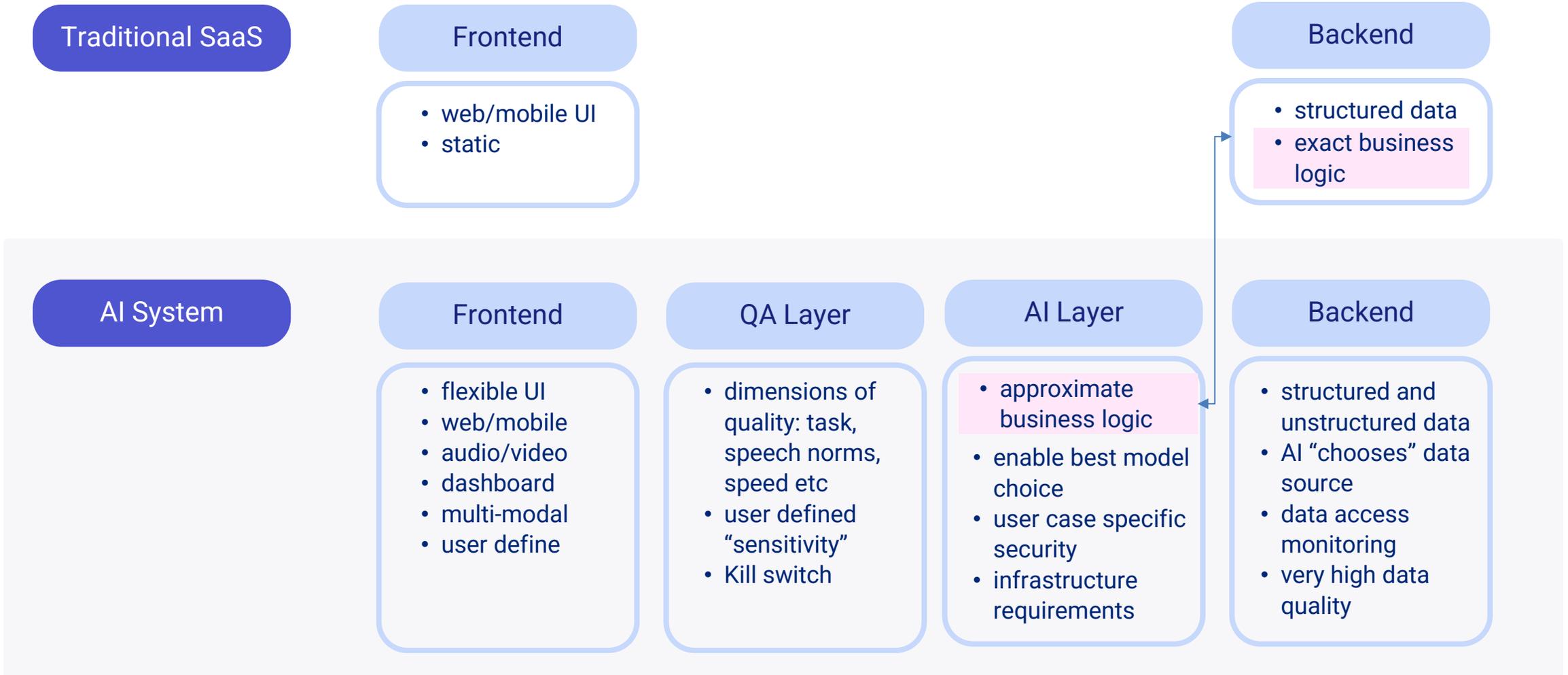
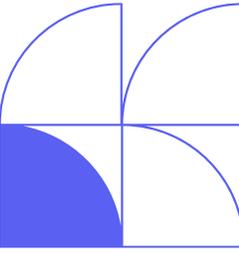
Each component carries their own risk and decision.

This is where governments face choices about build vs. buy.



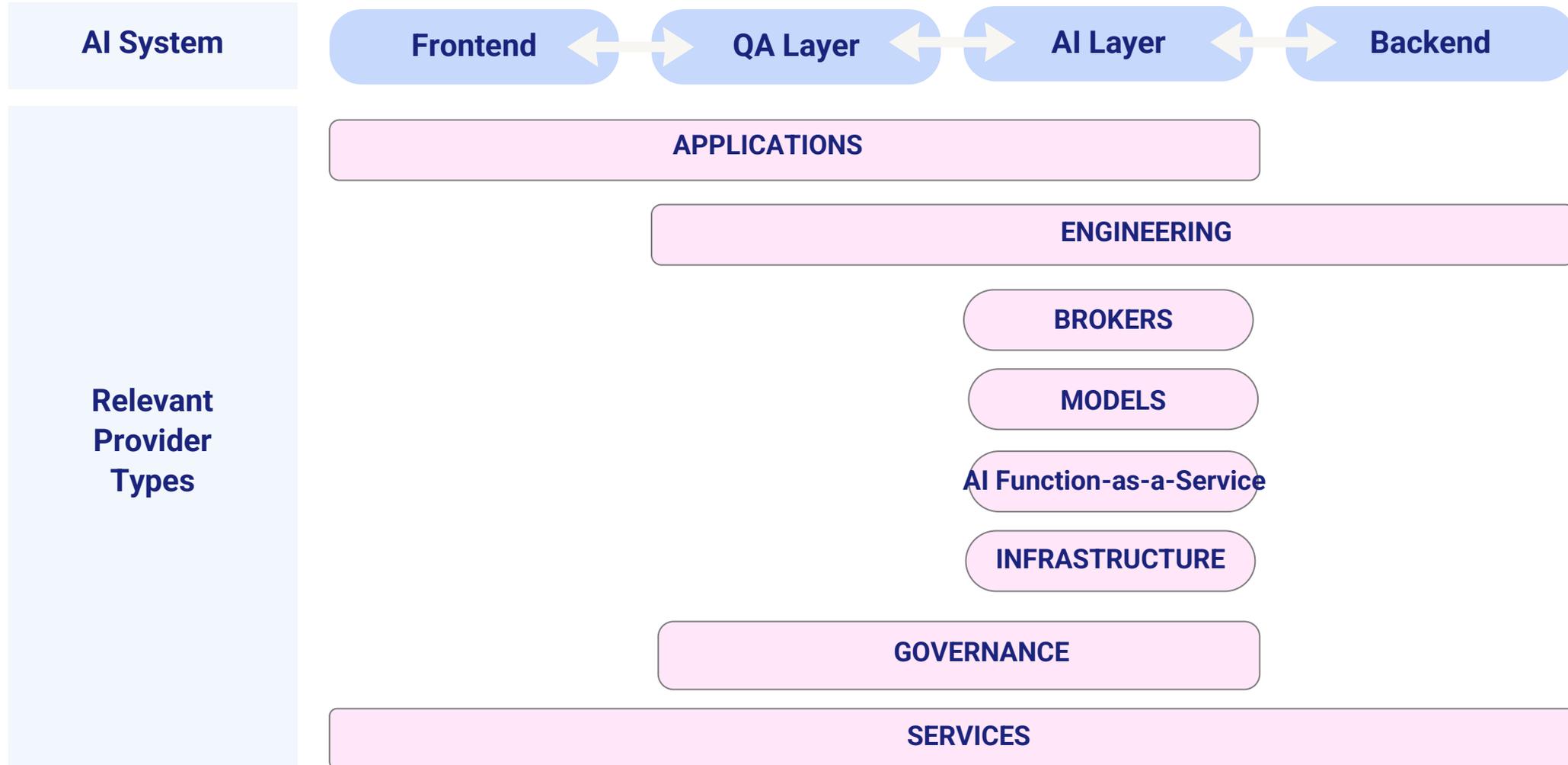
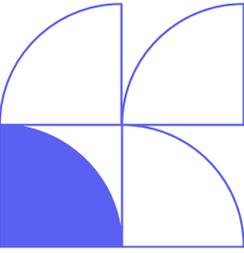
# AI requires layered decisions

AI systems introduce new layers. Each bringing new capabilities as well as new risks, responsibilities and decisions.



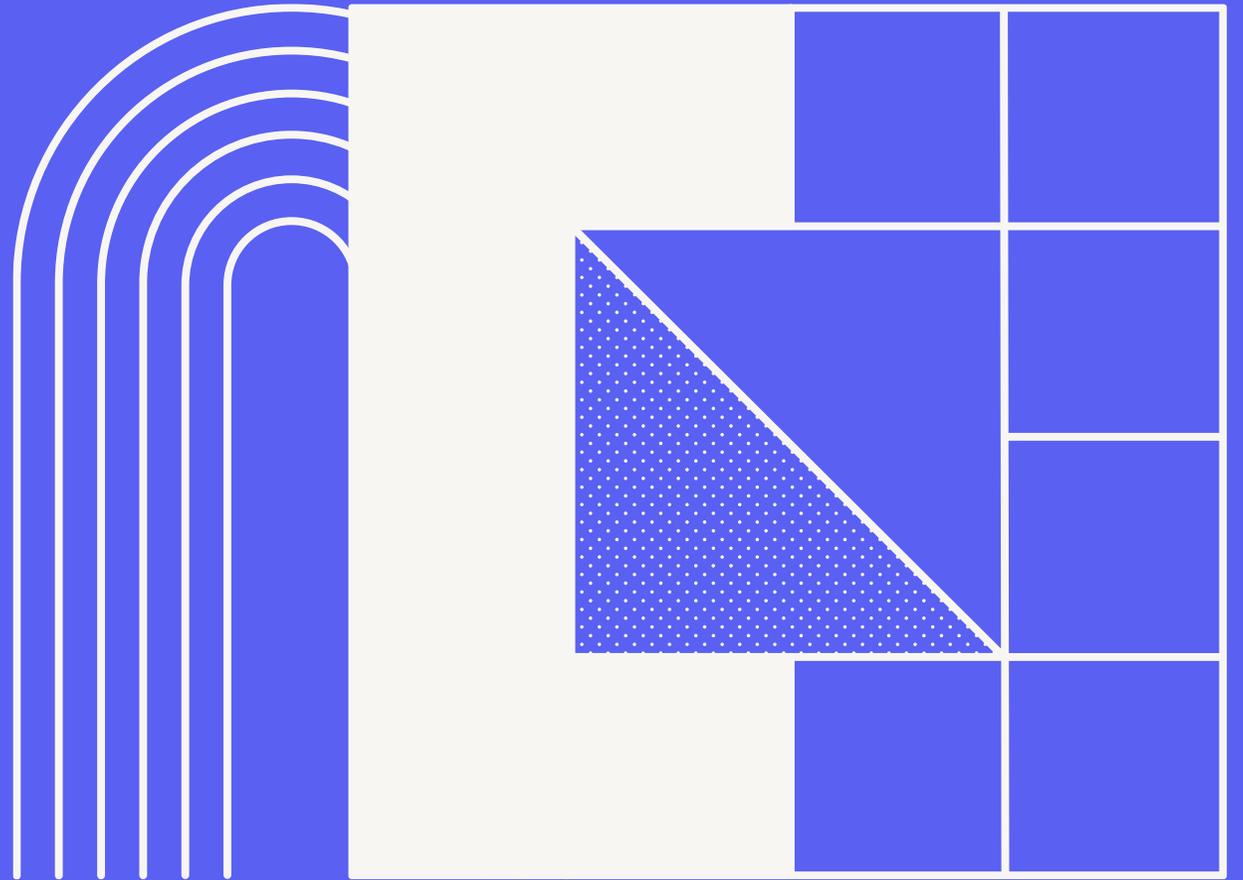
# A new landscape

AI gives rise to new types of service providers



# Case Studies

Government AI in practice



# Case Study 1: Bayern-KI (chatbot)

## What is it?

A lightweight wrapper around ChatGPT, demonstrating how governments can stand up AI as a service.

## Why it worked

Tangible example of the “new AI landscape”, easy to deploy but raises new QA challenges.

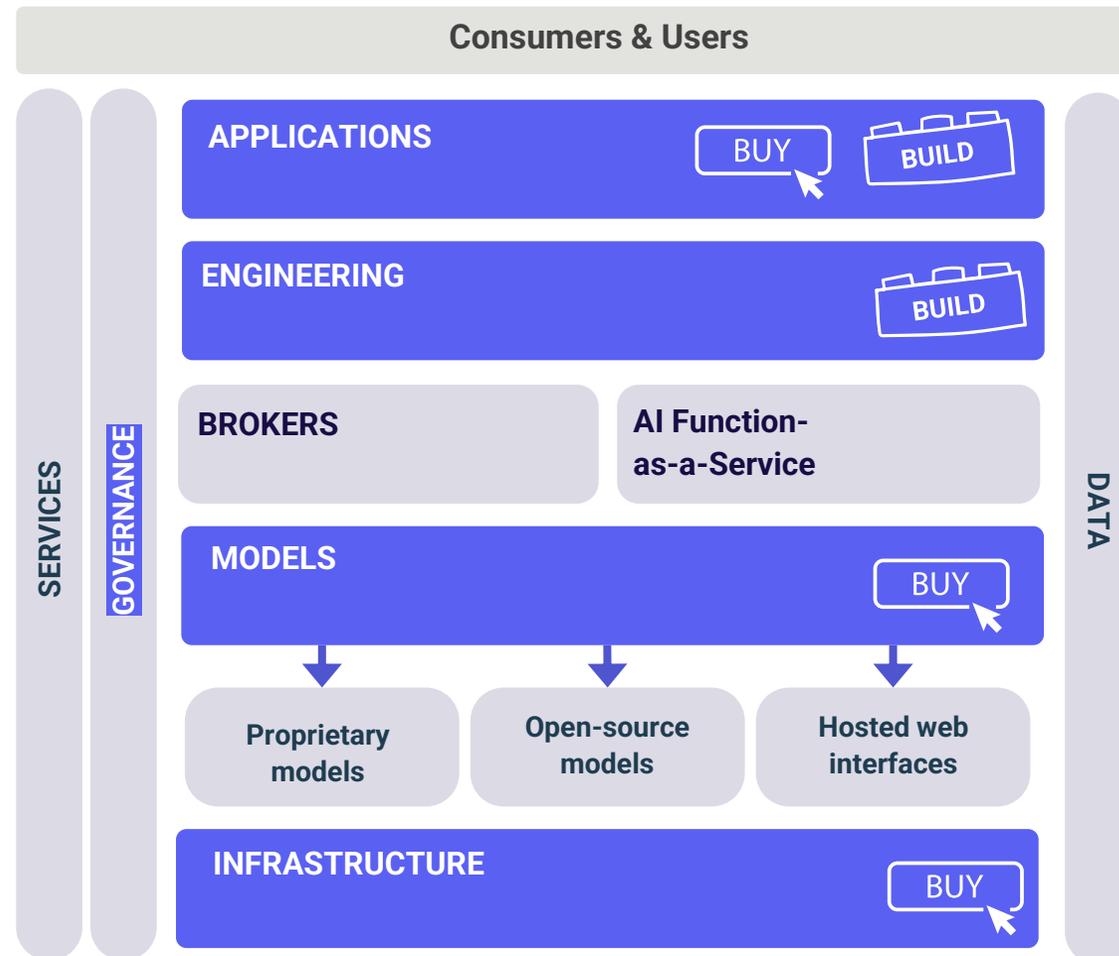
## Lessons learned

Even simple wrappers highlight the need for strong QA layers, and they show the trade-off between rapid deployment and reliability. It comes with a very light weight governance

**Built:** wrapper interface, engineering integration,

**Bought:** GPT model provider, infrastructure.

**Hybrid:** application layer



# Case Study 2: Wissens-KI (knowledge AI)



## What is it?

A retrieval-augmented generation (RAG) system combined ChatGPT with Bavarian datasets through an internal wrapper.

## Why it worked

Added sovereign data and QA layers on top of an external model, striking a balance between speed and control.

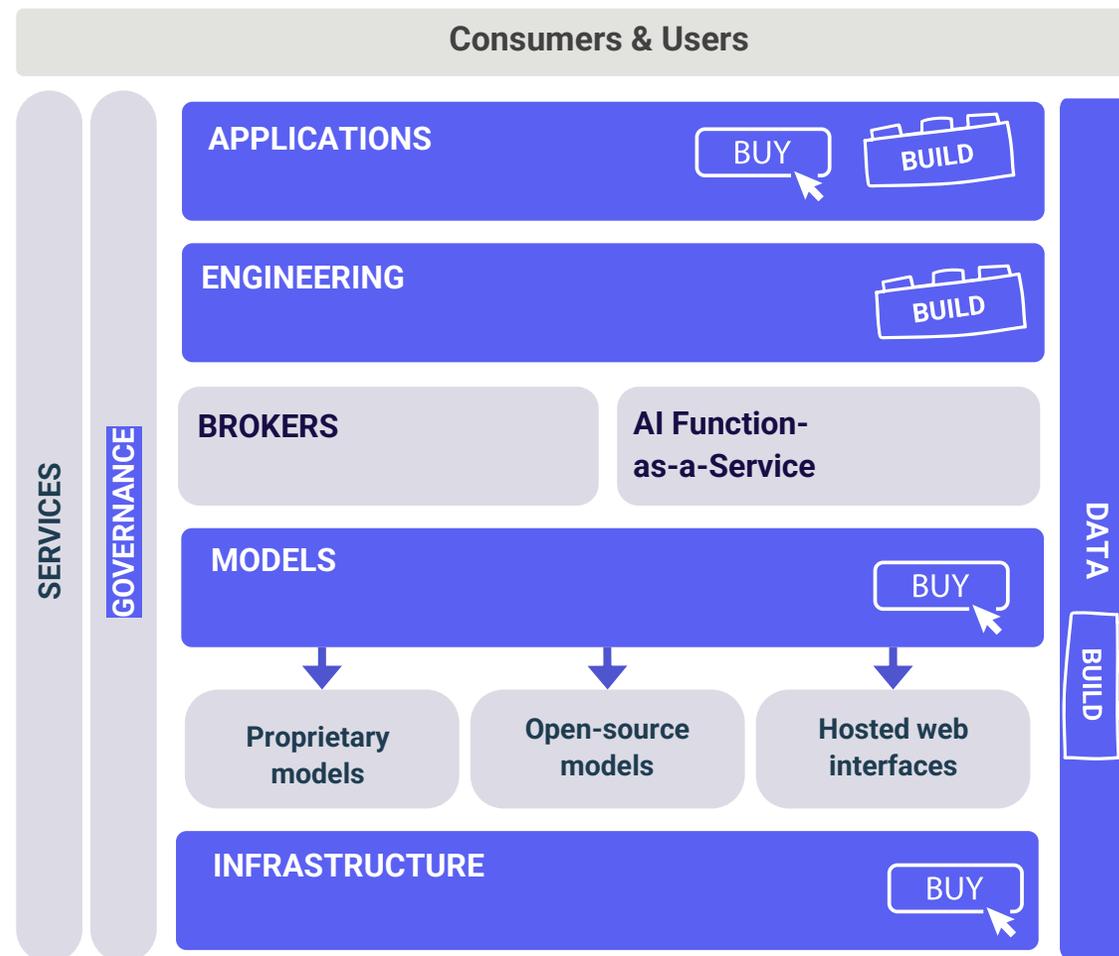
## Lessons learned

Governments must own QA and data even if they outsource models, RAG demonstrates a viable hybrid path. Also light weight governance

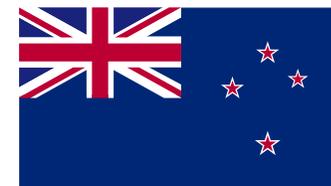
**Built:** data pipelines, engineering, RAG orchestration, wrapper interface.

**Bought:** model, infrastructure.

**Hybrid:** application layer.



# Case Study 3: NZ Qualifications Authority AI Chatbot



## What is it?

Chatbot for navigating education and credential services.

## Why it worked

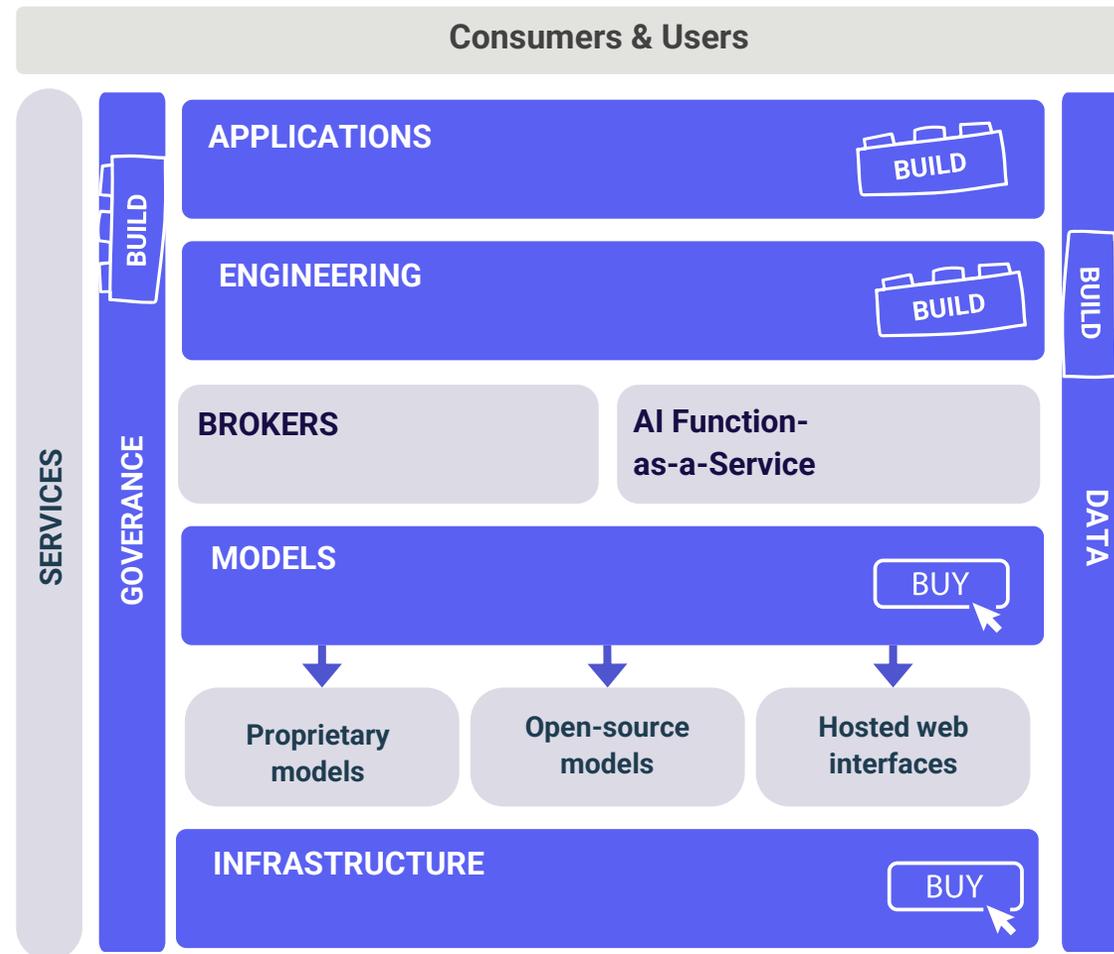
Simplified access of complex government content, giving quick, user-friendly answers tied to authoritative data.

## Lessons learned

Even simple chatbots require strong governance for accuracy and trust.

**Built:** application interface, engineering integration, governance, authoritative data

**Bought:** model provider API, infrastructure.



# Implications for leaders



**Build vs. buy is not binary, its a portfolio of decisions.**



**Leaders need AI Literacy so they know what they are buying**



**Procurement frameworks must evolve. The old SaaS playbook isn't enough for AI.**



Q&A