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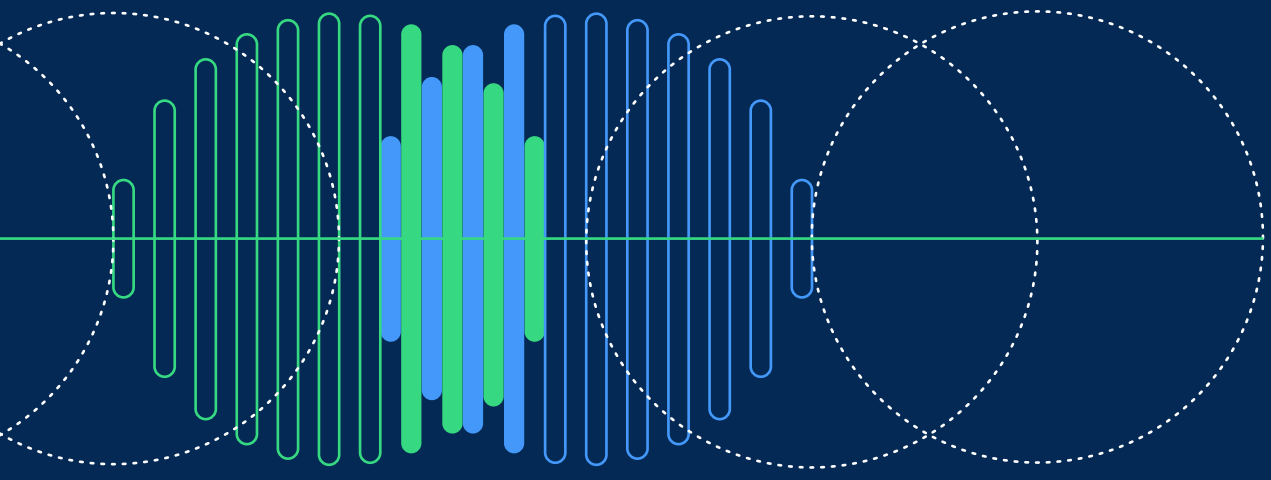
AI for SMBs:

Closing the Readiness-Reality Gap

The AI Readiness Survey of Small and Midsize Businesses

MAY 2026



With research and analysis by:

IDC

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About the research

SAS commissioned a global IDC study of 1,600 SMB leaders. The results of the research were published in an IDC White Paper

Source: AI for SMBs: Closing the Readiness-Reality Gap, May 2026, (IDC #EUR154502326); n = 1,600

Research by: Daniel-Zoe Jimenez, Vice President, Digital Innovation, CX & Software, DNB/Start-ups, SMBs, Consumer and Channels Research, IDC and Dominique Bindels, Consulting Manager, Custom Solutions Europe, IDC

Executive summary

Leaders of small and midsize businesses (SMBs) don't need another big idea about AI. They need a plan to deploy it at scale.

For SMB leaders charged with that responsibility, this report is both a reality check and a leadership scorecard. It reveals the readiness-reality gap — where AI ambitions outpace the ability to execute — then shows the specific capabilities that most reliably predict success. Use it to align IT and the business on what to address first, so your organization can move confidently from experimentation to repeatable impact. It also includes targeted guidance for CEOs, CIOs, COOs, CFOs, and CHROs — outlining the specific actions each leadership role should prioritize now.

The data from our survey of 1,600 SMB leaders around the world shows the size and range of this gap. Most have moved past awareness — AI is no longer a distant concept but an active priority, increasingly embedded in everyday tools and rising on leadership agendas. But adoption is not the same as maturity:

- Nearly 70% of SMBs remain in early stages of AI maturity.
- Over a third of SMBs (37%) are still experimenting with AI in isolated ways.
- Another 33% have begun to establish initial structure and direction.
- Only 22% have reached the stage where meaningful organizational alignment is emerging.
- Just 9% have fully embedded AI into strategy, operations, and decision-making.

SMB leaders have a long way to go, but they are not alone. Organizations of all sizes are navigating the same challenges with AI adoption. What sets SMBs apart is their agility and willingness to use technology as a growth lever. Even with limited resources and execution pressure, SMBs are well positioned to move quickly and effectively.

Use this report to benchmark your organization's AI readiness and understand where you are on the journey to AI maturity. It helps you anticipate common obstacles and build a practical, actionable AI strategy grounded in your business priorities. To support that effort, the report includes a self-assessment tool (the AI Readiness Calculator) that delivers a tailored gap analysis of your organization's AI readiness, along with clear next step recommendations based on your current maturity, business context, and AI ambitions.

The gap isn't driven by a single challenge. It's driven by four.

What makes the readiness-reality gap particularly difficult to close is that it doesn't have a single cause. The AI Readiness Index is a structured framework that evaluates how organizations are progressing from experimentation to scaled adoption – and it can help leaders determine where they need to focus. The Index measures four interconnected dimensions — Planning, Building, Enabling, and Executing — that together determine how effectively AI can be deployed and scaled. The data shows that SMBs are making progress in all four areas, but only modestly.

Today, AI strategies are being developed but not yet translated into execution. Useful data exists but stays fragmented across systems. Skills are emerging in pockets but haven't spread across the organization. Use cases are being explored but rarely scaled or measured. Together, these gaps create the kind of friction that keeps organizations cycling through experimentation rather than building toward true scale.

A performance divide is opening.

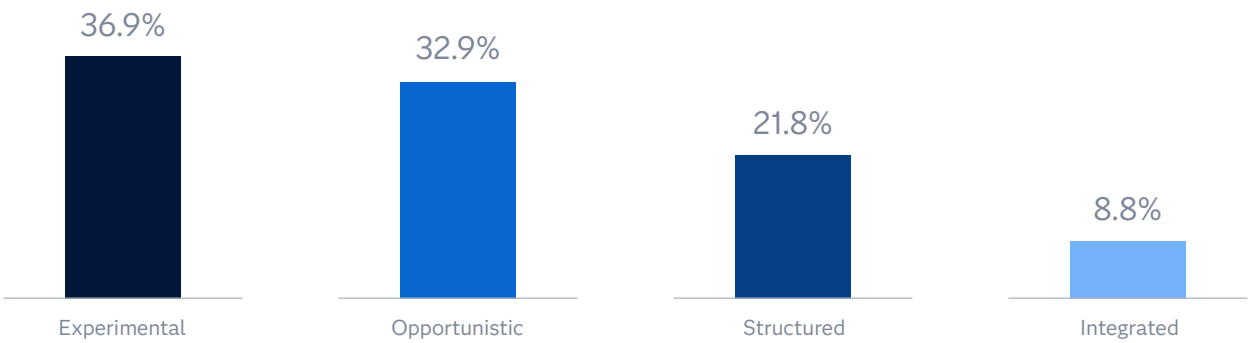
A smaller subset of organizations is already pulling ahead. By aligning AI strategy with business priorities, simplifying data and platforms, investing in skills, and embedding AI into workflows with measurable outcomes, they are creating a clear performance advantage.

The gap is everywhere — but the shape differs by industry and region.

Industry context matters. Banking leads in strategic alignment and governance, while insurance shows broader adoption but inconsistent depth. Government benefits from structured planning but struggles with execution. Health care and life sciences remain earlier-stage, constrained by data complexity, regulatory requirements, and integration challenges. Across all industries, adoption is outpacing operationalization.

Regionally, North America ranked the highest in AI readiness across the dimensions Planning, Building, and Enabling. Europe is the only region where Executing is the strongest dimension. APAC shows a mixed maturity profile, while LATAM and META are earlier stage, constrained by foundational gaps in data, platforms, and infrastructure.

Chart 1: Global view of SMB readiness stages*. Around the world, SMBs are still in the beginning stages of their AI journey.



* See page 4 for AI readiness stage definitions.

Direction in search of delivery.

SMBs are prioritizing fundamental use cases first. Governance, improving data quality, reducing cost and process automation consistently top the list across the survey. These priorities reflect a focus on stabilizing operations and reducing risk. What's missing is the ability to deliver on those priorities at scale and with consistency. That's the distinction between organizations that are advancing and those that are active but not moving forward.

Table 1: The use-case data reinforces the point. The top priorities reflect an agenda of control, efficiency and operational readiness — not growth:

Use case priority	% selecting
Improve governance, risk and compliance for AI	26.2%
Automate and streamline core business processes	26.1%
Reduce costs through efficiency and automation	25.2%
Improve data quality and integration	25.1%
Consolidate tools into a unified platform	23.2%
Improve customer experience or personalization	23.0%
Increase product/service innovation	23.0%
Build or strengthen internal AI skills	22.9%
Leverage advanced automation or AI agents	22.8%
Enhance reporting and decision making	21.9%
Experiment with copilots or assistants (personal productivity)	20.9%
Drive new revenue growth	20.2%
Faster time to market	19.4%

Before AI can drive growth, it must first be trusted, governed, and able to run reliably across the business. The priorities in this data confirm that most of these organizations understand that — and are building for it.

Build the foundations or fall behind.

The organizations that close the gap will do it by strengthening what underlies AI – the strategy, data, skills, and execution. Those that don't risk staying in a state of partial progress as the distance between leaders and the rest continues to grow.

This report shows where SMBs stand today, identifies the capabilities that most reliably predict success, and pinpoints where momentum is most often lost. Use it to benchmark your position, anticipate the obstacles ahead, and take the next steps toward AI that actually scales.

About this research

The findings in this report are drawn from a quantitative survey of 1,600 leaders of small and midsize businesses conducted between November and December 2025. Respondents represent 28 countries across five regions: North America, Europe, Asia Pacific, Latin America, and the Middle East, Turkey, and Africa.

All respondents came from organizations with 100 to 499 employees outside of the US or 100 to 999 employees inside the US. The sample includes both line-of-business leaders and IT decision makers — reflecting the reality that AI readiness is a shared responsibility, not an IT problem alone.

The survey was structured around the AI Readiness Index, which measures maturity across four dimensions: Planning, Building, Enabling, and Executing. Based on their responses, organizations were placed into one of four maturity stages, ranging from Experimental to Integrated. That framework is the basis for all comparisons in this report.

A more comprehensive description of our methodology can be found at the conclusion of this report.

AI adoption: Wide but thin

Ask SMB leaders whether their organizations are using AI, and most will answer yes. That response is justified. AI capabilities are now embedded across a wide range of business applications, and many organizations are actively experimenting with new tools, running pilots, and exploring where AI can create value. AI is no longer peripheral to the SMB agenda. It is increasingly present in day-to-day business activity, having jumped to the very top of company leadership priorities in recent years.

On the surface, this suggests strong progress. However, a closer look reveals a more nuanced reality. While adoption is widespread, it remains relatively shallow. AI activity is often fragmented, concentrated in specific tools or functions, and disconnected from a coordinated strategy that consistently delivers measurable business outcomes. What appears as momentum at the surface does not yet translate into depth across the company.

Table 2: The four stages of AI readiness.

	Stage 1: Experimental	Stage 2: Opportunistic	Stage 3: Structured	Stage 4: Integrated
% of SMBs	36.9%	32.9%	21.8%	8.8%
Description	AI activity is ad hoc and fragmented. There is no formal strategy, governance is absent, and use cases emerge informally rather than by design.	Early pilots are underway and investment is growing, but initiatives remain fragmented and difficult to scale. Progress is real but not yet systematic.	AI is supported by defined strategy, improving data foundations, and growing capability across the business. Scaling is beginning to happen by design.	AI is embedded across business processes, supported by unified platforms, and delivering measurable outcomes. The focus shifts from building to continuous improvement.
Characteristics	Data scattered across systems with no clear ownership. Tools adopted in silos, not connected. Skills concentrated in a handful of individuals. Pilots exist but business impact is rarely measured.	AI discussed in relation to business priorities. Some data improved, some systems connected. A few teams or individuals have practical AI experience. Some pilots succeed, but no defined scaling process.	Strategy linked to business goals with defined governance. Data more accurate; platforms more integrated. Structured training in place; broader team adoption. Use cases managed deliberately; impact measured for many.	AI embedded in corporate strategy and core planning. Unified data and AI platforms with governed workflows. Enterprise-wide skills with ongoing upskilling programs. Impact tracked systematically and used to guide investment.
Key insight	**90% have no formal AI strategy**	**Most SMBs stall here before reaching scale**	**65.8% have a defined AI strategy at this stage**	**70.7% operate fully integrated platforms at this stage**

Seventy percent are still in early-stage maturity

This pattern is reflected clearly in the global maturity distribution. Approximately **70% of SMBs remain in the Experimental (Stage 1) and Opportunistic (Stage 2) categories,** indicating that most organizations are still focused on early-stage activity such as tool usage, pilot projects, and initial use-case exploration. By contrast, only about 9% have progressed to more structured or integrated approaches, where AI is embedded into business processes and delivering consistent, measurable outcomes. The market has moved beyond awareness, but not yet beyond fragmentation.

In many SMBs, AI today is best described as:

- **Present:** Visible in tools and workflows, but not integrated across the business
- **Promising:** Generating activity, but not yet producing repeatable, measurable outcomes tied to significant business impact
- **Active:** Scaling in ambition, but not yet trusted to drive measurable outcomes

This helps explain why so many initiatives struggle to move beyond the pilot phase. Even when early use cases show value, organizations often lack the structures required to extend and embed them more broadly.

If SMBs are already using AI, what is preventing them from scaling it?

The sections that follow help answer this central, persistent question raised by the responses to this survey – examining by industry where momentum stalls, what separates leaders from the rest, and what it takes to build AI that actually scales.

> "AI is moving rapidly from experimentation to operational reality, and AI-enabled operations are quickly becoming the new standard for SMBs. The organizations seeing real value are those modernizing their environments with intelligent, adaptive systems—using AI to automate routine work, strengthen resilience, and turn ambition into valuable business outcomes."
>
> **Mark Martin**
> Global Vice President, Data & AI and Vendor Transformation at TD SYNNEX

What the data shows by industry

AI adoption is accelerating across industries, but maturity remains uneven and, in most cases, still early-stage. While SMBs in every sector are experimenting with AI and identifying potential use cases, meaningful progress toward scale depends largely on the strength of underlying business, data, and execution foundations.

This dynamic is visible immediately in the maturity distribution. Even among the more advanced sectors, the share of SMBs that have reached fully integrated AI remains limited. The broader conclusion of this study: AI adoption is spreading faster than AI operationalization. Although the study spans many industries, the sections that follow focus on five: Banking, insurance, government, health care, and life sciences.

Banking

Banking stands out as the most advanced industry in this study. SMBs in banking show stronger strategic alignment, more established governance practices, and earlier progress in embedding AI into operational workflows. As a result, banking has the highest share of organizations moving beyond pilots toward more integrated use. Even so, fully scaled AI remains the exception rather than the norm. Most organizations are still working to strengthen data integration, platform consistency, internal skilling, and execution discipline needed to deliver repeatable impact across the business.

Insurance

Insurance shows broader adoption and clearer operational intent than many other industries, with AI increasingly applied to defined business problems rather than isolated experimentation. Even so, adoption depth remains inconsistent. Fragmented data environments, partially integrated platforms, and uneven execution practices continue to limit reuse and coordination. While many insurers have demonstrated the ability to operationalize individual use cases, fewer have built the integrated foundations required to scale AI reliably across functions and processes.

Government

Government organizations demonstrate relative strength in planning, governance, and oversight, reflecting more formal structures and accountability models. These characteristics provide a stable starting point for AI adoption. At the same time, execution remains uneven. Data fragmentation, legacy systems, and limited platform integration slow the shift from visible AI use to fully embedded operations. AI is increasingly visible across agencies, but it is not yet operating as a coordinated, end-to-end capability.

> "AI in government is only as powerful as the data that fuels it – trusted, well-governed data turns algorithms into decisions that improve citizen services and national security. To go from experimentation and pilots to scale requires clear mission alignment, modern AI infrastructure, strong governance, and a culture willing to operationalize AI across the enterprise."
>
> **Michael Adams**
> Sales Director, Carahsoft

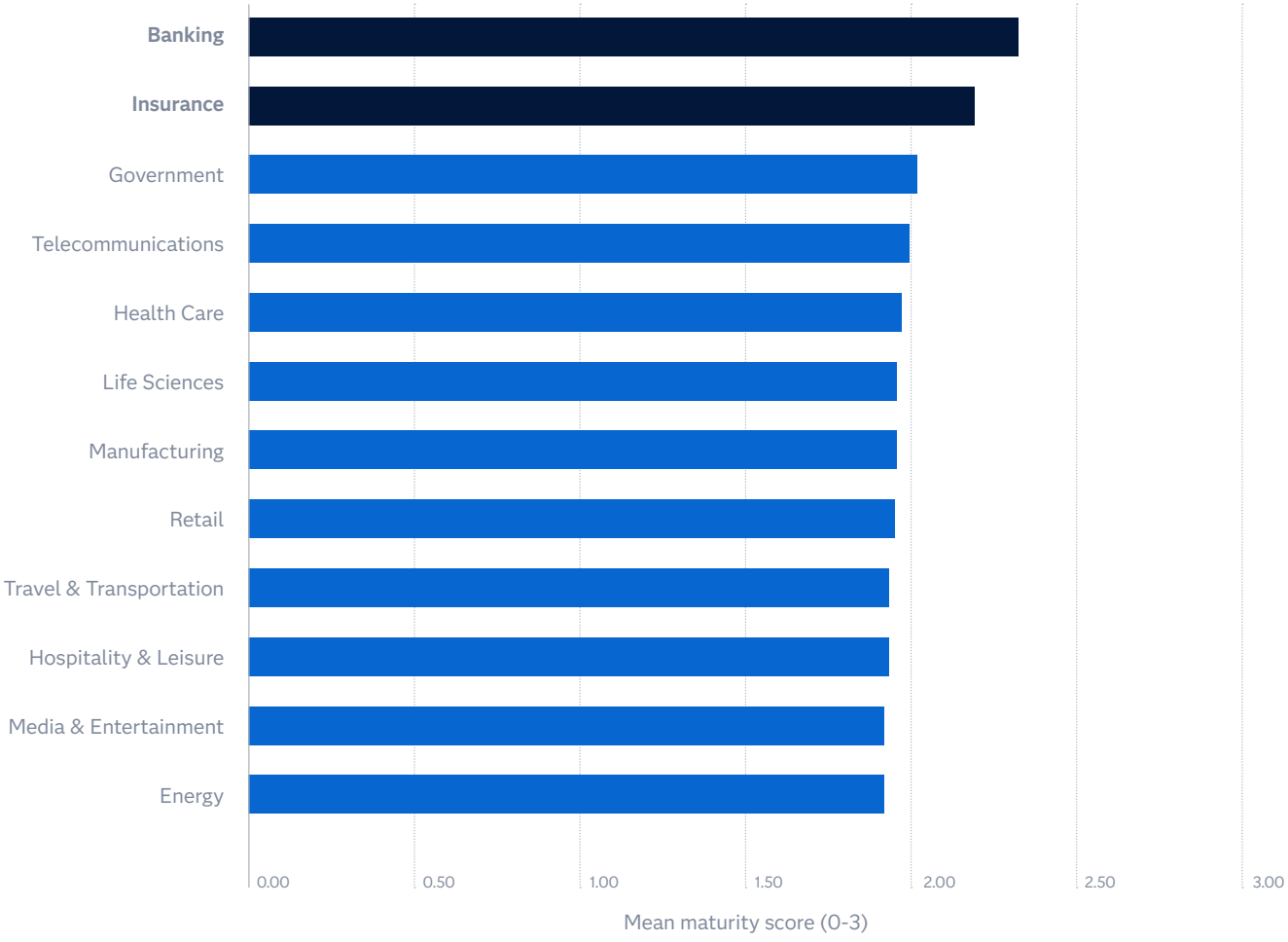
Health care

Health care organizations remain concentrated in earlier stages of AI maturity. Interest and experimentation with AI are widespread, particularly around efficiency, operations, and administrative processes. However, it is not yet fully embedded due to data quality challenges, interoperability issues, regulatory complexity, and skills gaps. As a result, AI efforts in health care often focus first on improving data foundations, reporting, and compliance rather than broader operational deployment.

Life sciences

Life sciences organizations also remain early in the maturity curve, but for different reasons. AI use is often driven by specialized teams and targeted applications rather than enterprise-wide deployment. Data complexity, integration challenges, and regulatory requirements slow broader adoption. While the potential value of AI is high, many SMBs in life sciences are still building the foundational capabilities required to scale AI consistently across the organization.

Chart 2: AI maturity by industry — All industries remain in early maturity stages — differences are a matter of degree, not direction.



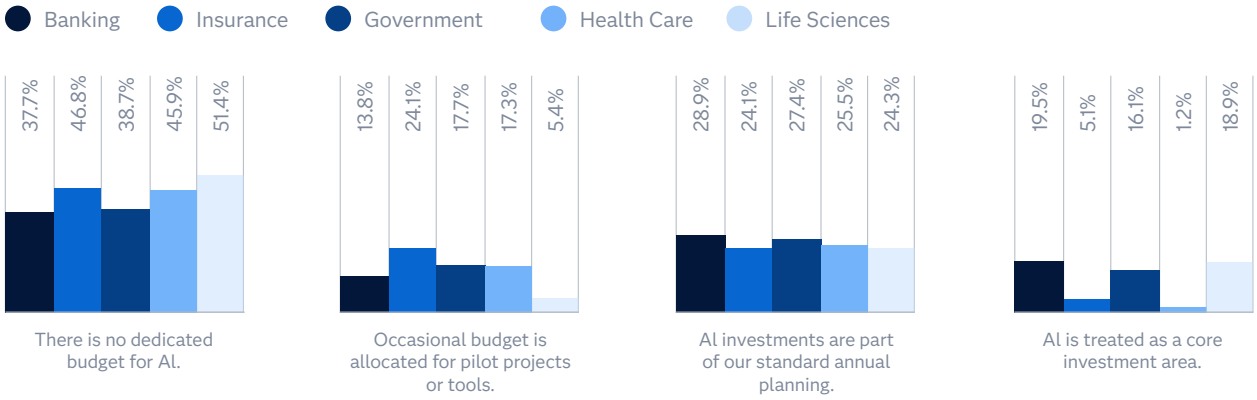
This pattern highlights a critical point. Differences between industries are real, but they are differences in degree rather than direction. Across sectors, most organizations are still navigating the same transition from experimentation to more structured adoption. What varies is the speed at which they are able to move through that transition, and the strength of the foundations supporting that movement.

Strategy provides an early indication of this divergence. Industries such as banking and government show a stronger shift toward strategic alignment and embedded AI approaches, while health care and life sciences remain more concentrated in earlier stages of strategy maturity. Insurance presents a mixed picture, with some movement toward strategic alignment but a still meaningful share of organizations operating without a fully embedded approach. At the same time, even in the more advanced sectors, a substantial proportion of organizations still report having no formal AI strategy. The pattern is clear: progress is visible, but it is not yet consistent.

Table 3: AI strategy by industry.

Response	Banking	Insurance	Government	Health Care	Life Sciences
Lack strategy: We have no clear AI strategy. Awareness is low. We have no resources or guidelines.	40.3%	49.4%	38.7%	43.9%	48.6%
Tactical strategy: Management is interested in AI, and it's discussed but not documented or embedded in our company's strategy.	11.3%	26.6%	27.4%	22.4%	8.1%
Strategic alignment: We have a defined AI strategy linked to our business goals. It is communicated and used to guide major activities.	27.7%	17.7%	21.0%	23.5%	18.9%
Embedded strategy: AI is fully embedded in company strategy. It shapes our business plans and management is accountable.	20.8%	6.3%	12.9%	10.2%	24.3%

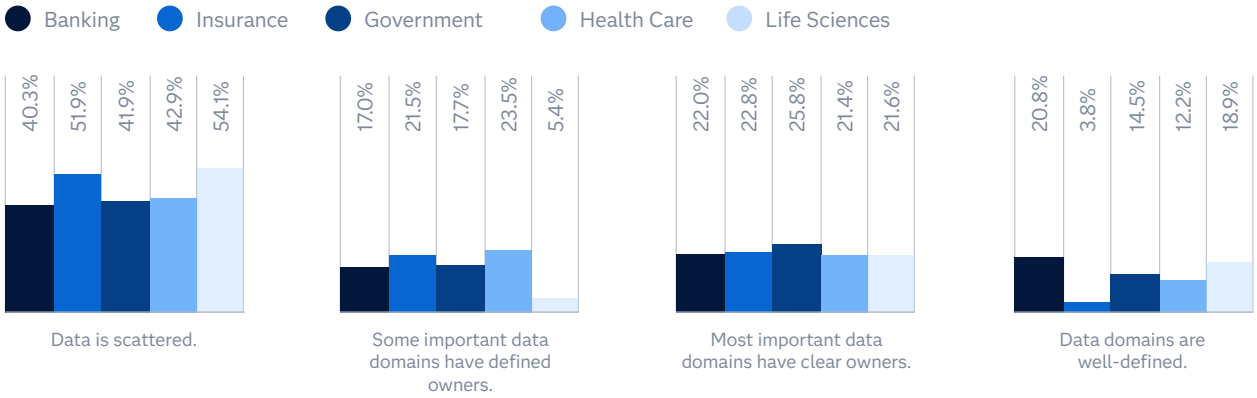
Chart 3: AI investment by industry — Structured AI funding remains the exception across every sector.



Investment patterns follow a similar trajectory. While some industries are beginning to treat AI as part of standard planning cycles or even as a core investment area, a large share of organizations across all sectors still rely on limited or inconsistent funding. Banking appears more advanced, with a larger proportion incorporating AI into annual planning and core investment decisions, but even their structured investment is not yet universal. The implication is straightforward: where funding remains reactive or pilot-based, scale is likely to remain elusive.

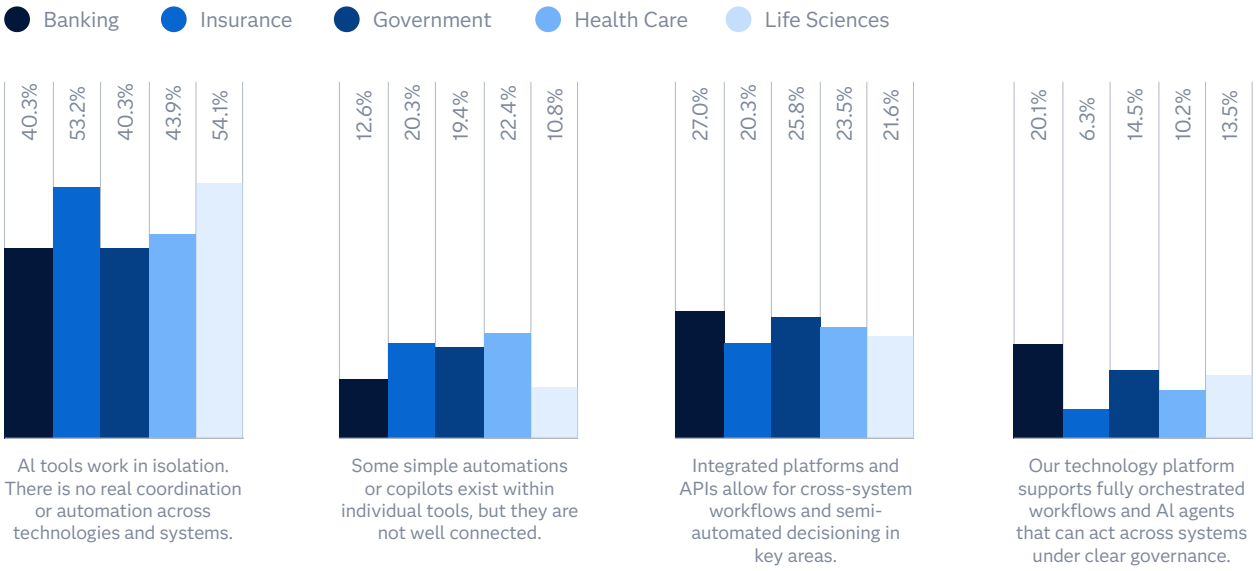
The differences in maturity become more pronounced when examining foundational capabilities. Data remains one of the most important differentiators across industries. In sectors such as insurance and life sciences, more than half of organizations report that their data is scattered across systems without clear ownership, while similar patterns are visible in government and health care. Only a minority of organizations across any industry report having well-defined, accessible, and governed data environments. This lack of structure limits the ability to scale AI effectively, regardless of the number of use cases being explored.

Chart 4: Data ownership and management by industry — In every industry, scattered data with no clear ownership remains the norm.



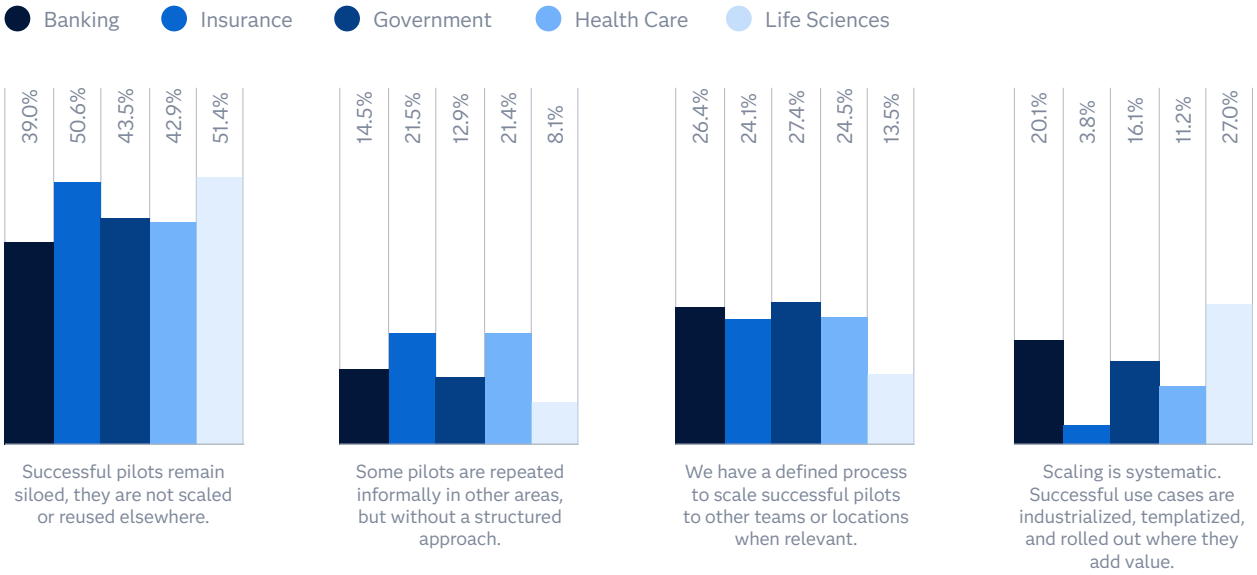
Platform maturity reinforces this challenge. Across industries, the dominant approach remains one of fragmented tools and limited integration. A large share of organizations report that AI tools operate in isolation, with little coordination across systems. Some progress is visible in the form of integrated platforms and API-based workflows, particularly in banking and government, but fully orchestrated environments remain rare across the board. In practical terms, this means that many organizations can support isolated use cases, but far fewer can support coordinated, end-to-end AI-driven workflows.

Chart 5: Technology platform maturity by industry — Fragmented tools and isolated AI remain the dominant pattern across every sector.



These foundational gaps translate directly into execution challenges. Across all industries, the majority of SMBs report that successful AI pilots remain siloed and are not scaled across the business. Even where scaling processes exist, they are often informal or inconsistently applied. Only a small proportion of organizations report systematic scaling, where successful use cases are industrialized and rolled out in a repeatable way. This confirms that the execution gap is not confined to less mature industries. It is a universal challenge that persists even among leaders.

Chart 6: AI pilot scaling by industry — Across every sector, successful pilots remain siloed — systematic scaling is the exception, not the rule.



Taken together, these findings point to a clear conclusion. Industry differences in AI maturity are driven less by ambition and more by operational structure. Sectors such as banking, insurance, and government benefit from more established governance frameworks, more structured data environments, and more standardized processes. These characteristics create a more stable foundation for AI adoption, allowing organizations to move more quickly from experimentation to operational use.

By contrast, industries such as health care and life sciences face additional constraints related to integration complexity, data quality, and regulatory requirements. These factors slow the pace of adoption, even where the potential value of AI is high. As a result, organizations in these sectors tend to focus more heavily on foundational improvements, such as data integration and reporting, before expanding into more advanced use cases.

What emerges is a consistent pattern across all industries. Adoption is moving faster than operationalization. SMBs are able to identify where AI could create value and are increasingly active in testing solutions. What remains challenging is embedding these solutions into the fabric of the business in a way that is scalable, measurable, and sustainable.

The implication is that industry context shapes the pace of progress, but not the nature of the challenge. Across sectors, success in AI depends on the same underlying capabilities. Strong governance, high-quality and integrated data, cohesive platforms, and disciplined execution consistently separate more advanced organizations from the rest.

For SMBs in any industry, the lesson is clear: Progress in AI is not defined by the number of use cases being explored, but by the ability to connect those use cases into a broader, integrated capability. Industries that recognize this and invest accordingly are able to move more quickly along the maturity curve.

Execution: Obstacles and opportunities

The challenges SMBs face in activating AI at scale are not unique to their size. Many of the same issues appear in larger organizations. However, for SMBs, the consequences are more immediate and constraining. With fewer resources, less margin for error, and a greater need to prioritize, gaps in execution are felt faster and more acutely. The result is not a lack of activity, but a lack of consistency. AI is visible across the company, but it is not yet embedded within it.

This imbalance between intent and delivery is clearly reflected in the data. Nearly half of SMBs (44.8%) have no structured view of their use cases at all. AI activity is isolated, without clear ownership or defined outcomes. Only 12.5% have reached the point of managing AI as a true portfolio, with clear owners, success metrics, and regular reviews. The middle ground – rough initiative tests and loosely defined use cases – accounts for most of the rest. Organizations are learning how to prepare for AI faster than they are learning to operationalize it.

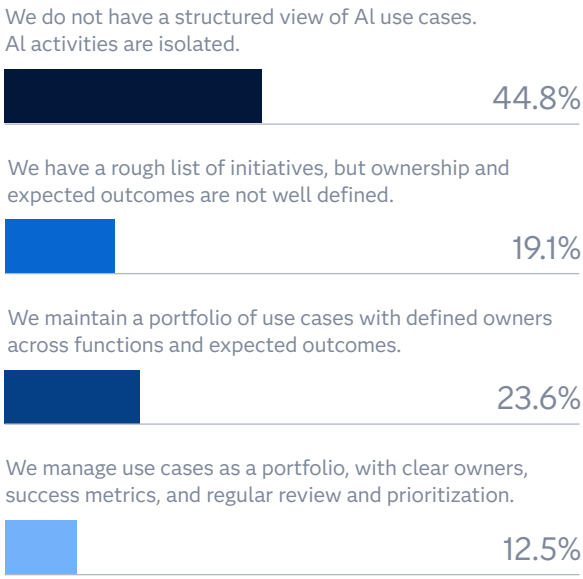
This gap is not a minor lag. It is the defining feature of the readiness-reality gap. SMBs are increasingly able to articulate ambition, define priorities, and invest in capabilities. However, they struggle to convert those inputs into outputs that are repeatable, scalable, and measurable. The transition from isolated success to systematic execution is where momentum is most often lost.

Who owns the use cases?

AI initiatives are still largely uncoordinated among the organizations we surveyed.

- Nearly half of organizations, 44.8%, report having no structured view of their AI use cases, with activities remaining fragmented across teams and functions.
- A further 19.1% maintains only a rough list of initiatives, without clear ownership or well-defined expected outcomes.
- Only 12.5% manage use cases as a portfolio, with clear owners, success metrics, and regular review and prioritization.

Chart 7: Approach to managing AI use cases — Nearly half of SMBs have no structured view of their AI use cases.



This lack of structure has immediate consequences. Without clear ownership, initiatives compete rather than reinforce one another. Without defined outcomes, success cannot be consistently measured. Without prioritization, resources are spread too thinly across too many efforts. The result is a proliferation of activity without corresponding accumulation of impact. Organizations are busy, but not necessarily effective.

Successful pilots aren't reused or expanded

Even when organizations succeed in identifying valuable use cases and running successful pilots, they struggle to extend those successes across the business. Nearly half of SMBs, 44.9%, report that successful pilots remain siloed and are not reused elsewhere. Another 19.4% repeat pilots informally, without a structured approach to scaling. Only 11.2% report systematic scaling, where successful use cases are templatized and deployed across teams or locations in a repeatable way.

This pattern is critical. It means that value created in one part of the company does not translate into broader impact. Each new initiative effectively starts from scratch, rather than building on previous successes. Over time, this prevents organizations from achieving the compounding benefits that define mature AI adoption. Instead of accelerating, progress remains incremental.

What doesn't get measured, doesn't get scaled

Most SMBs either do not measure the impact of AI initiatives at all or rely on informal, qualitative assessments. Forty-four percent report that they do not measure AI impact, and another 20.6% discuss impact qualitatively but do not measure it consistently. While 24.2% say they measure impact for many initiatives, only 11.1% systematically use that data to review results and steer future investments and priorities.

Chart 8: Approach to AI pilot projects — Successful pilots rarely get reused or scaled across the business.

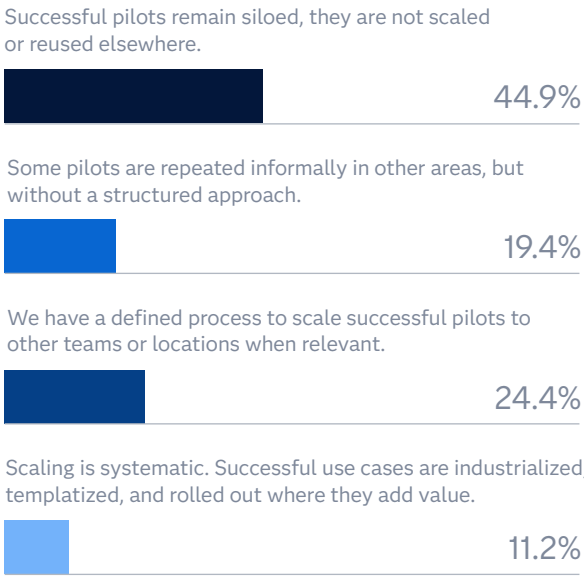
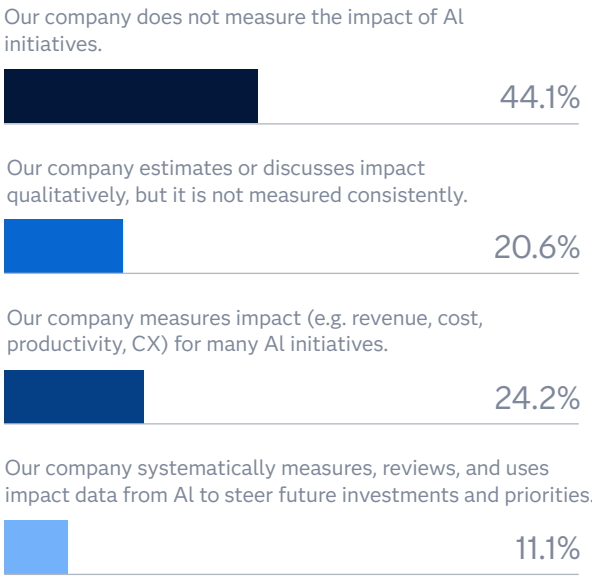


Chart 9: Measuring the impact of AI — Most SMBs do not consistently measure the impact of their AI initiatives.



Without consistent measurement, organizations lack a critical feedback mechanism. They cannot reliably compare initiatives, demonstrate value, or justify further investment. This creates a cycle in which AI remains experimental by default. Even when initiatives deliver real benefits, those benefits are not captured, scaled, or reinvested in a structured way.

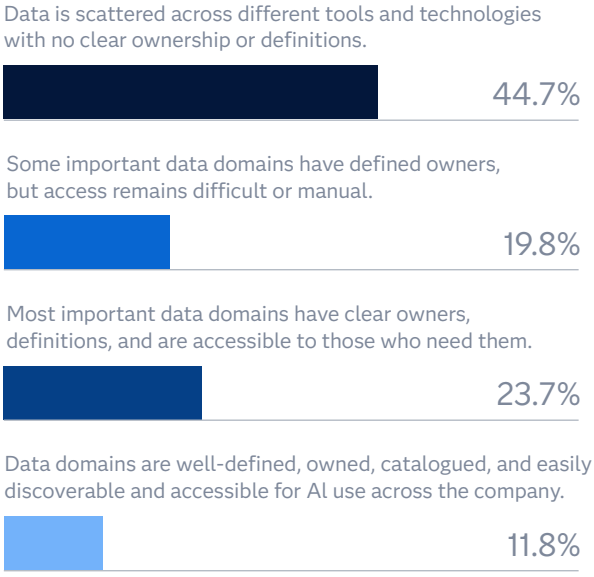
Three critical structural constraints

Taken together, these three factors – lack of structure, lack of scaling, and lack of measurement – form the core of the execution gap. They explain why so many organizations remain stuck between experimentation and operationalization.

These execution challenges do not exist in isolation. They are symptoms of deeper structural constraints, particularly in data and technology platforms.

- Data remains the single most structural barrier to scaling AI. Nearly half of SMBs, 44.7%, report that their data is scattered across different tools and technologies with no clear ownership or definitions.
- Another 19.8% say some important data domains have defined owners, but access remains difficult or manual.
- Only 11.8% report having data domains that are well-defined, owned, catalogued, and easily discoverable and accessible for AI use across the company.

Chart 10: Data management across SMBs — Scattered data with no clear ownership remains the single biggest barrier to scaling AI.



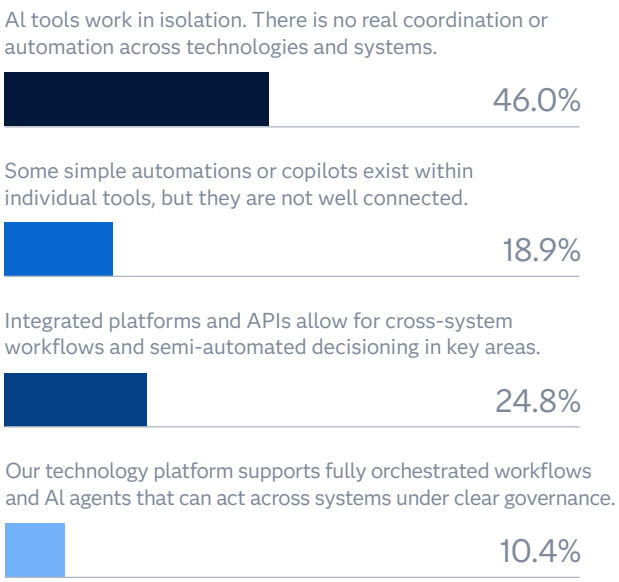
This lack of structure creates multiple points of friction. Data cannot be easily reused, governance remains unclear, and models cannot be trained or deployed consistently. Without strong data foundations and governance, scaling AI becomes significantly more complex.

> "This research illuminates the reality that many SMBs face: moving from AI pilots to real impact means you have to progress past experimenting and build an integrated foundation that supports your data and business needs. This is what delivers repeatable, measurable value."
>
> **DJ Penix**
> President & CEO Pinnacle Solutions

Technology platforms reinforce this challenge.

- A large share of organizations, 46.0%, report that their AI tools operate in isolation, with little coordination or automation across systems.
- A further 18.9% say simple automations or copilots exist within individual tools, but they are not well connected.
- While 24.8% report some degree of platform and API integration.
- Only 10.4% say their technology platform supports fully orchestrated workflows and AI agents operating across systems under clear governance.

Chart 11: Technology platform and workflow integration — AI tools operate in isolation in nearly half of SMBs, limiting end-to-end impact.



This fragmentation limits the ability to embed AI into end-to-end workflows. Instead of becoming part of how processes are executed, AI is applied at specific points, often manually. This reduces both efficiency and impact. It also increases complexity, as organizations must manage multiple disconnected tools rather than a cohesive platform.

Organizational capability further compounds these structural challenges. In many SMBs, AI expertise is limited and unevenly distributed — concentrated in a small number of individuals rather than embedded across the workforce. Nearly half of SMBs report having no dedicated internal or external experts, while only a small minority have established capabilities that can systematically support AI initiatives across the business. The enabling challenges are specific and persistent:

- 38.6% cite limited leadership engagement and weak communication on AI, leaving teams without clear direction.
- 33.9% report that employees simply lack the time or capacity to learn new tools — a structural problem that cannot be resolved through training programs alone.
- 33.2% identify a lack of internal AI skills, while an equal share points to resistance to change and skepticism about AI and automation.
- 30.6% say there are no structured training or learning programs in place, meaning capability development remains largely ad hoc.

Chart 12: AI support and expertise — AI capability remains concentrated in a few individuals rather than embedded across the workforce.

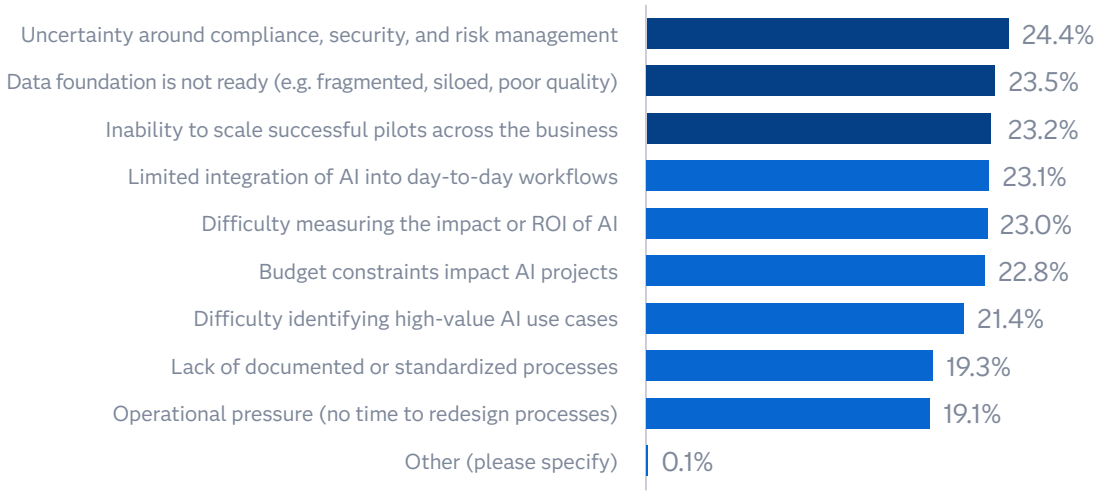
This creates a dependency on a small number of individuals or teams, which becomes a bottleneck as adoption expands. Even where tools and data are available, the ability to use them effectively is not widespread. This slows the diffusion of AI across the company and limits the ability to scale initiatives beyond initial pilots.

These interconnected challenges are reflected in the priorities SMBs identify themselves. When asked about the biggest barriers to improving execution, SMBs consistently point to the same set of issues:

- 24.4% of organizations cite uncertainty around compliance, security, and risk management.
- 23.5% of data foundations that are not ready.
- 23.2% of inability to scale successful pilots across the business.
- 23.1% cite limited integration of AI into day-to-day workflows.
- 23.0% cite difficulty measuring impact or ROI.

Budget constraints (22.8%) and difficulty identifying high-value use cases (21.4%) also remain significant.

Chart 13: Key execution challenges — The same barriers appear consistently across regions and industries, pointing to a systemic integration gap.



What is striking is the consistency of these responses. Across regions and industries, the same barriers appear repeatedly. This reinforces the idea that the execution gap is not driven by isolated issues, but by a systemic lack of integration across capabilities. AI does not stall because one element is missing. It stalls because too many of the enabling elements remain only partially in place.

Leaders know what needs to change. Execution is the hard part.

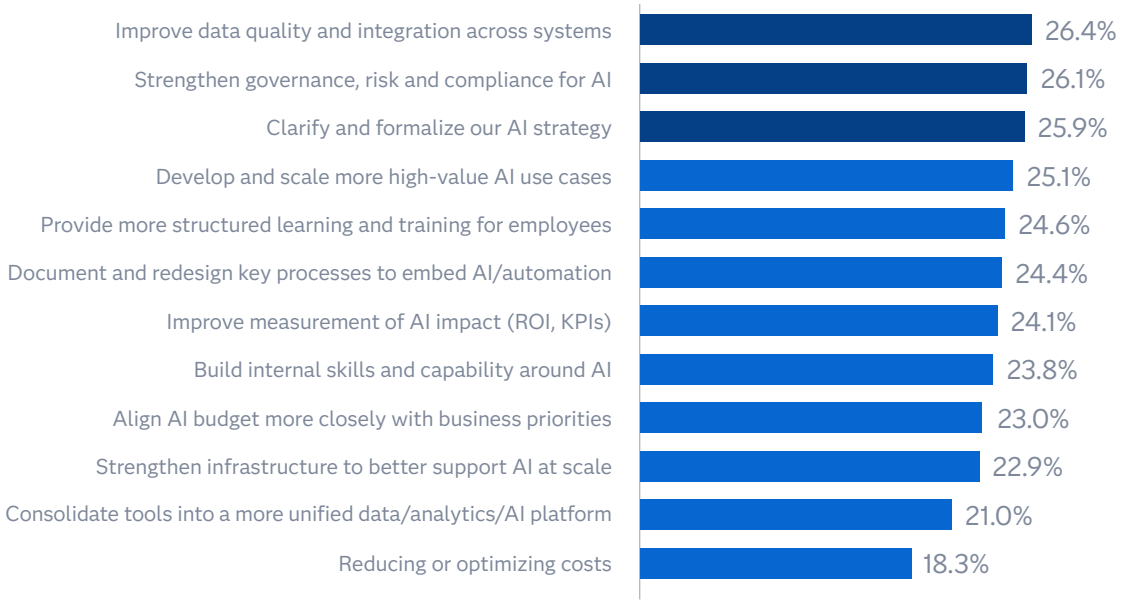
When asked what would most help them advance, respondents identify a set of priorities that map squarely onto the gaps above. The highest-ranked actions are:

01	Improving data quality and integration across systems	26.4%
02	Strengthening governance, risk, and compliance for AI	26.1%
03	Clarifying and formalizing AI strategy	25.9%

Followed closely by:

04	Developing and scaling more high-value AI use cases	25.1%
05	Providing more structured learning and training for employees	24.6%
06	Documenting and redesigning key processes to embed AI and automation	24.4%
07	Improving measurement of AI impact	24.1%

Chart 14: Actions to improve AI readiness — SMB leaders know what needs to change — data quality, governance, and strategy top the list.



The building blocks are visible, and a smaller group of organizations is already assembling them – moving from isolated use cases to managed portfolios, from fragmented data to integrated platforms, and from informal experimentation to disciplined execution. Most aren't there yet, however. Closing that distance requires building the operating model that makes AI successes repeatable.

SMBs that succeed in making this shift will be able to convert early momentum into sustained business impact. Those that do not risk remaining in a state of perpetual experimentation, where AI is present, but not yet transformative.

Priorities: Walk, then run

When prioritizing AI use cases, SMBs are taking a pragmatic and disciplined approach. Faced with a rapidly expanding landscape of AI capabilities, tools, and vendor promises, many SMBs are choosing not to pursue the most ambitious or transformational opportunities first. Instead, they are prioritizing clearer, lower-risk opportunities that deliver value quickly.

This is not a sign of limited ambition. It is a reflection of how organizations navigate uncertainty. The proliferation of AI has made it more difficult, not easier, for SMB leaders to determine where to focus. In this environment, prioritizing achievable, near-term outcomes becomes a rational starting point. For most SMBs, the first objective is not to transform the business overnight. It is to build confidence, prove value, and establish conditions for broader adoption.

> "The readiness–reality gap is real in higher ed. We didn't need more AI hype, we needed decision-ready analytics that our leaders can use every day to improve operational decisions which impact our bottom line and student success."
>
> **Melanie Boynton**
> Director of Institutional Research and Analytics, Reynolds Community College

Efficiency first, then transformation

Chart 15: Top individual AI use case priorities — SMBs are prioritizing governance, efficiency, and operational readiness over growth.

Near-term priorities are doing double duty

What is particularly striking is how closely these top priorities mirror the structural challenges identified on page three of this report. SMBs are not simply selecting use cases based on ambition — they are selecting them in direct response to the constraints they face. The alignment is almost exact:

- The most commonly cited barrier to execution is uncertainty around compliance, security, and risk — and the top-ranked use case is improving governance, risk, and compliance for AI 26.2%.

- The second biggest execution barrier is data foundations not being ready — and improving data quality and integration ranks fourth among use case priorities 25.1%.
- The inability to scale successful pilots and limited workflow integration are also among the top barriers — and automating and streamlining core business processes ranks second 26.1%, with consolidating tools into a unified platform fifth 23.2%.

In each case, the use case is a direct response to the bottleneck. SMBs are not only aware of their constraints — they are actively sequencing their AI investments to remove them. Improving data quality, strengthening governance, and consolidating platforms are not just technical improvements in isolation; they are the preconditions for everything that comes next. In this sense, near-term priorities are genuinely doing double duty: delivering near-term operational value while simultaneously laying the groundwork for longer-term transformation.

At the same time, more strategic and growth-oriented use cases are clearly present in the data, but they are not yet dominant. The bottom three priorities in the ranking are revealing:

- **Driving new revenue growth** is ranked near the bottom, cited by just 20.2% of respondents.
- **Faster time to market** ranks lowest of all priorities, at 19.4%.
- **Customer experience and personalization** is on the agenda at 23%, but is consistently outranked by operational and foundational priorities.

This pattern holds across every region in the study. This suggests that while SMBs recognize the broader transformational potential of AI, they are consciously sequencing their efforts — stabilizing before scaling, and proving before expanding.

As maturity grows, so does ambition

The most telling insight from this set of survey data is how priorities shift as organizations mature. Comparing less mature organizations with more advanced ones reveals a clear progression. Early-stage SMBs place slightly greater emphasis on foundational priorities such as governance, cost reduction, internal skills, and platform consolidation. More mature SMBs begin to place relatively greater emphasis on new revenue growth, faster time to market, customer experience and personalization, and advanced automation or AI agents. In other words, as company readiness increases, priorities begin to shift from stabilization toward differentiation.

- **Governance, risk, and compliance for AI** is the starkest reversal: early-stage SMBs (Stage 1: Experimental – Stage 2: Opportunistic) rank it as their top priority at 28.2%, while more mature organizations (Stages 3: Structured – Stage 4: Integrated) deprioritize it at 24.2%, a 4-point drop that reflects how advanced organizations have already built these foundations.
- **New revenue growth** and **faster time to market** show the clearest upward shift among more mature SMBs — rising from 19.2% and 18.3% respectively among early-stage organizations to 22.3% and 21.7% among advanced ones, confirming that growth ambitions emerge once operational foundations are in place.
- **Advanced automation or AI agents** follows the same pattern: a priority for 21.7% of early-stage SMBs, rising to 24.8% among more mature ones — consistent with a market moving from basic process automation toward more sophisticated, agentic AI deployment.
- **Customer experience or personalization** similarly increases with maturity, from 22.4% to 24.2%, reinforcing that customer-facing transformation is a later-stage ambition rather than an early priority.

By contrast, building or strengthening internal AI skills — a foundational investment — is more heavily weighted among early-stage SMBs (21.9% vs 23.4%), consistent with the idea that capability-building precedes strategic expansion. This structured evolution reinforces a critical point: SMBs are not under-reaching in their AI ambitions; they are sequencing them. By focusing first on areas where value is most accessible, organizations are building the capabilities required to tackle more complex and transformative use cases over time.

The risk of stalling in efficiency mode

Sequencing is a smart approach. But staying in efficiency mode too long carries its own risks. The longer SMBs remain focused exclusively on efficiency, the more difficult it becomes to shift toward higher-value use cases. Without deliberate effort, there is a tendency to optimize existing processes without rethinking them. AI becomes a tool for incremental improvement - useful, but not transformative.

This is where the readiness-reality gap reappears in a different form. SMBs are making progress, but that progress can plateau if it is not actively redirected toward more strategic outcomes.

Chart 16: Areas where AI is delivering greatest business impact — Early AI gains are concentrated in efficiency — the shift to strategic outcomes has yet to broadly take hold.

The organizations pulling ahead are treating early efficiency wins as a launchpad rather than a destination. They build confidence and capability in the near term, then use that foundation to move into more strategic territory – customer experience, growth, and innovation. The question every leader with responsibility for AI in these organizations should be asking is whether and how that transition is being actively managed.

What SMB AI leaders do differently

The difference between organizations that are leading in AI and those still struggling to achieve scale is not primarily about use cases. It's about foundations. Leaders have invested earlier and more deliberately in the data, governance, and infrastructure required to move from pilot to enterprise-wide capabilities. They have a head start that compounds over time.

Rather than treating pilots as isolated experiments, leaders treat them as the first step in a broader system. From the outset, they focus on what will be required to extend success across the organization. This includes not only identifying high-value use cases, but building the supporting capabilities that allow those use cases to be repeated, expanded, and embedded.

What emerges from the data is a consistent set of behaviors that underpin this approach. Leaders are not simply doing more AI. They are doing it differently, with a clear focus on integration, repeatability, and long-term impact.

> "Too many AI initiatives are driven by vendor promise rather than business readiness, leaving organizations stuck in experimentation. Moving to scaled execution requires aligning use cases to real business priorities and building integrated foundations across data, governance, skills and platforms. Without that, AI adds cost and complexity rather than delivering measurable outcomes."
>
> **David Francis**
> CEO, Demarq

What makes leaders different

Table 4: What makes leaders different — How top-performing SMBs approach AI differently from their peers.

Dimension	What leaders tend to do	What others tend to do
Strategy	Link AI directly to business priorities and formal planning	Treat AI as exploratory or adjacent to strategy
Investment	Fund AI as a capability, not just a pilot	Rely on ad hoc or tool-by-tool spending
Data and platforms	Build integrated environments with clear governance and shared ownership	Operate across fragmented tools and disconnected data
Execution	Manage use cases as a portfolio and scale what works	Run isolated pilots with limited reuse
Measurement	Track impact systematically and use it to guide future decisions	Assess value informally or inconsistently
Skills and support	Build internal capability and engage partners selectively	Depend on a small number of individuals or one-off external help

Four areas where leaders pull away

The behaviors that separate leaders from the rest are consistent across the data, and they cluster around four areas.

On **strategy,** leaders connect AI directly to business priorities and formal planning – not as an initiative running in parallel, but as a core part of how the organization operates. Governance structures are defined, budgets are aligned to expected outcomes, and leadership is held accountable for results.

On **data and platforms,** they invest in the technical foundations that achieving scale requires: improving data quality, establishing clear ownership of data assets, and consolidating toward unified platforms that support shared data, models, and workflows. They favor integrated, end-to-end environments over collections of point solutions and build infrastructure designed to grow with the business.

Leaders focus on **skills and culture,** investing in people as deliberately as they invest in technology. Skills are developed across both IT and business teams. Access to external expertise is structured, not ad hoc. Plus, they actively foster a culture where experimentation is encouraged and aligned to business objectives, reducing resistance and widening adoption across the organization.

Finally, in the **execution** phase, leaders bring discipline and structure to how AI is applied. Use cases are managed as a portfolio, with clear ownership, defined outcomes, and regular reviews. Successful pilots are deliberately scaled rather than left to sit in siloes. And measurement is treated as a core capability – used consistently to track impact and guide future investment.

What connects these four areas is a focus on integration. Leaders recognize that progress in AI is not achieved through isolated improvements, but through the alignment of strategy, data, technology, and execution. By addressing these elements together, they create the conditions required for AI to move beyond experimentation and become embedded in the business.

On technology, leaders favor integrated data and AI platforms over point solutions – tools that support the full lifecycle, from data management and model development to deployment, monitoring, and governance. This reduces complexity, improves consistency, and enables more efficient scaling.

Leaders are realistic about what their organizations can build internally. They are more likely to engage with partners that provide not only technology, but also advisory, implementation, and enablement support, choosing ecosystems that can integrate with existing systems and adapt as the organization matures and grows.

Another defining characteristic of leaders is their focus on managing progression deliberately. Like their peers, they use early efficiency wins as stepping stones to more strategic use cases such as decision intelligence, customer experience, innovation, and growth. Each stage is designed to build on the last.

For other SMBs, the implication is clear. The gap between leaders and the rest is not defined by access to technology or use case selection. It is defined by the ability to execute. SMBs that focus on building integrated capabilities, aligning strategy with execution, and scaling what works are better positioned to close the readiness-reality gap and realize the full potential of AI.

From capability to impact

The impact of this approach is not theoretical. It is measurable, and the data shows a clear and widening performance gap between organizations at different stages of AI maturity. SMBs that succeed in building integrated capabilities across strategy, data, technology, and execution do not simply progress further along the maturity curve; they achieve materially better business outcomes. The difference is not marginal. It is meaningful.

When comparing organizations in earlier stages of maturity (Stage 1: Experimental and Stage 2: Opportunistic) with those that are more advanced (Stage 3: Structured and Stage 4: Integrated), this divergence becomes clear. Less mature organizations are far more likely to remain within modest improvement ranges, particularly around 5–10% gains. More mature organizations are more likely to report stronger outcomes, with higher concentrations in the 21–30%, 31–40%, and above-40% improvement ranges. The 11–20% band remains common across both groups, but the real separation begins above that level, where more advanced organizations pull ahead more clearly.

Chart 17: AI impact on key business KPIs by maturity stage: More mature SMBs are significantly more likely to report stronger business outcomes.

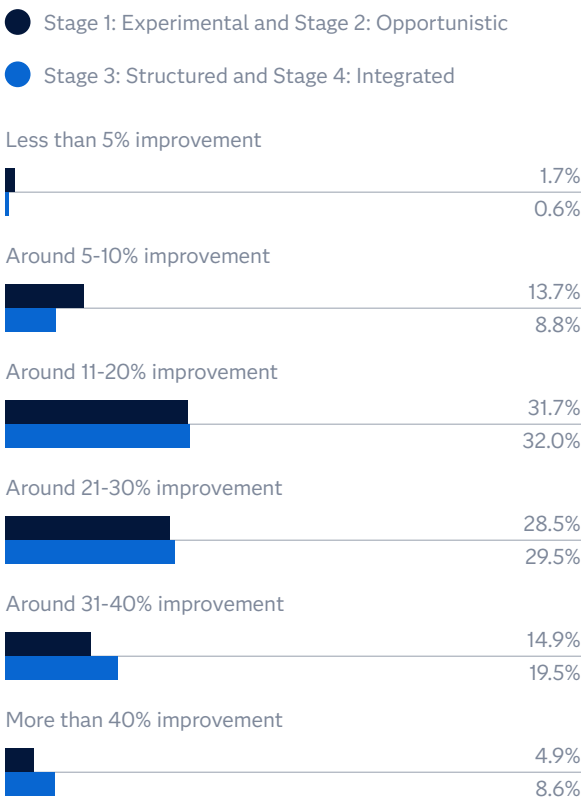
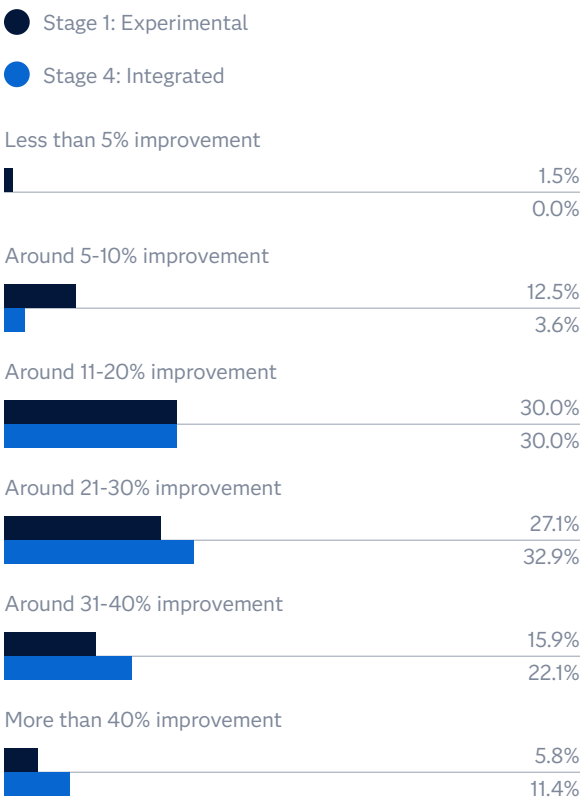


Chart 18: AI impact on key business KPIs — Stage 1 vs. Stage 4: The maturity advantage doubles the likelihood of reporting improvements above 40%.



The same pattern becomes even clearer when comparing Stage 1: Experimental organizations directly with Stage 4: Integrated leaders. Both groups still show a meaningful concentration around the 11–20% improvement range, but Stage 4: Integrated leaders are significantly more likely to report outcomes in the 21–30%, 31–40%, and greater-than-40% bands. In particular, Stage 4: Integrated leaders are roughly twice as likely as Stage 1: Experimental organizations to report improvements above 40%. This is an important point: the maturity advantage does not eliminate moderate gains, but it does materially increase the likelihood of stronger and more sustained performance gains.

This divergence is not driven by better use cases alone, but by the cumulative effect of stronger foundations and more disciplined execution. Organizations that invest in integrated data environments, unified platforms, structured use case management, and consistent measurement are better positioned to scale what works. In doing so, they amplify the impact of AI across the business rather than confining it to isolated initiatives. The implication is clear: AI maturity is not just a measure of readiness, but a direct driver of business performance.

The data is clear that AI can deliver value – and that returns grow materially with maturity. How quickly can the organization build the foundations required to capture that value? Organizations that invest in integrated capabilities, align strategy with execution, and scale what works can pull ahead. Those that don't will find the gap harder to close over time.

> "In our business, readiness versus reality matters. AI helps us turn millions of transactions into timely insights that teams can act on immediately. Pilots won't move the needle unless they scale to everyday decisions, and SAS helps us execute so our teams can make better decisions on labor, cost and performance when it matters."
>
> **David Gardner**
> Director of Analytics, Boddie-Noell Enterprises

Implications for SMB leaders

For SMB leaders, the challenge is not whether to scale, but how to create the conditions to do it well. The practical implications vary by executive role, but they connect around one central requirement: AI must be managed as an operating capability, not treated as a disconnected set of tools, pilots, or experiments.

For CEOs and general managers: make AI a business operating issue

Senior leadership should resist treating AI as a technology trend that can be delegated entirely downward. The research shows that AI activity is already visible across the market. What remains scarce is a clear connection between AI initiatives and business priorities. CEOs and general managers should therefore ask a focused set of questions:

- Which business outcomes matter most over the next 12–24 months?
- Which use cases support those outcomes now?
- What foundational investments are required?
- Who owns delivery?
- How will impact be measured?

This framing matters because it reduces two common risks. The first is scattered experimentation across too many disconnected initiatives. The second is overestimating the value of pilots that have not yet been operationalized.

The executive role is to set sequence, not just aspiration. In practice, this means deciding where AI should create value first, what capabilities must be built to support that, and how progress will be governed over time.

For CIOs, CTOs, and CDOs: reduce fragmentation before adding complexity

Technology leaders sit at the center of the readiness challenge because so many of the hardest constraints are structural. The research shows that data fragmentation, tool sprawl, infrastructure limitations, integration complexity, and compliance-sensitive deployment remain major barriers in nearly every region. The immediate priority is therefore coherence.

That means improving data quality and ownership, rationalizing the platform environment, reducing integration friction with core systems, and ensuring infrastructure can support more than pilot workloads. It also means resisting the assumption that adding more AI tools increases readiness. In many organizations, it does the opposite. Coherence matters more than accumulation. Those making the most progress are creating the most usable, governed, and scalable environments, not the largest collections of tools.

For COOs and CFOs: shift from pilot enthusiasm to portfolio discipline

The execution gap identified in this paper is fundamentally an operating-model issue. Operations and finance leaders therefore have a decisive role in closing it. They should insist on defined use-case ownership, clear success criteria, process documentation, scaling gates, and structured impact measurement. They should also distinguish between funding for experimentation, enabling investments, and operational deployments. Without that separation, AI spending can become highly visible while value remains ambiguous.

The survey shows that ROI measurement remains a major problem even among more mature organizations. That makes operating discipline a priority, not a finishing touch. AI initiatives exist within most SMBs already. But many lack the management structure to learn from them, scale them, or to stop them with confidence.

For CHROs and business leaders: broaden capability beyond specialists

AI readiness is often constrained not because the company lacks experts, but because it depends on too few of them. The enabling data in this study shows how common it still is for skills, training, and confidence to remain narrow or informal. Business leaders and HR leaders should therefore work together to create structured learning paths, identify early adopters, clarify role changes, and normalize experimentation.

This is as much about trust, ownership, and adoption as it is about technical fluency. Employees need to understand how AI fits into business processes, how to interpret outputs, and how adoption connects to better outcomes. Without that clarity, AI remains a technical layer rather than a business capability. The target is broader business confidence – in how AI should be used, where human judgment still matters, and how accountability is maintained.

What leadership teams should prioritize now

The research points to a clear near-term agenda:

Anchor AI efforts to a limited number of business priorities. Broad, unstructured experimentation diverts focus and weakens execution.

Put budget and governance discipline in place early. Promising initiatives stall when they encounter operational, compliance, or risk boundaries.

Improve data quality, ownership, integration, and platform coherence before trying to scale AI broadly across workflows.

Build capability and learning beyond the IT core so AI can move into operating processes with shared ownership.

Manage AI as a portfolio, with defined use-case ownership, scaling criteria, and measurement expectations.

Track outcomes consistently and use those results to decide what should be scaled, redesigned, paused, or stopped.

Favor fewer, stronger external relationships that can support platform coherence, implementation, learning, and measurable execution.

These are not abstract best practices. They are a direct response to the market's most visible constraints. SMB leaders already have enough AI ideas. They need a stronger system for selecting, enabling, executing, and measuring the ideas that matter.

From ambition, to readiness, to execution

AI adoption among SMBs is no longer a question of intent. Across regions and industries, businesses have moved decisively beyond awareness and into action. They are experimenting, investing, and identifying where AI can create value. The challenge now is not whether to adopt AI, but how to make it work at scale.

This report has shown that the gap between readiness and reality remains the defining barrier. Most SMBs are progressing, but relatively few have built the integrated capabilities required to translate that progress into consistent, measurable outcomes. What separates those that succeed and those that stall is not access to technology or even clarity of use cases, but the ability to align strategy, data, platforms, skills, and execution into a coherent system that can scale.

Closing this gap requires a shift in perspective. AI cannot be treated as a collection of tools or isolated initiatives. It must be approached as an integrated capability, supported by the right foundations. This is where platforms play a critical role. As businesses move beyond experimentation, the need for more cohesive, end-to-end environments becomes increasingly important. Platforms that support different forms of AI, including machine learning, generative AI, deep learning, and emerging agentic and quantum AI capabilities, provide the structure needed to manage complexity, ensure governance, and enable scale. Equally important is the ability to operate from a common data foundation, where models are fed by consistent, trusted data rather than fragmented sources. Openness also becomes essential, ensuring that platforms can integrate with existing systems and evolve over time without creating new siloes or dependencies.

For SMBs, these choices carry particular weight. Operating with more limited IT and AI resources and less capacity to manage complexity internally than larger enterprises, they are often more exposed to change, including mergers, acquisitions, and shifts in business strategy. In this context, the right platforms and partners don't just reduce risk. They determine how quickly progress can unfold.

The opportunity is significant: organizations that move beyond early-stage maturity and build the capabilities required to scale AI are able to unlock materially greater business impact. Getting there requires deliberate choices – moving from isolated pilots to structured execution, from fragmented systems to integrated platforms, and from incremental improvements to strategic outcomes.

The first step in that journey is understanding where you stand.

Take the next step: Assess your AI readiness

To support this, we have developed an AI Readiness Calculator based on the AI Readiness Index and data presented in this report. The calculator provides a practical way to evaluate your organization's current position, identify the gaps that are limiting progress, and prioritize the actions that will have the greatest impact.

By completing a short set of questions, you will receive a personalized report that benchmarks your readiness against your peers and outlines clear, actionable next steps tailored to your business's priorities.

AI success is not determined by where you start, but by how effectively you move forward. The calculator is designed to help you take that next step with clarity and confidence.

Methodology

This report is based on a quantitative online survey designed to assess SMB readiness for artificial intelligence adoption and scale. The research was developed to provide a global view of AI maturity across regions, industries, and across company roles, while enabling consistent comparison through a structured assessment framework.

The survey was conducted between November and December 2025 and included 1,600 respondents across five regions, representing 28 countries worldwide:

- North America (250 respondents)
- Europe (640 respondents across Northern Europe and Southern/Western Europe)
- Asia Pacific (400 respondents)
- Middle East, Turkey and Africa (160 respondents)
- Latin America (150 respondents)

Respondents were drawn from organizations with 100 to 499 employees globally, with an extended range of up to 999 employees in the United States. The sample included both line-of-business leaders and IT decision makers, reflecting the cross-functional nature of AI readiness and the shared responsibility for strategy, investment, implementation, and outcomes.

The sample was weighted toward industries where AI adoption is most actively evolving, including:

- Banking
- Insurance
- Government
- Health care
- Life sciences

Additional representation was included from the manufacturing, retail, telecommunications, energy, and professional services sectors to provide a broader cross-industry perspective and support comparative analysis.

The questionnaire was structured around the AI Readiness Index, which assesses company readiness across four dimensions: Planning, Building, Enabling, and Executing. Together, these dimensions examine the degree to which organizations are aligning AI to business priorities, establishing the required data and technology foundations, strengthening company and workforce readiness, and embedding AI into processes and measurable business outcomes.

Based on survey responses, organizations were classified into four stages of maturity, ranging from Experimental to Integrated. This stage-based model provides the foundation for the analysis in this report, enabling comparison across markets, industries, and readiness profiles, while highlighting the capabilities that most often distinguish early activity from scaled impact.

The research also captures both current adoption and future intent, including:

- AI adoption status and maturity
- Key challenges and barriers
- Use case priorities over the next 12 to 24 months
- Areas where AI is delivering business impact
- Budget expectations and investment trends
- Organizational ownership and decision-making
- Preferences when working with AI vendors

All data presented in this report is aggregated and anonymized in line with standard research practices.

Appendix - The AI Readiness Index explained

Throughout this report, SMB readiness for AI is assessed using the AI Readiness Index, a structured framework that evaluates how businesses are progressing from experimentation to scaled adoption.

The Index is designed to provide a practical way to understand where a company stands today, identify capability gaps, and define what is required to move forward. Rather than treating AI readiness as a single measure, it assesses the combination of business, technical, and operational conditions that determine whether AI can scale.

It evaluates readiness across four core dimensions:

- **Planning**
  How well AI is connected to business priorities, including strategy, leadership alignment, investment, and governance
- **Building**
  The strength of the data foundations, platform integration, and infrastructure required to support AI
- **Enabling**
  The company's ability to adopt AI, including skills, culture, collaboration, and openness to change
- **Executing**
  How effectively AI is deployed, scaled, and embedded into business processes, including the measurement of outcomes

Together, these dimensions reflect the shift required to move from isolated AI activity to coordinated, company-wide capability.

Based on performance across these dimensions, organizations fall into one of four stages:

- **Stage 1: Experimental**
  AI efforts are ad hoc, with limited structure and isolated use cases
- **Stage 2: Opportunistic**
  Early pilots are under way, but initiatives remain fragmented and difficult to scale
- **Stage 3: Structured**
  AI is supported by defined strategy, improving data foundations, and growing business capability
- **Stage 4: Integrated**
  AI is embedded across business processes, supported by unified platforms, and delivering measurable outcomes

These stages represent a progression, but not a fixed path. Organizations often exhibit characteristics from multiple stages at the same time, particularly during periods of transition.

Table 2: The four stages of AI readiness.

	Stage 1: Experimental	Stage 2: Opportunistic	Stage 3: Structured	Stage 4: Integrated
% of SMBs	36.6%	32.9%	21.8%	8.8%
Description	AI activity is ad hoc and fragmented. There is no formal strategy, governance is absent, and use cases emerge informally rather than by design.	Early pilots are underway and investment is growing, but initiatives remain fragmented and difficult to scale. Progress is real but not yet systematic.	AI is supported by defined strategy, improving data foundations, and growing capability across the business. Scaling is beginning to happen by design.	AI is embedded across business processes, supported by unified platforms, and delivering measurable outcomes. The focus shifts from building to continuous improvement.
Characteristics	Data scattered across systems with no clear ownership. Tools adopted in silos, not connected. Skills concentrated in a handful of individuals. Pilots exist but business impact is rarely measured.	AI discussed in relation to business priorities. Some data improved, some systems connected. A few teams or individuals have practical AI experience. Some pilots succeed, but no defined scaling process.	Strategy linked to business goals with defined governance. Data more accurate; platforms more integrated. Structured training in place; broader team adoption. Use cases managed deliberately; impact measured for many.	AI embedded in corporate strategy and core planning. Unified data and AI platforms with governed workflows. Enterprise-wide skills with ongoing upskilling programs. Impact tracked systematically and used to guide investment.
Key insight	**90% have no formal AI strategy**	**Most SMBs stall here before reaching scale**	**65.8% have a defined AI strategy at this stage**	**70.7% operate fully integrated platforms at this stage**

AI Readiness Index

Measuring SMB readiness across the full AI lifecycle

Dimensions	Stages	1 Experimental	2 Opportunistic	3 Structured	4 Integrated
	Planning	**Lack strategy** No clear AI strategy. Management awareness is limited. No resources or usage guidelines are in place	**Tactical strategy** AI is discussed in relation to business goals and leadership is interested, but the strategy is not documented or embedded in plans. Ideas are high-level and often driven by individual teams or vendors. Budgets are tactical (used for pilots) and governance is informal.	**Strategic alignment** A defined AI strategy exists and is linked to clear business goals. Priority areas and success metrics have been agreed across business and IT. AI investments form part of the annual planning cycle, and governance practices are defined and applied to most initiatives.	**Embedded strategy** AI is fully embedded in company's strategy. Management accountable for AI outcomes. Governance & risk practices firmly established. AI budgets part of core business planning.
	Building	**Siloed tools** Data is fragmented and inconsistent across systems. Tools are adopted tactically & in silos, with little to no integration. Infrastructure is not designed for AI. Minimal security & compliance.	**Partial integration** Some key datasets have been cleaned and a few data domains have owners, but access remains manual. Early platform thinking drives connections across some tools (e.g. analytics, CRM) to improve visibility, only simple automations exist and infrastructure can handle small pilots but lacks scalability.	**Standardized platforms** Most key data is accurate and consistent; data domains have clear owners and are accessible. Coordinated and unified data/analytics/AI platform approach starts, and integrated technology stacks with APIs enable cross-system workflows.Infrastructure reliably supports AI workloads across multiple functions.	**AI-ready infrastructure** Data is actively managed and governed with well-defined, catalogued domains. Companies run modern, fully integrated platforms for shared data, models and workflows; the tech stack orchestrates workflows and AI agents across systems; infrastructure is scalable, resilient and optimized for AI.
	Enabling	**Limited adoption and interest** Adoption is limited and interest is mainly driven by a few individuals. No structured training or guidance. Employees are hesitant or unsure about leveraging AI	**Islands of adoption** A few individuals or teams have AI experience but capability is uneven. Companies sometimes use external experts; training is ad hoc and not widely promoted. Some teams are open to AI while others remain resistant.	**Growing adoption and improvements** Many roles now have a solid understanding of AI and can work effectively with experts. There is reliable internal/external support, regular training and workshops, and teams experiment and share learnings; adoption becomes visible across functions with AI becoming integrated into daily work with growing confidence.	**Company-wide adoption** Company culture fully embraces change, experimentation and innovation. External ecosystems are leveraged. Broad AI skills and capabilities exist across the workforce. Continuous upskilling is provided.
	Executing	**Isolated pilots emerging** Pilots appear in isolated areas (e.g., marketing, customer support). No business impact tracking or measurement.	**Visible wins appear** Companies keep a rough list of AI initiatives, but ownership and expected outcomes are unclear. Some pilots are repeated informally, but processes are seldom reviewed for AI opportunities and impact is discussed qualitatively.	**AI embedded into workflows** Use cases are managed as a portfolio with defined owners and expected outcomes. Successful pilots are scaled through a defined process, key processes are documented and sometimes redesigned to incorporate AI, and impact is measured for many initiatives.	**AI-fueled business transformation** AI is integrated into end-to-end processes, products, and decision-making. Outcomes are tracked. AI drives efficiency, growth, and new revenue streams.

* Note - Based on their assessment score, companies will fall into one of four AI SMB journey stages which are built in a progressive scale

How to use the AI Readiness Index

The AI Readiness Index is intended as a practical tool rather than a theoretical model.

Through the AI Readiness Calculator, you can use the index as a self-assessment to help your organization:

- **Assess current maturity**
  Understand how your business compares across the four dimensions
- **Identify capability gaps**
  Pinpoint the specific areas limiting progress, such as data, skills, governance, or execution.
- **Prioritize next steps**
  Focus investment and effort on the capabilities most likely to improve readiness and support scale.
- **Track progress over time**
  Measure how improvements in one dimension contribute to broader business readiness.

Connecting the index to the findings

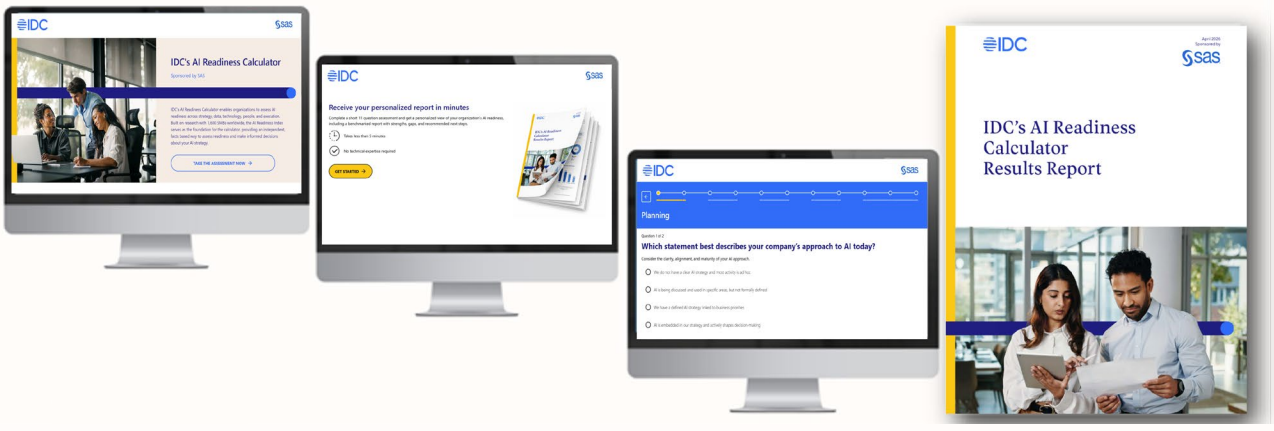
The findings in this report reflect a consistent pattern. Most SMBs are active in the **Experimental and Opportunistic stages,** with progress visible in planning and early adoption. However, fewer organizations have developed the integrated capabilities required to move into the Structured and Integrated stages.

In particular, gaps in:

- data and platform integration;
- company skills and adoption;
- and execution discipline

continue to limit the ability to scale AI effectively.

The AI Readiness Index helps frame these gaps not as isolated issues, but as part of a broader readiness challenge. It provides a practical lens for understanding why many organizations are active in AI, yet still struggle to embed it, scale it, and translate it into sustained business value.



Take the assessment

About the IDC analysts

Daniel-Zoe Jimenez

Vice President, Digital Innovation, CX & Software, DNB/Start-ups, SMBs, Consumer and Channels Research, IDC

Daniel-Zoe Jimenez is Vice President for IDC's Asia/Pacific region, based in Singapore. He leads the regional research practices of Digital Innovation, Customer Experience (CX) & Software Applications, Digital Native Businesses (DNB) & Start-ups, SMBs, Consumer and Channels Research.

Daniel provides strategic advisory services to the C-Suite (CIOs, CTOs, CFOs, CDOs, CMOs, and CHROs) on how to develop and leverage technologies (e.g., AI/Analytics, Cloud, RPA, AR/VR, ERP, CRM) and new business operating models to become more agile, resilient, and competitive. He delivers workshops and strategic engagements for customers across Asia/Pacific such as assessing maturity, identifying gaps, crafting strategies and technology roadmaps, determining ecosystem readiness, business value metrics (KPIs), and skills required to drive future growth and profitability. Also, he provides research and strategic advisory to tech buyers and suppliers into the most emerging technologies and market developments like the Metaverse.

Dominique Bindels

Consulting Manager, Custom Solutions Europe, IDC

Dominique Bindels is a Consulting Manager at IDC, where he oversees end-to-end project delivery across IDC's Artificial Intelligence, Data Analytics, and Industry practices. Based in London, Dominique manages global, large-scale engagements, bringing a rigorous and client-focused approach that ensures deliverables meet the highest standards of analytical quality and strategic relevance.

With six years at IDC and a broader professional background spanning close to a decade, Dominique combines deep domain expertise in AI and data analytics with strong programme management capabilities. He holds an MSc in International Business and is a Certified Scrum Master, reflecting a commitment to both strategic thinking and agile, structured delivery.

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