

Applied AI



By Laura Bratton

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The U.S. Department of Agriculture, which spends about \$3 billion a year on IT, uses Salesforce for “pretty much everything” including case management and maintaining its public facing portals and websites, according to chief information officer Sam Berry. But over the last year, the sprawling agency reduced its use of Salesforce for some tasks as it turned to other software suppliers such as enterprise AI firm C3.

Berry told me the nearly 100,000-employee agency has let one of its contracts with Salesforce expire in the last year. The software in question enabled the agency to track letters it received from other U.S. agencies, Congress and voters. The cost would have been about \$4 million annually for licensing and roughly \$2 million in payments to outside consultants, according to Berry, who became CIO of the agency in September 2025 as part of the Trump administration’s DOGE overhaul. (Before, Berry was the CEO of a software startup called White Pine Digital.)

Instead, in January the department began a one-year contract worth roughly \$9 million to use C3’s software through another vendor, Carahsoft, which resells software from various providers. Berry said C3’s correspondence management software helped the agency use AI to sort through and respond to a backlog of roughly 2,000 unanswered letters that had built up over several years, in two months.

Berry said Salesforce’s AI categorization tools for letters wasn’t good enough, and the cost of employing outside consultants to implement Salesforce’s apps in addition to license fees was “too complicated to understand and expensive.”

The agency’s move is another example of how large companies and organizations are placing greater scrutiny on their **IT budgets**, in many cases cutting down the number of software apps they use to hone in on the providers of the best AI tools.

It also shows how expectations from software customers have evolved thanks to AI. Some small companies have used Anthropic’s Claude Code to build their own customer relationship management software, **I wrote last month**.

The USDA is still a massive Salesforce customer. The agency has a roughly \$277 million enterprise agreement, also handled via Carahsoft, between 2025 and 2030. It has spent roughly \$104 million of that deal so far. Still, the total value of that contract is less than the \$294 million the USDA spent on its enterprise Salesforce agreement with Carahsoft between 2020 and 2025, according to public filings.

“In the last year, Salesforce has come a long way with actually integrating AI more into their platform,” Berry said. But “they’ve had a huge footprint here, and people [USDA employees] have been wanting a different platform for a variety of reasons...And because of that, you know, our Salesforce footprint has shrunk.”

Salesforce did not respond to multiple requests for comment, though it’s begun hiring swaths of so-called forward deployed engineers in-house to work with clients directly. These could help with issues like the one Berry has raised.

There’s no evidence that large enterprises are replacing Salesforce software with other providers on a widespread basis. Salesforce’s revenue from its suite of AI tools, Agentforce, **spiked in the April quarter**. Nonetheless, the prospect that Salesforce is losing its decades-long hold on software budgets has spooked investors. Salesforce’s stock has dropped 25% so far this year.

The USDA contract, meanwhile, is a win for C3. That company’s revenue plummeted by more than half in the April quarter to around \$52 million, with CEO Tom Siebel calling the results “entirely unacceptable, to the point of surreal.” Shares have fallen 23% this year.

The USDA has also ramped up its spending on Palantir, Berry said. For example, the department in April inked a one-year contract worth up to roughly \$500 million with Palantir to create an AI-powered system for acreage reporting, in which farmers report crops they’re planting and the acres of land involved to the agency, and to manage a site for fielding farmers’ applications for assistance payments through the Farmer Bridge Assistance Program. So far, the agency has made one payment of roughly \$95 million to Palantir, according to public data.

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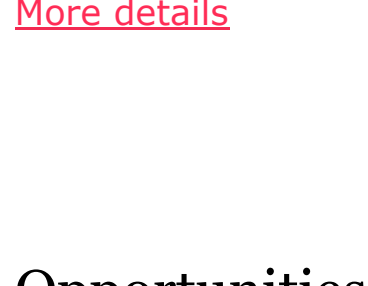
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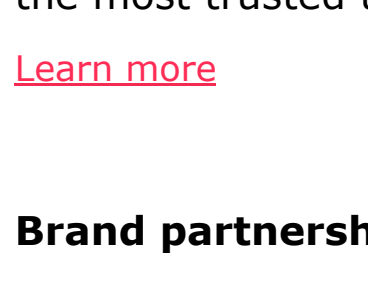
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