THE STATE OF ARTIFICIAL INTELLIGENCE IN THE MID-MARKET

FROM PILOTS TO PERFORMANCE

KAUFMAN | ROSSIN

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INTRODUCTION

Mid-market companies are moving fast on artificial intelligence (AI). Curiosity is real. Investment is growing. Teams across industries are experimenting, testing, and finding ways to work faster. But for most organizations, a more difficult question is emerging: **how do mid-market companies turn scattered experiments into something the whole company can build on?**

That's the question this report sets out to answer.

Most AI research today focuses on the enterprise. But mid-market companies operate differently. They want insights geared toward their reality.

The State of AI in the Mid-Market is Kaufman Rossin's first annual research report on how mid-market companies are adopting, scaling, and creating value with artificial intelligence. Drawing on survey data from senior decision-makers across industries, and in-depth executive interviews, this report offers a grounded look at where the mid-market stands and what it takes to move forward.

The goal is simple: help business leaders understand what their peers are doing, what's working, what's getting in the way, and how to navigate a landscape that's changing fast.

Inside, you'll find data and analysis across seven areas, from maturity and use cases to ROI, barriers, and a practical framework for scaling AI with confidence. Whether you're running your first pilots or preparing to expand across your organization, the insights here are designed to help you make clearer, more confident decisions about what comes next.

METHODOLOGY

In December 2025, Kaufman Rossin, in partnership with NewtonX, conducted an anonymous survey of 100 senior decision-makers across industries in the United States over a one-month period. Respondents included Owners, Founders, Partners, and C-level executives (CEOs, COOs, CFOs, CIOs, CTOs, CDOs, and CISOs), EVPs, SVPs, VPs, and Heads of Departments across a range of functions with direct decision-making authority over AI initiatives, automation, or data and analytics investments within their organizations. All respondents represented mid-market companies with 20 to <1,000 employees and $5 million to under $1 billion in annual revenue.

To complement the survey findings, eight in-depth interviews were conducted with select participants to provide qualitative context and surface underlying drivers behind the data.

Survey results were analyzed across the full respondent sample, by industry, and company size to identify both broad market trends and sector-level variations. Open-ended responses were reviewed to surface recurring themes and notable outliers. Interview transcripts were analyzed separately to identify key themes and add qualitative depth to the quantitative findings.

EXECUTIVE SUMMARY

AI adoption in the mid-market is accelerating. Our survey found that **eighty-three percent of companies are testing AI tools** or embedding them into workflows. Yet consistent, company-wide scale remains rare.

Mid-market companies are no longer asking whether to use AI. They are asking **how to use it responsibly, securely, and effectively**. Our research points to a market at that inflection point—where experimentation is widespread, but operational maturity still lags ambition.

Key Findings

1. **AI adoption is widespread, but company-wide scale is rare.**
While most firms are testing or actively deploying AI, only a minority are ready to scale across the organization.

2. **Tool adoption outpaces foundation building.**
Many companies are deploying AI tools without first establishing the data strategy, governance, and change management required to scale effectively.

3. **Top AI use cases are focused on core knowledge work.**
Today, AI is most commonly used for meeting notes and transcription (77%), data analysis and insight generation (73%), and document processing (67%), but more advanced workflow transformation and agentic AI are being adopted by a notable 31% of organizations.

4. **Value is measured in time, not revenue.**
Ninety-five percent of companies cited time savings as the primary benefit they've already realized—not revenue growth or measurable cost savings, which remain difficult to identify and measure in early stages.

5. **Deployment stalls due to security, skills, and integration gaps.**
Cybersecurity concerns (43%), AI talent shortages (42%), and legacy system integration challenges (41%) are the dominant barriers to broader rollout.

The findings and recommendations from this research are designed to help mid-market business leaders move beyond the hype and make confident decisions about AI as a driver of stability, growth, and risk management.

THE **4** **STAGES** OF AI MATURITY

To make sense of the AI adoption landscape, we grouped respondents into four cohorts based on the maturity of their AI adoption.

AI strategies should look different in different stages: the tools, governance, and investments that make sense for a Dabbler look nothing like what an Operator requires. Clarifying which stage your company is in, how broadly you plan to adopt AI, and how quickly you want to progress are the essential first steps toward building a realistic path forward.

1. DABBLERS (14%)

AI use is scattered and individual-driven. There's no formal ownership, no structured measurement, and no approved tool stack. Experimentation is happening, but it's invisible to leadership and disconnected from strategy. Interesting things may be happening, but in siloes.

2. TESTERS (52%)

AI is sparking, but hasn't caught fire. These companies are running deliberate experiments with defined goals and named owners. At least one use case is showing early returns. Governance is informal but emerging, and leadership is aware, if not fully committed. The challenge: turning isolated wins into repeatable best practices.

3. BUILDERS (31%)

Infrastructure build has begun. AI is deployed in at least one core business process, backed by real budget and managed with rigor. Governance frameworks are taking shape, data and platform investments are underway, and AI is beginning to show up in how employees are trained and work gets done. This is the stage where momentum either compounds or stalls.

4. OPERATORS (2%)

AI is how the business works. AI is embedded across the business with clear accountability, standardized processes, and continuous improvement built in. It's measured alongside other core business metrics, expected across the leadership team, and generating compounding returns. It's not a project. It's how the business works.

1: MATURITY

AI adoption is widespread, but company-wide scale is rare.

A market in transition

AI adoption in the mid-market is well underway. The real question now is how quickly and effectively companies will move from pilots to measurable organization-wide impact. Our research reveals a market in transition.

Most mid-market companies have moved beyond initial curiosity and are actively experimenting with AI. Yet translating that momentum into consistent, company-wide results remains the central challenge.

Our survey reveals a market concentrated in what we call the "messy middle." 52% of companies are piloting AI in limited deployments. Another 31% are scaling across multiple functions. But just 2% describe AI as fully embedded across their business.

Experimentation outpaces strategy.

The picture is clear: the use of AI in the middle-market is widespread, but most programs are still maturing. The mid-market has passed the starting line, and the focus now needs to shift to building the organizational skills and foundations to scale from isolated wins to consistent, company-wide adoption that delivers measurable impact.

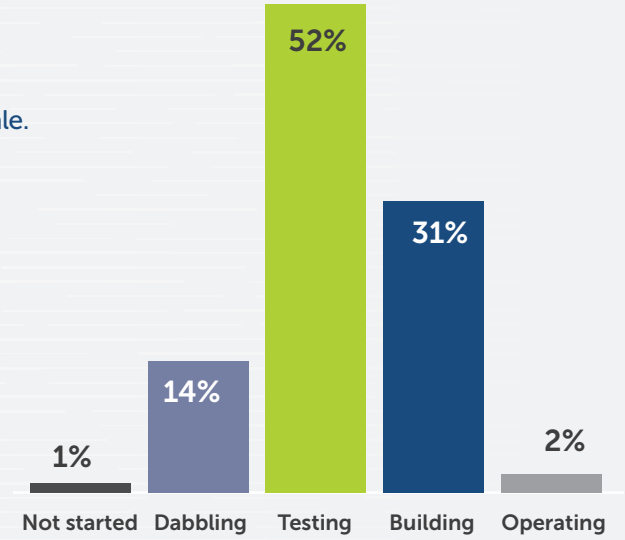
83%

of mid-market firms are testing or deploying AI, but only 2% have become Operators—where AI isn't a project, it's how the business works.

Stages of AI Maturity

The majority of companies in our sample have shifted from experimenting with AI to figuring out how to scale.

- **Not started:** no testing yet
- **Dabblers:** experimenting informally, no strategy or ownership in place
- **Testers:** deliberate experiments underway with defined goals and named owners
- **Builders:** AI active in core processes, with real budget and governance taking shape
- **Operators:** AI embedded across the business, measured and continuously improving



Maturity is uneven across many organizations

Even within the same organization, AI maturity can look completely different from one department to the next. One team might have embedded AI into multiple workflows while the team next door may not be experimenting at all. In large enterprises, this variation is often seen as a governance failure. In the mid-market, it may be more accurate to view it as a reflection of how companies actually operate.

Decision making in mid-market organizations is typically more distributed, allowing for a more innovative or entrepreneurial approach. AI maturity tends to reflect the initiative of individual leaders rather than a centralized strategy, and that flexibility is often a competitive strength. Faster-moving teams become internal proving grounds. They surface what works, what delivers value, and what falls short. When leadership recognizes these pockets of progress and connects them, uneven maturity can quickly become a catalyst rather than a risk.

> "It all started with amazement. Then we had to figure out how to actually create business value."
>
> — CTO, Technology Firm

The key is having a plan to turn distributed experimentation into workflow transformation. That starts with understanding where adoption is actually happening—and then building the connections, governance, and infrastructure to turn those pockets of progress into repeatable, scalable practices.

Company Size Insight: Larger mid-market companies are further along in execution. 96% of large firms (500-999 employees) in our sample are testing or building (only 4% are still dabbling), compared to 88% of mid-sized firms (100-499 employees) and just 60% of smaller companies (20-99 employees).

Industry Insights: The technology sector leads in adoption momentum, with 40% of mid-market tech companies already building AI across multiple functions. Meanwhile, real estate is the most mature among industries surveyed: 33% of real estate companies report AI is embedded across multiple departments, suggesting that process-heavy industries may find more immediately scalable use cases.

Adoption precedes strategy

In most mid-market organizations, AI doesn't usually begin with a formal rollout. Instead, it begins with employees using ChatGPT or a similar tool to draft an email, summarize a contract, clean up a data set, or build a customized agent. Our survey found that 94% of companies already use generative AI tools, but much of that usage started informally, driven by individuals looking for faster ways to get work done.

Why is this such a common pattern in the mid-market? Smaller teams, limited IT oversight, and a natural bias toward action create the perfect conditions for rapid, unstructured adoption. By the time leadership catches up, AI is already woven into daily routines, often using tools that haven't been approved, without data handling rules or formal guidelines in place.

Some mid-market companies do take a more top-down approach, hiring a dedicated leader to oversee AI or data, or some may slot it under IT. This can help streamline initiatives and establish clearer governance from the start. But a thin layer of governance doesn't automatically translate to better outcomes. Companies may still struggle with adoption, execution, and alignment across teams. Those dynamics—and what drives them—are explored in depth in the Barriers chapter. The bottom line is: structure helps, but it doesn't solve everything on its own.

There is an upside to this grassroots energy: employees find value fast and organically build demand for AI across the organization. The potential pitfall: without visibility into what's being used and where data is flowing, companies risk building momentum on an ungoverned foundation. The consequences are real: data privacy breaches, compliance failures, and the lack of quality controls become difficult to unwind once AI is deeply embedded in daily routines.

> "AI became a real topic for us in 2024. Our board directed us to look into it seriously, build a roadmap, and plan for the next three to four years. Although we've adopted AI in some areas, we're still in the planning and implementation phase for most."
>
> — Senior Leader, Manufacturing

The Bottom Line: The mid-market is past the starting point but far from the finish line. 83% of companies are testing or building, yet only 2% have become operators. The gap between adoption and integration is the defining challenge of this moment. Knowing where your organization sits today is the first step toward closing it.

2: TOOLS

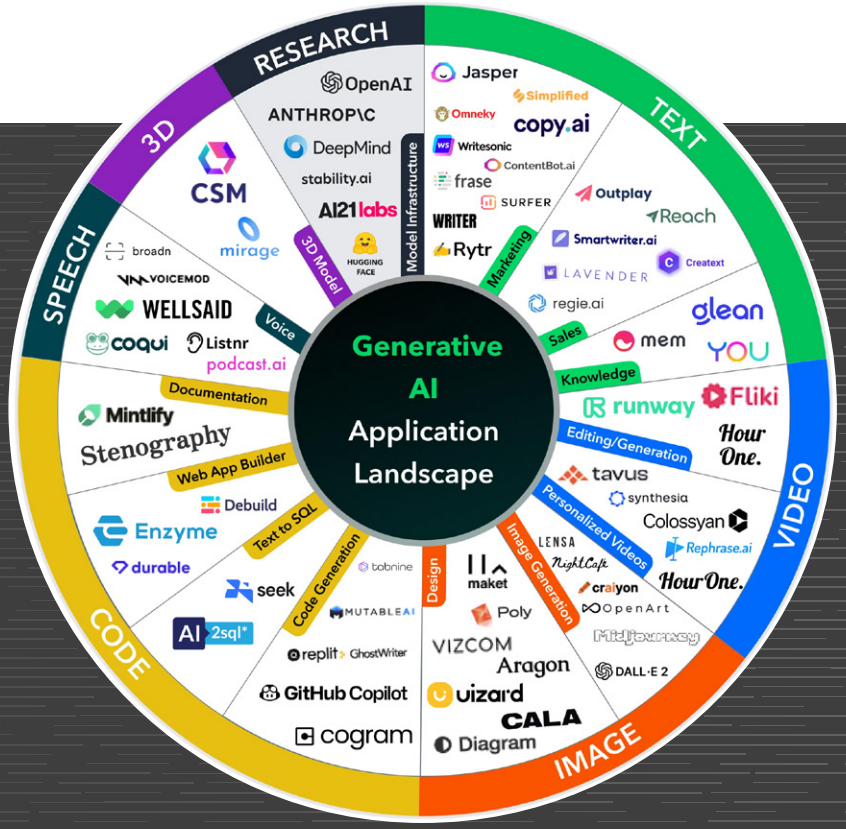
Tools are outpacing foundations

> “The capabilities of tools are evolving so rapidly. I constantly compare AI tools. I tested Claude and Perplexity side by side and in the end, I decided to use both.”
>
> — Senior Leader, Mid-Market Technology Firm

Tool overload

Mid-market leaders aren’t struggling to find AI tools. They’re struggling to keep up with them. Executives we spoke with described a fast-moving, noisy landscape: new products and features launching constantly, vendors promising transformation, shifting prices, and teams experimenting on their own. The result isn’t a lack of innovation. It’s an overload.

The crowded and rapidly evolving landscape has led to tool fatigue

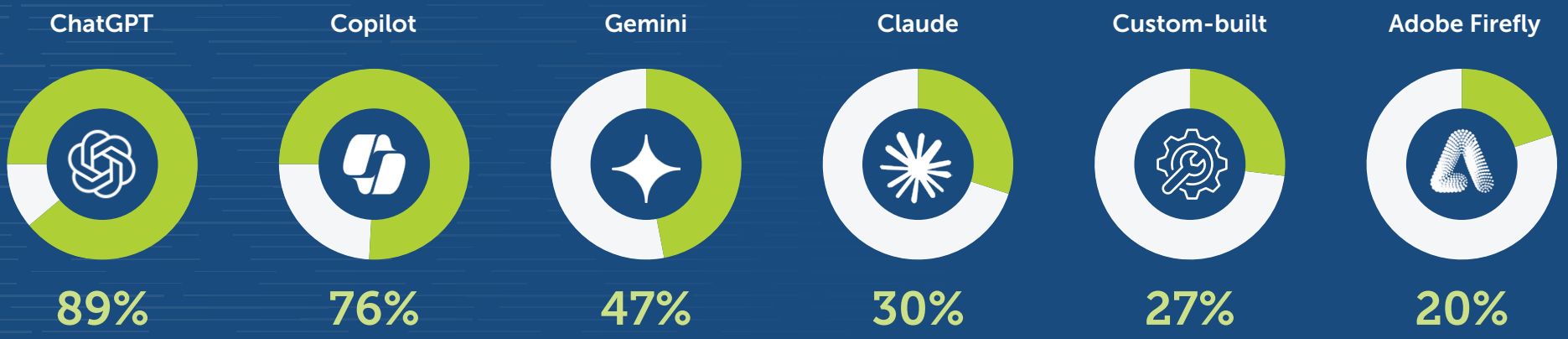


Source: 26 Generative AI Tools: The Power Game Is On | Rapidops

The data confirms this. Adoption isn't concentrated around a single tool. Companies are actively testing, comparing, and switching between tools to find the best fit.

This "tool shopping" behavior is pragmatic. Teams want value now, and they're willing to experiment to find it even though it leads to short-term productivity loss. Tool shopping also introduces a hidden cost: tool sprawl. When every team picks its own AI tool, the organization ends up with inconsistent outputs, duplicated spending, and a less clear path to long term, organization-wide business value.

Generative AI tools in use in the mid-market



Generative AI dominates, for now

Generative AI leads adoption at 70%. Why? Unlike most other AI categories, GenAI is accessible to all—it requires no process redesign, IT integration, or formal rollout. Employees can start using it on their own, which is exactly why it spread so quickly and so widely across the mid-market. But our data shows mid-market companies aren't stopping here.

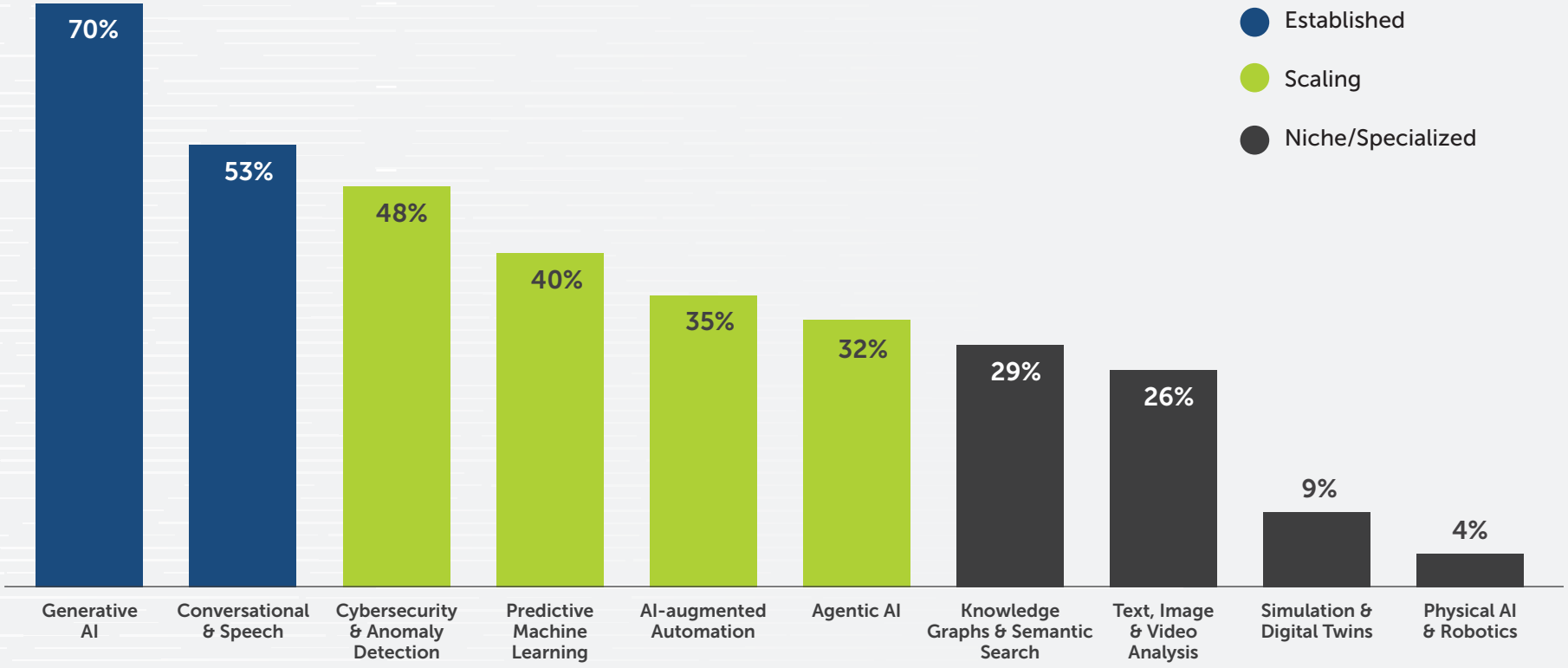
Three other tool categories are gaining meaningful traction: conversational AI and speech (53%), including chatbots and voice bots; cybersecurity and anomaly detection (48%), covering fraud detection and threat intelligence; and predictive machine learning (40%), used for forecasting, scoring, and recommendations. These aren't niche experiments. They represent a change in the way mid-market companies think about and invest in AI.

Further down the list, agentic AI (32%) and AI-augmented automation (35%) also showed up in our sample. Though adoption remains earlier-stage, these more advanced use cases aren't far behind. Physical AI and robotics (4%) and simulation (9%) are still rare in the mid-market.

Industry Insights

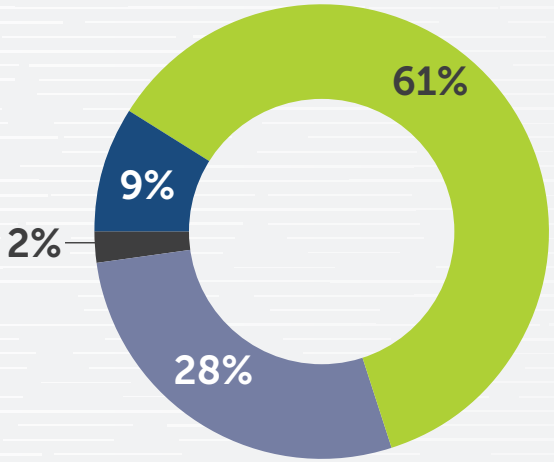
Manufacturing stands out from the rest of the mid-market in a key way: AI automation/RPA is the top use case at 73%, double the market average.

How is your organization currently using AI?



> "We don't have an IT team that's strong enough to build something in-house, so we buy what's available in the market."
>
> — Senior Leader, Manufacturing

State of AI tool deployment



- **Unified enterprise tools**
  used across most functions
- **Multiple specialized tools**
  for different use cases
- **Hybrid approach**
  single core platform plus specialized tools
- **Not sure / Not yet defined**

61%

of respondents use multiple specialized tools for different use cases, while only 9% rely on a single centralized tool.

How companies acquire AI: off-the-shelf wins

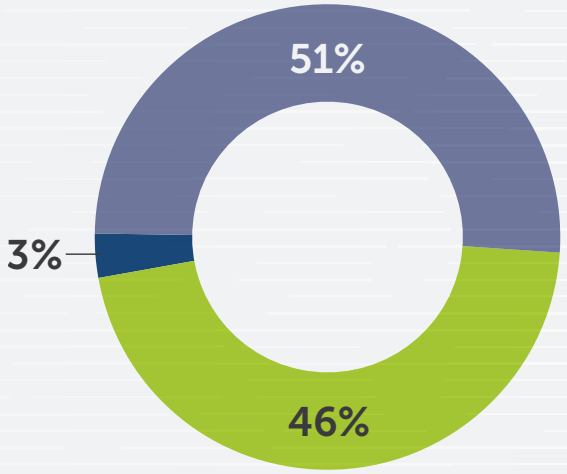
Mid-market companies are practical about how they acquire AI capability. 51% rely on standard off-the-shelf tools like ChatGPT, Copilot, and Gemini. 46% take a hybrid approach, combining third-party tools with some internal development, and only 3% build proprietary tools from scratch.

The hybrid number is worth noting. Internal development in the mid-market rarely means building technology from scratch. It more often means configuring custom agents, automating specific workflows, or connecting AI tools to internal systems. While building from the ground up offers more control, differentiation, and IP ownership, it requires significant investment in talent, infrastructure, and ongoing model management—capabilities that are rarely economical or scalable for mid-market organizations. As a result, flexibility and speed to value take priority, with companies focusing on extending existing solutions rather than recreating them.

What's also notable is how fluid these choices remain. Leaders told us they're regularly evaluating new tools, switching between providers, and adjusting their stacks as capabilities evolve. Standardization will come eventually, but right now, flexibility is the priority.

> "We use Copilot and specialized AI tools...and for recurring tasks, we built a custom agent on top of that."
>
> — Senior Leader, Manufacturing

Build/buy approach



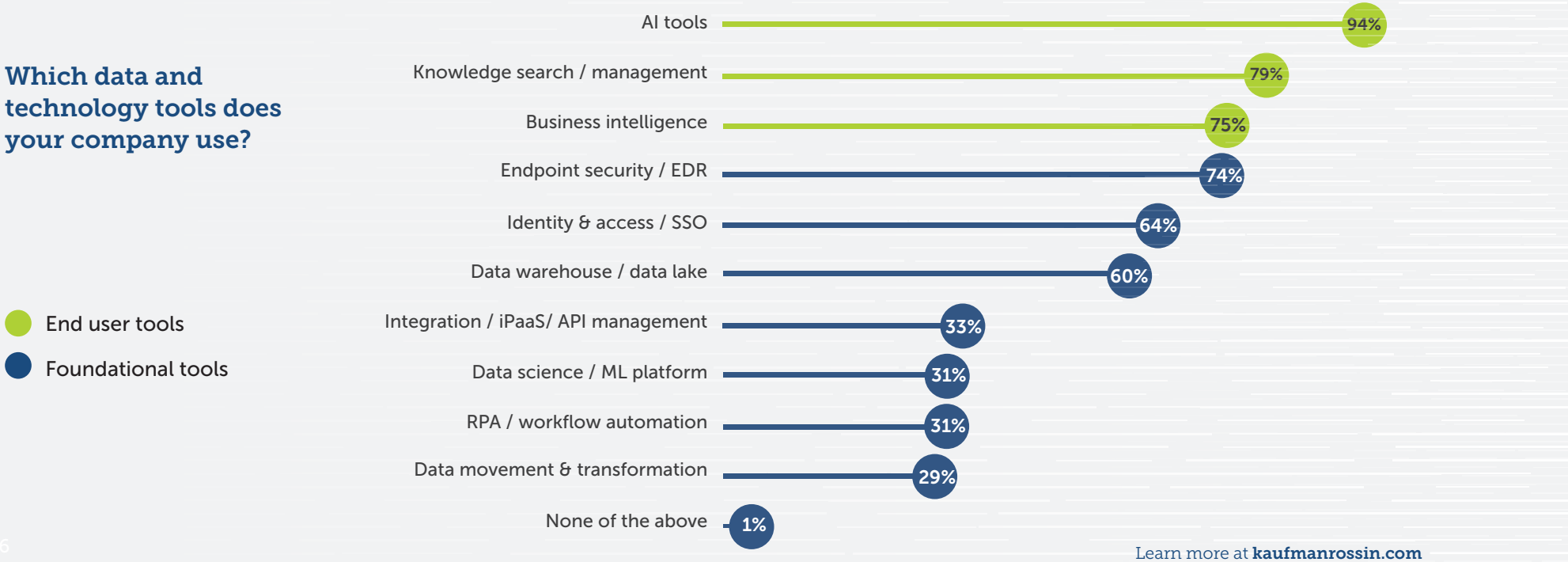
The tools are there. The infrastructure isn't.

Here's the pattern that should concern mid-market leaders: use of GenAI tools has progressed much faster than investment in the infrastructure needed to broaden and sustain the efficiency gains. Why?

Think of the AI stack like an iceberg: a very small part is visible to everyone, but the majority of the stack sits beneath the surface. The tools employees see and use are the "tip" of the AI iceberg. What most employees don't see—and where significant investment is needed—is the structural foundation of the AI stack. These are the technologies that connect user interfaces like chatbots to the tools that run the business. Without these connections, it's impossible to capture sustainable, company-wide benefits from AI.

Only a third of the companies we surveyed have built connections between the two parts of the AI iceberg, which means manual intervention is still needed to make use of AI outputs. Web managers have to manually "copy and paste" product descriptions generated by Claude into WordPress; FP&A analysts need to download data from NetSuite into Excel to calculate monthly metrics, manually upload charts, graphs and narrative into Gamma to turn Excel output into slides, and then export that output into PDF for distribution to management. Without the necessary connections between the two parts of the iceberg, AI output can improve productivity in one part of a workflow, but it can't be acted on systemically.

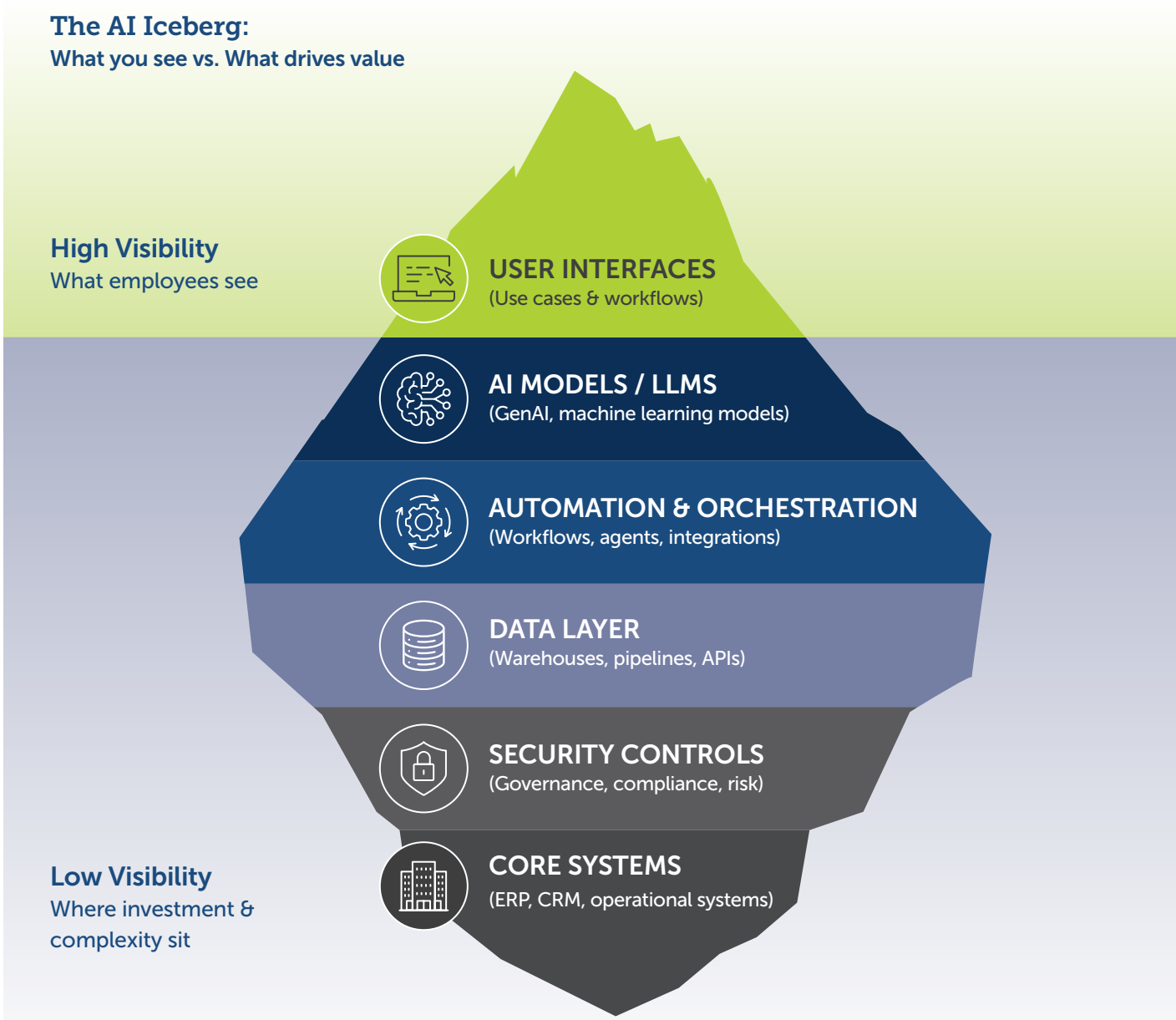
Which data and technology tools does your company use?



This gap matters. Right now, most mid-market companies are only seeing productivity gains at the employee or department level where individuals speed up recurring manual tasks within a larger process that spans multiple disconnected systems. Closing the infrastructure gap is what unlocks value for the business as a whole.

To start leaders should focus on:

1. Assessing which AI use cases rely on data that is already sufficiently clean, structured, and governed.
2. Identifying processes where significant manual intervention is still required to make AI outputs usable.
3. Prioritizing investment in one or two integration or automation platforms that connect their most-used tools.
4. Selecting a single high-value workflow to fully automate end-to-end as a proof of concept.



The AI technology stack should be built with an eye to the future by adopting a "composable architecture" built around existing systems. This allows businesses to procure "best-of-breed" AI tools and connect them via APIs rather than relying on a rigid, "all-in-one platform." In a composable architecture, core systems remain the backbone, enriched by a structured layer of trusted data, documents, and permissions.

Use cases and workflows should lead the design of the AI stack—this is where value is defined and measured. Orchestration and automation layers then connect systems and ensure consistent access to clean, trusted data to power those workflows. Behind the scenes, GenAI capabilities are becoming increasingly flexible, with LLMs evolving rapidly to support a wider range of use cases without heavy customization.

Industry Insights

The construction industry faces the steepest integration challenge: 71% of construction companies cite system integration as a barrier. In an industry built on established workflows and specialized software, connecting modern AI tools to legacy systems requires focused investment.

The Bottom Line: The mid-market is tool-rich but foundation-light. Companies are exploring, comparing, and deploying GenAI tools at a remarkable speed. But the architectural building blocks that turn AI outputs into operational results—integration, automation, and data movement—are lagging. Closing this capability gap will separate companies that only achieve localized productivity gains from those that transform the way the business actually runs.

3: USE CASES

Top AI use cases are focused on core knowledge work.

When we asked how companies use generative AI, the top use cases that emerged all centered on core knowledge work. These are tasks that are text-heavy, repetitive, and exactly the kind of work where AI delivers immediate, measurable productivity gains without the need for a complete overhaul of a company's entire technology environment.

The top five GenAI use cases

1. **Meeting notes and transcription (77%).**
Teams use AI to capture, summarize, and distribute meeting content, freeing up time that was previously spent on manual notetaking.

2. **Data analysis and insight generation (73%).**
As generative AI tools get stronger at working with structured data and BI platforms like Domo and Datarails that incorporate GenAI capabilities natively, data analysis is becoming one of the fastest-expanding applications.

3. **Document processing (67%).**
Intake, summarization, and extraction of content from contracts, reports, and other business documents can be done by GenAI tools in a fraction of the time it takes people to perform the same analysis.

4. **Marketing and content creation (65%).**
Drafting copy, generating visuals, and producing video and audio content for campaigns and communications with the help of AI is significantly increasing marketing teams' capacity.

5. **Knowledge search and summarization (64%).**
Internal chatbots, retrieval-augmented generation (RAG), and tools that help employees find answers faster across company knowledge bases are increasingly common.

While these use cases signal strong momentum, they also reveal a gap between ambition and operational reality—particularly where foundational capabilities such as centralized data architecture, governance, cybersecurity, and PII management are not mature enough to support them. We explored this theme in the previous chapter (Tools) where we identified the infrastructure companies need to achieve sustainable and organization-wide impact from AI adoption.

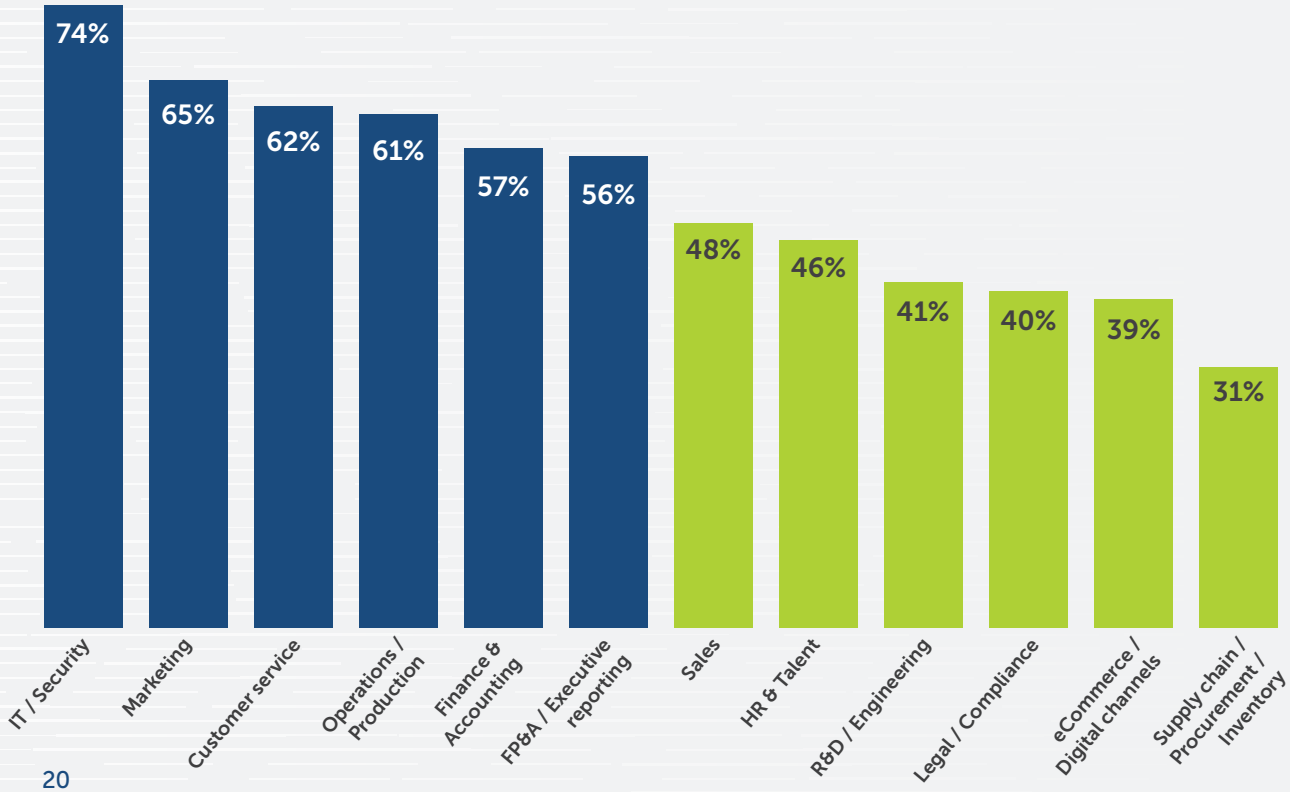
AI at work: IT and cyber, marketing and customer service lead the way

AI adoption is not happening evenly across departments. It's moving fastest in areas like IT, marketing, customer service, and operations—but likely for different reasons. In marketing and customer service, adoption is typically driven by clear, high-ROI use cases and the availability of mature, off-the-shelf tools. In IT and security, departments benefit from a higher concentration of early adopters more comfortable experimenting with and implementing new technologies.

Beyond these areas, adoption is noticeably slower. As the work becomes more complex—whether due to legacy systems, cross-functional dependencies, or stricter controls—integrating AI into workflows becomes more challenging, and progress is less immediate.

Functional AI adoption status

AI adoption is strongest in functions with repeatable, tool-driven work.



The pattern is clear: AI adoption follows the path of least resistance. It lands first where workflows are already structured and individual employees see immediate productivity gains from off-the-shelf tools. A marketing team, for example, might start by exploring generative AI tools, then consolidate around one solution, then build out workflow transformations that include security controls and training. Over time, those lessons become a blueprint for other functions to adopt and adapt for their own use cases. Expanding into more complex, cross-functional processes will require the foundational investments discussed in the Tools chapter.

Early adoption Lagging adoption

A human-led, AI-assisted model

What stands out across these use cases is the role AI plays: it's a co-pilot, not an autopilot. A human initiates a task, uses AI to accelerate or augment it, and then reviews the output before it goes anywhere.

A manager leads a meeting and asks AI to summarize the notes. An analyst runs a data set through a GenAI tool and checks the results. A marketing team drafts content with AI, then edits it for brand voice and accuracy.

This human-led approach reflects where the mid-market is right now: comfortable using AI to speed up work, but not yet ready to hand over end-to-end processes.

Fully autonomous workflows–agentic AI–where AI triggers and completes a process independently, are far less common. Agentic workflows sit at just 31% adoption, and customer support automation at 35%. These are emerging capabilities, but for most mid-market companies, the trust, governance, and integration required to let AI operate independently aren't in place yet.

That's not a failure. It's a realistic reflection of where technology and organizational readiness intersect. The companies getting the most value right now are the ones that identified high-volume, reviewable tasks and made AI a consistent part of how those tasks get done.

> We were able to eliminate manual Accounts Payable data entry by having scanned documents read by AI and automatically routed into our ERP system.

> We've used AI to automate several transactional areas, including Accounts Payable, Accounts Receivable, and expense management.

> We've automated processes across multiple departments, reducing handoffs and speeding up turnaround times.

> We used AI to pull data from client portals and import it into our data warehouse. What used to be a manual process with frequent errors is now fully automated.

> We developed an AI tool that analyzes individual loans within CMBS investments, diving into property-level details to surface risks that might otherwise be missed.

> Deploying AI agents for routine customer service interactions has reduced manpower needs and improved customer satisfaction.

> We automated parts of our pricing module, which has led to a measurable increase in sales.

> We implemented a chatbot connected directly to our data warehouse, allowing teams to access insights instantly.

AI use cases typically address industry-specific pain points

AI use cases vary predictably across industries. Each sector gravitates toward the applications that address their most pressing, time-intensive tasks. Two sectors stood out in our data.

Healthcare leads in notetaking and transcription

Of all the industries we surveyed, healthcare was the most likely to use AI for meeting notes and transcription, at 94%. That's 1.5× higher than financial services. For an industry where documentation requirements are constant and clinical time is limited, the productivity relief is immediate.

Retail goes all-in on content creation

100% of respondents in the retail and eCommerce industry reported using AI for marketing and content creation. In a sector where content velocity is highly correlated with sales volume, AI is becoming a core part of the growth engine.

These patterns make sense. Industries incorporate AI into the highest volume, most repetitive work. Healthcare deals in documentation. Retail deals in marketing and content. The takeaway for mid-market leaders across all industries: look at where your teams spend the most time on repeatable, structured tasks. That's where AI will deliver the fastest return.

The Bottom Line: Mid-market companies are currently using GenAI primarily as a co-pilot for core knowledge work: summarizing, analyzing, drafting, and searching. The broadest adoption is in departments with repeatable, structured workflows. Fully autonomous AI processes remain uncommon. The companies seeing the most value are matching AI to their highest-volume tasks and keeping a human in the loop.

4: ROI & VALUE

Value is measured in time, not revenue.

What leaders say AI has actually delivered

Beyond how companies track value, we wanted to understand what impact leaders are seeing on the ground. We asked respondents to rate their agreement with a series of statements about AI's effect on their organization, and the answer was almost always the same: it's saving us time. Not revenue growth. Not new product launches. Time.

95%

agree that AI saves their employees time.

This is the strongest signal in our survey. There's near-universal agreement that AI is giving people hours back in their day.

88%

agree that AI has helped their businesses operate more efficiently.

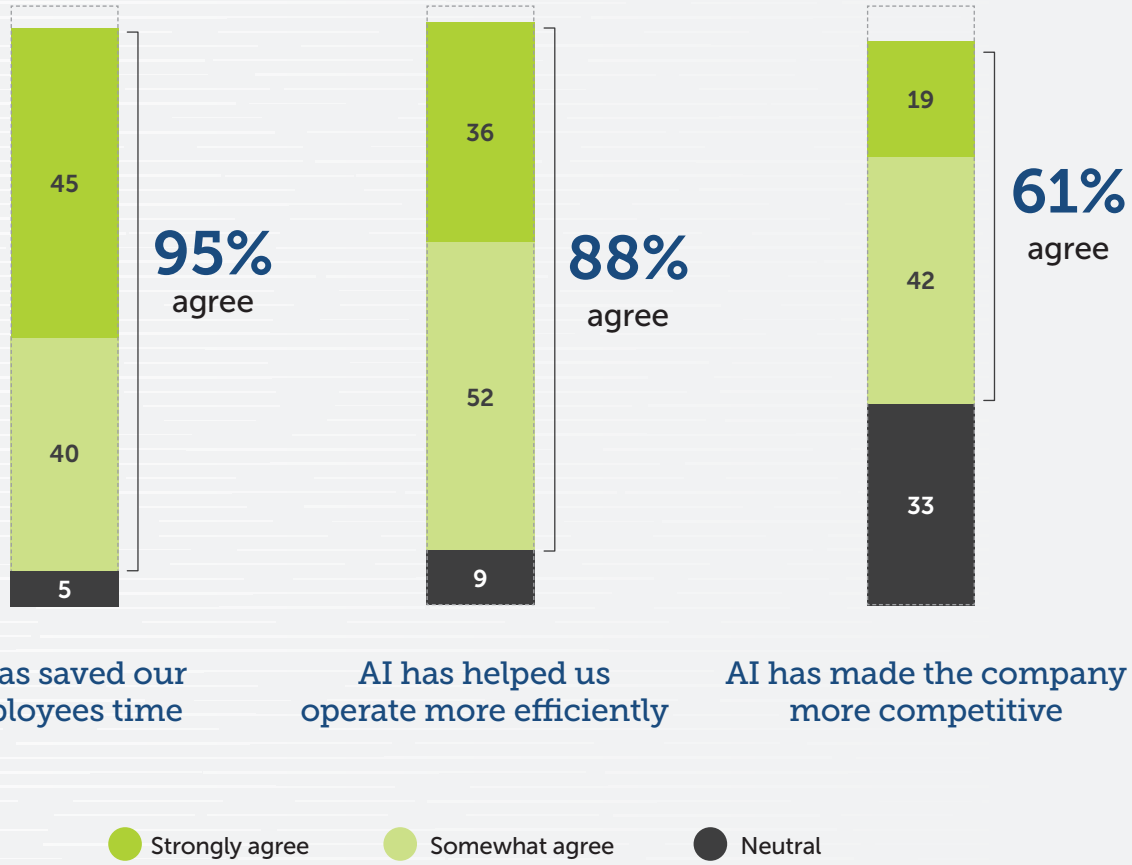
Closely tied to time savings, this tells us that productivity gains show up at the process level, in the form of faster turnaround times, smoother workflows, and fewer bottlenecks.

61%

agree that AI has strengthened their competitiveness.

The majority of the organizations we surveyed have achieved efficiency and productivity gains, but there is a growing number who believe they have successfully translated AI-driven operational improvements into a competitive differentiator.

Impact statements



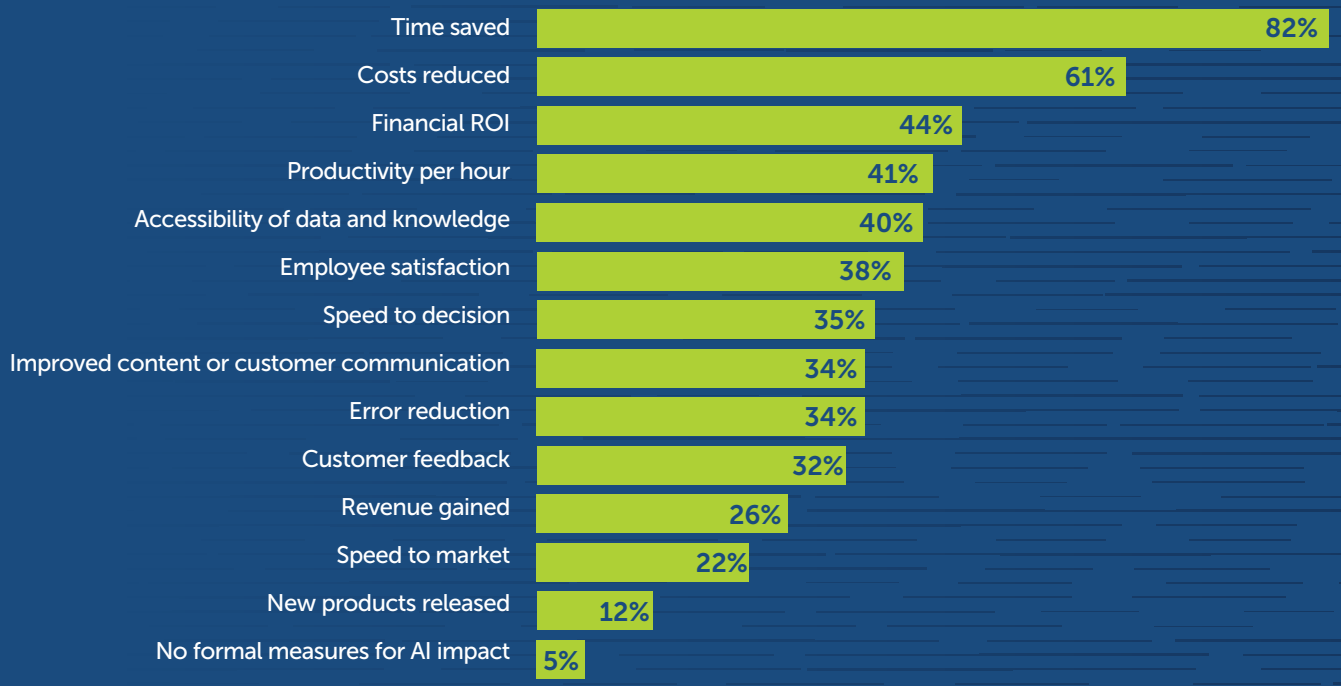
*Figures may not sum to 100% due to rounding.

How businesses measure value

When we asked how companies measure the value AI creates, time saved was the top answer at 82%, followed by costs reduced (61%), financial ROI (44%), productivity per hour (41%), and accessibility of data and knowledge (40%). Growth-oriented metrics like revenue gained (26%) and new products released (12%) sit much further down the list.

This reflects where mid-market companies are on their AI journeys. Value shows up first as capacity creation: faster decisions, fewer manual hours, less time on repetitive tasks. For teams with limited bandwidth, that kind of relief builds internal support for additional investment.

How organizations measure AI value



82%

of companies cite time saved as their primary measure of AI value.

Most companies see value within the first year

62% of companies in our survey saw a positive return within 12 months of their first AI experiment, with the largest group (24%) seeing returns between seven and twelve months. Another 17% realized ROI after the first year, while just 16% haven't seen a positive return yet. Although most of our respondents were able to point to some measure of value, most still indicated they find it challenging to quantify ROI beyond time savings.

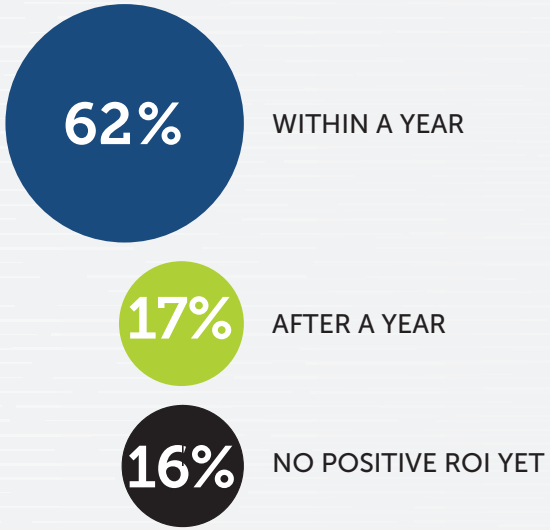
The companies that see value fastest tend to share a common approach: they target specific, high-volume tasks where time savings are easy to identify and measure, then build from there. This early proof of value is what unlocks broader investment and organizational buy-in.

> "At the beginning of the year, we were doing almost nothing. By the end of the year, more than 80% of our software development was done using these tools."
>
> — CTO, Technology Firm

93%

of companies plan to increase their AI investment in the next 12 months.

Time to value



These numbers tell an important story for mid-market decision-makers. AI isn't a long horizon bet that takes years to pay off. For the majority of companies, value arrives quickly, especially when the initial focus is on high-volume, time-intensive tasks.

Despite the quantification challenges, early payoff is fueling continued investment. 93% of respondents plan to increase their AI spending over the next 12 months. Just 2% expect to decrease. The mid-market isn't experimenting anymore. It's committing.

Quantifying ROI remains a challenge

Most companies believe AI is delivering real value. But proving it—especially in financial terms—is a different story. Only 44% track financial ROI from their AI initiatives.

This gap showed up consistently in our interviews. Leaders see clear productivity gains across their teams, but translating those gains into board-ready metrics remains difficult. Without that clarity, it becomes harder to secure additional funding, prioritize initiatives, or make the case for broader transformation.

And yet, our data showed that investment continues to accelerate.

Despite challenges in quantification, 93% of executives plan to increase their AI investments in the next 12 months. Our hypothesis is that this reflects a critical shift: decisions are not being driven by perfect measurement, but by conviction and urgency.

Our interviews point to two underlying forces. First, leaders increasingly see enough directional value—time savings and efficiency gains are common early wins—to justify continued investment. Second, there is a growing recognition that waiting carries risk. With AI evolving rapidly, many organizations feel they cannot afford to fall behind competitors who are already building capabilities.

In practice, we believe it's likely a combination of both. Companies are moving forward with imperfect data, using early signals of value to guide investment while building more robust measurement capabilities over time.

The most advanced adopters are not waiting for perfect dashboards. They are building momentum—demonstrating wins, scaling use cases, and improving how they measure impact as they go.

> "AI clearly saves us time—that part is obvious. But when you try to break it down into a board-ready ROI calculation, it's not always that clean."
>
> — Executive Leader, Mid-Market Services Firm

The Bottom Line: **AI value in the mid-market is real—but not always fully measurable. While only a minority of companies can clearly quantify ROI, 93% are increasing investment, driven by a mix of early results and the need to stay competitive. The leaders pulling ahead are not waiting for perfect measurement. They act on directional value, build capability quickly, and maturing their measurement discipline over time.**

5: READINESS & BARRIERS

Deployment stalls due to security, skills, and integration gaps.

Why deployment stalls

When we asked leaders what prevents them from deploying AI more broadly, their answers had little to do with technology. The friction comes from internal limitations in the environment AI needs to operate within.

Three barriers stand out: cybersecurity and data privacy concerns (43%), shortage of AI talent or skills (42%), and integration with legacy systems (41%). These aren't distant hypotheticals. They're the daily realities that stall rollouts, delay decisions, and keep promising pilots from becoming company-wide solutions.

What's telling: tools, vendors, and executive sponsorship rank at the bottom. Mid-market companies aren't struggling to find the right AI products. They're struggling to create all the conditions inside their organizations for it to succeed.

The cybersecurity concern deserves specific attention. Leaders are cautious about exposing proprietary or confidential data to public AI tools or deploying tools without clear access controls especially in industries like healthcare where data privacy is regulated. In the mid-market, where a single data breach can have outsized consequences, security isn't a secondary concern. It's the primary throttle.

Top barriers to AI deployment

Most companies are still building the foundations for scalability

When we asked leaders to assess their readiness for company-wide AI deployment, the picture that emerged was clear: the majority are still in the early stages.

35% describe themselves as foundational, meaning they're building the frameworks needed for broader deployment, including data governance policies, AI acceptable-use guidelines, vendor evaluation processes, and the internal coordination structures that allow AI initiatives to move beyond individual teams.

Another 33% are at the early stage, with limited infrastructure, skills, or coordination. 5% say they are not ready at all. Only 19% feel ready for limited scalability pilots, and 7% say they're ready to scale company-wide.

That means 73% of mid-market companies are still working on attaining the organizational readiness and governance needed to move AI beyond isolated experiments. The tools may be ready, but the operating environment isn't.

> "Everything runs through SAP. Integrating AI into that environment took months."
>
> — Senior Leader

Process readiness to implement AI at scale

- **Not Ready:** Lack data infrastructure, skills, and leadership buy-in
- **Early:** Limited infrastructure, skills, strategy, or coordination
- **Foundational**: Building frameworks but not ready for broad deployment
- **Ready for pilot:** Have infrastructure to support specific pilot programs, but not enterprise-wide rollouts
- **Ready for scale:** Robust infrastructure, governance, and talent pipelines ready to support enterprise-wide deployment

73%

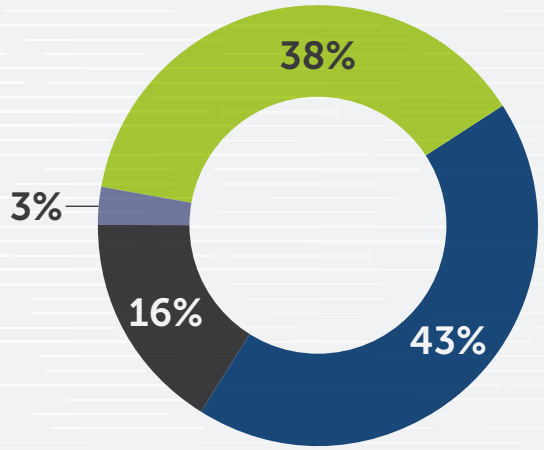
of companies are still at the early or foundational stage of AI readiness. Only 7% are ready to scale company-wide.

Data is becoming more centralized, but silos remain

Data is the fuel for AI, and the mid-market is making progress getting it organized. 43% of companies have their data centralized in a repository like Domo, Tableau, or Power BI. But 38% still operate with siloed data, where different departments have their own systems that don't connect to each other. Only 16% have reached a fully governed and integrated state, where data is trusted, universally accessible, and strictly managed.

This is a critical constraint. AI is only as effective as the data it can access. When data is siloed, AI tools produce incomplete or department-specific results. Companies that want to move from "helpful co-pilot" to "repeatable automation" need their data connected, clean, and governed across the organization.

Data readiness



- **Ad hoc:** No centralized data tools
- **Siloed:** Departments have their own systems that don't connect
- **Centralized:** Central repository (e.g., Data Warehouse)
- **Governed & Integrated:** Centralized, trusted, universally accessible via APIs

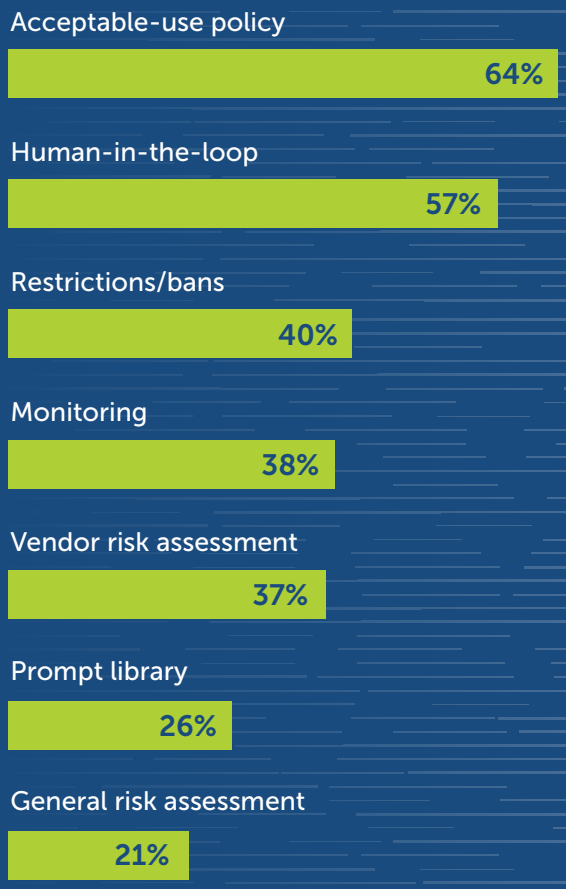
AI governance is improvised, not designed

The good news: governance isn't absent. 64% of companies have an acceptable use policy for GenAI, and 57% require human-in-the-loop review before external use of AI-generated output, demonstrating that most mid-market companies recognize the need for guardrails as AI becomes more embedded in daily work.

There are notable gaps. 8% of companies report having no formal GenAI governance and only 26% have a prompt library or best-practice guide. Prompting skills are one of the most practical ways to improve AI output quality, and they're often overlooked. While vendor risk assessments for AI tools are being performed by 37% of respondents, general holistic AI risk assessments sit at only 21%. As companies rely more heavily on third-party AI platforms, the question of who is liable when something goes wrong, and whether vendor contracts adequately address that, becomes increasingly important.

> "The opportunity is clear—faster decision-making and better risk insights—but the regulatory and governance expectations are equally real."
>
> — Senior Leader, Financial Services Firm

GenAI governance controls in place



The missing piece: investing in the end user

Companies are talking about AI. But are they actually training people to use it well? The data suggests there's a gap between awareness and enablement.

68% of companies run AI awareness sessions or put out internal communications. That's encouraging. It means most organizations are at least putting AI on the agenda. 59% have designated departmental "AI champions" or super users to help drive adoption.

But when we look at structured training, the numbers drop. 27% offer internal courses for upskilling, 25% embed AI training in onboarding, and 22% invest in external certification programs. Meanwhile, shortage of AI talent remains the second-biggest barrier to scaling (42%).

The disconnect is significant. Awareness gets people interested and champions can create momentum. But without structured training, especially in practical skills like effective prompting, output validation, and workflow integration, adoption remains uneven, and results are inconsistent. The companies that close this gap will be the ones that turn AI from a tool a few people use well into a capability the whole organization benefits from.

> "This isn't just a technology shift. It's a different way of working."
>
> — CTO, Technology Firm

Employee enablement actions

The Bottom Line: **Technology isn't the primary barrier to AI adoption.** Skills, integration, and organizational readiness are challenging companies. 73% of companies are still building foundational capabilities. And while governance is emerging, critical areas like prompting standards, risk testing, and vendor oversight are underdeveloped. The biggest opportunity may be the simplest one: investing in the people who use AI every day.

6: INDUSTRY VIEW

3 INDUSTRIES AT A GLANCE

1

HEALTHCARE

2

MANUFACTURING

3

FINANCE

1 HEALTHCARE

Moving fast on adoption despite regulatory risk

94% use AI for transcription

89% are Testers or Builders

67% face a cybersecurity barrier

50% saw ROI within 6 months

> "Deploying agents for routine customer service interactions has saved our need for manpower and improved customer satisfaction."
>
> — Healthcare Executive

The mid-market healthcare industry is one of the most active adopters of AI. 89% are testing or building (vs 83% overall). Even though the industry's regulatory environment creates a unique set of constraints, healthcare moves fast on experimenting with AI, despite regulatory risk.

Where AI is making the biggest impact

Transcription and clinical documentation are the top use cases. 94% of healthcare companies use AI for meeting notes and transcription (vs 77% overall). AI-powered scribing directly addresses one of the industry's oldest pain points: too much documentation, not enough time with patients.

> "Using AI for scribing for our doctors has reduced their charting time by 80%."
>
> — Healthcare Executive

Document processing and knowledge search follow at 78% each. Healthcare companies also lean more heavily into conversational AI at 61% (vs 53% overall), including chatbots and voicebots for patient interactions.

Healthcare Industry Leader POV

AI adoption is at an inflection point in the mid-market healthcare segment. Unlike large health systems that have dedicated innovation budgets and enterprise-scale vendor relationships, mid-market organizations—typically community hospitals, regional health networks, and specialty group practices—are navigating AI implementation with leaner resources and higher stakes for getting it right. What's become clear over the past 18 months is that the most successful adopters aren't chasing headline AI capabilities; they're solving discrete, high-friction problems first. Revenue cycle automation, prior authorization workflows, and ambient clinical documentation tools like AI-assisted scribes have delivered measurable ROI and are now table-stakes. The barrier has shifted from "should we explore AI?" to "how do we govern, integrate, and scale what we've already piloted?"

Interoperability and data readiness will remain persistent challenges in healthcare. Midmarket organizations often sit on fragmented EHR environments, incomplete patient data sets, and limited internal data engineering talent—all of which throttle the potential of even the most promising AI tools. Vendors are responding by embedding AI directly into existing workflow tools rather than requiring net-new infrastructure, which is the right approach for this segment. However, IT and clinical leadership teams are increasingly skeptical of closed systems and are demanding explainability, audit trails, and clear lines of clinical accountability. Regulatory scrutiny from CMS and the ONC around algorithmic transparency is accelerating this demand, and organizations that invested early in AI governance frameworks are finding themselves with a competitive advantage in vendor negotiations and payer relationships.

Where we're helping clients succeed is moving from isolated AI pilots to portfolio-level AI strategy. The organizations that thrive will be those that treat AI adoption as an operational discipline—not an IT or Cybersecurity project. We partner in innovation through right-sized governance, helping bring structure to AI adoption through readiness assessments, regulatory frameworks, supply chain risk evaluation, and scalable control design. We bring solutions that can stand up to regulatory scrutiny, may help alleviate staffing pressures, and support the goal of better patient care.

Kory Patrick, CISSP
Principal, Risk Advisory Services
Kaufman Rossin

What's holding healthcare back

Despite high rates of adoption, healthcare faces some of the most significant barriers in the mid-market. Cybersecurity and data privacy are the top barriers at 67%. Budget constraints rank second at 56% (vs 36% overall), followed by data quality (50%) and legal/regulatory uncertainty at 44% (vs 27% overall).

Stronger governance, faster ROI

Healthcare leads on safeguards: Every healthcare company in our survey group reported having formal governance (vs 8% overall) and 72% require human-in-the-loop review (vs 57%). Data foundations are also ahead, with 61% having centralized data (vs 43% overall). And value comes faster: 50% saw positive ROI within six months (vs 38% overall).

2 MANUFACTURING

Stuck in pilot mode, held back by legacy systems and infrastructure gaps

100% agree AI saves time

73% focus on AI automation/RPA use cases

73% stuck in testing stage

55% cite legacy integration as a barrier

> "We use AI for data governance and centralization. It has increased our ability to collaborate as well as increased the security level."
>
> — Manufacturing Executive

Manufacturing is actively using AI but struggling to move beyond limited deployments. 73% of manufacturing companies in our sample are still in the testing phase (vs 52% overall), while only 18% have reached the building stage (vs 31% overall). None have become Operators. The industry's deep reliance on established ERP systems, specialized production workflows, and physical infrastructure creates a modernization challenge that slows the path from testing to building.

Automation leads, generative AI lags

Manufacturing stands out from the rest of the mid-market in a key way: AI automation and RPA is the top AI use case at 73%, double the market average, whereas generative AI sits at just 45% (vs 70% overall). This makes sense for an industry built on process efficiency and operational throughput. Manufacturers are automating transactional processes across AP, AR, expense management, and cross-departmental workflows.

> "We've used AI to automate several transactional areas including AP, AR and expense management."
>
> — Manufacturing Executive

Manufacturing Industry Leader POV

Across the mid-market manufacturing landscape, AI adoption is pragmatic and operations-driven. The most mature and widely proven use case today is invoice management and accounts payable automation. With high transaction volumes and ERP-heavy environments, AI-powered document ingestion, routing, and exception handling are delivering immediate productivity gains and measurable time savings.

Beyond finance automation, manufacturing is still earlier in its broader AI journey. Legacy systems and siloed data can slow enterprise-wide rollout. However, the opportunity is significant. We're seeing larger and enterprise size companies apply AI in design and product development, customer service automation, collections optimization, and pricing. On the commercial side, AI is enabling stronger e-commerce performance—whether direct-to-consumer, B2B portals, or sales enablement for reps.

Inventory and warehouse management remain core to operations, and AI-driven demand forecasting, production planning, and logistics optimization are helping manufacturers improve efficiency and margin performance.

Where we're helping clients succeed is in building the right foundation. That includes strengthening data architecture, improving profitability insights, integrating ERP systems, and embedding AI into e-commerce and operational workflows. Our focus is turning isolated pilots into scalable capabilities that help drive efficiency, commercial growth, and supply chain resilience.

Frank Peña
Principal, Industry Leader Manufacturing & Distribution
Kaufman Rossin

Legacy systems are the biggest roadblock

Legacy system integration is the #1 barrier at 55% (vs 41% overall). Every manufacturing company in our sample uses ERP. These are deeply embedded, complex systems that don't connect easily to modern AI tools. High implementation costs at 45% (vs 22% overall) and resistance to change at 45% (vs 38% overall) compound the problem. Modernizing this infrastructure is the prerequisite for scaling, and it's the most resource-intensive barrier in the midmarket.

The manufacturing opportunity

Manufacturers we surveyed see clear value from AI: 100% agree it saves time and 91% plan to increase investment. Companies that invest in connecting their ERP, production, and data systems will be the ones that turn pilot-stage automation into company-wide operational gains.

A data foundation gap

Only 27% of manufacturing companies have a data warehouse or data lake (vs 60% overall), and 0% of surveyed companies use data science or ML platforms such as Databricks or DataRobot (vs 31% overall). Meanwhile, 45% still operate with siloed data. The manufacturing industry is missing the data infrastructure underneath. Until that gap closes, AI will remain limited to individual productivity rather than operational transformation.

3 FINANCIAL SERVICES

Strong AI foundations, held back by talent gaps and ROI uncertainty

100%
plan to increase AI spend

75%
have data warehouses

50%
cite AI talent shortage

30%
use governed & integrated data

> "In the call center and customer service space, AI helps with customer communication across multiple channels."
>
> — Financial Services Executive

In financial services, data analysis is the #1 use case at 75%, slightly above the market average. But what sets this industry apart is the breadth of the types of AI in use. Predictive ML at 55% (vs 40% overall) and cybersecurity and anomaly detection (55% vs 48%) both rank well above the mid-market overall, reflecting the industry's focus on forecasting, fraud prevention, and risk management. Agentic AI adoption at 45% (vs 32% overall), the highest of any industry, with firms deploying multi-step automation for customer service and compliance workflows.

> "We used AI to pull data from client portals and import it into our data warehouse. This used to be a manual process with lots of mistakes and is now automated."
>
> — Financial Services Executive

Financial Services Industry Leader POV

From my perspective, across financial services, especially in the community banks and mid-size banking market, we're seeing AI move from experimentation to focused execution.

Financial Institutions and fintechs are prioritizing practical use cases with measurable ROI: credit and underwriting analytics, fraud detection, AML and sanction screening monitoring, client service automation, and internal productivity through generative AI tools.

The opportunity is clear, faster decision-making, better risk insights, improved customer experience, and operating efficiency. At the same time, the challenges are equally real: data quality limitations, model risk management expectations, regulatory uncertainty, third-party/vendor risk, and the need for strong governance around responsible AI use.

Where we're helping clients succeed is at the intersection of innovation and governance, helping overcome the biggest barriers, and bringing structure to AI adoption through readiness assessments, governance frameworks, model and third-party risk evaluation, and scalable control design. We're also offering solutions with embedded AI capabilities designed to help institutions address regulatory compliance pressures driven by the speed and volume of digital transactions. Our focus is helping ensure AI initiatives drive business value while standing up to regulatory scrutiny and audit expectations.

Jason Chorlins, CPA, CFE, CAMS, CITP
Principal, Risk Advisory Services
Kaufman Rossin

The talent and ROI gap

Unlike healthcare (where security is a top barrier) or manufacturing (where legacy systems is the top barrier), financial services faces a different constraint. AI talent shortage is the #1 barrier cited among our survey participants at 50% (vs 42% overall), followed by data quality (45%), and a notable standout: lack of clear ROI at 45% (vs 33% overall). Financial services is the most ROI-skeptical industry in our survey. Leaders want to invest but they're struggling to prove value clearly enough to justify accelerating.

Only 40% of financial services companies in our survey saw positive ROI within 12 months (vs 62% overall). Value takes longer to materialize here, likely because the highest-impact use cases, like data analysis, compliance automation, and fraud detection, are more complex to implement and measure than the productivity-oriented applications that drive fast returns in other industries.

> "We have certain investment tools that takes data for investment purposes to make recommendations on where to focus capital investments."
>
> — Financial Services Executive

The financial services opportunity

Financial services has the strongest data and platform foundations in the mid-market. The challenge isn't infrastructure. It's bridging the gap between those foundations and measurable business outcomes. The industry needs AI talent that can connect its advanced data capabilities to use cases that prove value clearly and quickly. Companies that solve the talent and ROI measurement problem first will unlock the full potential of their existing investments.

7: EXECUTION FRAMEWORK

Your roadmap to scalable AI

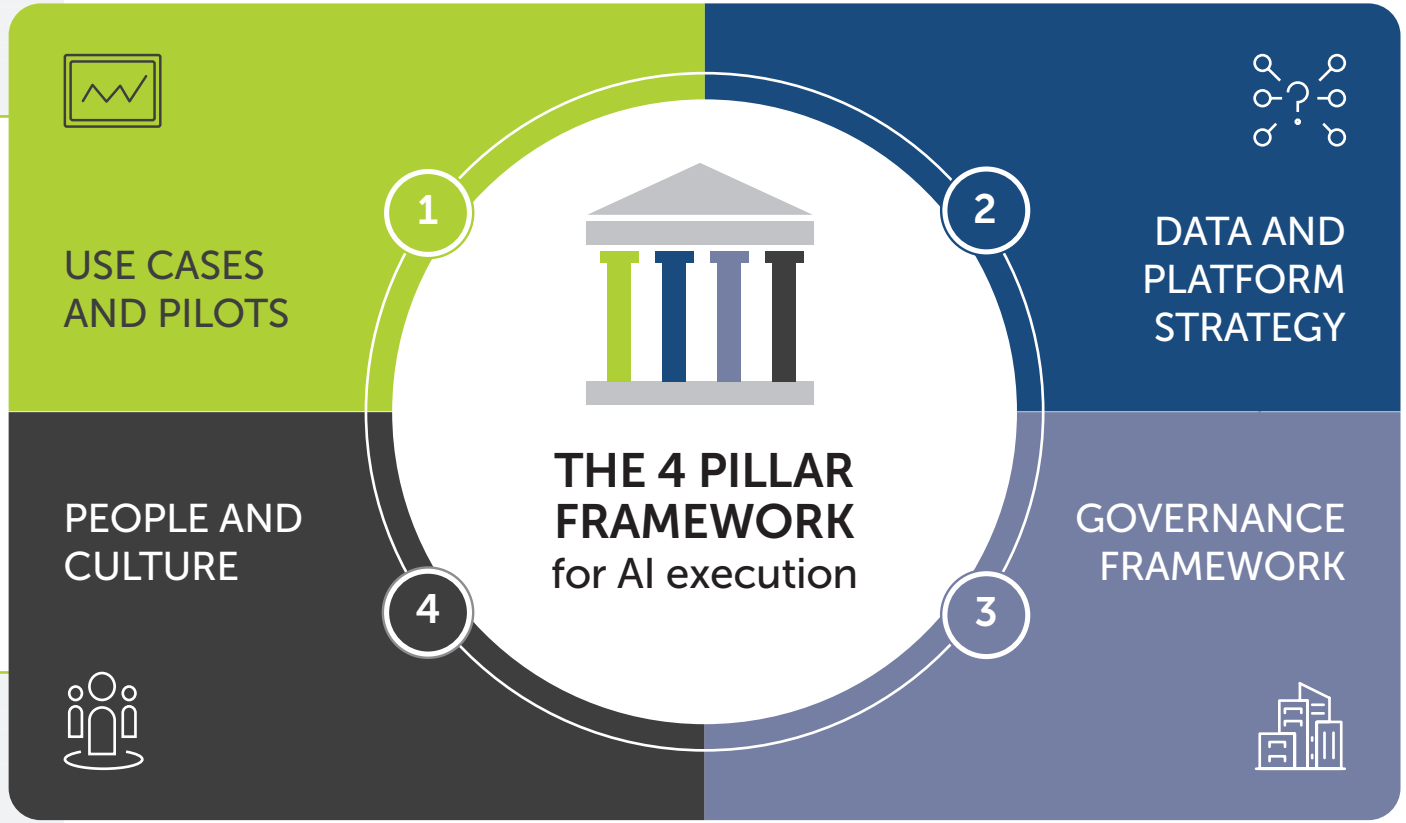
Throughout this report, one theme surfaced again and again: mid-market companies don't lack ambition or tools. They lack the operating foundations to turn AI experiments into lasting capability. The four pillar framework we propose is designed to address exactly that.

Together, our four pillars create the foundation for scaling AI in a way that prioritizes both speed and operational integrity. Each pillar reinforces the others. Governance without training creates bottlenecks. Use cases without data strategy create dead ends. People without governance create risk.

Our framework is designed to support organizations at every stage of AI maturity. As outlined in the maturity chapter, every company sits at a different point in its AI journey. The governance a company needs while exploring is very different from what's required at scale. Apply this framework through the lens of your organization's stage of AI adoption and maturity today, not where you wish it were.

Kaufman Rossin's AI Execution Framework is built around four pillars:

1. USE CASES & PILOTS
2. DATA & PLATFORM STRATEGY
3. GOVERNANCE
4. PEOPLE & CULTURE



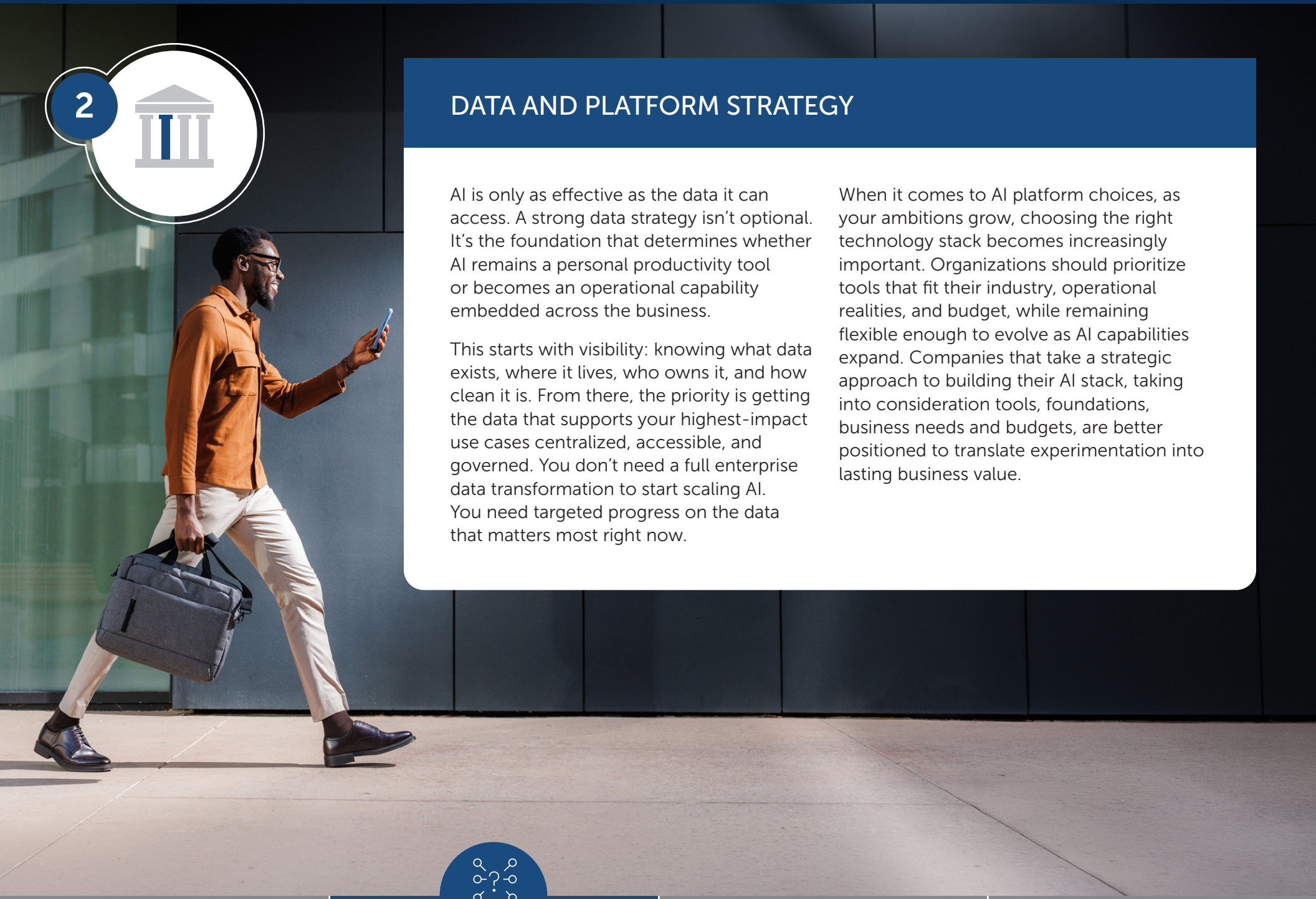
1

USE CASES AND PILOTS

Start with the work, not the technology. The most successful mid-market AI programs begin by identifying specific tasks where AI can deliver measurable, repeatable results, and a deep understanding of the business requirements associated with applying an AI tool to these tasks. That means looking for processes that are time-intensive, structured, and high-volume, where the gap between manual effort and AI-assisted output is large and easy to demonstrate.

Resist the temptation to chase transformative use cases too early. Ambitious projects that require complex integration, clean cross-departmental data, and new workflows are important, but they're not the best place to start. Begin the journey with wins your team can experience within weeks. A finance team that cuts 40 hours from month-end close. A marketing team that produces a week of content in two days. Tangible results people can see and feel are what creates organizational buy-in and justifies the next level of investment.

Once you've proven value in a few targeted areas, build standard operating procedures around what works. Document the inputs, outputs, review steps, and metrics for each use case. This is the bridge from "a few people use AI well" to "we have a repeatable process anyone can follow."



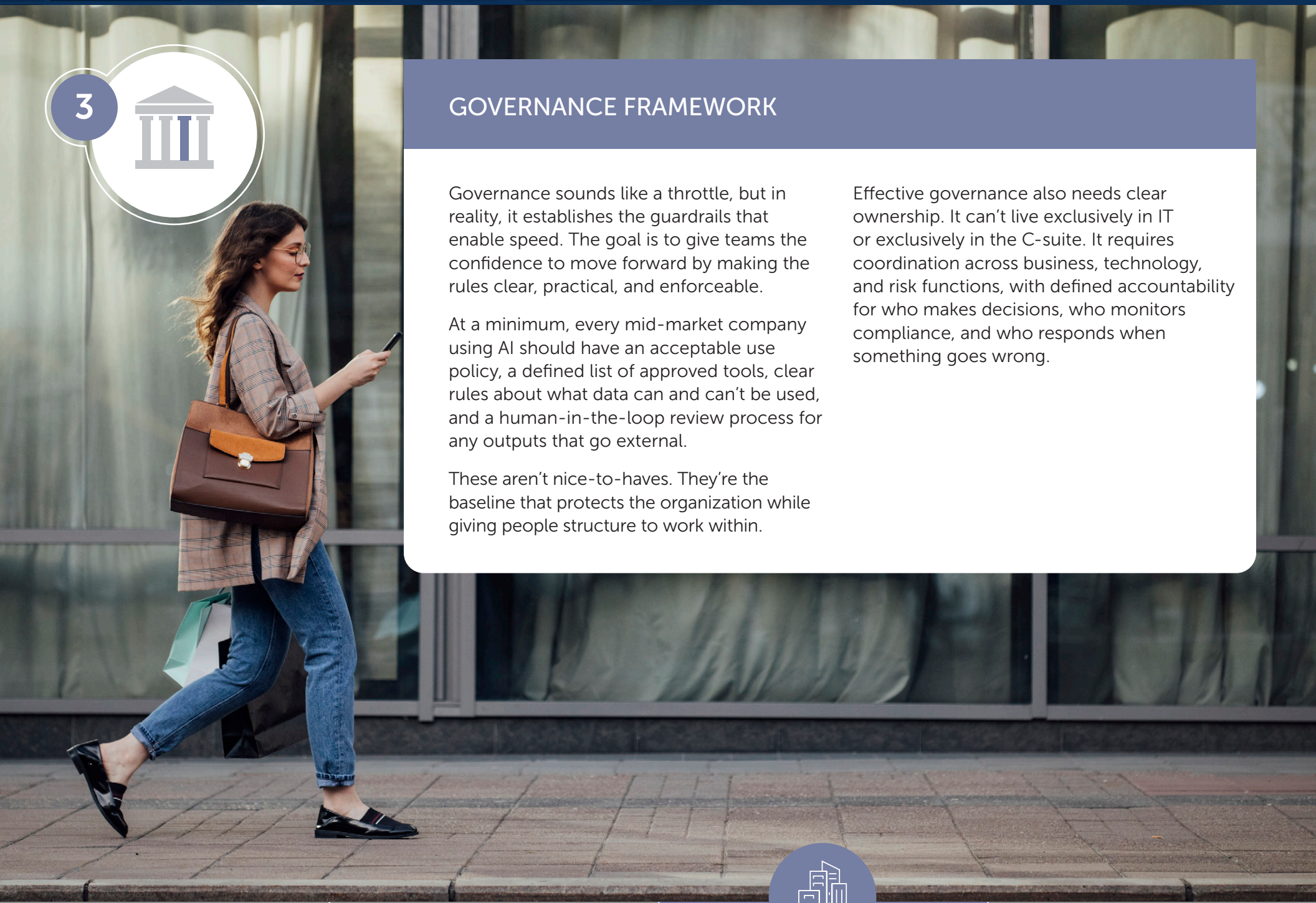
2

DATA AND PLATFORM STRATEGY

AI is only as effective as the data it can access. A strong data strategy isn't optional. It's the foundation that determines whether AI remains a personal productivity tool or becomes an operational capability embedded across the business.

This starts with visibility: knowing what data exists, where it lives, who owns it, and how clean it is. From there, the priority is getting the data that supports your highest-impact use cases centralized, accessible, and governed. You don't need a full enterprise data transformation to start scaling AI. You need targeted progress on the data that matters most right now.

When it comes to AI platform choices, as your ambitions grow, choosing the right technology stack becomes increasingly important. Organizations should prioritize tools that fit their industry, operational realities, and budget, while remaining flexible enough to evolve as AI capabilities expand. Companies that take a strategic approach to building their AI stack, taking into consideration tools, foundations, business needs and budgets, are better positioned to translate experimentation into lasting business value.



3

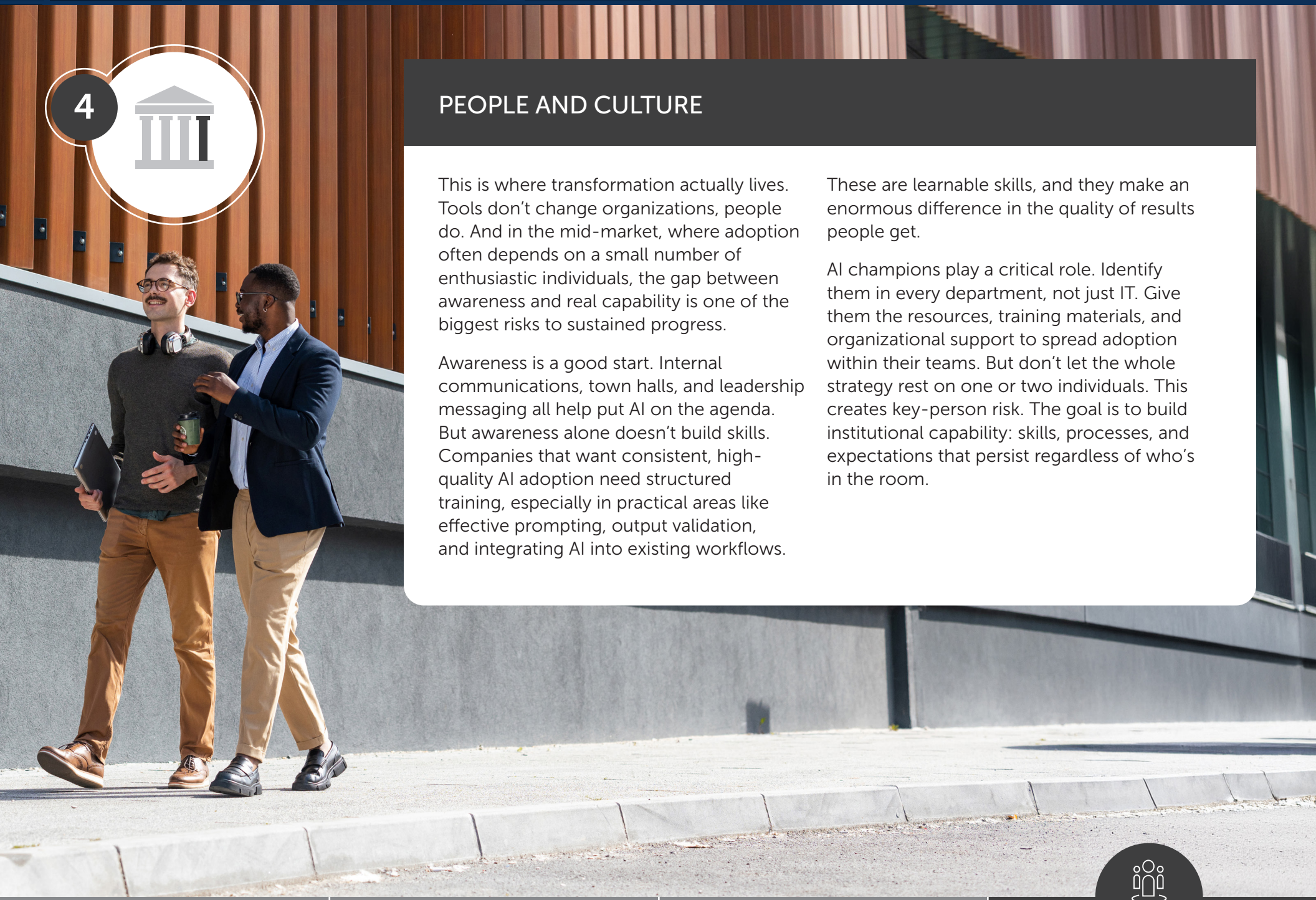
GOVERNANCE FRAMEWORK

Governance sounds like a throttle, but in reality, it establishes the guardrails that enable speed. The goal is to give teams the confidence to move forward by making the rules clear, practical, and enforceable.

At a minimum, every mid-market company using AI should have an acceptable use policy, a defined list of approved tools, clear rules about what data can and can't be used, and a human-in-the-loop review process for any outputs that go external.

These aren't nice-to-haves. They're the baseline that protects the organization while giving people structure to work within.

Effective governance also needs clear ownership. It can't live exclusively in IT or exclusively in the C-suite. It requires coordination across business, technology, and risk functions, with defined accountability for who makes decisions, who monitors compliance, and who responds when something goes wrong.



4

PEOPLE AND CULTURE

This is where transformation actually lives. Tools don't change organizations, people do. And in the mid-market, where adoption often depends on a small number of enthusiastic individuals, the gap between awareness and real capability is one of the biggest risks to sustained progress.

Awareness is a good start. Internal communications, town halls, and leadership messaging all help put AI on the agenda. But awareness alone doesn't build skills. Companies that want consistent, high-quality AI adoption need structured training, especially in practical areas like effective prompting, output validation, and integrating AI into existing workflows.

These are learnable skills, and they make an enormous difference in the quality of results people get.

AI champions play a critical role. Identify them in every department, not just IT. Give them the resources, training materials, and organizational support to spread adoption within their teams. But don't let the whole strategy rest on one or two individuals. This creates key-person risk. The goal is to build institutional capability: skills, processes, and expectations that persist regardless of who's in the room.

The path forward

The mid-market is at an exciting turning point. The companies that will thrive aren't necessarily those with the biggest budgets. They're the ones with the most clarity about where they stand, the discipline to invest in foundations alongside tools, and leaders willing to treat AI as an organizational transformation rather than a technology project.

The technology is ready. The question is whether your team is ready to make the changes needed to the operating model to exploit the opportunity.

Ready to build your roadmap?

Kaufman Rossin's AI Enablement team helps mid-market companies assess their AI readiness, define their strategy, and build the governance, training, and infrastructure needed to scale with confidence.

Whether you're running your first pilots or preparing to scale across the organization, we'll help you build a plan that fits where you are today and where you want to go.

Let's unlock the full potential of AI for your business, together.

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