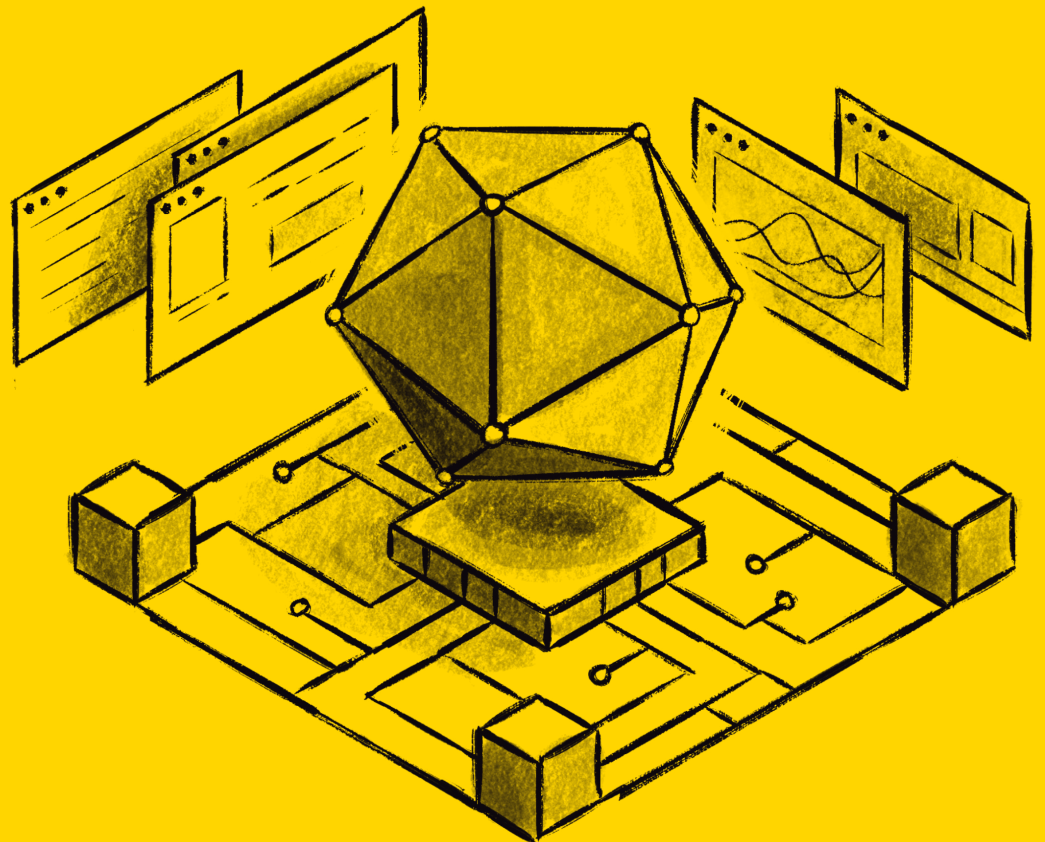


The 2025 AI landscape for SMBs

Trends, challenges, and opportunities

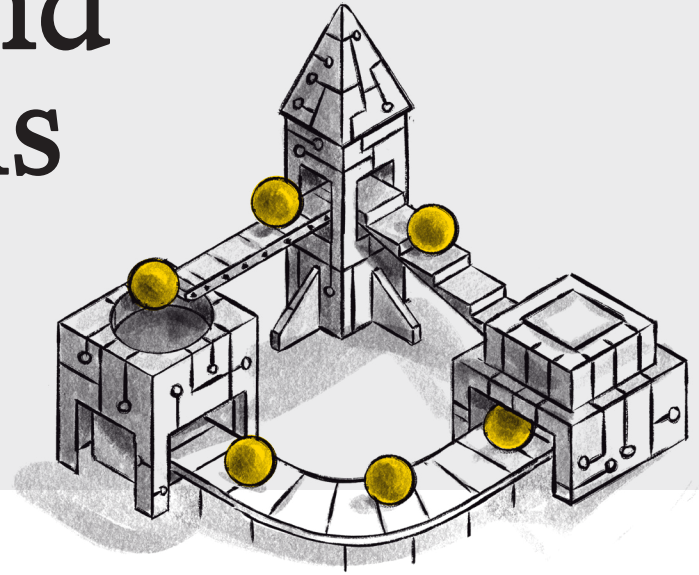


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Introduction:

AI barriers and breakthroughs *for SMBs*



While artificial intelligence (AI) holds tremendous potential for driving growth and efficiency in small and midsize businesses (SMBs), true adoption remains limited and fragmented. Most SMBs are still in the early stages of understanding how AI fits into their operations. From automating time-consuming tasks to unlocking powerful customer insights, AI promises to reshape how these businesses operate, compete, and scale—but uncertainty around cost, complexity, and real-world application continues to slow meaningful progress.

To better understand how SMBs are approaching AI—what excites them, what’s holding them back, and where they’re experiencing early wins—we surveyed over 350 professionals and conducted in-depth interviews with users across industries.

This whitepaper distills those findings, providing SMBs with a clear view of the AI landscape—not just where small and mid-market players stand *today*, but why they believe AI matters to their futures and how they can strategically implement it for maximum impact.

Whether you’re just beginning to explore AI or looking to turn scattered efforts into a real strategy, this resource offers a practical roadmap. By analyzing industry benchmarks, outlining practical AI use cases, and offering best practices, we aim to help SMB leaders make informed decisions about AI. *Now* is the time for SMBs to move from curiosity to action, leveraging AI to outpace the competition, scale with ease, and open doors to opportunities they couldn’t have imagined possible.



Trend 1:

SMBs are starting to feel the *AI pressure*

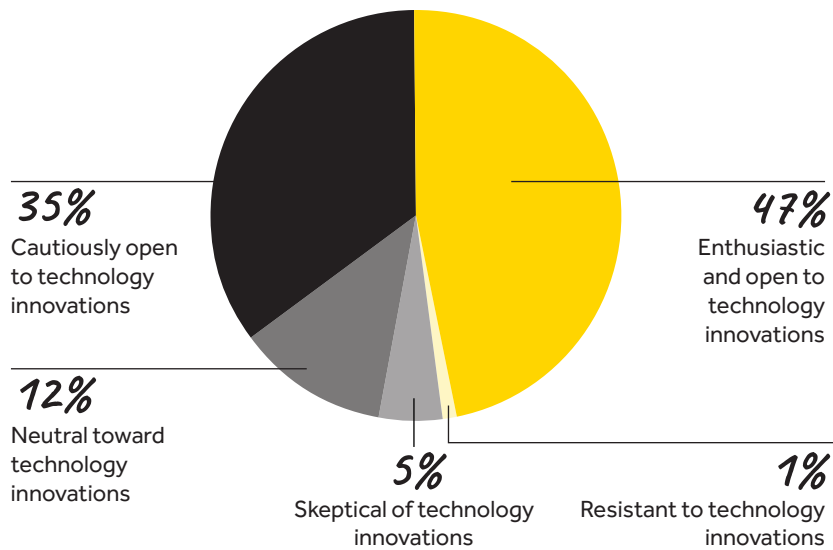
AI is increasingly on the radar for SMBs—not just as a future possibility, but as a technology with real potential to impact how they operate and compete. Many are beginning to explore where AI could drive efficiency, spark innovation, or support long-term growth. While most SMBs are in the very early stages of adoption (or, at the very least, receptiveness), there's a growing awareness that staying on the sidelines too long could become a disadvantage.



Organizational attitudes toward innovation and AI

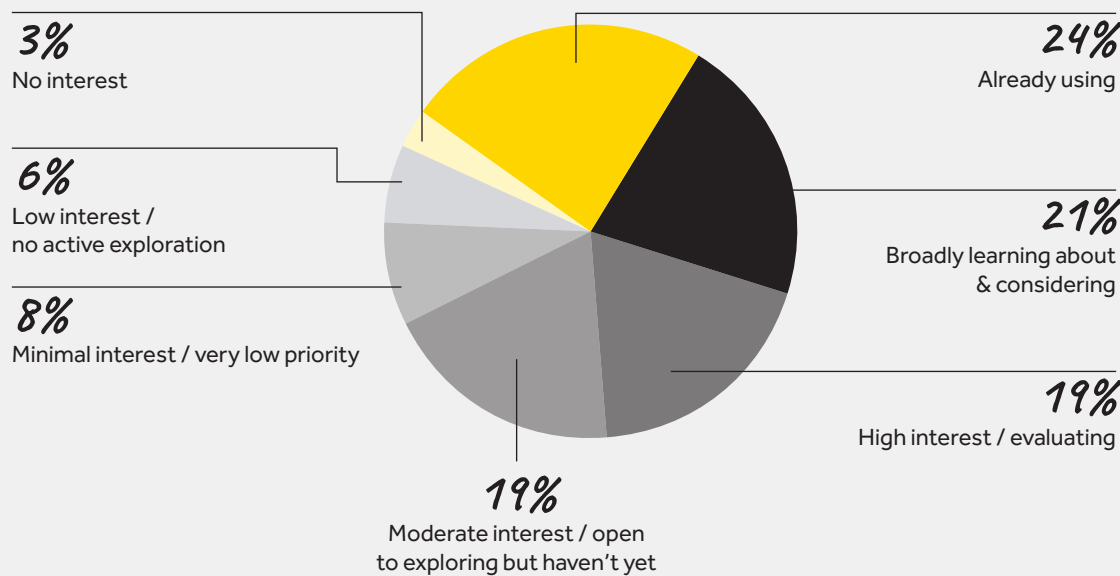
Organizational attitudes toward new technology

A significant majority of SMBs—82%—are open to technological innovation, with 47% identifying as enthusiastic and open, and another 35% as cautiously open. Only 4% described themselves as skeptical, and just 1% said they were resistant. In short, outright rejection of new technology is rare.



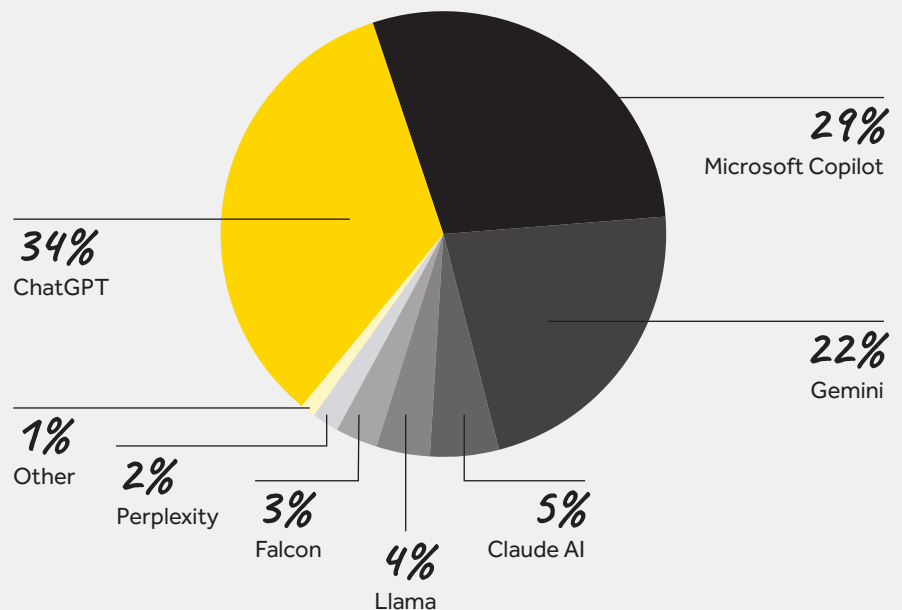
Organizational interest in adopting AI

AI is no exception: 83% of respondents expressed curiosity about, or engagement with, the technology. 43% of SMBs are *already using or actively evaluating* AI tools, while another 40% are in the exploratory phase, signaling openness to learning more. 17% report little to no interest—but as we’ll see shortly, even *those* respondents could be swayed if their competitors begin to see success with AI (and many of them are allocating budget for it despite their reservations!).



The SMB tech stack: AI tools currently in use

Among survey respondents *already* engaging with AI, **71% reported using multiple tools**—suggesting that most aren't relying on a single solution, but are instead experimenting with a variety of options to address different operational needs. Respondents mentioned tools like ChatGPT, Microsoft Copilot, and Gemini most frequently, pointing to a strong interest in accessible, general-purpose AI products.



Deeper user interviews revealed three distinct ways SMBs are currently interacting with AI:

- 1 Some SMBs are passively adopting AI as it gets embedded into tools they already rely on—like CRMs, productivity suites, or accounting software
- 2 Others are experimenting informally, as individual employees try out one-off tools to boost productivity
- 3 A much smaller subset is making a deliberate, organization-wide effort to implement AI in a structured way

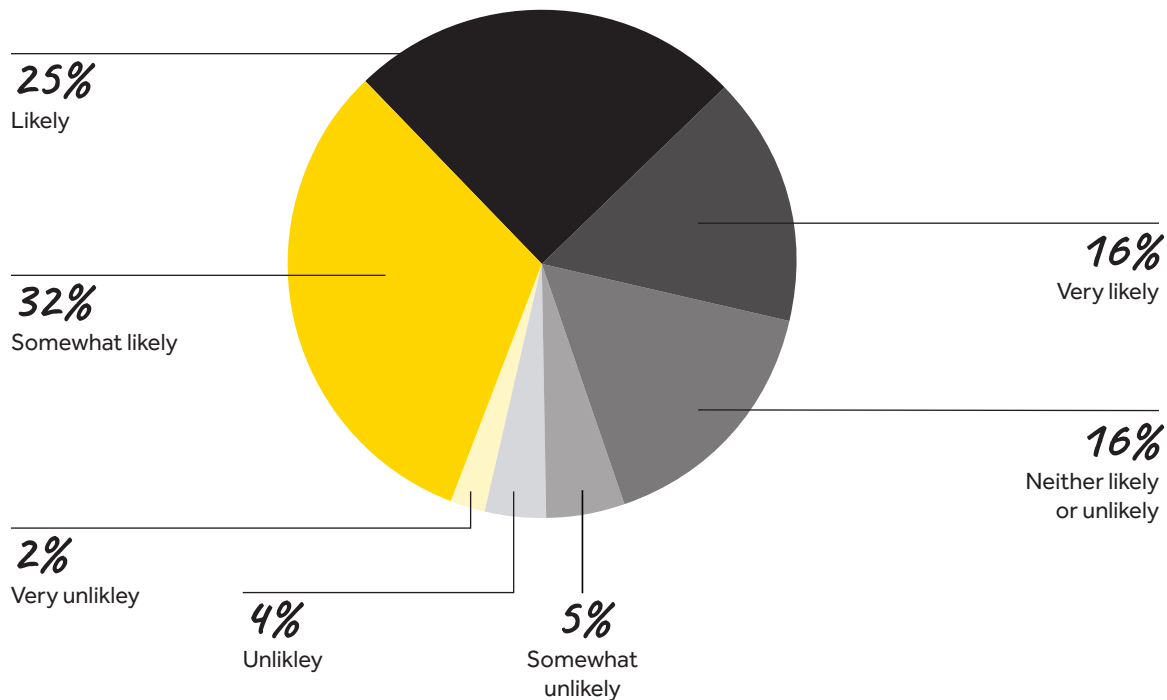
“ It kind of feels like AI is just happening to us. We’re not really choosing it—it just integrates into things we already use... but I want to take more control over how.”

- IT Manager, professional services industry

This range of activity reflects the exploratory nature of AI adoption today. But as interest grows, the next challenge will be moving from scattered experimentation to intentional, integrated strategies that drive real business outcomes.

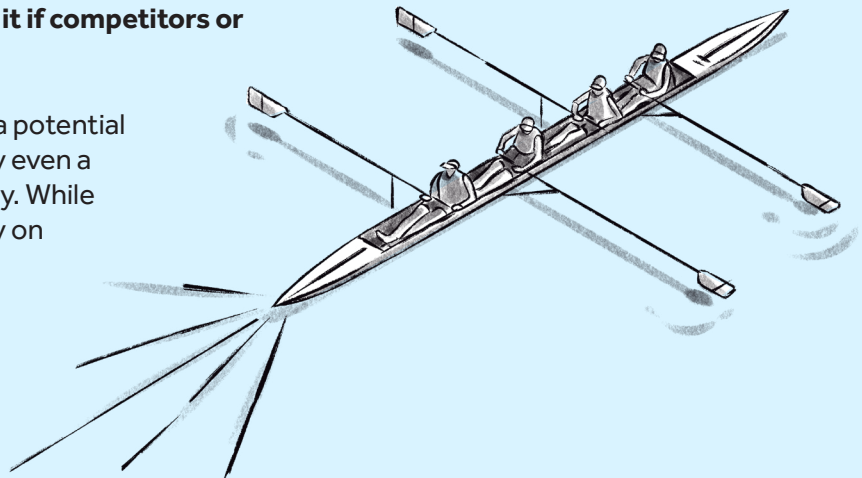
Competitive pressure and the AI adoption imperative

Likelihood of exploring AI if competitors were using it



That shift to intentional, integrated AI strategies may come sooner than expected—not just from internal momentum, but from competitive pressure. Even among SMBs that are currently resistant, skeptical, or neutral toward AI, **73% said they'd be somewhat-to-very likely to explore it if competitors or industry leaders began seeing success with it.**

This suggests that many SMBs recognize AI as a potential source of competitive advantage—and possibly even a requirement for staying relevant in their industry. While some may be hesitant to adopt new technology on principle, the fear of falling behind is proving to be a powerful motivator.





Trend 2:

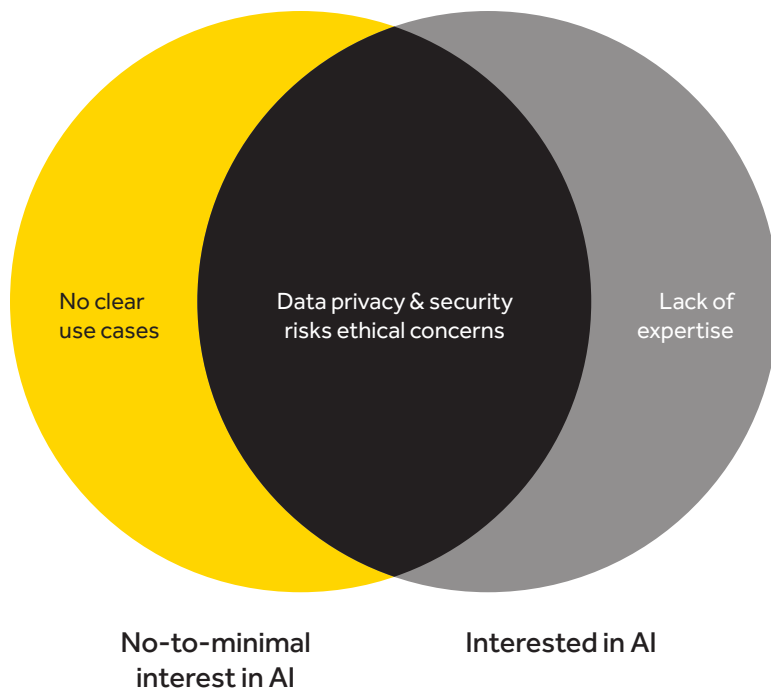
Yet SMBs are hesitant to take *the AI leap*

Even as momentum builds and competitive pressure grows, many SMBs still face barriers that make AI adoption feel out of reach. From concerns about data security to a lack of in-house expertise and uncertainty around ROI, companies often don't know where to begin—or how AI fits into their operations.

Among AI-curious SMBs, concerns shift from whether to adopt AI to how to implement it effectively. Training, affordability, and seamless integration emerge as critical factors in overcoming these hurdles. These barriers differ depending on where a business is on its AI journey—whether they're skeptical, exploring, or already testing tools.



Primary concerns about adopting AI



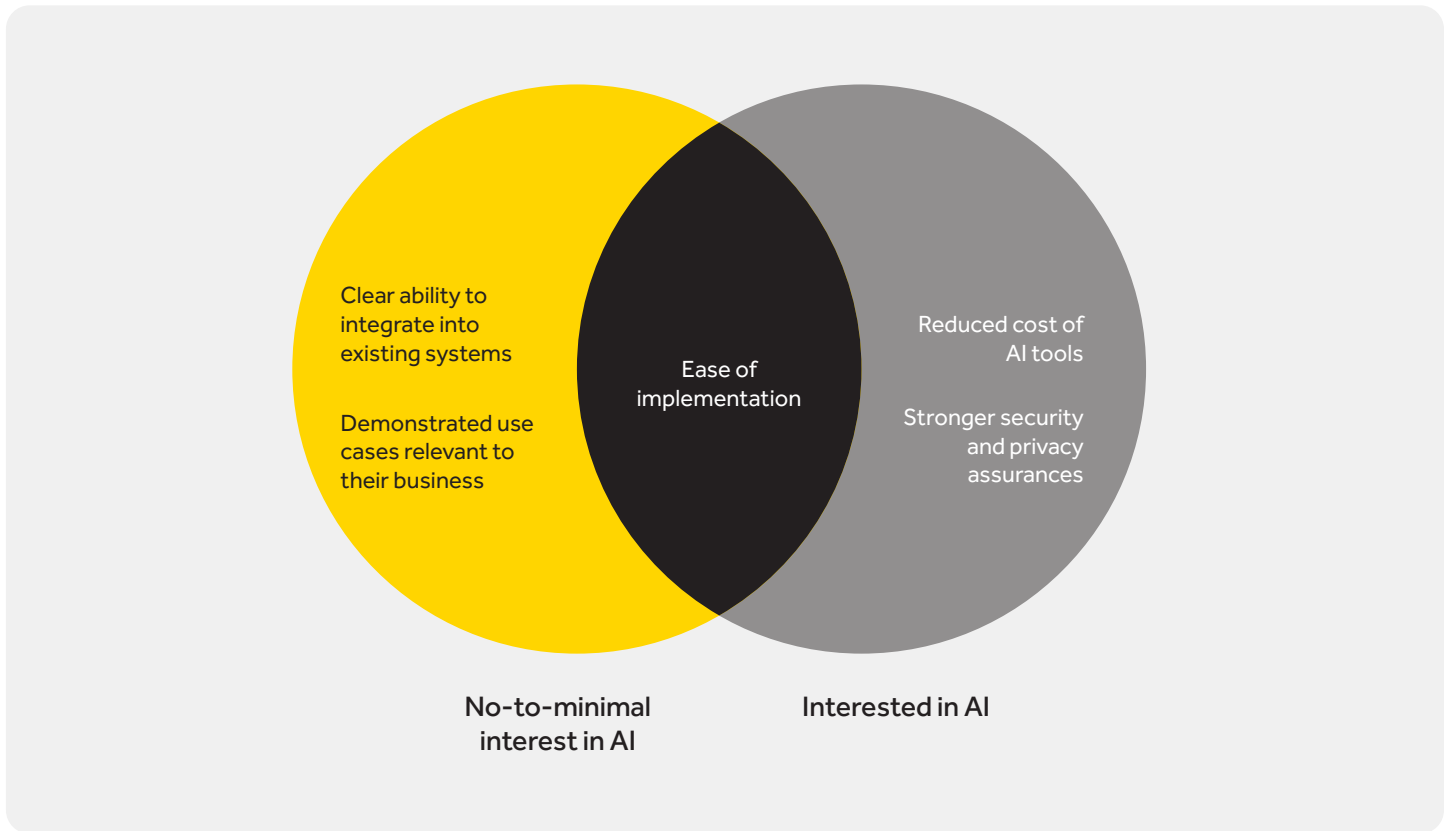
For SMBs with little-to-no interest in AI, the biggest hurdle isn't fear. Many simply don't see how AI applies to their day-to-day operations. "Show me what it actually does in a business like mine" was a common refrain in interviews. Without clear, practical use cases—automatically drafting client emails, summarizing long documents, or helping prioritize sales leads—AI still feels abstract or nonessential. Concerns about data privacy and ethics also play a role, but the real opportunity lies in making AI tangible.

For SMBs that are *open to or actively considering* AI, concerns shift slightly. While data privacy and ethical considerations remain top concerns, the lack of internal expertise is also a major barrier to adoption. Despite these concerns, many SMBs aren't dismissing AI outright. Instead, they're waiting for the right signals—the right tools, integrations, or proof points—to justify taking the next step.

“ If you bring in a tool and employees have a bad experience, they'll shut off to it right away. And that would hurt adoption for future tools, too! We need to manage the change right.”

- IT Director, robotics manufacturing industry

Factors that would increase openness to AI adoption



Despite hesitations, many SMBs indicate that specific improvements in AI solutions could make them more open to adoption. However, the factors influencing AI *skeptics* and those already *exploring* AI differ:

For respondents with no or minimal interest in AI, top priorities are seamless integration with existing systems, relevant use cases, and ease of implementation. In other words, **for AI holdouts, the biggest barrier *isn't* AI itself—it's the difficulty of making it fit within their current operations.** They need clear, tangible business applications and reassurance that AI won't disrupt their workflows.

“ It’s kind of like AI for the sake of AI right now... we know there is value, but where do we start?”

- Chief Operations Officer,
government

For those already *interested in* or *considering* AI, the focus shifts to cost, security, and ease of implementation. Unlike skeptics, they see AI's potential but hesitate due to financial constraints and data privacy concerns. While both groups agree that ease of implementation is a critical factor, their other concerns reveal a clear divide: **skeptics worry about practicality, while those exploring AI worry about affordability and security.**

Adoption challenges for AI users

Top 3 adoption challenges for users of AI

**Lack of skilled personnel
to manage AI**

**Concerns about AI
replacing human jobs**

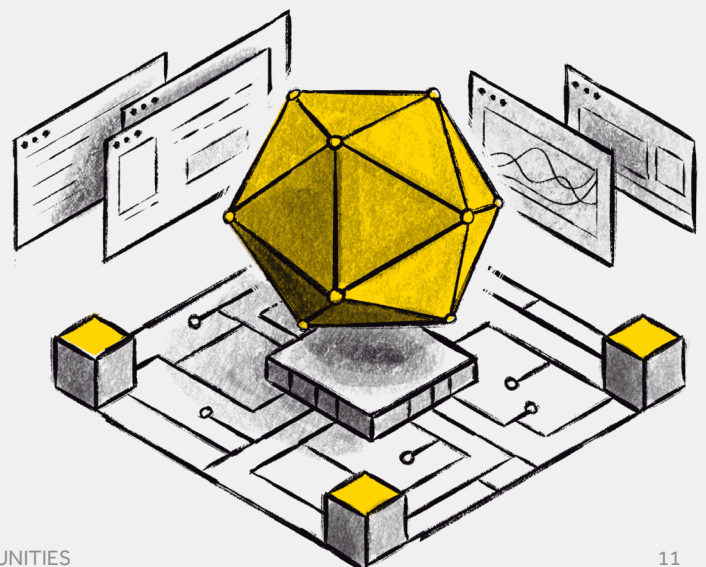
**Need for
employee training**

The barriers for SMBs that have *not yet* adopted AI differ from those faced by SMBs that are *already* using it. While non-users hesitate due to unclear use cases, security risks, and ethical concerns, *current* users are confronting a different set of hurdles: workforce readiness and operational integration. Top challenges include the need for employee training, worries about AI displacing jobs, and a shortage of in-house expertise to manage and maintain AI tools.

In other words, **survey data suggests that AI's greatest obstacles are not *conceptual* but *practical***. To scale AI successfully, SMBs need help upskilling their teams, choosing tools that fit their workflows, and building confidence that AI will enhance—rather than threaten—their people's roles.

“ People are worried. If we introduce AI, are we just automating their jobs away?”

- Director of IT Operations,
financial services industry



Overcoming AI adoption barriers:

addressing common concerns and unlocking value



AI adoption for SMBs doesn't have to be complicated or costly. While concerns about training, job displacement, cost, security, and integration are common, our research shows that many of these barriers are more manageable than expected—*especially* when AI is approached intentionally and with the right support.

Below, we break down the most common concerns we heard in user interviews and saw in survey data—and how SMBs are beginning to overcome them in real-world contexts.

1 Addressing the need for employee training and AI expertise



Fear: AI requires technical expertise that SMBs don't have, making adoption complex and time-consuming



Reality: Most modern AI tools are designed to be intuitive and user-friendly, requiring minimal technical knowledge. (That said, there's *still* a learning curve—particularly around using prompts effectively and understanding where AI fits into daily workflows.)



What AI offers:

Many tools now include onboarding guides, in-product tutorials, and lightweight training modules to help employees learn how to interact with AI productively. With a small investment in user education—especially around prompt design and tool capabilities—SMBs can build confidence across teams and scale AI use without needing to hire specialized staff. Some technology service partners are also beginning to offer hands-on support and AI training services, helping teams get up-to-speed faster and apply AI more effectively in their day-to-day work.

2 Mitigating the fear of AI replacing human jobs



Fear: AI will replace human jobs, reducing opportunities for employees and eroding the value of skilled work



Reality: AI isn't *replacing* employees—it's *augmenting* them. The goal is to offload repetitive or low-value tasks so people can spend more time on strategy, creativity, and problem-solving.



What AI offers:

From summarizing lengthy documents to automating admin work, AI helps employees move faster and stay focused on high-impact responsibilities. When implemented thoughtfully, AI can reduce burnout, free up time for innovation, and actually increase employee satisfaction by eliminating the least engaging parts of the job.

3

Making AI more accessible and affordable for SMBs



Fear: AI is expensive and only viable for large enterprises with deep budgets



Reality: Many AI tools are now designed with SMBs in mind—offering flexible pricing models, scalable deployment, and quick paths to ROI.



What AI offers:

Subscription-based or usage-based models make it possible to start small and scale gradually. Even small teams can see outsized returns by applying AI to narrow, repetitive tasks—like generating proposals, routing customer questions, or updating reports—which saves hours of manual effort and pays off quickly.

4

Ensuring data privacy & ethical AI use



Fear: AI increases the risk of data breaches or introduces ethical concerns around transparency and accountability



Reality: Reputable AI tools are now built with enterprise-grade security, user-level data controls, and explainability features. SMBs don't need to compromise security to benefit from AI.



What AI offers:

Tools that follow strict privacy guidelines, offer admin-level permissions, and exclude user data from model training are becoming the norm. Ethical AI usage is no longer a fringe benefit—it's a competitive standard. With a little due diligence—and the right technology partner to guide tool selection and implement security controls—SMBs can confidently adopt AI without exposing themselves to undue risk.

5

Simplifying AI integration with existing systems



Fear: AI will disrupt established workflows and require a complicated overhaul of existing tools



Reality: Most modern AI tools are designed to plug into the systems SMBs already use—reducing friction and setup time



What AI offers:

Whether embedded directly into office suites, CRMs, or communication platforms, AI can often be activated without additional infrastructure. APIs and plug-ins allow for light customization, helping businesses tailor AI usage without overhauling their tech stacks or hiring an integration consultant.

By selecting practical, secure, and easy-to-learn tools, SMBs can implement AI in ways that enhance—rather than disrupt—their operations. The key is starting with clear, achievable goals and focusing on use cases that support your team, reduce inefficiency, and unlock time for higher-value work.

With the right mindset and a little upfront training, AI doesn't have to be an overwhelming investment. It's a scalable tool for growth, productivity, and long-term resilience.



Trend 3:

Businesses want AI to deliver *outcomes*, not innovation

For many SMBs, AI still carries some buzzword energy—but that's starting to change. As organizations begin to explore its real-world applications, they're increasingly focused on what AI can do, not just what it promises. The technology itself is important, but what really matters to SMBs are the outcomes: increased efficiency, better customer experiences, and revenue growth. Adoption is often driven by the desire to streamline workflows and automate repetitive tasks—but ultimately, success is measured in productivity gains, customer satisfaction, and financial returns. In that sense, SMBs are approaching AI as a means to an end, not an end in itself.

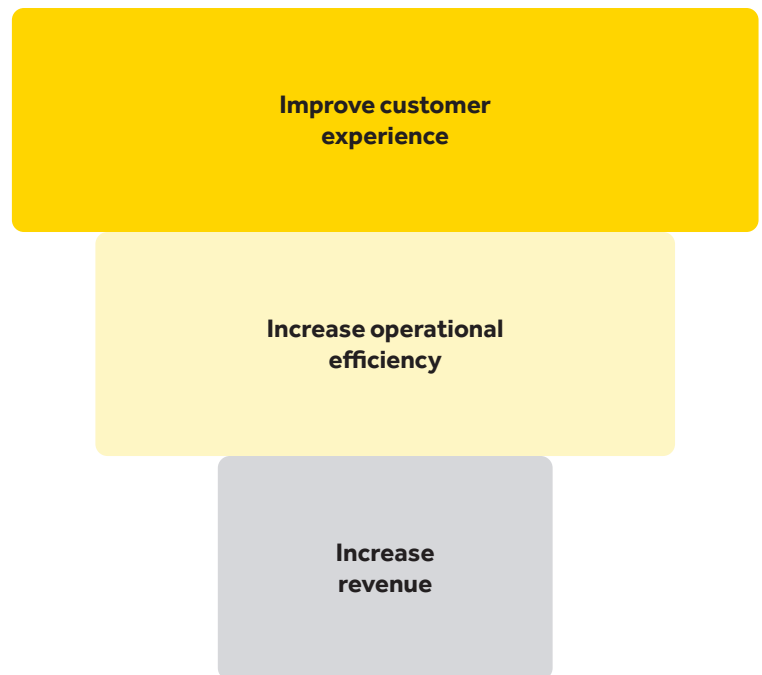


Primary motivators for learning more about AI

Top motivators for AI education

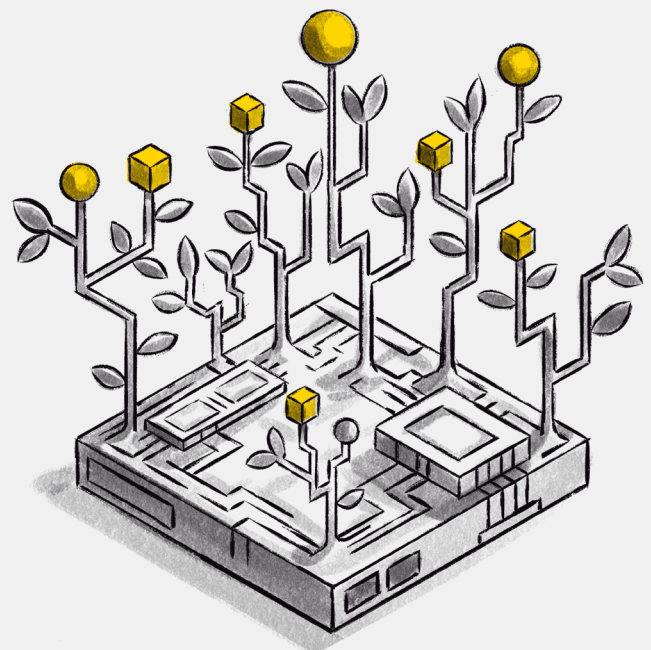
The top three reasons respondents said they'd be interested in learning more about AI were if it could help increase revenue, improve operational efficiency, and enhance customer experiences. The potential to *drive business growth—not just cut costs*—is a key factor in AI exploration, with SMBs looking for ways to streamline workflows, automate repetitive tasks, and unlock new revenue opportunities.

SMBs are also motivated by AI's ability to improve customer interactions—whether through faster response times, personalized experiences, or better service quality. For these companies, AI isn't just about internal productivity—it's about creating a competitive advantage. The more AI solutions can demonstrate clear, practical benefits in these areas, the more likely SMBs are to take the next step toward adoption.



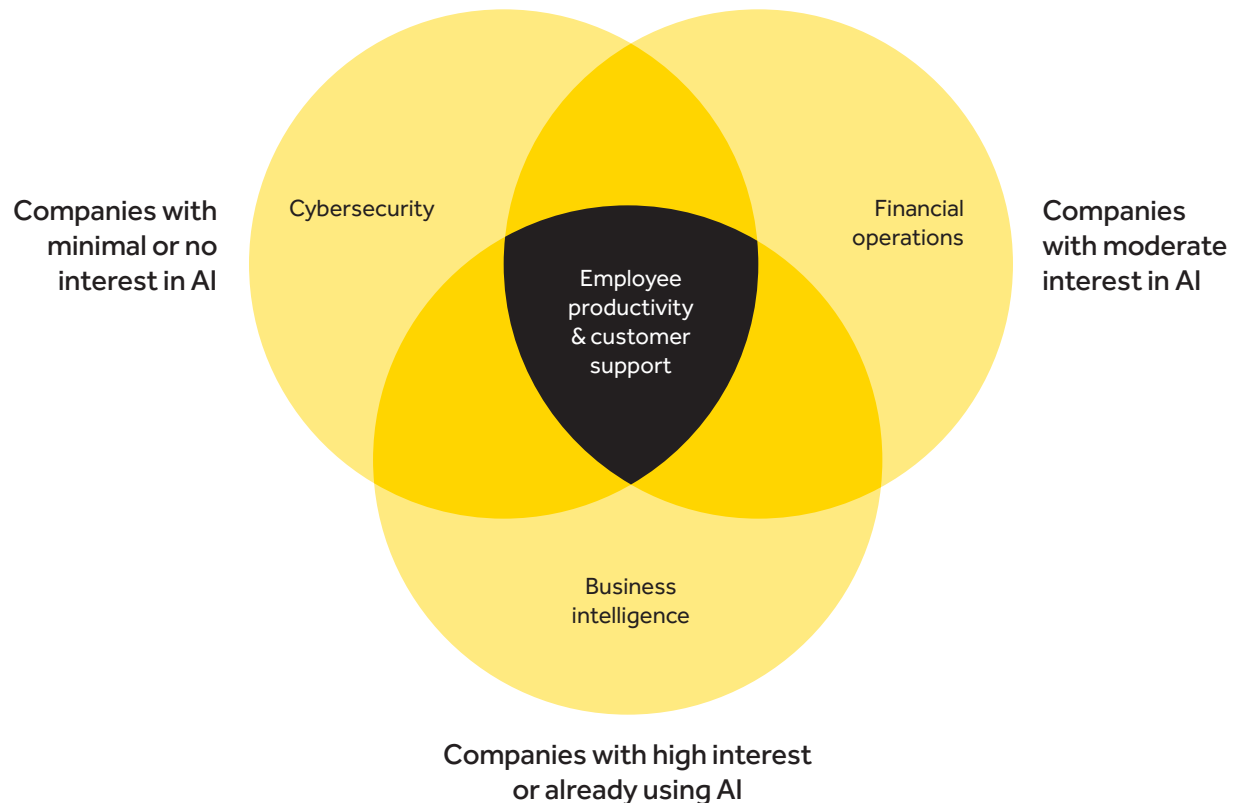
“ We don’t need AI for the sake of AI. Any tool we adopt needs to solve real problems. I don’t want to be sold another blockchain or crypto.”

- Director of IT Operations,
financial services industry



The AI use cases most relevant to organizations

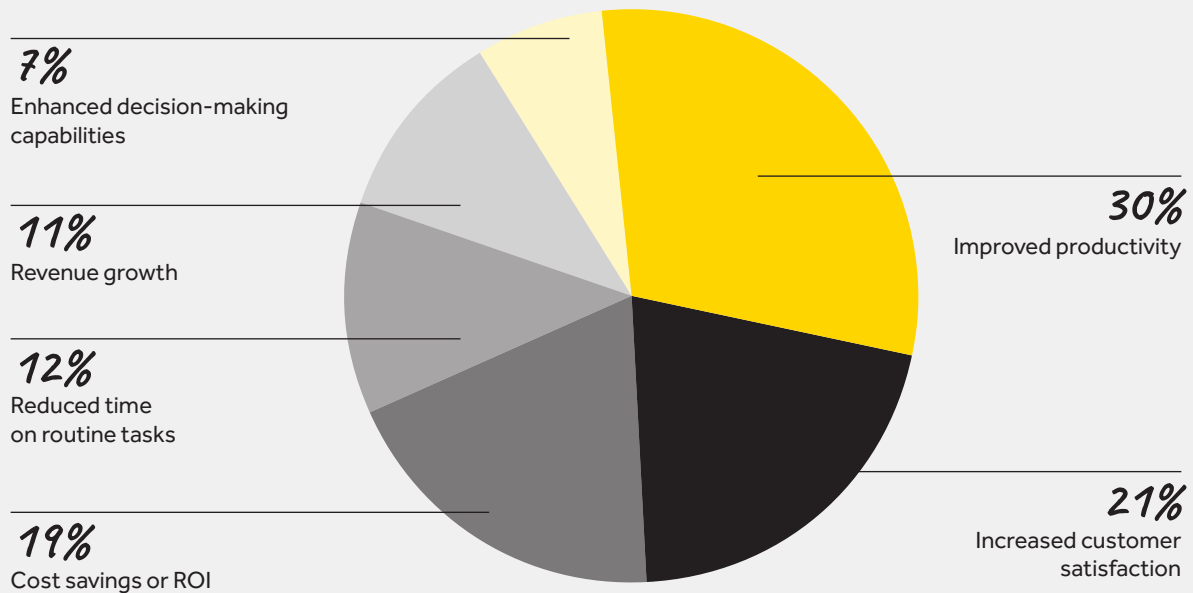
AI use case overlap among SMBs



AI use cases vary based on an organization's level of interest and adoption, but employee productivity and customer support emerge as priorities across all groups. **Even businesses with no or minimal interest in AI recognize its potential in customer service automation, improving employee workflows, and cybersecurity.** Meanwhile, SMBs that are actively *exploring* AI have expanded their focus to include financial operations, reflecting a growing interest in automation for tasks such as accounting, invoicing, and fraud detection.

Among SMBs *already* engaged with AI, the focus shifts to business intelligence, signaling that once organizations overcome initial adoption hurdles, they seek more data-driven insights to optimize operations and strategy. The overlap in employee productivity and customer support across all three groups suggests that AI's ability to streamline internal workflows and enhance customer interactions is a universal business need—regardless of an organization's current level of adoption.

Measurements of success for AI initiatives



As more SMBs begin to implement AI tools, they naturally shift from exploring what AI *could do* to evaluating what it's *actually delivering*. ROI becomes top of mind, and organizations start looking for measurable improvements.

Among SMBs currently using AI, improved productivity (30%) is the top metric for evaluating success, followed by increased customer satisfaction (21%) and cost savings or ROI (19%). Once again, businesses are primarily adopting AI to enhance efficiency and streamline operations, with customer impact and financial returns serving as critical benchmarks.

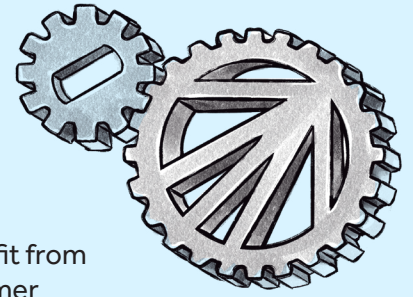
Enhanced decision-making (7%) is the least commonly cited measure, underscoring that most SMBs are currently focused on AI's immediate operational impact rather than its long-term strategic influence.

“ I don’t really care if it’s AI you are using or some other type of technology... as long as it makes my team more productive!”

- Chief Information Officer,
medical industry

7 AI use cases for SMBs:

boosting efficiency, revenue, and customer satisfaction



AI isn't a technology reserved for big corporations—SMBs are just as poised to benefit from its ability to automate tasks, optimize workflows, predict trends, and enhance customer experiences. Below are seven high-impact AI use cases that SMBs can leverage today:

1 Operational efficiency: Reducing manual work with automation



Key capabilities:

AI-powered automation can eliminate inefficiencies in workflows and task management, including writing emails, summarizing meetings and conference calls, and processing documents



Solutions like:

Apollo AI, Jasper AI, Salesforce Agentforce, and HubSpot AI analyze customer interactions and suggest personalized messaging, ensuring businesses stay engaged with prospects at the right time



Example:

A small e-commerce business uses Zoho Inventory's AI-powered automation to track stock levels in real time. When inventory runs low, the system automatically reorders supplies, reducing stockouts and excess storage costs.

2 Customer experience: Enhancing service with AI-powered support



Key capabilities:

AI-driven chatbots, intelligent call routing, and automated ticketing ensure that customers receive faster, more personalized support



Platforms like:

Thread, Zendesk AI, and ChatGPT API for customer service enable SMBs to handle inquiries efficiently, improving response times and customer satisfaction



Example:

A growing online retailer integrates ChatGPT API for customer service, allowing customers to get instant answers to common questions. This reduces email support volume by 40% while maintaining high customer satisfaction.

3 Business intelligence: Turning data into actionable insights



Key capabilities: AI helps SMBs make data-driven decisions by analyzing trends, customer behavior, and operational performance in real time



Tools like: Microsoft Copilot for Power BI, Tableau AI, and Crimson Hexagon empower businesses with predictive analytics, enabling them to optimize marketing, pricing, and inventory strategies



Example:

A local restaurant chain uses Microsoft Copilot for Power BI to analyze sales trends and customer preferences. This allows managers to adjust menu offerings and promotions dynamically, increasing revenue by 15%.

4 Cybersecurity: Strengthening threat detection & prevention



Key capabilities: AI-powered security tools provide real-time threat detection, anomaly monitoring, and automated response capabilities



Solutions like: Microsoft Defender for Endpoint, Ironscales, Overe, and CrowdStrike Falcon AI protect businesses from phishing, ransomware, and other cyber risks



Example:

A legal firm uses Microsoft Defender for Endpoint to monitor employee email activity and detect phishing attempts in real time. This has prevented several security breaches that could have compromised sensitive client data.

5 Financial operations: Automating bookkeeping & expense management



Key capabilities: AI can simplify tasks like bookkeeping, expense tracking, and fraud detection



Platforms like: Microsoft Copilot for Excel, QuickBooks AI, and Ramp AI help businesses maintain accuracy, automate reconciliations, and detect anomalies—saving time and reducing errors



Example:

A consulting firm integrates QuickBooks AI to automatically categorize expenses and flag potential tax deductions. This saves the business owner hours of manual data entry each month.

6 Sales & marketing: Smarter lead generation & follow-ups



Key capabilities: AI can automate lead qualification, outreach, and follow-ups, helping SMBs increase conversions without additional headcount



Tools like: Apollo AI, Jasper AI, Salesforce Agentforce, and HubSpot AI analyze customer interactions and suggest personalized messaging, ensuring businesses stay engaged with prospects at the right time



Example:

A boutique digital agency uses HubSpot AI to automatically score leads based on engagement and past behaviors. This enables the sales team to prioritize high-intent prospects and increase close rates by 20%.

7 HR & employee productivity: Optimizing workforce efficiency



Key capabilities: AI can streamline hiring, scheduling, and internal communication, helping SMBs improve employee experience and productivity



Tools like: Workday Illuminate, BambooHR AI, and Reclaim AI assist with resume screening, calendar optimization, and meeting automation, ensuring teams work more efficiently



Example:

A 50-person tech startup uses Reclaim AI to automatically schedule focus time for employees, reducing unnecessary meetings and improving team productivity by 25%.

Whether an SMB is new to AI or looking to scale its use, these real-world applications provide tangible benefits that drive measurable business improvements. By leveraging AI strategically, businesses can enhance efficiency, boost competitiveness, and adapt more effectively in a rapidly evolving market.



Trend 4:

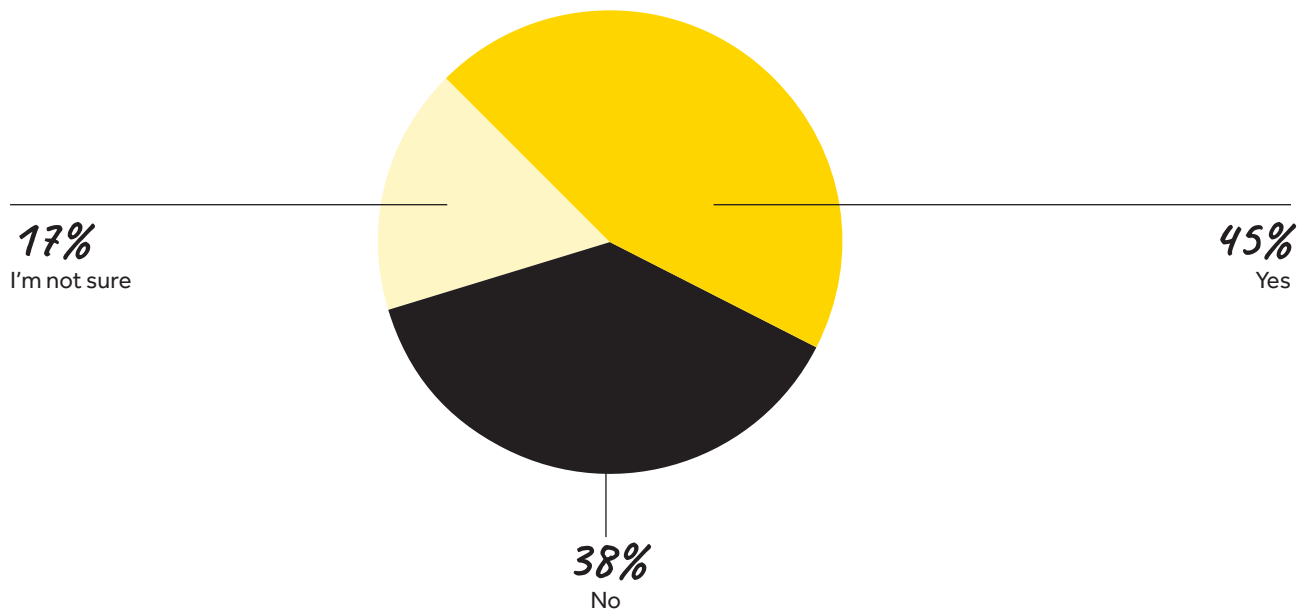
AI in business is still the *Wild West*

AI adoption among SMBs remains largely unstructured, with businesses integrating the technology into their workflows at vastly different rates. While some organizations are scaling AI adoption across teams, others still see low engagement among employees, and adoption often happens informally rather than through structured implementation. Nearly half of SMBs report employees using AI tools without formal approval, pointing to a gap in governance and oversight.

This informal uptake of AI highlights both the excitement and the risks: employees are eager to use the tools, but many businesses lack the policies and planning needed to support consistent, secure, and strategic adoption.



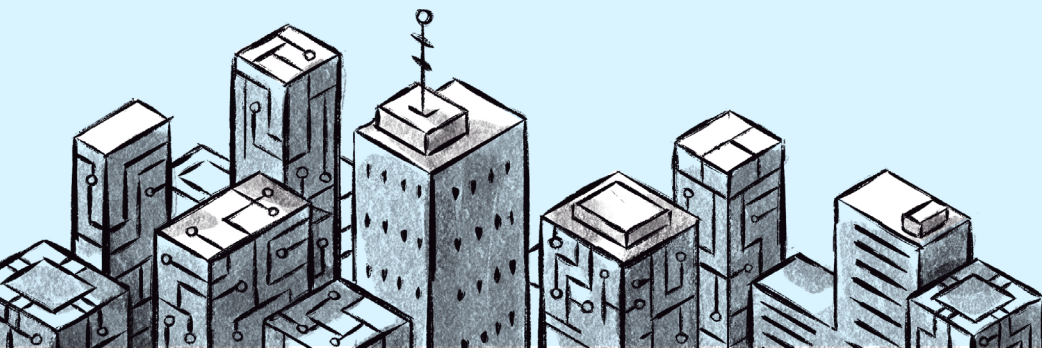
AI tool usage without formal approval



Many SMBs are utilizing AI on an ad-hoc basis rather than following a formal implementation strategy: 45% of respondents report that employees are using these tools without formal approval. 38% say AI usage is only happening with official authorization, and 17% are unsure whether employees are using AI tools independently. In other words, AI tools are making their way into organizations even when leadership hasn't (yet) sanctioned their use.

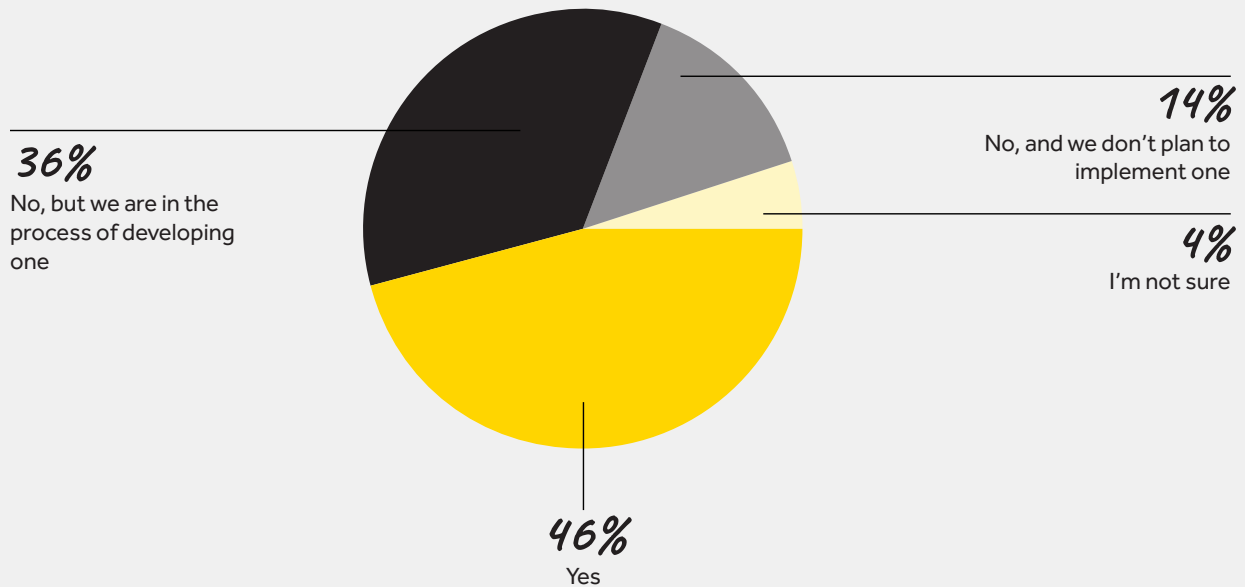
This widespread use of unauthorized tools suggests that employees see real (or perceived) value in AI and aren't waiting for official policies—perhaps in organizations where leadership is still hesitant—to leverage its benefits. However, this lack of oversight raises potential risks, including data security vulnerabilities, compliance concerns, and inconsistent strategies.

This raises an important question: what policies are businesses putting in place to catch up with employee-led AI use?



Organizational AI usage policies

Does your organization have a formal AI usage policy?



As employees and departments embrace AI, governance is struggling to keep pace. Currently, 46% of SMBs have an official AI usage policy in place, while another 36% are actively developing one—highlighting a broad effort to establish clearer guidelines as AI becomes more ingrained in operations.

However, 14% of businesses have no plans to implement an AI policy, suggesting that some

organizations don't yet see the urgency in regulating AI use. But as adoption becomes more common, SMBs that proactively set clear policies and best practices will be better positioned to mitigate security risks, drive consistent adoption, and maximize business impact.

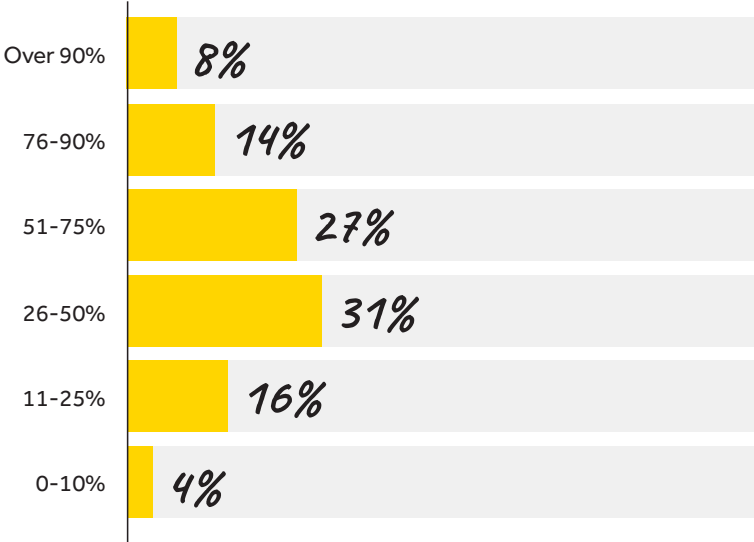
Of course, policies are only part of the equation—adoption also depends on how many employees are actually using AI in their day-to-day work.

AI adoption rates among employees (current & projected)

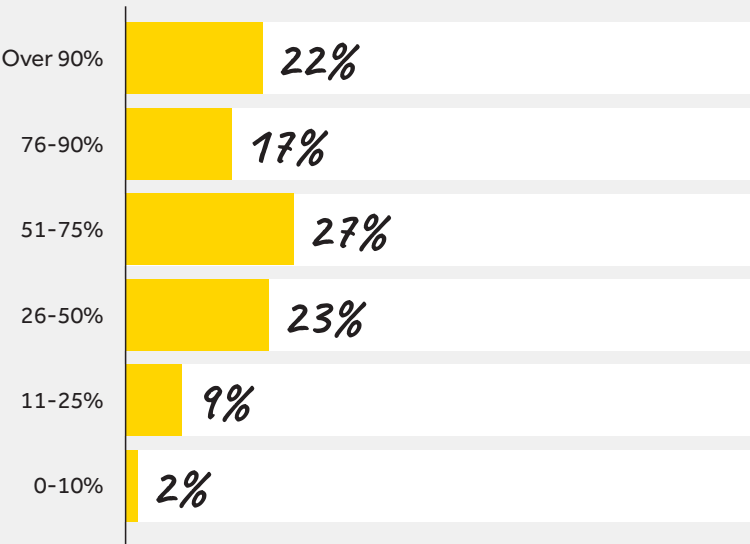
Percentage of employees adopting AI (current)

Even among SMBs actively leveraging AI, employee adoption is far from universal. While some organizations have integrated AI into daily workflows, many still see low engagement among employees. Currently, only 8% of SMBs report AI adoption rates above 90%, while 14% have adoption between 76-90%. In contrast, **20% of SMBs report that AI is used by fewer than a quarter of employees**—suggesting that for a significant share of businesses, AI remains a tool used by only a select few.

Looking ahead, SMBs expect this gap to widen over the next 12-24 months. The number of organizations forecasting over 90% adoption jumps to 22%—while at the other end of the spectrum, the number of businesses predicting 25% or lower adoption is 12%.



Percentage of employees adopting AI (24 month projection)

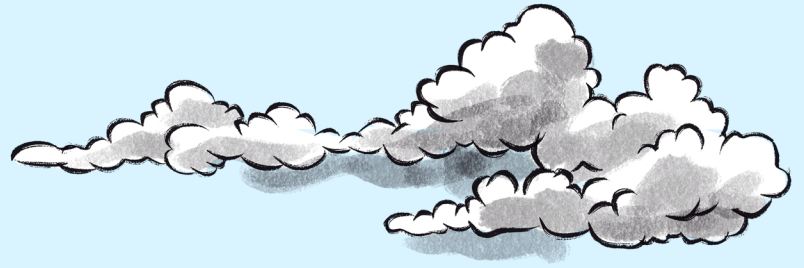


These projections suggest a clear divide: some SMBs are investing in AI at scale, integrating it across teams, while others are taking a wait-and-see approach.

For early adopters, the benefits of widespread AI use are compounding. As AI becomes more embedded in daily operations, companies with high adoption rates will see greater productivity gains, streamlined workflows, and a stronger competitive edge. For SMBs still in the early stages, closing this gap will require clear strategies, hands-on training, and company-wide alignment—allowing them to take full advantage of AI’s potential.

Creating clear AI usage policies:

a guide for SMB leaders



AI is making its way into SMBs faster than governance can keep up—often through employee-driven adoption before formal policies are in place. While this organic growth reflects AI's value, it also creates inconsistencies in how AI is used, where it's applied, and what safeguards are in place.

Rather than slowing AI adoption, a structured AI framework helps businesses harness its benefits while maintaining security, compliance, and alignment with company goals. Here's how SMBs can move from informal AI experimentation to clear, strategic implementation:

1 Assess current AI usage in your organization

Before drafting guidelines, understand how AI is already being used across teams. Identify:

- Which AI tools are in use (both approved and unapproved)
- Who is using them (specific teams or individuals)
- What AI is being used for (customer support, marketing, automation, etc.)
- Any existing risks (data privacy, security, regulatory concerns)



Why this matters:

Many SMBs discover that AI adoption is already happening informally. A clear picture of current AI usage helps businesses craft policies that reflect real-world applications rather than impose impractical restrictions. Assessments also bridge the gap between leadership's vision for AI and how employees are actually using it—ensuring internal policies support both strategic goals and day-to-day realities.

2 Define your organization's AI objectives

AI policies should be built around business goals—not restrictions. Determine:

- What problems AI should solve
- Which departments should use AI and for what purposes (personalizing customer journeys, optimizing inventory, accelerating content creation, etc.)
- How AI aligns with your company's long-term strategy



Why this matters:

AI guidelines should *empower* employees rather than inhibit them. Setting clear objectives helps ensure AI is adopted intentionally and with measurable benefits.

3 Establish clear usage policies

Once objectives are defined, create concrete guidelines covering:

- Approved AI tools: Which tools are sanctioned for use?
- Appropriate AI applications: What tasks should AI assist with? What should it *not* be used for?
- Data privacy and security measures: How should AI handle sensitive information? (Your chosen provider should outline clear security protocols and compliance standards.) Never include the following in AI prompts: usernames, passwords, proprietary corporate information, financial data, identity details, or intellectual property.
- Ethical considerations: How will bias and fairness be monitored? (*Reputable AI providers will offer transparency into their approach to bias mitigation and ethical safeguards.*)
- Human oversight requirements: Where should employees review AI-generated content before implementation?



Why this matters:

Policies must balance innovation with responsibility, ensuring employees know what's allowed, what's restricted—and why.

4 Provide employee training & support

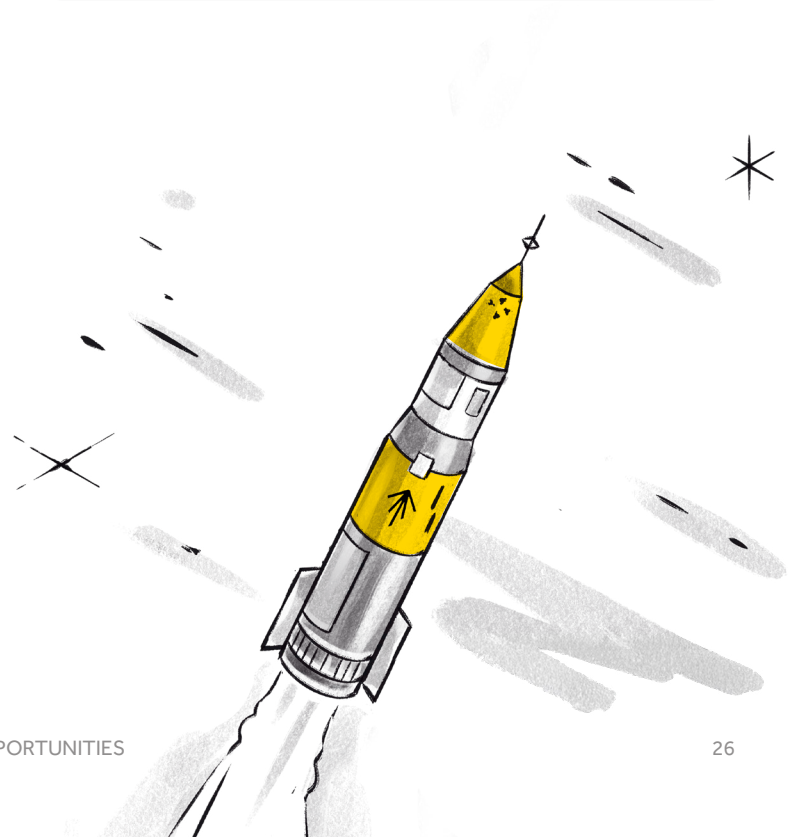
A policy is only effective if employees understand how to follow it. To drive adoption:

- Offer AI literacy training: Educate teams on how AI works, its capabilities, and its limitations
- Train on approved AI tools: Provide hands-on training with the AI platforms your organization supports
- Develop best practices: Show employees how to use AI effectively within their roles



Why this matters:

Employees are more likely to embrace AI confidently when they have the skills and knowledge to use it properly.



5 Assign AI governance & accountability

Designate individuals or teams to oversee AI usage, compliance risks, and policy adherence. Define:

- Who owns AI governance: IT, compliance, leadership, or a cross-functional team?
- How AI usage is monitored: Will audits, reports, or feedback loops be used?
- How new AI tools are evaluated: Who approves the adoption of new AI software?



Why this matters:

Without accountability, AI governance can quickly become reactive rather than strategic.

6 Regularly review & update AI policies

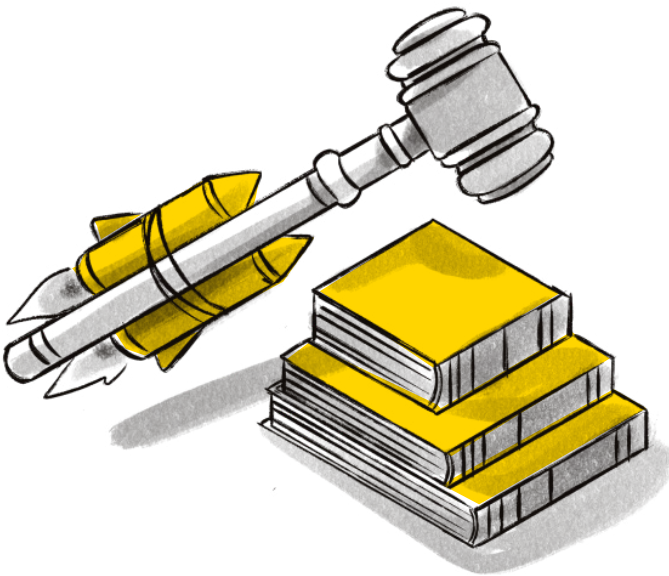
As AI evolves, so must your guidelines—along with ongoing reassessments of legal and ethical standards. Establish:

- A process for reviewing AI policies (quarterly, annually, or as needed)
- A feedback loop: Gather employee input to improve AI policies over time
- A strategy for adapting to new AI tools and trends



Why this matters:

AI policies should be flexible enough to adapt as technology and business needs change.



When AI policies are well-defined, employees can confidently leverage AI to enhance efficiency, innovation, and operational agility without uncertainty about what's allowed. By taking a structured approach to AI governance, SMBs can harness AI's full potential while ensuring ethical, secure, and strategic use across the organization.



Trend 5:

The window of opportunity is *now*

With AI budgets increasing and adoption expanding, SMBs that delay implementation risk falling behind competitors who are already leveraging AI for growth, efficiency, and smarter decision-making. Organizations aren't just investing in AI—they're already planning to scale it, with forecasted budgets increasing across all levels of adoption (including among skeptics and hesitant businesses).

Beyond budgeting trends, SMBs are broadening AI applications across departments and increasing employee adoption. With 64% of respondents viewing AI as a critical part of their industry's future, businesses that take action now will be better positioned to gain a long-term competitive advantage.

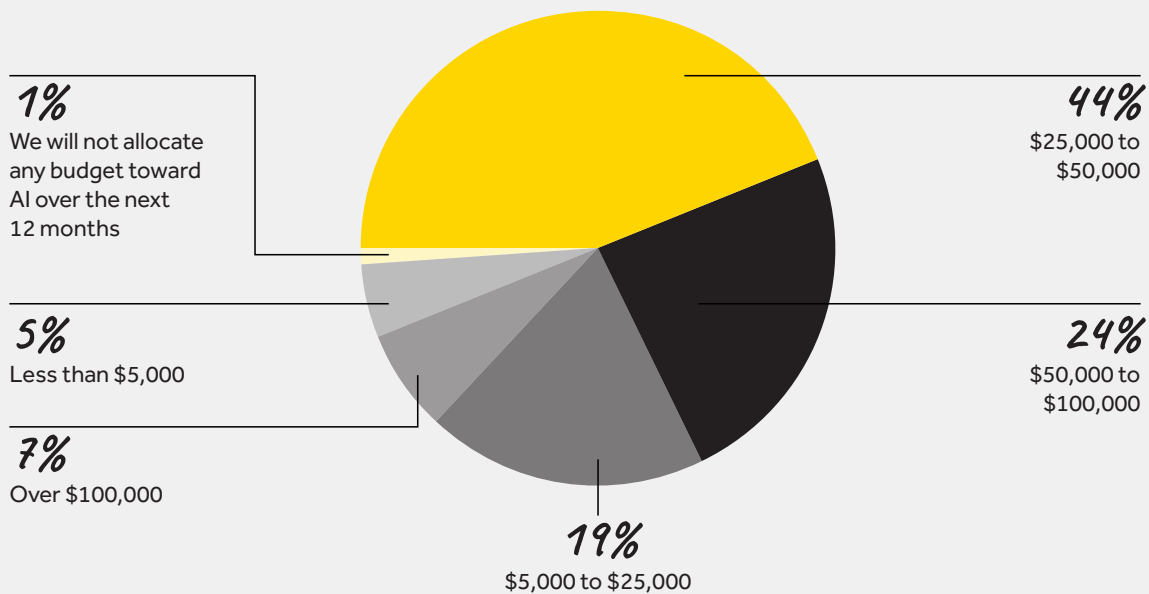
This section explores how SMBs are allocating AI budgets, which tools they're prioritizing, and how AI is becoming embedded in both operations and strategy—underscoring why now is the time to capitalize on AI's potential, rather than risk playing catch-up.



Estimated AI budget over the next 12 months (segmented by attitudes)

SMBs—including the skeptical ones—are committing AI budgets, recognizing its rising importance in maintaining a market edge. Here’s how the numbers break down:

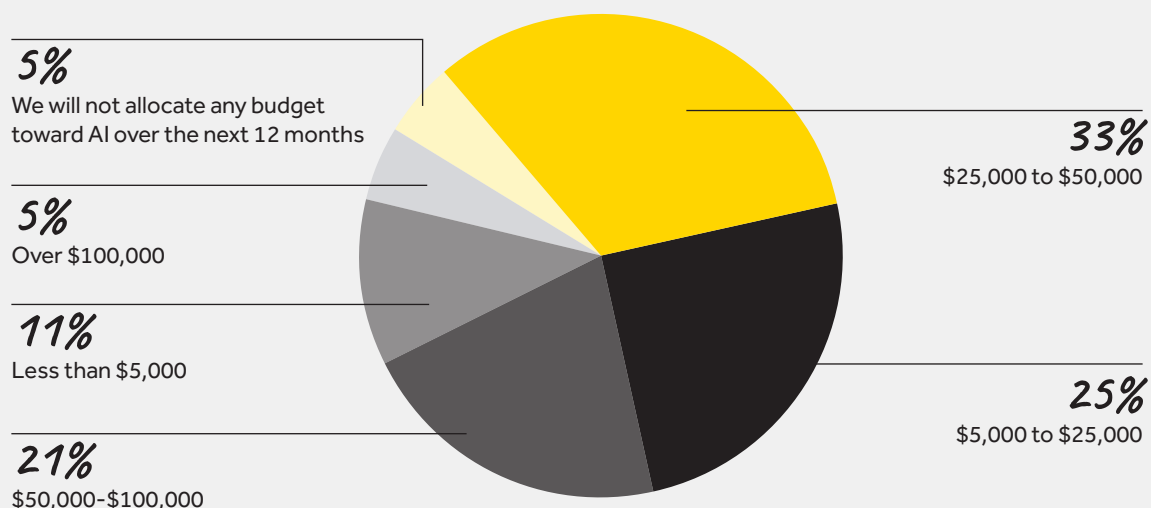
Estimated AI budget over the next 12 months (SMBs already using AI)



For SMBs already using AI, budgeting for the next 12 months reflects a strong commitment to scaling AI capabilities. A significant 75% of respondents expect to invest \$25,000 to \$100,000-plus, signaling that businesses that have already embraced AI are reaping its rewards and prioritizing continued investment.

The data confirms that once SMBs adopt AI, they *double-down* on it, choosing to scale its role in their operations rather than limiting it to isolated use cases. The willingness to increase AI budgets suggests confidence in the ROI as businesses move from initial experimentation to full-scale integration and optimization.

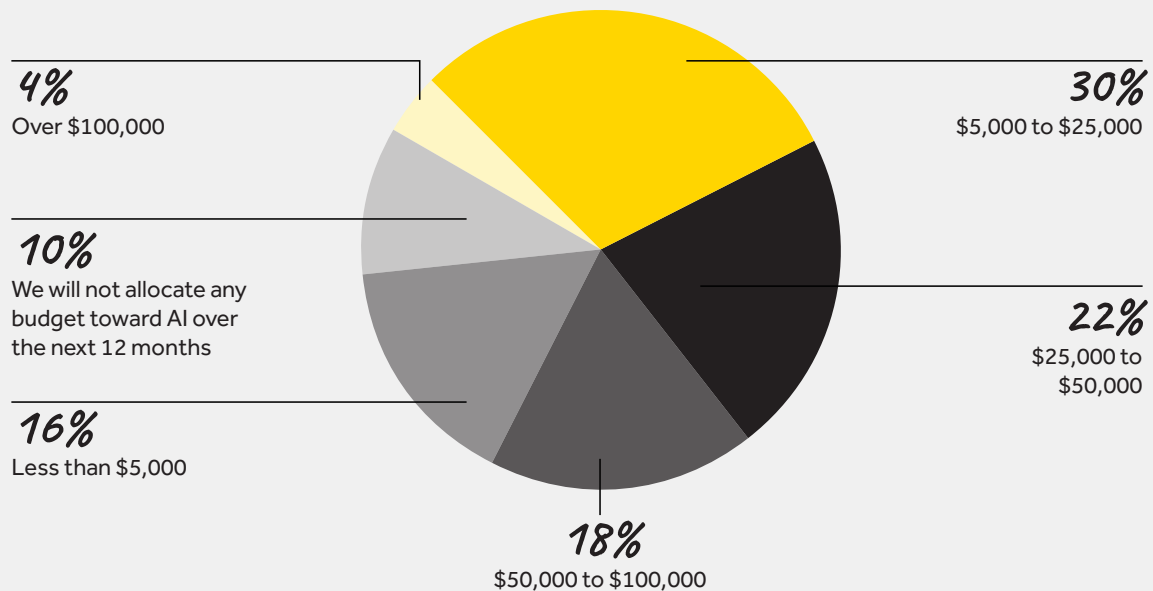
Estimated AI budget over the next 12 months (SMBs neutral to or exploring AI)



For SMBs that are *neutral*, *interested*, or *exploring* AI, budget forecasts indicate a strong inclination toward investment—even if full adoption hasn’t happened yet. 79% of these respondents expect to allocate between \$5,000 and \$100,000 toward AI over the next 12 months, signaling that even those in the early stages see AI’s potential and are planning for growth. (Notably, 5% plan to invest over \$100,000, indicating that some businesses are already laying the groundwork for large-scale implementation.)

Even among businesses still evaluating AI’s role, financial commitments are being made in a shift from curiosity to action. As these organizations move forward, AI spending is likely to pivot from exploratory budgets to more strategic, long-term investments.

Estimated AI budget over the next 12 months (SMBs resistant to or neutral about AI)

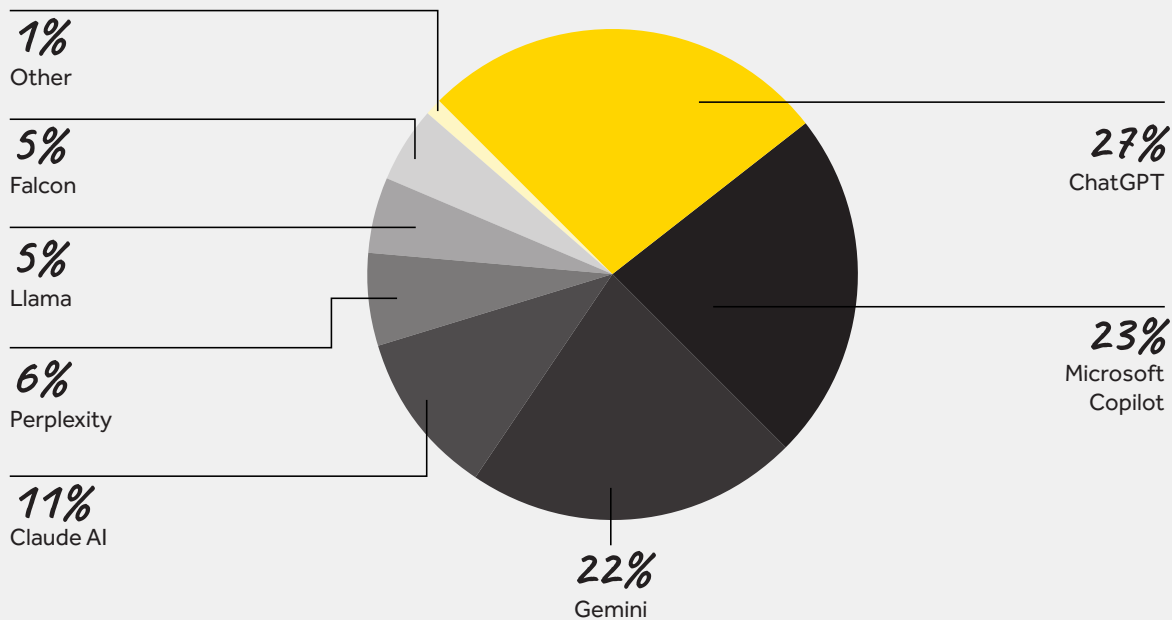


Even among SMBs *resistant or neutral toward AI adoption*, the majority are allocating budget for it over the next 12 months: A substantial 68% plan to invest up to \$50,000, and 18% are setting aside between \$50,000 and \$100,000-plus. In other words, **even the most cautious (or downright resistant!) businesses are preparing for AI integration—whether for immediate deployment or to ensure they don’t fall behind.**

Regardless of where a business stands on AI adoption, financial commitments are being made. What was not so long ago a “nice-to-have” is now a competitive necessity. SMBs may still be evaluating the specific role/s of AI in their operations, but even skeptics are making room for it in their futures.

Top AI tools being considered for use

AI tools under consideration

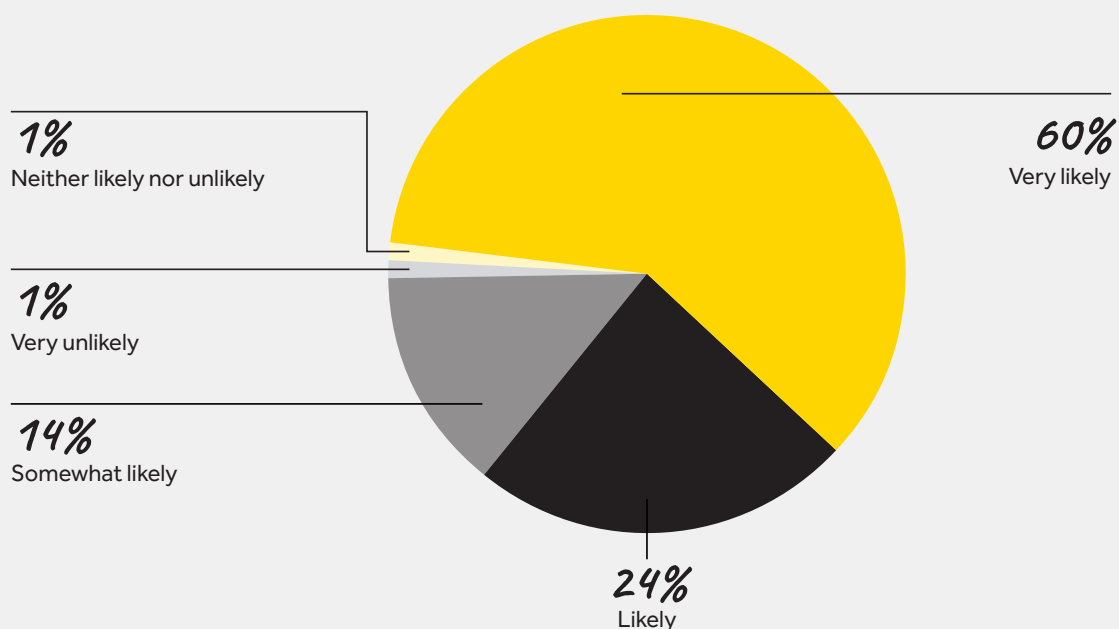


ChatGPT (27%), Microsoft Copilot (23%), and Gemini (22%) dominate SMBs' AI evaluations, signaling a strong focus on productivity and automation. Tools like Copilot and ChatGPT are widely used for document creation, customer interactions, and operational efficiency, underscoring that SMBs are prioritizing AI solutions that streamline existing workflows.

Few SMBs are exploring highly specialized or open-source models, indicating a preference for out-of-the-box AI tools with minimal technical overhead. As AI adoption accelerates, we expect demand for user-friendly, enterprise-ready solutions to grow.

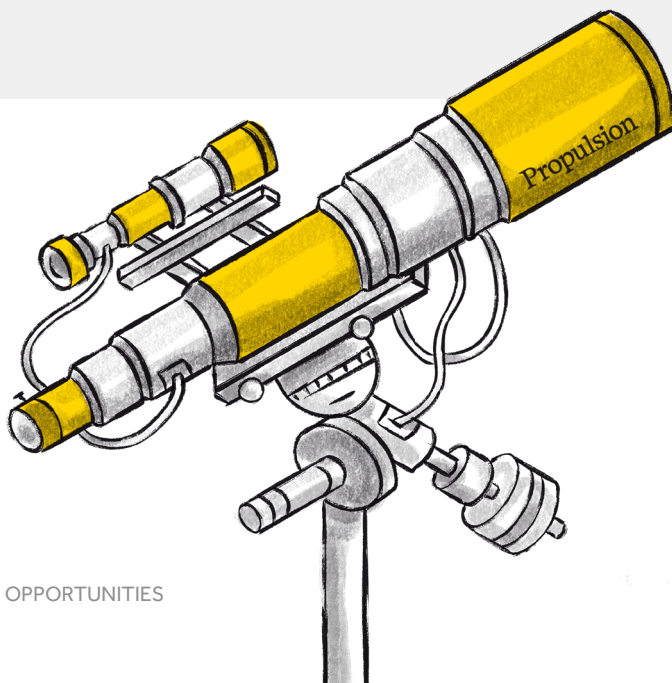
AI expansion: more departments, more employees, more impact

Likelihood of expanding AI applications in 12-24 months



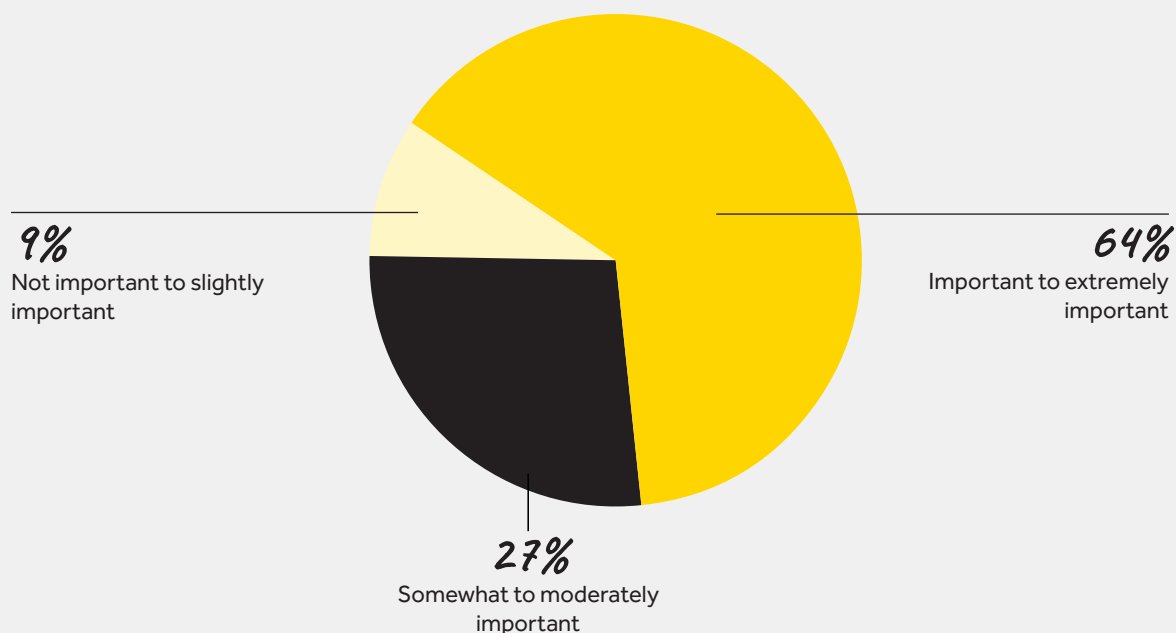
AI adoption among SMBs isn't just increasing—it's expanding *across* departments and into more employee workflows. Over the next 12-24 months, a strong majority (84%) of AI-using organizations report that they are *likely* or *very likely* to broaden their AI applications, with 60% saying they're *very likely* to do so.

As AI capabilities mature, this expansion is expected to drive broader efficiencies, increase automation, and further integrate AI into core business functions.

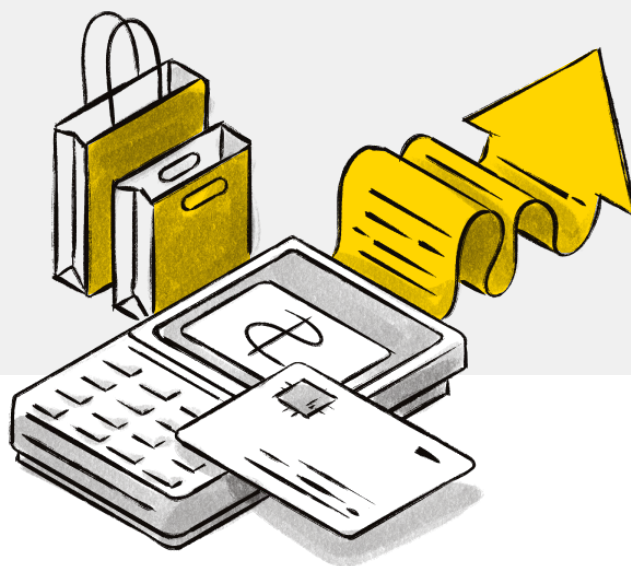


The business importance of AI over the next 3 years

Importance of AI to businesses



AI is poised to become a cornerstone of business strategy, with 64% of respondents believing it will be *important*, *very important*, or *extremely important* to their industries over the next three years. Another 27% consider AI somewhat to moderately important, indicating that even businesses with measured expectations acknowledge its growing influence.



How SMBs can measure AI success and prove ROI

Allocating resources to AI is one thing—and organizations are certainly moving forward with those investments—but proving its value is another. Many SMBs adopt AI tools with the expectation of game-changing results, only to find themselves struggling with measuring impact, optimizing performance, and calculating ROI. Without clear success metrics, businesses risk wasting resources on AI solutions that don't deliver meaningful returns.

Here's a practical framework to help SMBs track, measure, and maximize the value of AI, ensuring that investments lead to tangible business outcomes:

1 Define success

Before measuring ROI, SMBs need to determine what success actually looks like for their business. AI can drive efficiency, revenue growth, and customer engagement—but which outcomes matter most?



How to do it:

- Identify the primary reason for AI adoption (e.g., reducing manual workloads, improving forecasting, refining marketing strategies)
- Align AI objectives with specific business priorities to ensure solutions directly support growth
- Set clear, realistic expectations for AI's role within the company

2 Identify the right metrics

Not all AI benefits are easy to quantify, but tracking key performance indicators (KPIs) ensures SMBs can measure meaningful improvements instead of vague progress.



How to do it:

- Choose KPIs that align with business goals, such as:
 - Efficiency gains: Time saved on manual tasks
 - Cost savings: Reduction in labor or operational expenses
 - Revenue growth: Higher conversions, increased customer lifetime value
 - Customer impact: Faster response times, improved satisfaction
- Set initial benchmarks before implementation to track progress effectively

3 Track performance over time

AI's impact isn't instant—it evolves as adoption grows. Regular tracking ensures businesses can assess trends and adjust strategies accordingly.



How to do it:

- Set up monthly or quarterly AI performance reviews to analyze progress
- Use automation dashboards and analytics tools to track AI-driven improvements
- Compare AI outcomes against baseline metrics to measure real impact

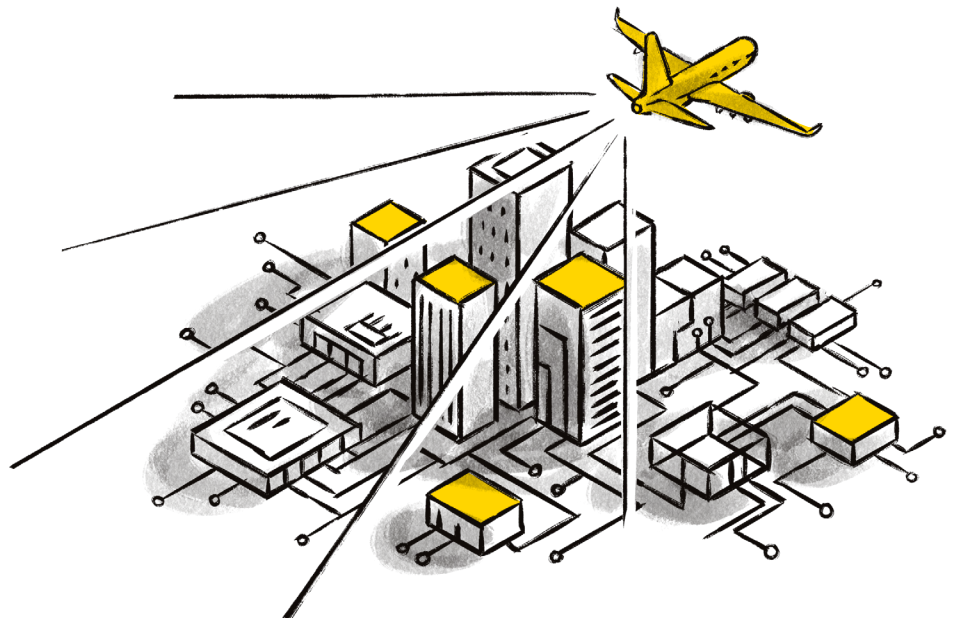
4 Optimize AI for maximum ROI

AI works best when it's properly integrated into daily operations. If ROI isn't where it *should* be, it's time to refine workflows, employee adoption, and tool selection.



How to do it:

- Optimize AI workflows by fine-tuning automation settings and enhancing training
- Improve employee adoption through training sessions, best practices, and hands-on workshops
- Eliminate waste by cutting underperforming AI tools and reinvesting in high-impact solutions



5 Calculate AI ROI

Translating AI's impact into financial terms makes it easier to justify investment and secure buy-in from leadership.



How to do it:

$$ROI(\%) = \left(\frac{\text{Gains from AI} - \text{AI Costs}}{\text{AI Costs}} \right) \times 100$$

1. Calculate AI-driven revenue gains, cost savings, or efficiency improvements
2. Subtract AI costs (software, implementation, training) from these gains
3. Divide the result by AI costs to determine the return relative to the investment
4. Multiply by 100 to get ROI as a percentage

6 Iterate & improve

AI success isn't just about implementation—it's about continuous improvement. Businesses that measure, refine, and scale AI solutions will gain the greatest long-term advantage.



How to do it:

- Regularly evaluate AI's effectiveness and adjust strategies as needed
- Stay informed about new AI advancements that could enhance workflows
- Treat AI as a long-term investment, not a one-time project

By following these steps, SMBs can transform AI from a dynamic experiment into a measurable driver of business growth. SMBs that actively measure and optimize AI will see it evolve from an emerging tool to a core driver of operational and strategic success.



Trend 6:

Technology partners are the *missing link* in companies' AI journeys

For SMBs exploring AI, finding the right partner can make all the difference. Whether it's a SaaS vendor, an IT solution provider, or a technology consultant, the right partner can help evaluate readiness, identify relevant tools, and guide implementation in a way that supports real business outcomes. But not all partners are offering that level of support yet.

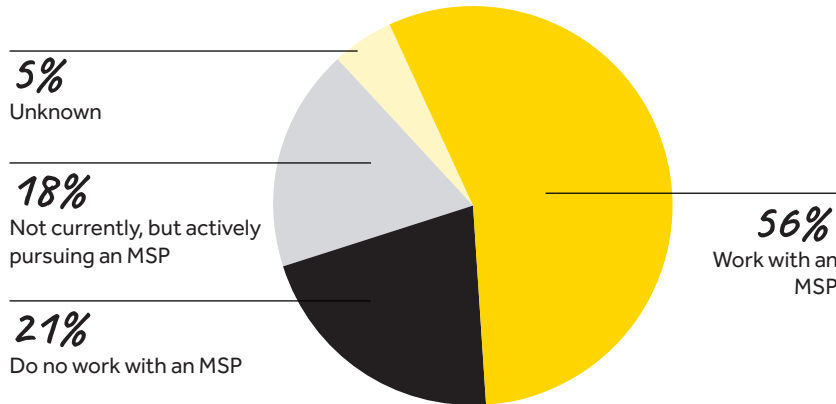
In our user interviews, many SMBs reported that their partners have been quick to suggest AI tools—but slow to offer real guidance. Recommendations often stop at the surface, leaving businesses to figure out strategy, integration, and employee enablement on their own. As a result, AI adoption risks becoming fragmented and under-leveraged.

This section explores what SMBs are experiencing when they turn to technology partners for AI help—and what kind of support they really need to move from curiosity to capability.



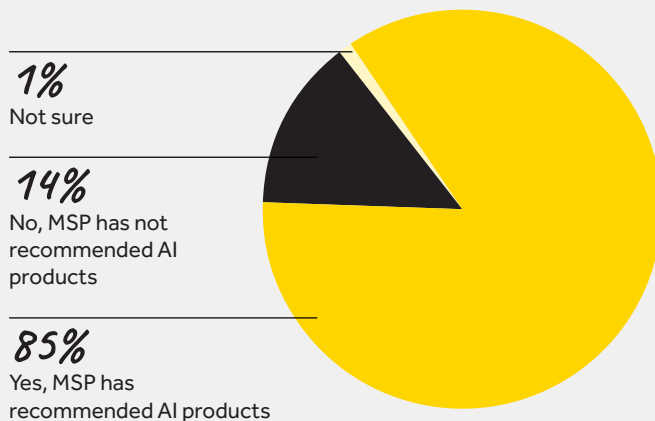
Partners and AI: widespread mentions, limited guidance

Percentage of SMBs using an MSP



Technology partners are heavily relied upon: 74% of respondents are currently working with, or actively seeking, one to support IT management, cybersecurity, and operational efficiency. But when it comes to AI, most SMBs feel those same partners are falling short.

Percentage of MSPs that have recommended AI products



While 85% of respondents said their technology partner has recommended AI tools, deeper insights reveal that these recommendations are often shallow, one-off mentions without any real guidance. Businesses reported that partners typically name tools—like Microsoft Copilot—but provide little to no support with selection, onboarding, integration, or long-term value.

In other words, the advice stops at “you should try this,” leaving SMBs without the strategy or structure to move from curiosity to impact.

This disconnect is holding businesses back. SMBs don’t just need tool suggestions—they need guidance on when, why, and how to use AI, plus support for employee training, risk management, and ongoing performance evaluation. Without that, adoption becomes disjointed and under-leveraged.

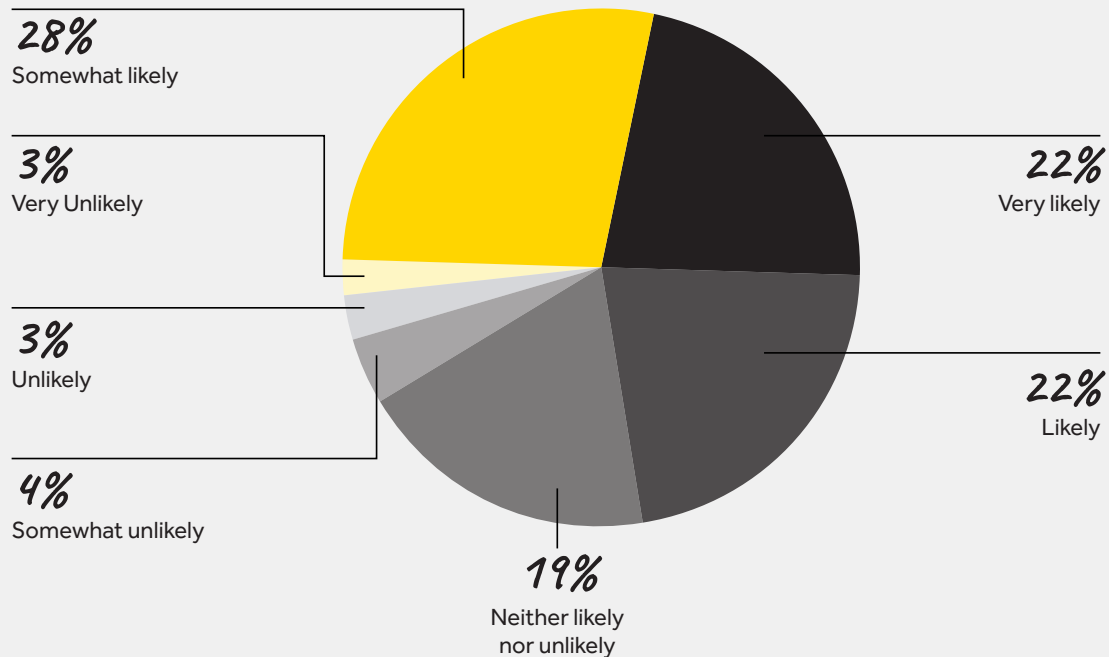
“ Our technology partner is not in this space at all. They do basic IT management, but they’re not helping us figure out AI opportunities. If we wanted this, we’d need a totally new type of provider.”

- Director of IT Operations,
financial services industry

SMBs want more than recommendations—they want readiness and guidance

For many SMBs, AI adoption isn't a question of *interest*—it's a question of *support*. **Among respondents who are currently hesitant or neutral about AI, 72% said they would be somewhat-to-very-likely to adopt AI if their partner provided education and management services.** This finding reveals that SMBs' AI skepticism is less about the technology's potential and more about a lack of confidence to implement and manage it effectively on their own.

Likelihood of adopting AI if MSP offered support



Choosing an AI partner:

8 questions every SMB should ask

AI is becoming a core driver of smarter, faster, and more efficient business operations—but successful adoption isn't about technical complexity. It's about finding a partner who can align AI with your business goals, make implementation smooth, and provide ongoing support that delivers real value.

As you evaluate potential partners—whether SaaS vendors, IT consultants, or tech solution providers—these are the key questions to ask to ensure they can help you adopt AI effectively:

1

What business challenges can you help us solve with AI?

AI works best when it's solving real, high-impact problems. A strong partner should understand your long-term business strategy, near-term goals, day-to-day operations, and the key challenges you're trying to solve. From there, they can point to clear opportunities—like accelerating customer response times, improving forecasting, automating workflows, or unlocking insights from data.

2

How will you ensure AI is secure and compliant for our business?

AI relies on sensitive data. Your partner should be able to explain how their solutions handle security, privacy, regulatory compliance, and data governance—along with what guardrails are in place to protect your customers and business.

3

Can your AI solutions integrate with the systems we already use?

Look for a partner who can work within your existing ecosystem—whether that's your CRM, ERP, accounting software, or communications tools—and who has experience integrating solutions using APIs. Seamless integration means less disruption and faster value.

4

How will you support our employees as they start using AI?

Employees don't need to be experts—but they *do* need guidance. Ask about training, onboarding, and best practices to help your team feel confident using AI tools from day one.

5

What are the costs, and how flexible is your AI offering?

A good partner should offer scalable, cost-effective solutions that align with your budget and business goals—whether you're starting small or planning to scale AI use over time.

6

How will this improve the experience for our customers?

AI should enhance—not complicate—your customer experience. Ask how the partner's solutions can help with personalization, speed, and service quality, and how they measure that impact.

7

Who will manage AI as our needs evolve?

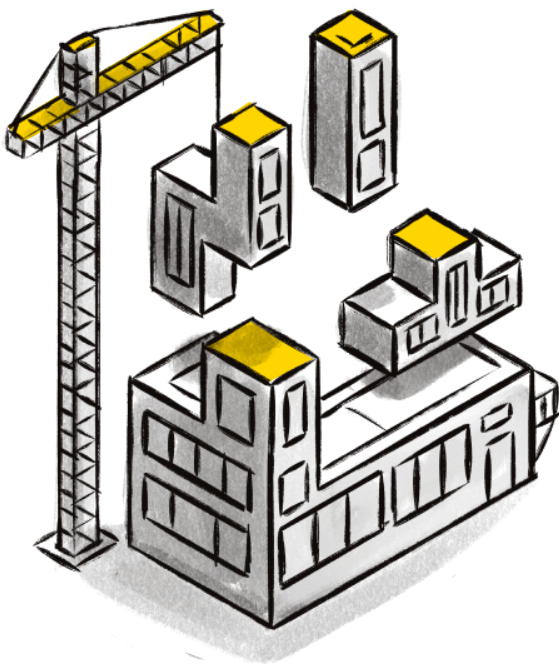
AI isn't a set-it-and-forget-it solution—it needs continuous refinement. Choose a partner who offers long-term support, regular updates, optimization, and ongoing monitoring to sustain performance and maximize ROI.

8

How will you help us measure the success of our AI initiatives?

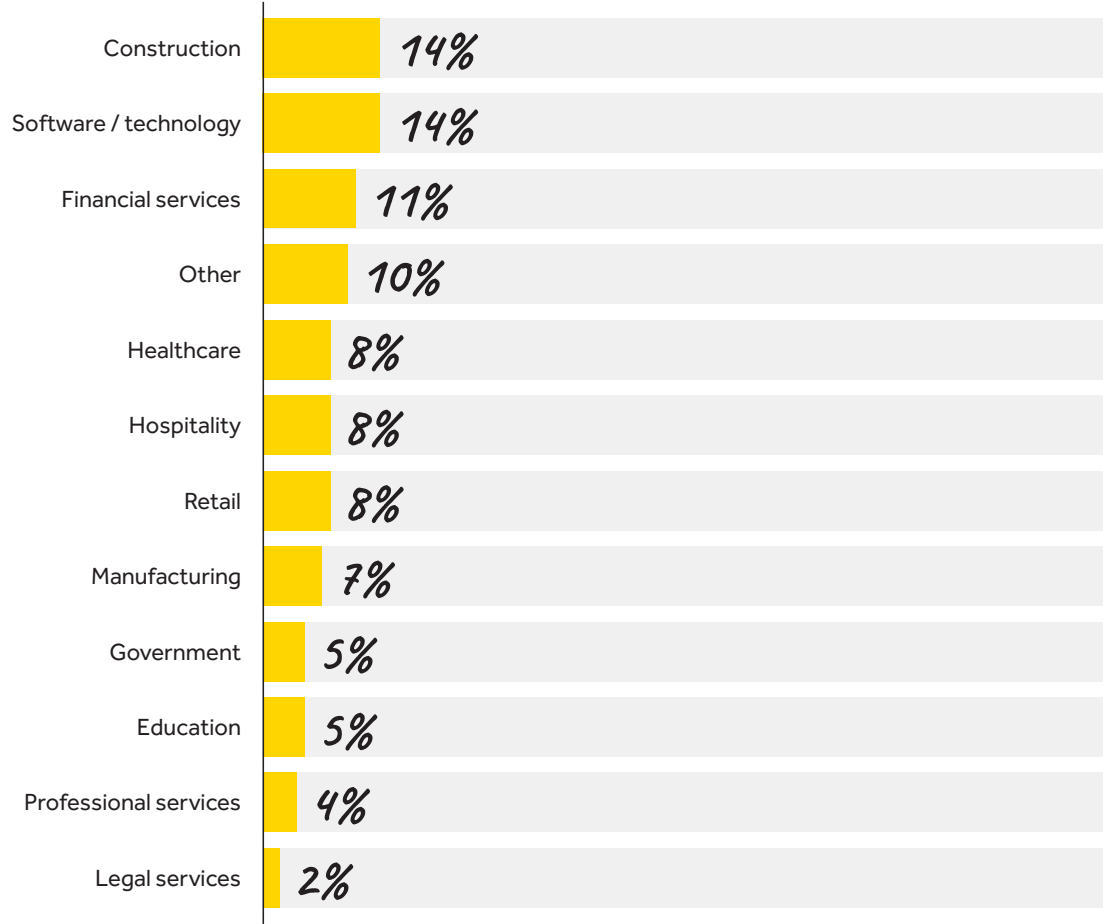
Your partner should help define success from the start—whether that's time saved, revenue gained, better decisions, or customer satisfaction. Ask about benchmarks, metrics, and reporting.

With the right partner, AI can be a low-friction, high-impact addition to your business. These questions will help you find a provider that not only understands AI—but understands your business, your people, and your goals.

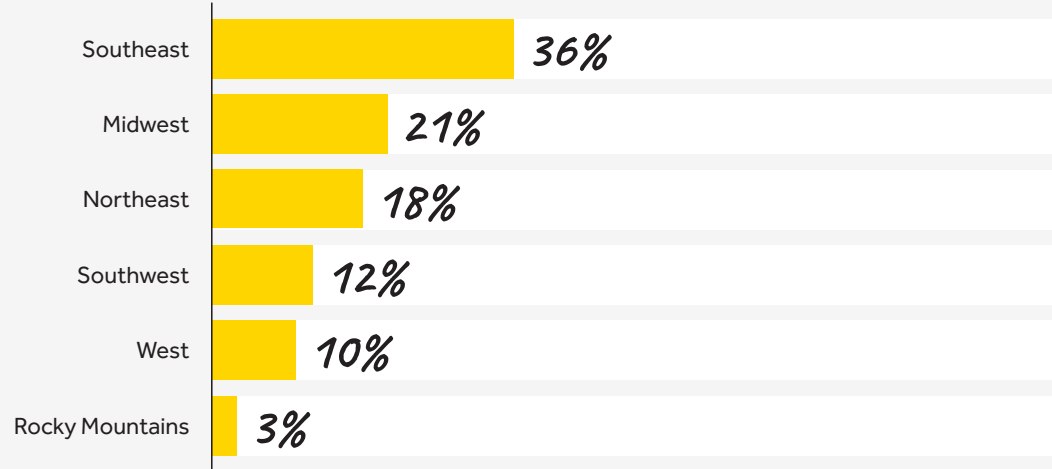


About our respondents

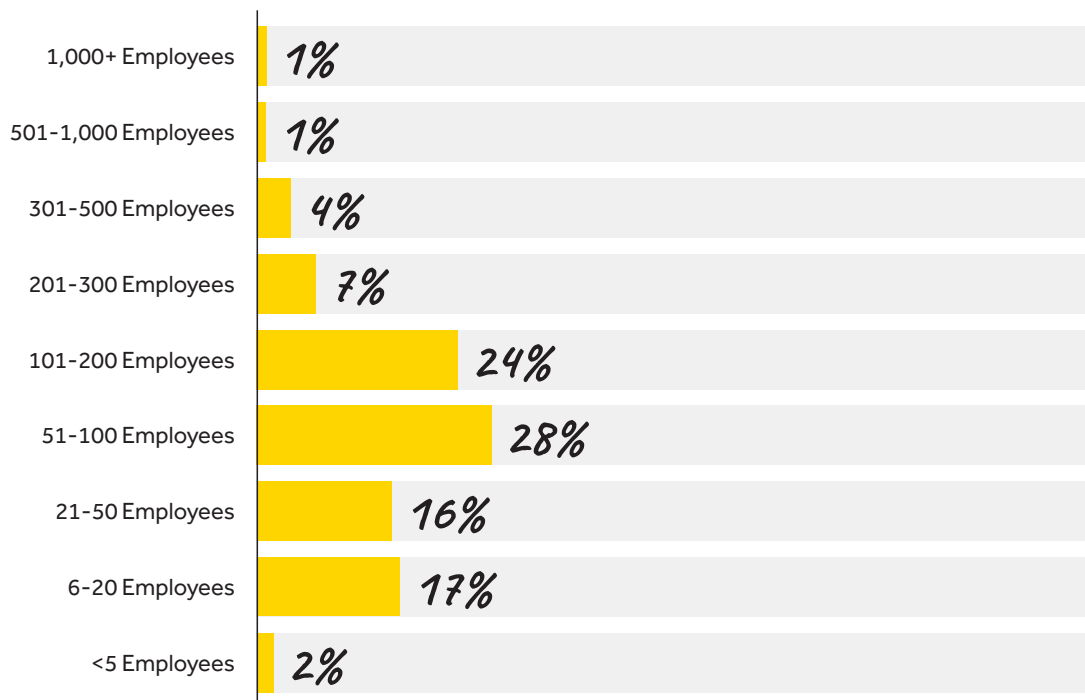
Industry



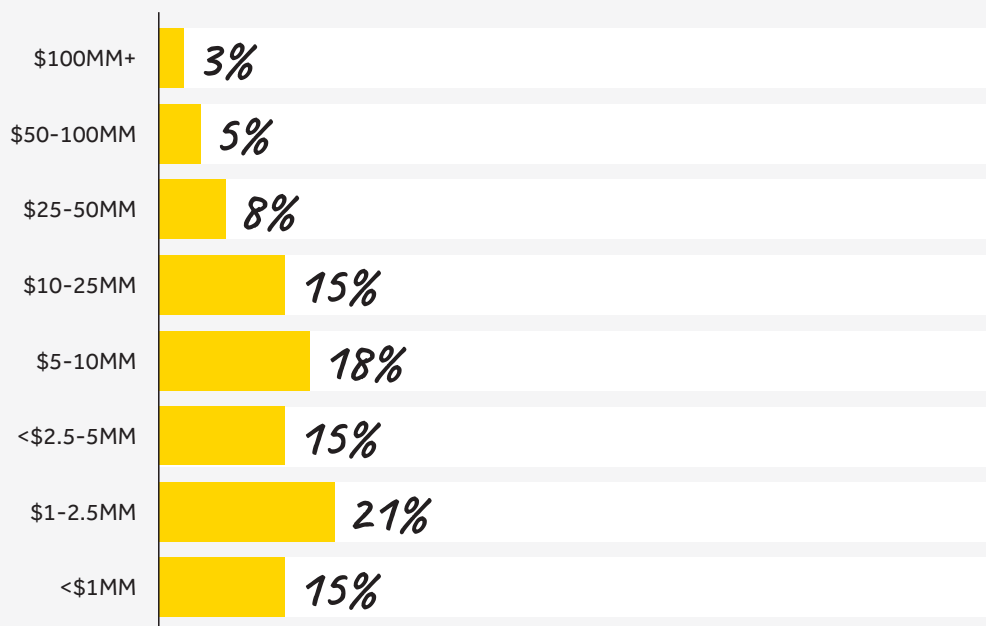
Geography



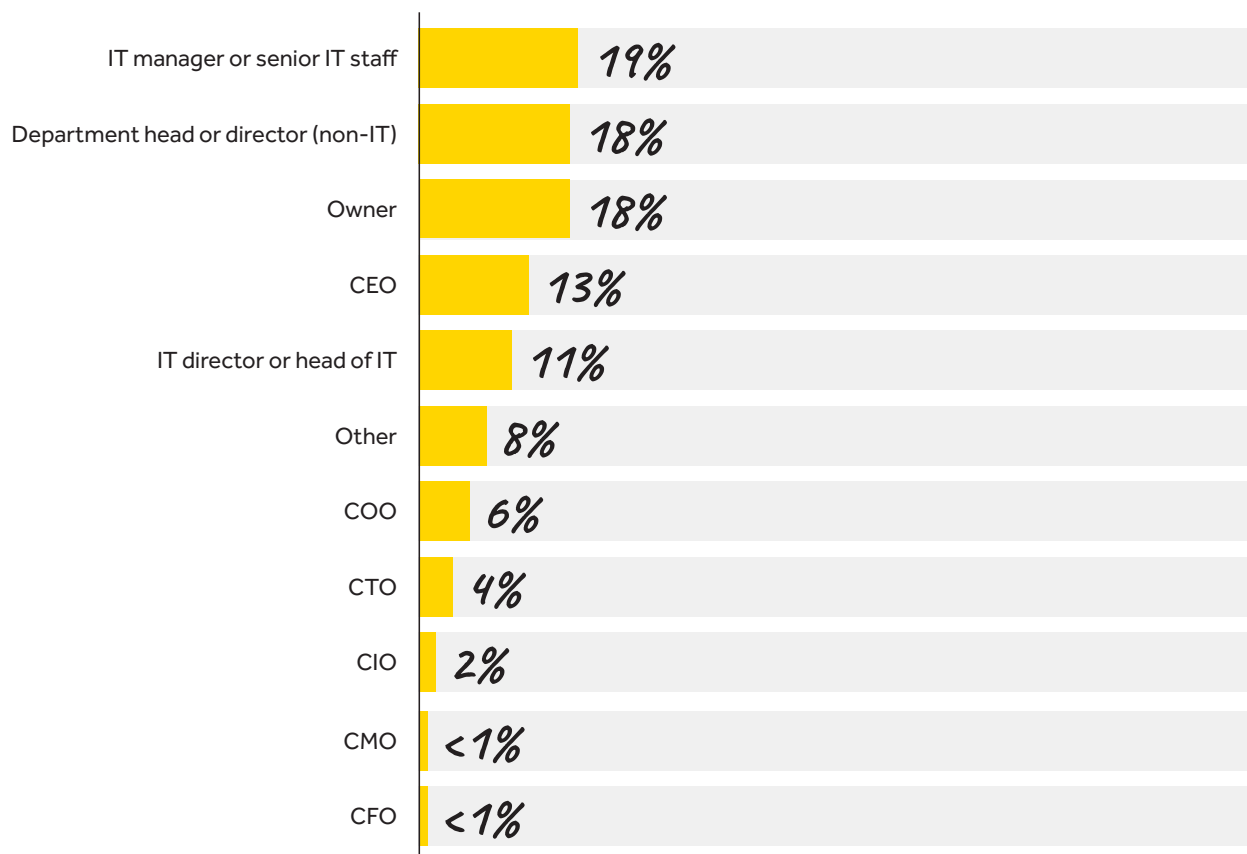
Organization size



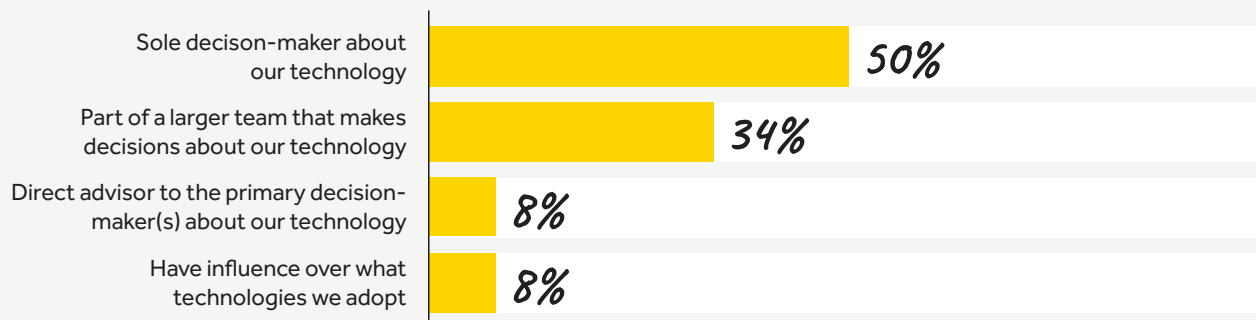
Organizational revenue



Organization role



Role in technology decisions

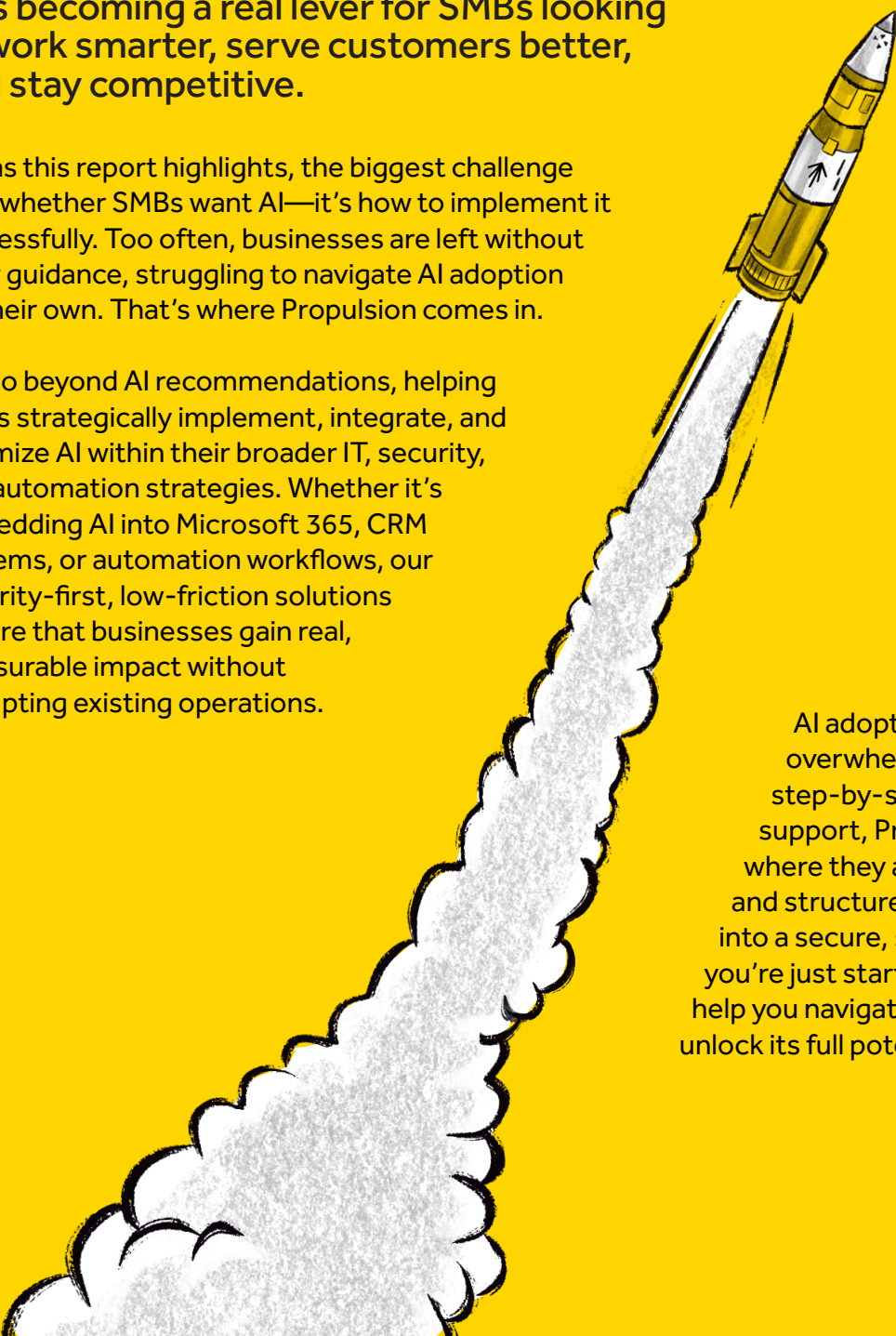


About Propulsion

AI is becoming a real lever for SMBs looking to work smarter, serve customers better, and stay competitive.

But as this report highlights, the biggest challenge isn't whether SMBs want AI—it's how to implement it successfully. Too often, businesses are left without clear guidance, struggling to navigate AI adoption on their own. That's where Propulsion comes in.

We go beyond AI recommendations, helping SMBs strategically implement, integrate, and optimize AI within their broader IT, security, and automation strategies. Whether it's embedding AI into Microsoft 365, CRM systems, or automation workflows, our security-first, low-friction solutions ensure that businesses gain real, measurable impact without disrupting existing operations.



AI adoption doesn't have to be overwhelming. With tiered education, step-by-step roadmaps, and hands-on support, Propulsion meets businesses where they are—providing the expertise and structure to turn AI from a concept into a secure, scalable advantage. Whether you're just starting or ready to expand, we help you navigate AI with confidence and unlock its full potential.