AI Readiness Briefing 2025

Exploring AI for mid-market companies and cautious adopters

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Contents

Artificial intelligence (AI) has changed the game for mid-market companies. But more than two years into the new era of AI, **63% of this group still lacks mature AI capabilities.**[1]

That's the bad news. The good news: right now, mid-market companies have a once-in-a-lifetime opportunity to leverage AI as a transformative force.

This briefing synthesizes findings from 40 industry reports on AI and AI readiness as well as TXI's original research on mid-market AI readiness. In it, you'll find an assessment of the current state of AI adoption among mid-market businesses, a summary of challenges mid-market companies face, and strategies for overcoming those challenges. We also offer tips for selecting the right first problem to solve with AI, making the build-or-buy decision, and working with an outside partner.

Current state: Mid-market AI adoption

Mid-market companies often lag behind enterprise organizations in AI adoption due to limited resources, fragmented data systems, and talent shortages. Despite these challenges, many mid-market firms are starting to embrace AI, particularly in areas like...

- **Customer personalization.** For example, McKinsey estimated a 3–5% revenue increase[2] for a telecom company by automating product personalization.
- **Predictive analytics** to drive virtually any aspect of business operations.
- **Operational efficiency.** One Bain study estimated a monthly savings of 7,000 hours[3] for a large procurement team by deploying AI.

However, scaling AI remains a hurdle.[4] While AI experiments can happen fast with little coordination, scaling requires strategic alignment and ongoing incremental investments.

Key themes: RAG, agentic AI, and the evolution from data to wisdom

RAG (Retrieval-augmented generation)

A paradigm shift in AI development, RAG frameworks combine retrieval-based systems with generative models to deliver context-aware, dynamic responses. This hybrid approach is especially promising for mid-market companies looking to implement AI in customer service, knowledge management, and personalized marketing.

Agentic AI

The rise of agentic AI, which involves autonomous systems capable of proactive decision making, is pushing the boundaries of what businesses can achieve. While still nascent, agentic AI has the potential to optimize workflows, automate complex processes, and drive innovation at scale.

Data product maturity

As organizations move from merely collecting data to deriving actionable insights, the next evolution is to cultivate wisdom—context-rich, strategic knowledge that informs long-term decision making. Mid-market companies must focus on building systems that prioritize meaningful outcomes over mere data accumulation.

Think big, start small, and collaborate with experts for best results.

To succeed in the AI-driven future, mid-market companies must think big by envisioning transformative possibilities while starting small through targeted, incremental pilots demonstrating quick wins. Collaboration is essential, and TXI offers the expertise and partnership needed to guide businesses through their AI journey. Together, we can co-create solutions aligned with your goals and unlock AI’s transformative potential.

The AI imperative

The technological landscape is undergoing a profound transformation. **Worldwide spending on artificial intelligence is projected to more than double to $632 billion** by 2028,[5] making AI adoption not just a competitive advantage but a necessity for long-term survival.

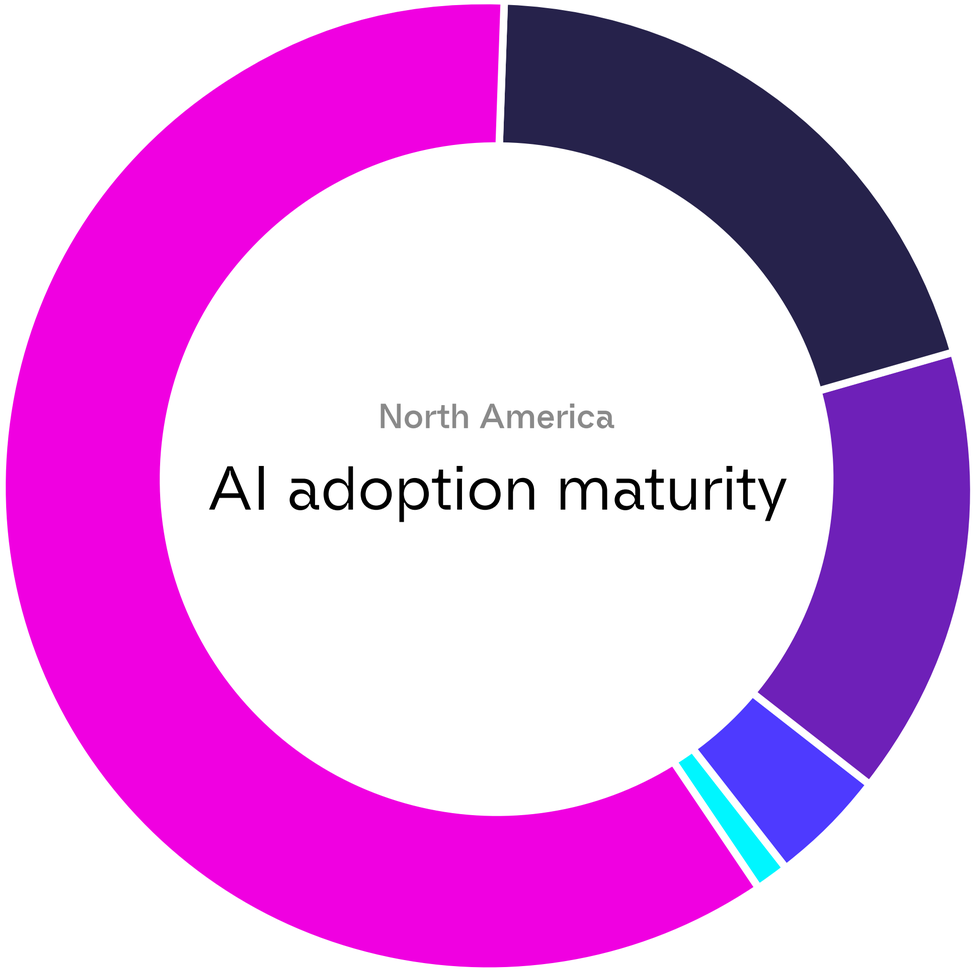
For mid-market companies, AI presents both an opportunity and an imperative. And the urgency of AI doesn't exist in a vacuum. It's a technology that can help firms address many pressing market forces, including...

- Accelerating market dynamics that demand faster, data-driven decision making.
- Growing customer expectations for personalized experiences.
- Increasing pressure to optimize operations and reduce costs.
- The emergence of AI-first competitors disrupting traditional business models.

INTRODUCTION

AI adoption maturity: Where companies stand today

Artificial Intelligence is no longer a futuristic concept—it's a present-day reality reshaping industries. However, not all companies are adopting AI at the same pace. To understand how organizations navigate this transformation, we've identified five distinct AI adoption maturity levels—from those cautiously experimenting with AI to those pioneering its future.



60%

Cautious adopters

Companies taking their first steps into AI, often with small-scale experiments and a focus on risk mitigation.

20%

Pragmatic users

Organizations that use AI to enhance efficiency but have yet to make it central to their business strategy.

15%

Strategic integrators

Businesses that have embedded AI into their operations and decision making, developing custom models and governance structures.

4%

Visionary pioneers

Industry leaders leveraging AI to drive competitive advantage, innovation, and thought leadership.

1%

Adaptive futurists

The elite few who don't just use AI but continuously evolve with it, shaping the broader AI ecosystem and policies.

From AI adoption to AI readiness: Are you prepared?

Understanding where your company falls on the AI Adoption Maturity spectrum is a critical first step—but adoption alone isn't enough. True success with AI requires more than just implementing tools or running pilots; it demands a foundational level of AI readiness. Mid-market companies must get all of these right to effectively scale AI, derive meaningful value, and stay ahead of industry shifts.

So how ready is your organization to move from cautious experimentation to strategic integration—or even pioneering innovation? In the next section, we'll break down the key dimensions of AI readiness and provide a practical framework for assessing where you stand and what gaps need to be addressed.

AI readiness essentials

Data strategy

71% of foundational organizations[6] have outdated data systems

Innovation culture

An "innovation culture" leads to 1,000% better outcomes[7] when adopting AI

Talent capabilities

Just 20% of companies[4] are "highly prepared" on the talent front

Governance

41% of mid-market companies[8] feel unprepared to manage their data assets effectively

Leadership alignment

Around half of AI laggards have leadership alignment, vs. 72–83% of AI leaders[1,9]

Defining AI readiness

"AI readiness" is an organization's ability to effectively implement and leverage AI technologies to achieve business objectives.

For mid-market companies, achieving AI readiness is not about matching the massive AI investments of industry giants, but rather about making strategic, focused investments aligned with specific business objectives and organizational capabilities.

That may sound like a common-sense statement, but consider this: only 35% of companies have a clear vision[10] for how generative AI will create business value.

Dimensions of AI readiness

Technical Infrastructure
Data systems and computing capabilities

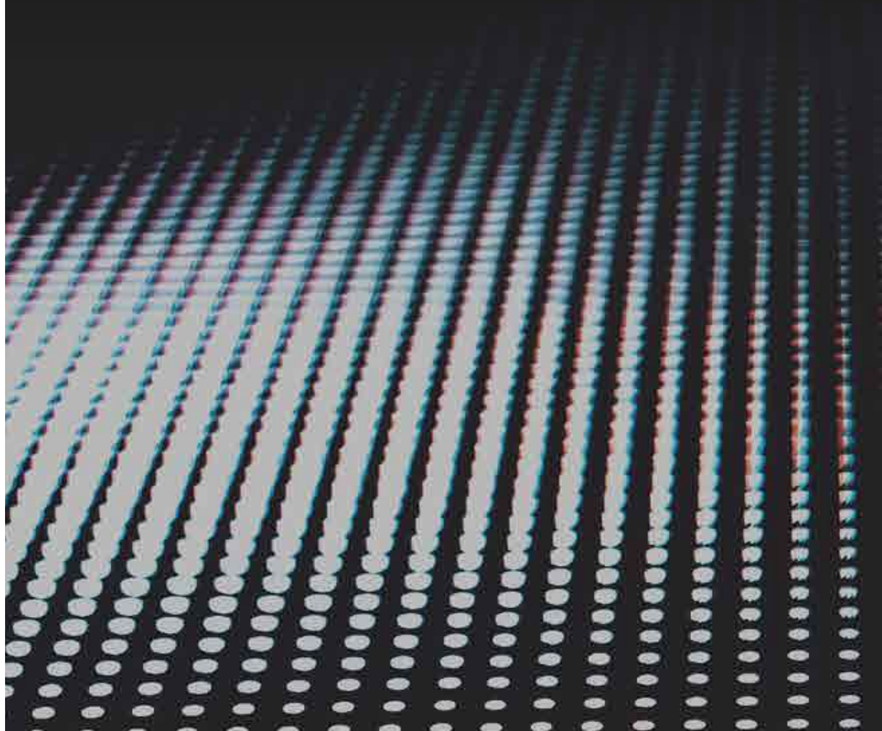
Organizational capability
Skills and knowledge within the workforce

Strategic alignment
Connection between AI initiatives and business goals

Cultural readiness
Openness to innovation and data-driven decision-making

Governance framework
Structures for responsible AI deployment and risk management

Only 35% of companies have a clear vision for how generative AI will create business value.[10]



Assessing AI readiness

The AI adoption journey begins not with technology selection or implementation planning, but with a deep and thoughtful assessment of organizational readiness. This evaluation should be a moment of organizational self-reflection. It's an opportunity to understand not just your technical capabilities, but the human and cultural components that will ultimately allow you to succeed or fail.

At its core, AI readiness manifests across multiple interconnected dimensions, each of which demands careful consideration.

Fortune 500 avg. AI Maturity score

21%

Inc. 500 avg. AI Maturity score

12%

Dimension 1

Data quality & accessibility

The foundation of any AI initiative, data quality and accessibility are more than technical considerations. The way an organization collects, manages, and values its data reflects its deeper understanding of the digital transformation journey.

Key considerations:

- Where your data lives
- How your data is organized
- How you clean data
- How you ensure data completeness
- Ease of accessing data

Dimension 2

Technological infrastructure

The challenge of integration often reveals deeper questions about organizational flexibility and adaptability. Cloud computing capabilities, while important, are just one piece of a complex technological ecosystem needed to support AI initiatives.

Key considerations:

- Processing power
- Storage capacity
- Ability to integrate new AI systems with existing technologies

Dimension 3

Workforce

The human dimension is perhaps the most important part of AI readiness.

Key considerations:

- Technical literacy
- Change management skills
- Analytical thinking
- The ability to translate AI insights into business value
- Leadership support: resource allocation, genuine understanding of and commitment to AI-driven transformation
- Strategic vision
- Patience and resilience: both necessary to shepherd an organization through the AI adoption journey

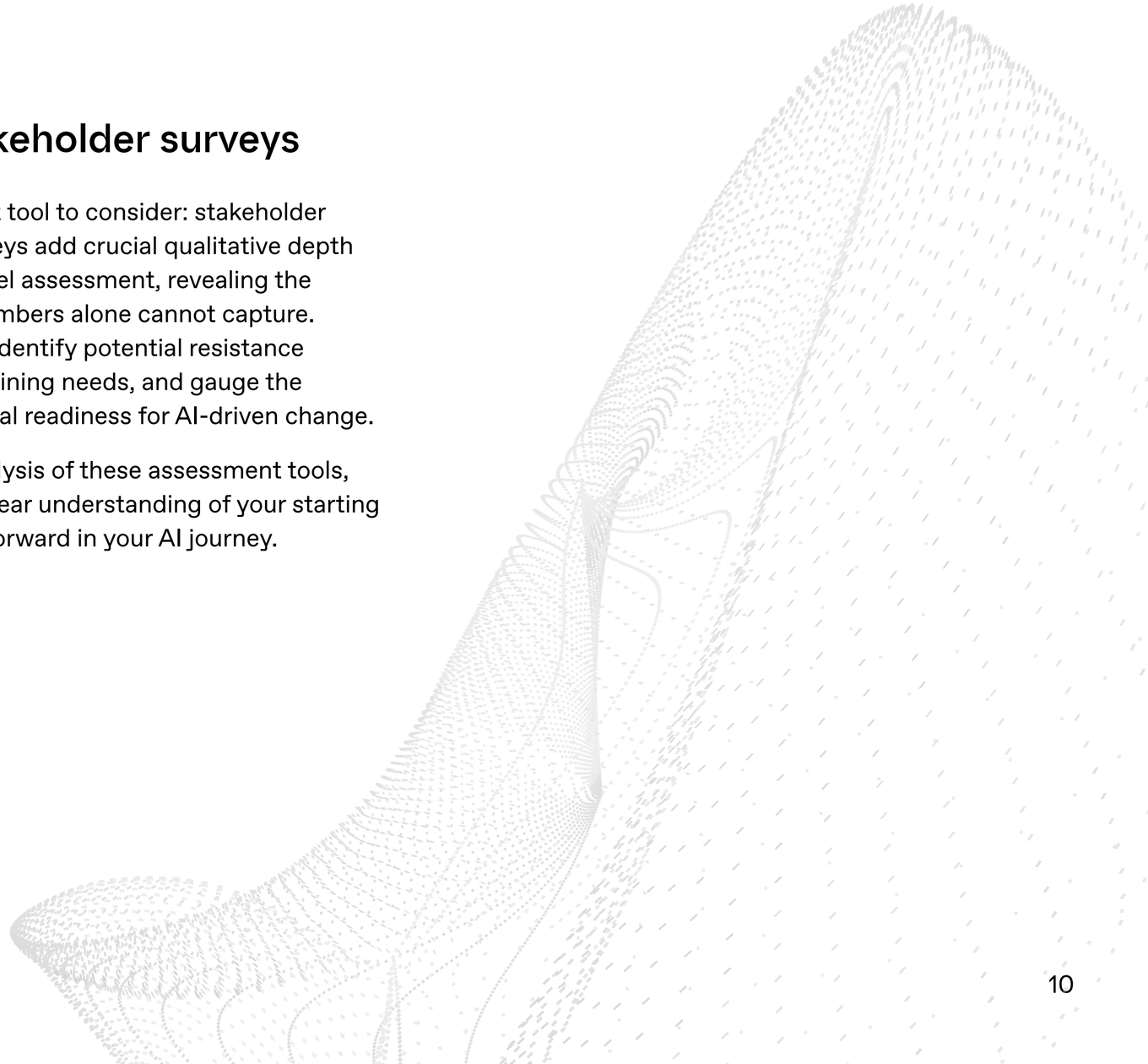
Start here → Assess your organizational readiness

Start with a capability maturity model and stakeholder surveys

A structured assessment framework such as a capability maturity model can help you define where your organization is today and set benchmarks for progress. A well-designed model will accommodate the reality that maturity exists on a spectrum. Ideally, you'll want one that's supplemented with quantitative readiness scorecards letting you compare your organization against industry benchmarks so you can understand where you exist in the broader landscape of AI adoption.

Another assessment tool to consider: stakeholder surveys. These surveys add crucial qualitative depth to the maturity model assessment, revealing the human elements numbers alone cannot capture. These surveys help identify potential resistance points, illuminate training needs, and gauge the organization's cultural readiness for AI-driven change.

Through careful analysis of these assessment tools, you can develop a clear understanding of your starting point and the path forward in your AI journey.



CHAPTER 1

The state of AI readiness

While enterprise organizations pursue ambitious AI projects, mid-market companies face a web of challenges: talent shortages, infrastructure limitations, amorphous ROI, cultural resistance, and budget constraints.

Overcoming these obstacles requires creative strategies, including low-code or no-code platforms, talent partnerships, and pilot projects to assess value.

CHAPTER 1

A critical inflection point

While the giants of industry forge ahead with ambitious AI initiatives, industry research reveals a different narrative in the mid-market segment—one where the journey toward AI integration is slower and more careful, shaped by distinct constraints and considerations.

Our survey data shows a business ecosystem in transition, where awareness and implementation exist in a state of dynamic tension. A mere 4% of companies have emerged as true AI pioneers, their journeys marked not just by technological sophistication but also by a fundamental reimagining of how organizations might evolve in an AI-dominant future. These vanguard organizations are living laboratories. What they learn will be a valuable source of insights for those who follow.

The larger cohort—45% of surveyed companies—occupies the space we've termed "AI contenders." Their stories speak to organizations actively wrestling with the complexities of AI adoption, their progress marked by both promising advances and instructive setbacks. This group's experiences often mirror the broader patterns identified in other industry reports, yet their solutions often require more creative adaptation to mid-market constraints.

Perhaps most telling is the majority segment—51% of companies—which continues to grapple with fundamental aspects of AI implementation. Their challenges, when viewed alongside the optimistic projections of major consultancies, highlight a crucial gap between theoretical potential and practical reality in the mid-market sector.

Yet within this group, our interviews revealed not just struggles but emerging strategies for thoughtful, measured progress toward AI integration.

As we delve deeper into the challenges these organizations face, we find that their journey often requires a balance between ambition and pragmatism, between the transformative potential highlighted by leading consultancies and the practical realities of mid-market operations.

Read on to discover...

- A roadmap for mid-market companies seeking to chart their path forward in the AI era.
- Which technological, organizational, and cultural transformations are necessary for successful AI adoption.

For the mid-market sector, there's a crucial gap between the theoretical potential and the practical reality of AI.

CHAPTER 1

Mid-market AI adoption challenges

Mid-market companies find themselves in a challenging position, caught between the imperative to innovate and practical constraints. The journey toward AI adoption reveals a complex web of interconnected challenges demanding both strategic thinking and practical solutions.

CHAPTER 1

Challenge 1

Talent shortage

Mid-market companies face a severe shortage of AI-literate professionals, caught in competition with larger enterprises offering more compelling compensation packages and career trajectories. Even those larger firms are struggling: 61% of leaders[11] note emerging tech like AI is making it harder to recruit top tech talent. Nearly half[8] note a lack of technical talent is a barrier to adopting AI.

For mid-market companies, the shortage extends beyond mere recruitment challenges—it reflects a deeper systemic issue where even existing teams lack the foundational knowledge needed to leverage AI effectively.

The skills gap pervades all organizational levels, from technical roles to leadership positions, creating a knowledge vacuum not easily filled simply through hiring.

Potential solutions

Internal training and upskilling

Invest in AI literacy for existing employees. Providing targeted training in AI fundamentals, data literacy, and no-code AI tools empowers teams without necessitating external hiring.

Strategic partnerships

Collaborating with universities, research institutions, and AI vendors can provide access to expertise without the burden of full-time hires.

Low-code/no-code AI tools

These solutions allow business teams to develop AI-powered applications with minimal technical skills, reducing dependence on scarce AI specialists.

"We need more people… now [that I have an AI solution in place] I can move this person and have them really doing a value add, instead of staring at a part all day."

—AI Readiness Survey Respondent

Challenge 2

Infrastructure

The infrastructure challenge presents another layer of complexity, manifesting as technical debt many mid-market companies must confront. Legacy systems, often deeply embedded in organizational operations, create a fragmented data landscape resisting modern AI integration.

This technical fragmentation isn't just a matter of outdated software—it includes years of accumulated business processes and decisions resulting in data silos and inconsistent management practices. For example: 71% of foundational organizations[6] don't have the data systems necessary to deploy generative AI. The challenge, then, is to modernize these systems while maintaining operational continuity.

Potential solutions

Adopt a hybrid AI approach

Use cloud-based AI solutions to complement existing infrastructure rather than replacing it outright.

Data consolidation and governance

Establish data governance frameworks to standardize and clean fragmented data sources, ensuring AI models are trained on high-quality, consistent data.

Pilot AI in sandboxed environments

Test AI applications in controlled environments before full deployment, reducing risk and technical disruptions.

71% of foundational organizations[6] don't have the data systems necessary to deploy generative AI.

Challenge 3

Showing ROI

Perhaps most insidious is the challenge of quantifying AI's value proposition. The return on investment for AI initiatives is often frustratingly opaque, and only 48% of mid-market organizations[8] are using any KPIs at all to measure AI. Worse, only 35% of companies[10] have a clear strategy for gleaning business value from AI.

This creates a circular problem: the substantial resources required for implementation are difficult to justify without clear, immediate payoffs, but the benefits of AI initiatives often manifest indirectly or disperse across multiple organizational functions.

The challenge extends beyond simple cost-benefit analysis to include the more nuanced question of how to measure success in transformational initiatives with the potential to fundamentally alter how the organization itself operates.

Potential solutions

Start with high-impact & low-risk

Focus on applications with clear business value, such as predictive analytics for demand forecasting or AI-driven customer support automation.

Use performance metrics aligned with business goals

Avoid abstract AI success measures; instead, link AI performance to revenue growth, cost reduction, or operational efficiency.

Implement agile AI strategies

Develop AI solutions in iterative phases with clear checkpoints to assess value, making it easier to adjust strategy as needed.

"Companies are moving past the honeymoon phase to embrace the work that matters most: creating value from this tantalizing technology."

— **McKinsey,** "A data leader's operating guide to scaling AI"

Challenge 4

Cultural resistance

This resistance isn't simply about fear of change—it reflects legitimate concerns about how AI will reshape workflows, alter job roles, and impact established organizational dynamics. The challenge here lies in fostering cross-functional collaboration while addressing valid concerns about job displacement and operational disruption.

Indeed, half of tech leaders[11] expect to both lay off and hire workers to accommodate a shift toward AI.

Potential solutions

Foster cross-functional collaboration

Engage stakeholders across departments early in AI discussions to align solutions with business needs.

Manage change transparently

Communicate AI's role clearly, emphasizing augmentation rather than replacement of jobs.

Incentivize AI adoption

Offer recognition and career growth opportunities for employees who champion AI integration.

Challenge 5

Budget constraints

Budget constraints are a persistent limiting factor, particularly acute for mid-market companies that must carefully balance innovation investments against operational necessities. While AI leaders are investing 6% of annual revenue in AI, analytics, and data[9], mid-market organizations often operate with limited discretionary resources, making the substantial costs of AI implementation—including data acquisition, cloud computing, ongoing model training, and regulatory compliance—particularly hard to absorb.

Potential solutions

Leverage open-source and cloud AI tools

Reduce upfront costs by utilizing AI platforms that operate on a pay-as-you-go model.

Outsource select AI functions

Partner with AI vendors for specialized services rather than building in-house solutions from scratch.

Apply for grants and incentives

Explore government AI funding programs and industry-specific grants to offset costs.

CHAPTER 1

The path toward AI adoption

The path forward lies in adopting a more nuanced and strategic approach to AI implementation includes creative solutions, such as...

- No-code and low-code platforms, which can democratize AI development and enable business users to build AI-driven solutions without extensive technical expertise.
- Strategic partnerships with universities and AI vendors, which can help bridge the talent gap.
- Focused pilot projects demonstrating tangible benefits to build organizational confidence and trust.

Success in AI adoption for mid-market companies ultimately requires a delicate orchestration of technical capability, organizational change, and strategic vision. By acknowledging these challenges while actively working to address them through innovative solutions and careful planning, mid-market companies can chart a more sustainable path toward meaningful AI integration—one that balances ambition with pragmatism and technological possibility with organizational reality.

Every organization faces unique barriers to AI adoption—whether it's data infrastructure, leadership alignment, or cultural readiness. Understand where you stand and uncover the areas to focus your efforts.

→ Take the AI Readiness Assessment

CHAPTER 2

Opportunity areas in AI adoption

The number of options for implementing AI can be overwhelming, especially for mid-market companies with limited resources. Three AI applications hold exceptional promise and practical value: RAG, agentic AI, and evolving data product maturity (from data to wisdom). Embracing one of these three applications is often a great starting point for mid-market companies.

CHAPTER 2

Opportunity area 1

Retrieval-Augmented Generation (RAG)

RAG: great for data contextualization

Retrieval-Augmented Generation (RAG) is an emerging technique, marrying large language model (LLM) capabilities with relevant, context-rich data sources. Traditional LLMs rely on patterns learned from massive datasets but may lack real-time or specialized context. RAG bridges this gap by dynamically retrieving information from a company's internal or external repositories and feeding it into the model during generation.

For mid-market firms with distributed knowledge bases—ranging from customer records to operational data—RAG can surface valuable insights more quickly. Instead of training or fine-tuning an entire model on proprietary data (which can be costly and time-consuming), RAG simply "looks up" the needed information at inference time, reducing both training overhead and data privacy risks.

Real world examples

Enhanced search

Imagine a manufacturing firm with a library of quality-control documents, engineering diagrams, and maintenance logs. A RAG-enabled system can query these documents in real time for an employee's question—such as "What are the most common root causes of product defects in this line?"—and the LLM's response can cite the specific paragraphs from internal manuals, providing both a concise summary and a reference to the original source.

Decision support

Mid-level managers often need to synthesize data from various reports and spreadsheets when responding to supply chain fluctuations. With RAG, an AI assistant can automatically retrieve the latest inventory levels, supplier performance data, or cost analytics and present a coherent summary, helping managers make timely decisions without manually sifting through multiple systems.

Barriers to RAG: Data silos and model integration

Despite its promise, RAG depends heavily on ready access to high-quality, well-organized data. Data silos—where information remains locked in separate repositories—can derail RAG projects before they begin.

Key organizational priorities

Data integration

Consolidate or virtually connect disparate data sources through standardized APIs, data lakes, or modern data warehousing strategies.

Governance & privacy

Ensure retrieval layers respect data privacy and user permissions. If a certain document is restricted to select teams, the retrieval mechanism must enforce those rules consistently.

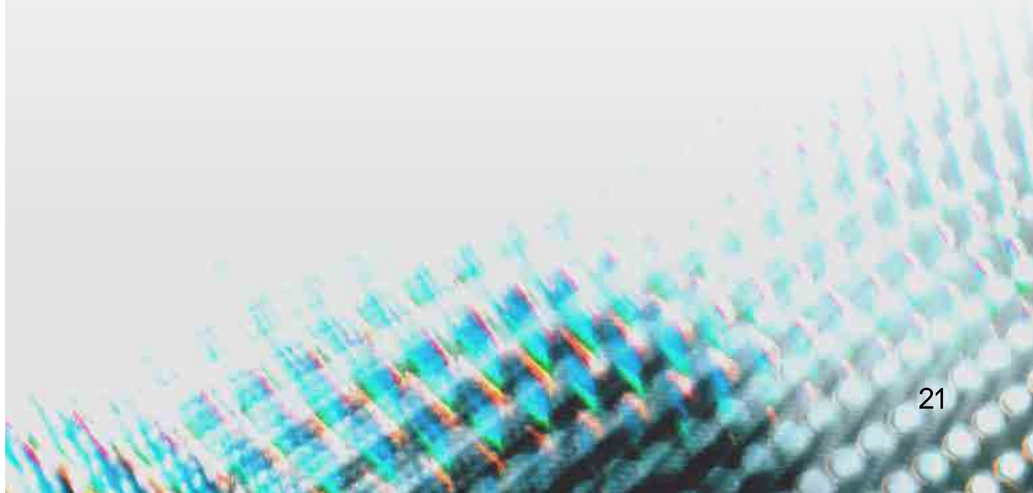
Usability & trust

Allow end users to see the underlying data or sources the model consulted, so they trust the AI-driven outputs.

RAG also requires careful system integration. Orchestrating retrieval pipelines and the generation model demands robust engineering, as well as ongoing maintenance. However, the payoff can be significant: more accurate, contextually rich AI outputs that drive real value without the prohibitive cost of training domain-specific models from scratch.

> "The first thing that manufacturers have to do is understand that they want to collect data. Then they have to create a data infrastructure for their manufacturing environment."
>
> —AI Readiness Survey Respondent

RAG underscores the value of using context-rich data to provide more accurate, trustworthy, and relevant outputs—**lowering both the cost and risk of AI adoption.**



CHAPTER 2

Opportunity area 2

Agentic AI

AI agents: great for autonomous decision-making

Agentic AI refers to autonomous software agents that can proactively make decisions, act upon their environment, and interact with people or other systems. These AI agents can learn from changing conditions and refine their behaviors without continuous human intervention. Whereas traditional process automations follow rigid instructions, agentic AI adapts to new inputs in real time, aiming to optimize outcomes aligned with organizational goals.

Applications

Workflow automation

In a distribution center, an agentic AI might autonomously re-route shipments when it detects unexpected shipping delays or inventory shortages. The AI, with access to warehouse data and carrier information, can weigh various routing options, select the best one, and execute it, reducing downtime and improving on-time delivery rates.

Dynamic customer engagement

In marketing and customer service, an AI agent could monitor real-time user behavior on a website or in an app, predicting churn or cart abandonment. It would initiate personalized promotions, route high-value clients to specialized support staff, or proactively offer relevant content. The goal is to provide each customer with an adaptive, context-aware experience.

Agentic AI is the next wave of automation. It empowers systems to make autonomous decisions but demands careful consideration of ethics & governance.

CHAPTER 2

Barriers to Agentic AI: Ethical considerations and accountability

While the possibilities are significant, ethical and accountability concerns must remain top-of-mind.

What organizations must clarify

Transparency

Who or what is responsible for the decision if an AI agent makes it? Customers and employees alike need to understand when an AI is in control and what factors it uses to decide.

Bias & fairness

Agents must be monitored to ensure they do not inadvertently discriminate or perpetuate biases in data or decision rules.

Governance

Clear oversight mechanisms—along with a human “backstop”—should be in place so high-stakes decisions always have appropriate review.

Agentic AI can be transformative in streamlining operations and creating new value for mid-market organizations. However, starting small with well-defined, lower-risk use cases allows companies to experiment responsibly while building the skills and governance structures necessary for broader adoption.

Opportunity area 3

Data Product Maturity

Moving up the Data Product Maturity Pyramid

One of the most widely recognized frameworks for explaining how data evolves into insights is the DIKW hierarchy. Moving upward from the base, each level provides a more meaningful view and delivers stronger insights.

DIKW hierarchy

Data

Raw facts, figures and signals (unprocessed, often scattered across multiple systems)

Information

Data organized to reveal relationships or patterns (spreadsheets, dashboards, and basic reports)

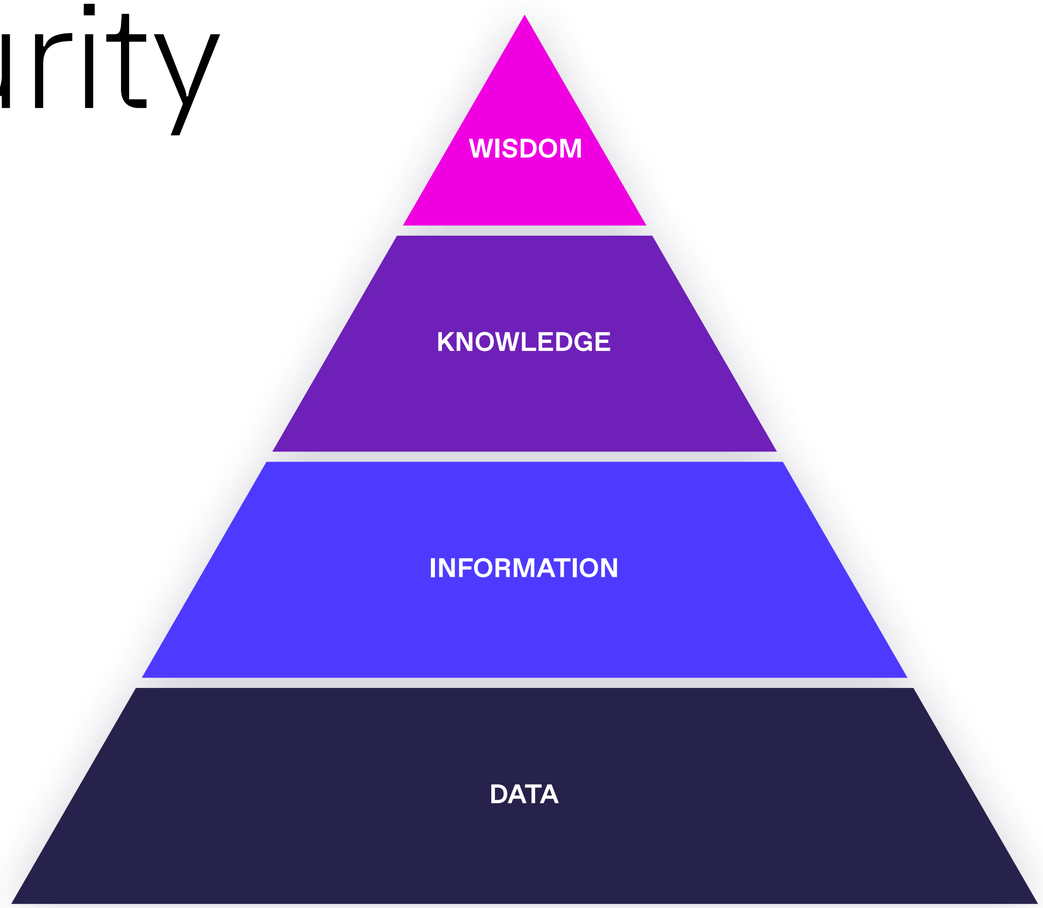
Knowledge

Information synthesized for context and applied understanding (documents capturing best practices, historical learnings providing actionable insights)

Wisdom

The pinnacle—insight harnessed to make consistently superior decisions aligned with long-term organizational goals and purpose

Mid-market firms often stall at “information.” Many build reports and dashboards but do not truly convert these into knowledge or wisdom at scale.



CHAPTER 2

AI's role in transforming raw data into actionable insights

AI techniques—from advanced analytics and machine learning to more sophisticated generative AI—excel at moving organizations beyond raw data. By spotting complex patterns, forecasting trends, and personalizing recommendations, AI helps team members at every level.

Moving up the pyramid with AI

Uncover opportunities

Machine learning can detect anomalies in production data that might signal equipment maintenance needs before costly breakdowns occur.

Drive efficiency

Natural language processing transforms unstructured data—like customer complaints, support tickets, or user feedback—into quantifiable insights feeding into continuous improvement.

Fuel innovation

Through predictive analytics or generative design, AI can propose novel product ideas, test them rapidly in digital twin simulations, and iterate based on performance metrics.

But technology alone doesn't get you all the way to "wisdom." Organizational culture, data literacy, and leadership buy-in are equally crucial to ensure these AI-driven insights result in real decisions that move the needle.

Applications: Fostering organizational intelligence

When AI is interwoven with data governance and thoughtful strategy, companies approach a state of organizational intelligence—where insights are produced seamlessly, systematically, and repeatedly to guide decisions at every level.

Hallmarks of this future state

Continuous learning

Teams routinely capture lessons from the past, feeding new insights back into AI models and operational processes.

Adaptive strategies

As market conditions evolve, AI-driven simulations help executives evaluate scenarios, pivot strategies, and measure outcomes more quickly than ever before.

Collective expertise

Knowledge is not locked in organizational silos but is available on demand through intuitive interfaces, underpinned by secure and well-managed data infrastructure.

Even incremental progress toward this ideal can make mid-market organizations more competitive. Companies seeing data as a strategic asset and AI as a transformative enabler position themselves to thrive in an era where intelligence—human and machine combined—fuels continuous innovation. It's notable, for example, that organizations leading in AI adoption have a greater portion of C-suite executives with a data or analytics background[9] than laggards.

Data Product Maturity illustrates the critical importance of using AI to not just generate information but to foster real organizational intelligence—turning insights into action at scale.

CHAPTER 2

Four Growers, a farming robotics startup, uses computer vision AI to help autonomous harvesters identify when fruits and vegetables reach optimal ripeness, customizing models based on farmers' requirements for shipping distance and market needs.

"With the autonomy of a robotic harvester, an AI function detects the growing cycles of fruits and vegetables. When a tomato plant is ready for harvest, for instance, the AI detection allows the robotic arm to go out, harvest it, and put it in a container for packaging."

—**John Quayle**, Chief of Staff at Four Growers

Realizing AI opportunities for sustainable growth

Retrieval-Augmented Generation (RAG), Agentic AI, and the progression from data to wisdom are powerful strategic levers propelling mid-market organizations forward in their AI journeys.

By approaching these opportunity areas with both excitement and diligence, mid-market companies can cut through AI hype to make tangible, sustainable progress. The key is to start with practical use cases, establish strong data fundamentals, and keep people—employees, customers, and partners—at the center of every AI initiative.

This balanced approach will ultimately help organizations capture AI's full promise while staying true to their unique business objectives and cultural values.

Let's now turn our attention to creating the conditions for these innovations to flourish. In the next chapter, we'll explore building the foundation for AI, focusing on enterprise data readiness, highlighting several industry-specific high-value use cases, and managing the organizational change that makes AI adoption successful.

Practical use cases, strong data fundamentals, and human-centered innovation are key to sustainable AI progress.

CHAPTER 3

Building the foundation for AI

Implementing AI starts with people, not technology. Change management efforts should aim to get buy-in for AI from executives, employees, and boards or investors. To use AI, organizations must have a solid data foundation—robust infrastructure, unified data, and strong governance policies. Early wins are easiest when organizations choose the right use cases: those with a clear business need, sufficient data, and a measurable ROI.

CHAPTER 3

Change management for AI adoption

Implementing AI in any organization requires more than technology upgrades and promising use cases—it calls for a fundamental shift in mindset, culture, and operating models. The stakes are even higher for mid-market companies and Industry 4.0 sectors without large, specialized teams.

This is why a comprehensive change management strategy is vital. It ensures employees, leadership, boards, and investors move in unison toward a shared AI vision. Next, we'll explore how to craft that vision, engage stakeholders, and empower employees to embrace AI without fear of obsolescence.

Bringing these groups together under one cohesive vision is the first step in overcoming organizational inertia. When stakeholders understand and embrace the strategic rationale for AI, they're more likely to champion the initiative and unlock the resources required for success.

Engaging stakeholders with a clear AI vision

Leadership and executive buy-in

Leaders set the tone and pace of AI initiatives. Having a compelling vision aligning AI projects with broader business goals is crucial for securing executive support (and something only 35% of companies[10] currently get right). Highlight not just the potential for cost savings or efficiency gains but also the ways AI can unlock new revenue streams, enhance customer experiences, or create entirely new offerings.

Key action:

Present a clear ROI forecast and possible strategic advantages (e.g., data-driven decision making, personalized product development). Include realistic timelines and resource requirements to build trust among top executives.

Employee alignment

Frontline employees often interact with AI-enabled systems the most—whether that's a recommendation engine for end users or a predictive maintenance tool on a manufacturing floor. If employees don't understand the "why" behind AI, they're likely to resist change.

Key action:

Communicate early and often. Explain how AI tools can reduce tedious manual tasks, opening time for more creative or strategic work. Engage employees in pilot programs so they see (and shape) the benefits firsthand.

Boards and investor involvement

Private equity firms, venture capitalists, and other investors are looking for growth and a path to a competitive edge. AI can deliver both.

Key action:

Summarize how AI initiatives align with your long-term strategy, detailing governance practices that mitigate risks. Emphasize the potential for stronger valuations, improved operational efficiencies, and expanded market opportunities.

“Generative AI has the power to reinvent every facet of an organization—and this is new.”

—**Accenture**, Reinvention in the age of generative AI

“Reselling” and empowering employees

One of the greatest barriers to AI adoption is the fear AI will replace human roles. Unchecked, it can stall even the most promising AI initiatives. While these anxieties are understandable, they’re often based on misunderstandings of AI’s true capabilities and best uses.

For example: 73% of firms[12] in one survey had plans to upskill at least 30% of their workforce. Effective change management requires both a “resell” (a reintroduction of the organization’s purpose and AI’s role in it) and an empowerment strategy.

Engaging stakeholders with a clear AI vision

Openly address concerns

Be transparent about why and how AI is being introduced. Share specific examples of AI-driven improvements—like automating repetitive tasks, enhancing safety monitoring, or identifying process inefficiencies—that free employees to focus on higher-value work.

Key action:

Host Q&A sessions or town halls where employees can ask questions anonymously. Use real stories or pilot results to demonstrate AI’s practical benefits.

Grant permission & autonomy

Saying you trust employees isn’t enough; you have to show it by handing them real decision-making power. Encourage them to propose, test, and refine AI use cases directly related to their roles. When employees feel ownership, their enthusiasm for and contribution to AI initiatives soar.

Key action:

Create cross-functional teams with clear mandates to experiment with AI solutions. Equip them with a modest budget and autonomy to choose priorities, tools, and experiments.

Equip people with resources

To transform AI from an abstract concept into a real productivity booster, employees need the proper “fuel”: training, dedicated time to learn and experiment, and access to data and tools. They also need to see leadership is invested in their growth, not just in technology.

Key action:

Offer tiered learning paths—ranging from basic AI literacy for non-technical staff to advanced data science training for specialized teams. Provide necessary hardware, software, sandbox environments, and formal mentorship to remove friction from experimentation.

Recognize AI contributions

When employees pioneer an AI initiative, celebrate their achievements. This helps shift the perception of AI from “threat” to “opportunity,” reinforcing the idea that human expertise is vital to making AI solutions work.

Key action:

Feature success stories in internal communications, including specifics on how employees made an impact. Link these contributions to performance reviews, promotions, or bonuses when appropriate.

Practical tips for a smoother transition

1

Pilot, learn and expand

Focus on small-scale pilots addressing immediate pain points. Gather data on user adoption and ROI, then refine before scaling.

Why it works: Quick wins build confidence and support, helping skeptics become believers.

2

Plan communications

Develop a plan to communicate milestones. Transparency builds trust, especially during organizational shifts.

Why it works: Frequent updates keep momentum and remind everyone AI is a journey.

3

Create safe spaces for learning

AI experimentation doesn't always go as planned. If employees fear repercussions for failed initiatives, innovation can't happen.

Why it works: A tolerant culture encourages bold thinking, driving more breakthroughs than safe bets.

4

Build champion networks

Identify AI-enthusiasts in your organization and empower them as "champions" to share best practices and provide feedback to leadership.

Why it works: Peer-to-peer advocacy resonates more than mandates, improving organizational buy-in.

CHAPTER 3

Inspiring a culture of innovation

True AI readiness isn't just a matter of infrastructure and data sets—it's also about creating an environment where employees see themselves as integral to the transformation. Shifting the culture from one of apprehension to engagement requires a respectful, honest, and sustained change management approach.

When you give people the right tools, the permission to explore, and the reassurance they remain at the heart of the company's AI-powered future, they respond with creativity and commitment. In this sense, AI adoption becomes less about "technological disruption" and more about collective evolution—a shared journey where the organization's human capital is uplifted, not diminished, by the power of emergent technology.

With engaged stakeholders, a clear vision, and empowered teams, your organization can advance beyond initial AI experiments to more transformative innovation. The result is a more resilient, agile enterprise—one equipped to thrive in an increasingly data-driven world.

"AI is transforming the way we work, creating new opportunities for innovation and growth, while posing unprecedented challenges."

—Americas Technology Leader, EY

Assessing and optimizing data infrastructure

A robust data infrastructure is the bedrock AI capabilities are built on. This includes the processes, technologies, and architectures enabling your organization to collect, store, and process data at scale. Without the right infrastructure, models won't run efficiently, data pipelines will break, and you'll likely encounter endless maintenance issues that hamper AI adoption.

Key questions to ask yourself:

- Do we have the necessary storage and compute resources to handle the data volumes we're anticipating?
- Are our current data pipelines resilient enough to support rapid experimentation and continuous model deployment?
- Are our systems flexible enough to adapt to emerging tools and practices?

"If you don't have [a data infrastructure] established in your manufacturing environment on the front end, it's very difficult to implement a continuous improvement program to go back and try to fix it later so that you can collect it."

—AI Readiness Survey Respondent

CHAPTER 3

Start with what you have, then make it better

When done pragmatically, these foundational upgrades will reduce frustration for your data teams and accelerate the speed to value for AI and ML initiatives.

Remember: you don't need the perfect system from day one. Aim for incremental improvements aligned with your AI strategy.

1

Take inventory

Take a thorough inventory of your existing data landscape including all data sources, such as transactional systems and ERP platforms to less-structured data like emails or images.

2

Assess what you have

Categorize data assets by frequency of use, quality, and business value. This helps focus on high impact areas, preventing the project from ballooning into an unwieldy "collect all data" initiative.

3

Consolidate & modernize

Upgrade outdated storage systems and ensure a cloud-friendly, scalable architecture. Hybrid solutions (cloud plus on-prem) are often best for balancing budget and performance.

4

Automate data flows

Automate data ingestion pipelines wherever possible, so teams aren't manually moving files or cleaning data, day after day. This is not just an efficiency play—automation also improves reliability and consistency.

5

Plan for real-time use

If you expect real-time AI use cases (like predictive maintenance or personalized online interactions), design your infrastructure for low-latency data ingestion and processing.

Breaking down data silos

Data silos often form when departments develop their own systems and processes to meet specific operational needs. The result: disconnected pockets of data that don't speak to one another. While these silos might have made sense years ago, they're a major roadblock for AI. Models thrive on breadth and depth of information; if your finance, marketing, operations, and customer service teams each guard their own treasure trove of data, you'll struggle to generate holistic insights.

Practical strategies to foster collaboration

Cross-functional data councils

Form committees or working groups including representatives from different departments. These teams can coordinate data standards, resolve integration issues, and champion data-sharing projects.

Standardized data definitions

Align on definitions for key metrics (such as "customer lifetime value" or "churn"), so different teams aren't using competing formulas or assumptions. This builds trust and consistency across the business.

Shared technology platforms

Whether it's a data lake or a modern data warehouse, encourage teams to ingest and maintain their data in a shared environment under mutually agreed-upon principles. This doesn't mean you have to centralize everything at once. Start with the highest-priority use cases, then expand.

By committing to break down these silos, your organization not only simplifies data access but also lays the groundwork for the cross-functional insight AI requires. Even small gains—such as consolidating similar data sets or aligning on one department's data standard—can yield a big payoff in clarity and speed.

Establishing governance frameworks

Data governance is about ensuring the right data is available to the right people at the right time—without sacrificing compliance or security. Achieving this balance can be tricky: controls can slow innovation, while a laissez-faire approach can result in chaos and high risk. Effective governance frameworks should enable forward-looking AI initiatives while safeguarding privacy and intellectual property.

Essential pillars of data governance

Policies & standards

Develop policies clarifying data ownership, usage rights, and access privileges. Think of this as the rulebook protecting your organization's data integrity while giving teams the freedom to explore new solutions.

Data stewardship & roles

Assign data stewards or owners—individuals who understand the business context of the data and ensure quality and compliance standards are met. For mid-market firms, a small group of stewards can be surprisingly effective, provided they're empowered and equipped to make decisions.

Security & compliance

Data breaches or regulatory missteps can erode trust and set AI projects back significantly. Invest in strong security measures, including role-based access controls and encryption, and stay current with evolving regulations like GDPR or CCPA if you operate in relevant jurisdictions.

By applying these frameworks from the ground up, you create a reliable environment where AI initiatives can flourish without exposing the business to undue risk. In turn, your organization can push forward with innovative data and AI projects, knowing you have a safety net supporting both creativity and accountability.

"Centralizing the oversight of gen AI development within the organization is a key enabling step."

—**Partner**, McKinsey

A pragmatic path forward

Enterprise data maturity is not an overnight achievement; it's a journey requiring strategic planning, cross-departmental collaboration, and continuous improvement. By starting with a targeted assessment of your existing infrastructure, consolidating data sources, eliminating silos, and establishing governance frameworks, you lay a solid foundation for scaling AI initiatives.

Embrace the process pragmatically: prioritize quick wins, iterate often, and measure the impact of each change. Most importantly, keep your eye on the broader vision—a future in which data is a seamless, trusted asset informing every AI-driven decision. With these building blocks in place, you position your organization to not only embrace AI, but to do so with confidence, agility, and a strategic edge propelling you ahead in a rapidly evolving market.

CHAPTER 3

Identifying high-value use cases

A critical step in any AI initiative is selecting the right problems to solve first. The best use cases typically combine a clear business need, sufficient data availability, and the potential for tangible, measurable ROI. By zeroing in on such high-impact opportunities, mid-market companies not only demonstrate early wins but also build confidence and momentum for broader AI adoption.

Up next are guidelines for recognizing and prioritizing AI projects—along with examples of high-value use cases like predictive analytics, dynamic pricing, and other mid-market-specific applications.

CHAPTER 3

Pinpoint the right opportunities

"What I've really started to talk to people about is, let's step back from 'I want AI,' and let's start talking about the real-world problems that you are facing. Is it quality issues? Is it throughput issues? Is it machine downtime? What exactly is leading to you wanting to do this investment? And let's start taking a look at these problems." —AI Readiness Survey Respondent

Attributes of high-value AI use cases

Business-level impact

Start by identifying pressing pain points or bottlenecks in your organization. Look for use cases addressing immediate business needs: reducing churn, cutting operational costs, increasing revenue, etc. For mid-market firms, common high-impact issues might include optimizing production schedules, improving forecasting, or personalizing customer experiences.

Why it works:

Clear business goals help you articulate the value of an AI solution from the outset, making it easier to align stakeholders and secure the resources you need.

Data availability & quality

Even the most sophisticated algorithm falls short if the data is sparse, siloed, or inaccurate. Before proceeding, confirm the required data exists in sufficient volume and quality. If it doesn't, consider quick wins to improve data collection, cleansing, or integration.

Why it works:

Addressing data quality up front prevents you from overcommitting resources to a project that can't deliver reliable results.

Feasibility & complexity

Not all AI challenges are created equal. If you're just starting out, opt for problems with lower complexity—like straightforward classification or forecasting tasks—to build skills and prove feasibility. As you gain momentum, tackle more intricate projects (e.g., complex natural language processing or image recognition).

Why it works:

A step-by-step approach ensures you don't overextend your capacity for development, training, and organizational readiness too early.

Speed to value

Look for opportunities that can produce meaningful outputs within a short timeframe—ideally within three to six months. Quick wins foster organizational buy-in, encouraging employees and leadership to push for broader AI initiatives.

Why it works:

Rapid results create a cycle of positive reinforcement, helping skeptics see the value of AI sooner rather than later.

Strategic alignment

While short-term impact is crucial, also consider how each use case aligns with the organization's longer-term AI strategy and business goals. If you plan to expand into new markets or develop new product lines, select pilots that can serve as foundational stepping stones.

Why it works:

Strategic alignment ensures early pilot projects create reusable infrastructure and frameworks, accelerating future AI deployments.

CHAPTER 3

Examples of high-value AI use cases

Predictive analytics for demand forecasting

Description

Use historical sales data, market trends, and external variables (like seasonality or supply chain disruptions) to predict demand.

Value proposition

Improves inventory management, reduces waste, and improves customer satisfaction by ensuring products are available when and where they're needed.

Dynamic pricing and revenue management

Description

Use AI models to adjust prices in real time, responding to market conditions, competitor behavior, and customer segments.

Value proposition

Optimizes revenue streams by matching price points with demand elasticity. Especially relevant for retail, travel, hospitality, and subscription-based services.

Predictive maintenance in manufacturing

Description

Integrate sensor data with machine learning algorithms to forecast when equipment is likely to fail or need servicing.

Value proposition

Minimizes downtime and maintenance costs, extending the life of machinery while improving workplace safety.

Customer segmentation and personalization

Description

Analyze behavioral, demographic, and transactional data to deliver customized experiences—like tailored product recommendations or targeted marketing campaigns.

Value proposition

Boosts conversion rates, enhances customer loyalty, and optimizes marketing spend. Particularly suited for direct-to-consumer brands or any company with rich customer data.

Computer vision for quality control

Description

Use image recognition algorithms to spot defects or anomalies on production lines, in warehouses, or in product assembly.

Value proposition

Increases quality assurance, reduces returns, and allows teams to focus on more complex tasks than repetitive manual inspections.

CHAPTER 3

Criteria for practical AI Pilots

When evaluating multiple potential use cases, use a weighted scoring model or a checklist based on the following critical dimensions and questions:

Strategic fit

Does the project align with our broader corporate goals?

Does it complement existing initiatives (e.g., digital transformation, ERP modernization)?

Value potential (ROI and impact)

How significant is the potential cost savings, revenue uplift, or risk reduction?

Is it meaningful enough to justify the investment?

Data maturity

Do we have the right volume, velocity, and variety of data?

Are there any major gaps in data governance or data quality?

Time to results

Can we design a phased approach for early results to maintain momentum and stakeholder enthusiasm?

Ease of implementation

Is the project feasible given our current technology environment?

Do we have the necessary in-house capabilities, or will we require external support?

Cultural and organizational readiness

Are key departments open to innovation and experimentation?

Do we have champions who can drive pilot adoption across teams?

Laying a foundation for sustainable AI growth

By selecting a handful of impactful use cases, mid-market companies can quickly demonstrate AI's value and chart a path for deeper, more complex initiatives down the line. The lessons learned from these early pilots—both successes and failures—provide invaluable insights for refining data infrastructure, governance, and change management approaches.

As you continue to identify and refine AI use cases, remember that every step should be tied to business priorities and stakeholder needs. By focusing on tangible outcomes, you not only secure the buy-in necessary to power AI adoption but also create a culture that embraces ongoing learning and experimentation. In doing so, you'll be well prepared to capture the next wave of AI-driven opportunities—well beyond the first set of pilot projects.

Overcoming barriers

Mid-market companies must decide whether to implement off-the-shelf AI tools or build a custom solution. Regardless of what they choose, companies must also prioritize ethics and security concerns. Working with an experienced partner can facilitate the complex, nuanced decisions around AI and increase speed to value.

CHAPTER 4

2 foundational decisions to prepare for

The technology powering AI evolves fast. The decisions businesses are making as this report was written will be different from the ones they're making as you read it.

Regardless of the specifics, however, any mid-market company embracing AI will have to make two foundational decisions:

1

Whether to build technology or buy an off-the-shelf product

2

How to handle ethical and security concerns

This chapter offers guidance on tackling both.

CHAPTER 4

Navigating the technology landscape: Off-the-shelf vs. custom AI solutions

Already, 71% of enterprise organizations[8] are using some form of off-the-shelf generative AI tool (including LLMs and productivity tools). Far fewer are using customized solutions, in part because those take longer to build.

So how can a mid-market organization decide which route to take? These general guidelines offer a framework for thinking about this decision.

When to choose off-the-shelf solutions

Pre-built AI applications are often the fastest and most cost-effective option for mid-market firms.

- **Best for standardized use cases:** Off-the-shelf solutions excel in well-defined areas like chatbot customer support, document processing, and predictive analytics.
- **Lower upfront investment:** Subscription-based AI tools require minimal initial investment and provide ongoing updates without the need for in-house development.
- **Rapid deployment:** These solutions integrate quickly with existing systems, accelerating time to value.

When to invest in custom AI solutions

For companies with unique business needs, a custom-built AI solution offers a competitive edge.

- **Best for proprietary or differentiated business models:** When AI needs to align with specific processes, industry regulations, or customer experiences, a tailored approach is preferable.
- **Data-intensive AI models:** Organizations managing proprietary or highly complex data sets may require custom models to achieve the highest accuracy and relevance.
- **Long-term cost efficiency:** While initial development costs may be higher, bespoke solutions can reduce licensing fees and provide greater control over AI capabilities.

Create new value faster from custom AI with an experienced partner

With any custom build, your time to value will be longer than with an off-the-shelf product. One way to shorten the lag between starting the project and generating real value for your organization is to work with an experienced partner who's been there before.

TXI specializes in developing bespoke data products tailored to mid-market business needs.

When you work with us, we'll help you achieve value faster by focusing on...

- **User-first design:** Ensuring AI solutions enhance human workflows rather than replace them.
- **Scalability & flexibility:** Designing models that adapt to evolving business requirements.
- **Integrated data strategy:** Building AI around a strong data foundation, ensuring reliability and performance.

Addressing ethical and security concerns

Despite widespread enthusiasm for AI, as many as 39% of enterprises[13] cite security risks as a major barrier to adoption. And data issues (including privacy and security concerns) are prompting some 55% of large organizations[4] to avoid certain gen AI use cases.

Ensuring fairness, transparency, and security in AI applications, of course, is non-negotiable. Ethical considerations are not constraints on innovation but rather essential elements of sustainable AI development.

To ensure an ethics- and security-first posture, mid-market firms need a framework for AI implementation. That framework should reflect both universal values and organizational commitments: transparency and explainability, fairness and bias prevention, privacy protection, human oversight, etc.

Here are some ways mid-market companies can proactively manage these aspects to build trust and compliance.

How to ensure fairness & transparency

Bias in AI models can lead to unethical outcomes, legal liabilities, and reputational damage. Mid-market companies can reduce the risk of bias by prioritizing...

- **Diverse and representative training data:** Ensure AI models are trained on inclusive data sets reflecting the full spectrum of users and scenarios.
- **Explainability & auditability:** Choose AI models providing clear, interpretable decision-making pathways rather than black-box solutions.
- **Ethical AI governance:** Establish AI ethics committees to oversee AI implementations and enforce accountability.

How to strengthen AI security & compliance

Robust security measures are essential for AI systems processing sensitive data, yet only 47% of enterprises[8] are actively monitoring regulatory frameworks. And just 46% have established policies and practices around how to handle data and data access.

Those policies and practices are a must. They're best handled by cross-functional oversight committees that bring together diverse perspectives from technical experts, business leaders, ethics specialists, and other stakeholders. These committees need clear authority and well-defined processes for reviewing AI initiatives, assessing potential impacts, and making decisions about appropriate uses of AI technology.

Regular review meetings and clear escalation paths ensure that ethical considerations remain at the forefront of AI development and deployment.

Another critical component of ethical AI implementation: regular audits. These should assess technical performance, ethical implications, and societal impacts. In addition, organizations should have clear guidelines for tracking performance, reporting incidents, and implementing actions when needed. Beyond these, mid-market firms can take a security and compliance-first posture by embracing...

- **Data privacy by design:** Implement data anonymization, encryption, and access controls to safeguard user information.
- **Regulatory alignment & monitoring:** Ensure compliance with industry standards such as GDPR, CCPA, and emerging AI regulations, and have a process in place for monitoring new regulations.
- **Ongoing security monitoring:** Regularly assess AI models for vulnerabilities, biases, and performance drifts.

How to build public and stakeholder trust

Without the trust of users, it's impossible to drive adoption of—and enjoy ROI from—AI solutions. The difference between leaders and laggards in this department is stark: 74% of AI leaders[9] but just 3% of laggards report organization-wide trust in the data underlying their AI models.

Mid-market firms can build trust by making their AI investments as transparent as possible:

- **Communicate AI's purpose clearly:** Publicly disclose how AI is used in decision-making processes.
- **Enable human oversight:** Maintain human-in-the-loop mechanisms for AI-driven decisions with significant impact.
- **Engage in industry collaborations:** Participate in AI ethics initiatives and forums to align with best practices.

Make complex decisions with confidence

Whether you choose an off-the-shelf solution or a custom build, no matter how you approach security and ethics, your AI journey will be complex. It will require you to make many nuanced decisions about things you've never done before.

It may require new talent, infrastructure updates, overcoming resistance from employees, and budget restraints. Done right, though, it will be among the most rewarding initiatives you undertake.

To increase the odds that you'll deliver positive ROI within a reasonable timeframe, consider working with an experienced partner like TXI. We've guided companies like yours through the development of custom, AI-driven data projects that drive innovation and growth, and we'd love to help you.

But no matter who you partner with, you'll want to zoom out a bit to think about the big picture and the long term. To do that, jump to the next chapter, which outlines three principles to guide the work ahead: Thinking Big, Starting Small; Balancing Cost and Customization; and Building For Today and Tomorrow.

CHAPTER 5

Strategic AI adoption

For best results, start with small AI projects with real business value, then scale. When in doubt, develop early AI projects with an experienced partner who can help you navigate unfamiliar waters. Build for the short and long term: quick wins build momentum and excitement, while a long-term vision ensures you stay focused on what matters.

CHAPTER 5

Think big, start small: Deploy AI incrementally with a scalable vision

For mid-market companies and AI-cautious adopters, taking the first steps toward AI-enabled collaboration can feel overwhelming. That's why we recommend thinking big but starting small. This helps ensure you're being pragmatic as you learn the ins and outs of AI (the "start small" part) while also keeping an eye to future scalability (the "think big" part).

The "think big, start small" approach also helps overcome two challenges mid-market firms often have with AI implementation:

1. Overcommitting resources prematurely.
2. Struggling to scale. AI achievers are 25% more likely than laggards[1] to move AI projects beyond the pilot phase, and more than two-thirds of large organizations[4] move 30% of AI experiments into production.

Guidelines for balancing AI implementation

1

Think transformational, not transactional

AI is more than just automation—it has the potential to redefine industries by improving decision-making, optimizing workflows, and unlocking new value propositions. Companies taking a long-term view of AI adoption position themselves to stay ahead of the curve, even if they begin with modest implementations.

2

Tie AI initiatives to long-term goals

Rather than experimenting with AI in silos, aim to align each initiative with broader business objectives. AI should be integrated into core strategic priorities, such as customer experience enhancement, operational efficiency, and new revenue streams. Defining clear KPIs from the outset ensures AI investments are poised to contribute to business growth.

3

Take a modular approach to experiments

A phased approach to AI adoption reduces risk and increases your odds of learning something valuable. By running controlled pilot projects, companies can test AI-driven capabilities in real-world scenarios, refining approaches before wider deployment. Experienced partners can assist in designing modular AI architectures that allow for incremental scaling.

4

Scale successes pragmatically

Once AI-driven initiatives demonstrate value, organizations should scale them methodically. This requires a strong data infrastructure, cross-functional collaboration, and executive sponsorship to drive AI adoption beyond isolated use cases.

CHAPTER 5

Build for today and tomorrow: Aim for immediate ROI and long-term innovation

AI implementation should serve two purposes: deliver immediate benefits and lay the foundation for transformative opportunities. A well-balanced strategy lets companies create short-term value while staying agile enough to seize future AI-driven innovations.

What does that look like in practice? These three strategies can help.

1

Invest in foundational efforts to create infrastructure & stability

AI thrives on high-quality data and scalable architecture. Investing in data governance, cloud infrastructure, and integration frameworks ensures AI initiatives are built on a solid foundation. This reduces technical debt and enables future AI capabilities.

It also puts you ahead of the pack: 79% of AI laggards[9] do not have well-defined governance policies, which makes it difficult to embrace AI—and win users' trust for its outputs.

2

Identify quick wins that build momentum

Success breeds confidence. By targeting high-impact, low-complexity AI applications—such as automating repetitive tasks, improving customer support with AI chatbots, or optimizing logistics—organizations can demonstrate tangible ROI early on. This approach helps temper over-enthusiasm while simultaneously converting skeptics into advocates.

3

Map the compounding efforts of a long-term AI strategy

AI is not a one-time project but an evolving journey. Companies must prioritize initiatives based on business value, feasibility, and long-term impact. By creating a phase-by-phase strategic AI adoption roadmap, businesses can ensure their investments yield continuous returns and align with evolving market demands.

CHAPTER 5

A pragmatic approach to innovation

While AI applications are experimental today for most businesses, mid-market organizations have less margin for error than their enterprise counterparts. Finding ways to reduce risk—like partnering with an experienced digital consultancy—is essential to achieving long-term AI goals without costly missteps.

Those mid-market companies that do find ways to weave AI into their operations will gain significant competitive advantages, especially if they're able to iterate, scale, and balance cost, vision, and sustainable growth.

In the final chapter, we look at the road ahead—beyond AI adoption—with deeper dives into how mid-market companies can strengthen organizational capabilities, manage data and infrastructure, incorporate AI ethics, and confidently measure success and ROI. Finally, we conclude with a three-phase strategic roadmap and tactical approach to partnerships—ensuring your AI investments today lead to sustainable advantages tomorrow.

CHAPTER 6

The road ahead

Workforce development is a crucial part of long-term AI success: training, upskilling, recruiting, and engaging in cultural transformation. A solid data and infrastructure foundation are essential for scaling AI and driving ROI. To measure ROI, look at bottom-line outcomes, organizational health metrics, and operational metrics. Every project is different, but following a strategic implementation roadmap can help ensure you're focusing on the right things.

CHAPTER 6

Beyond AI adoption

Building organizational capabilities

Like any other technology, AI will be used by human workers. Mid-market organizations need the human-scale capabilities to make AI work. This includes:

> "In the future, AI will act as a sort of 'exoskeleton' that amplifies human capabilities rather than making us obsolete." —**Chief of Staff**, AI-powered agriculture company

Training & upskilling employees

Fully 78% of companies considered "AI Achievers"[1] require AI training for employees, compared with just 51% of laggards. What's more, successful organizations typically invest 20–25% of their AI budget in training and development. This investment takes many forms—from basic AI literacy programs that create a common understanding to specialized technical training that develops deep expertise in key personnel.

Recruiting specialized AI talent

Just 20% of organizations[4] are "highly prepared" in talent readiness. Attracting and retaining AI talent will demand creativity in crafting attractive benefits packages and ensuring employees have the opportunity to do meaningful work.

Cultural transformation

The successful integration of AI requires more than technical proficiency—it demands an organizational mindset that embraces innovation, accepts calculated risks, and values data-driven decision making. Leadership plays a pivotal role, not just through internal communications but also through active demonstration of commitment to AI initiatives: visible participation in AI projects, celebration of early wins, transparent sharing of lessons learned, including failures contributing to organizational learning, etc.

Change management

Introducing AI changes how work gets done, how decisions get made, and how value is created. Organizations must develop robust communication strategies that not only inform but also engage and inspire. These strategies should create a clear narrative around AI adoption that connects to the organization's broader mission and values while addressing legitimate concerns about AI's impact on jobs and workflows.

Stakeholder engagement

Because of its complexity, AI demands active participation from diverse stakeholders across the organization. Success depends on early and ongoing engagement, clear definition of roles and responsibilities, and sustained support throughout the implementation. This engagement should be structured to capture insights and feedback that can inform and improve the implementation process while building broad-based support for AI initiatives.

The other major driver of AI is data. Both foundation and fuel, data is a critical resource for any AI implementation. More than 80% of organizational data is unstructured[14], but most orgs (including high performers) struggle with unstructured data strategies.

Here are specific components of data mid-market organizations should consider as they build out AI capabilities:

Data governance

Data governance frameworks are essential to many parts of the AI journey: ensuring data quality and accessibility, maintaining security and compliance, enabling innovation, protecting privacy, facilitating sharing, and maintaining control. Today, only about one in five organizations[15] have enterprise-wide councils in place for AI governance.

Data quality

AI systems require consistently high-quality data to function effectively. One potential consequence of low-quality data is output inaccuracy, which 63% of business users[14] consider the greatest risk of gen AI. To minimize that risk, organizations need a comprehensive approach to data quality management, from collection to preparation, storage, and maintenance.

Infrastructure

Organizations need scalable computing resources that can handle the intensive processing demands of AI workloads, flexible storage solutions that can accommodate growing data volumes, and robust networking capabilities that ensure reliable data access and movement. Security considerations take on added importance in the AI context, requiring sophisticated access controls, encryption protocols, and audit mechanisms to protect sensitive data and algorithms.

Integration

AI systems rarely operate in isolation—they must interface with existing systems, draw data from multiple sources, and feed results back into operational processes. This requires careful attention to API management, data pipeline design, and workflow automation. Organizations must think strategically about how to build these integration capabilities in ways that support both current AI initiatives and future expansion.

Maintenance & evolution

Organizations must plan for regular updates, implement version control mechanisms, and manage archives effectively. They must also maintain robust monitoring systems to ensure performance and reliability. This ongoing maintenance effort requires dedicated resources and expertise, but it represents a critical investment in the organization's ability to derive sustained value from AI initiatives.

Measuring success and ROI

Getting started may be your biggest hurdle now, but measuring success and ROI will be essential to shaping future AI investments. Mid-market organizations should aim to assess three components of performance:

- **Tangible, bottom-line outcomes:** Revenue growth, cost reductions, efficiency improvements, etc., which show immediate impact of the AI implementation
- **Organizational health metrics:** Customer satisfaction levels, market share evolution, etc., to show long-term value creation potential
- **Operational metrics:** Model accuracy and processing time, system uptime metrics, user adoption rates, data quality measurements, etc., which reveal how well the AI systems themselves are functioning

Aim for measurement frameworks that are both structured and flexible. Start by measuring your baseline, then set ambitious (but realistic) targets aligned with your broader organizational objectives.

Also important: decide how often you'll measure results. Measure too frequently, and you may create unnecessary overhead; measure too seldom, and you might miss signals that it's time to change direction. A robust reporting structure ensures that insights reach decision-makers who can act on them effectively.

Success in AI implementation requires more than just measurement—it demands a commitment to continuous improvement. Regular performance reviews should examine both quantitative metrics and qualitative feedback from users and stakeholders.

This feedback loop enables organizations to identify areas for adjustment and refinement in their AI systems and implementation approaches. The most successful organizations maintain an active innovation tracking process that helps them identify new opportunities for AI application while learning from both successes and setbacks in their journey.

CHAPTER 6

Strategic roadmap for AI implementation

The path from assessment to implementation requires a structured yet flexible approach balancing ambition with pragmatism. Successful AI adoption follows a clear three-phase progression.

Phase 1

Establish foundational capabilities

Phase 2

Pilot & experiment

Phase 3

Scale & integrate

Phase 1

Establish foundational capabilities

Build essential capabilities and infrastructure

Data foundation

- ☐ Implement data governance frameworks
- ☐ Establish data quality standards
- ☐ Create centralized data repositories
- ☐ Deploy basic analytics capabilities

Technical infrastructure

- ☐ Assess and upgrade cloud capabilities
- ☐ Implement necessary security
- ☐ Establish integration frameworks
- ☐ Deploy pilot environments

Organizational preparation

- ☐ Develop AI literacy programs
- ☐ Create cross-functional teams
- ☐ Establish governance structures
- ☐ Define success metrics

CHAPTER 6

Phase 2

Pilot & experiment

Learn through controlled experimentation

Use case selection

- ☐ Choose high-impact, low-risk cases
- ☐ Prioritize measurable outcomes
- ☐ Select projects with ROI potential
- ☐ Align with business strategy

Implementation approach

- ☐ Start with proven AI models
- ☐ Focus on specific problems
- ☐ Measure and document outcomes
- ☐ Gather learnings for scale

Success metrics

- ☐ Define clear KPIs for each pilot
- ☐ Establish measurement frameworks
- ☐ Document lessons learned
- ☐ Build success cases for expansion

CHAPTER 6

Phase 3

Scale & integrate

Expand successful pilots across your organization

Scaling strategy

- ☐ Identify expansion opportunities
- ☐ Develop standardization frameworks
- ☐ Create reusable components
- ☐ Build internal capabilities

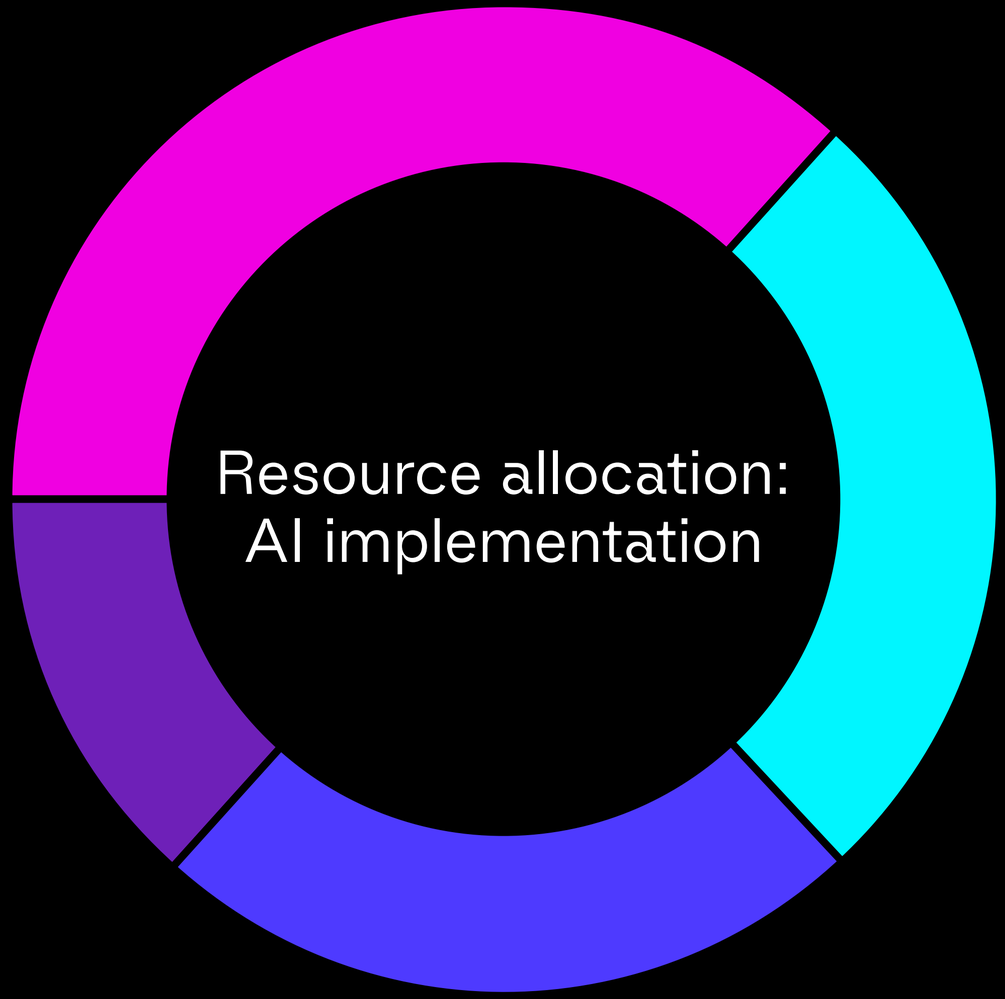
Integration planning

- ☐ Align with existing workflows
- ☐ Ensure seamless user experience
- ☐ Develop training programs
- ☐ Establish support structures

CHAPTER 6

Resource allocation and budgeting

Effective resource allocation is critical for successful AI implementation. Start with pilot funding to validate early efforts. Once ROI is clear, scale strategically. Use flexible models that can grow with your needs, and set aside resources for ongoing maintenance.



Initial investment priorities

30–40%
Infrastructure development

20–30%
Talent acquisition

20–25%
Technology & tools

10–15%
Change management & training

CHAPTER 6

Prioritizing partnerships for AI implementation

Strategic partnerships can accelerate AI adoption by providing access to specialized expertise, technology, and resources. A well-structured partnership strategy ensures organizations maximize value while minimizing risk.

Identify strategic partners

Before piloting AI solutions, organizations should assess potential partners based on their capabilities and alignment with business goals:

- **Technology providers:** Evaluate cloud platforms, AI model vendors, and automation tools.
- **Consulting and implementation partners:** Identify firms with experience in AI strategy and deployment.
- **Academic and research institutions:** Explore collaborations for cutting-edge innovation and talent development.
- **Industry collaborations:** Consider partnerships with peers and consortiums to share best practices and resources.

Structure partnership engagements

As AI pilots progress, formalizing partnerships ensures smooth execution and mitigates risks:

- **Define scope and objectives:** Set clear expectations and success metrics for each partnership.
- **Pilot joint initiatives:** Test AI solutions with partners before full-scale deployment.
- **Knowledge transfer and training:** Ensure internal teams gain expertise from external collaborators.
- **Risk & compliance management:** Establish governance models to align with regulatory and ethical considerations.

Scale and integrate for the long term

To sustain AI-driven transformation, partnerships should evolve from short-term projects to long-term collaborations:

- **Enterprise-wide vendor integration:** Standardize AI toolsets across teams to ensure consistency.
- **Co-innovation programs:** Work with partners to develop new AI-driven solutions tailored to evolving business needs.
- **Ecosystem development:** Build networks with AI startups, open-source communities, and industry groups.
- **Performance optimization and continuous learning:** Regularly assess partnership effectiveness and adjust strategies to ensure maximum ROI.

REFLECTION

Those who act now will shape the future

The business landscape stands at a critical inflection point—one where vision distinguishes architects of tomorrow from those merely inhabiting structures others build. Like cartographers of the digital age, organizations engaging with AI today aren't simply plotting existing territories but actively shaping continents yet to emerge. Choices made now—particularly by mid-market companies with their unique blend of agility and substantial impact—will reverberate through industries and ecosystems for decades to come.

AI in 2025 embodies this transformative moment. Much as mobile computing appeared in 2010—interesting but not yet essential—today's AI applications may seem limited or specialized. Yet beneath these surface implementations flows a profound current of change destined to reshape every dimension of business and society.

Organizations immersing themselves in this current now—experimenting thoughtfully, learning systematically, adapting continuously—position themselves not merely to survive the transformation but to guide its direction and harness its full potential.

This represents perhaps the most compelling aspect of our present circumstance: the democratization of future-building. Success in the AI-enabled landscape demands neither perfect foresight nor extraordinary resources, but rather a commitment to deliberate exploration and strategic partnership. By engaging experienced guides as you navigate this territory, you bypass common pitfalls and accelerate toward applications creating distinctive value for your organization. This methodical approach transforms AI from an abstract technological revolution into a concrete competitive advantage.

The differentiation between market leaders and followers increasingly centers on AI capability. Organizations approaching AI transformation with methodical planning, unwavering commitment, and disciplined execution will find themselves well-positioned to capitalize on AI's transformative potential. Success requires not just technological sophistication but organizational wisdom—the ability to balance innovation with responsibility, speed with thoroughness, and ambition with pragmatism. Those mastering this balance will not merely adapt to the AI-enabled future; they will play a decisive role in shaping it.

Ready to explore what AI will look like for your organization?

If the insights in this report sparked ideas or questions, let's continue the conversation. For 20 years, we've worked alongside teams like yours to explore opportunities and build practical paths forward.

→ Let's connect

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Your willingness to share not just successes, but also struggles and questions, was instrumental in creating a briefing grounded in reality and informed by the people doing the work. This report is as much a reflection of your contributions as it is a guide for those still on the journey.

About the author

Antonio García is an award-winning innovation strategist, design leader, and trusted advisor to executives navigating technological and cultural transformation. As the principal author and research architect behind this AI Readiness Briefing, he brings more than 25 years of cross-sector experience helping organizations turn complexity into clarity and insight into action.

A specialist in human-centered design, digital product innovation, and business strategy, Antonio blends qualitative research, creative leadership, and systems thinking to guide companies through times of rapid change. He led the original research and survey design featured in this report, using evidence-based methods to surface the real challenges and opportunities mid-market companies face with AI.

Antonio is a frequent contributor to conversations on design, leadership, and emerging technology. His work helps organizations—and the people within them—build the capacity to adapt, learn, and lead in an AI-enabled future.

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About this publication

This report was developed to provide mid-market organizations and cautious adopters with a practical, research-backed framework for assessing and advancing their AI readiness. It synthesizes insights from 40+ industry reports, original survey data, and qualitative interviews with business and technology leaders. The goal: to translate complexity into clarity—and help leaders take confident, actionable steps toward meaningful AI integration.

About TXI

TXI is a boutique digital product consultancy. We solve complex problems by delivering bespoke software that drives businesses forward.

We founded TXI in 2002 with the philosophy that “trust is harder to build than technology.” Headquartered in Chicago, we work with Fortune 500 and mid-market companies to deliver value through product innovation.