2024

Business Growth in the Age of AI

Prepared for Microsoft
by AI4SP.org

Microsoft

About this Report

US Businesses with less than 500 employees, or Small and Midsize Businesses –SMBs, represent 99% of all US businesses. They increasingly use AI to streamline operations, boost productivity, and maintain competitiveness.

The insights in this report are from over 1,000 surveys conducted with a balanced sample of US SMBs. Additional insights come from data from over 10,000 organizations that participated in AI4SP.org workshops and focus groups or used the **AI and Digital Maturity Compass Online Assessment** from June to December 2023.

Our research also involved an analysis of more than 10,000 AI tools, applications, and companies innovating in AI.

We aim to provide insights that help SBs, local governments, community organizations, and technology innovators navigate the evolving AI landscape and harness it for responsible growth.

US SMBs

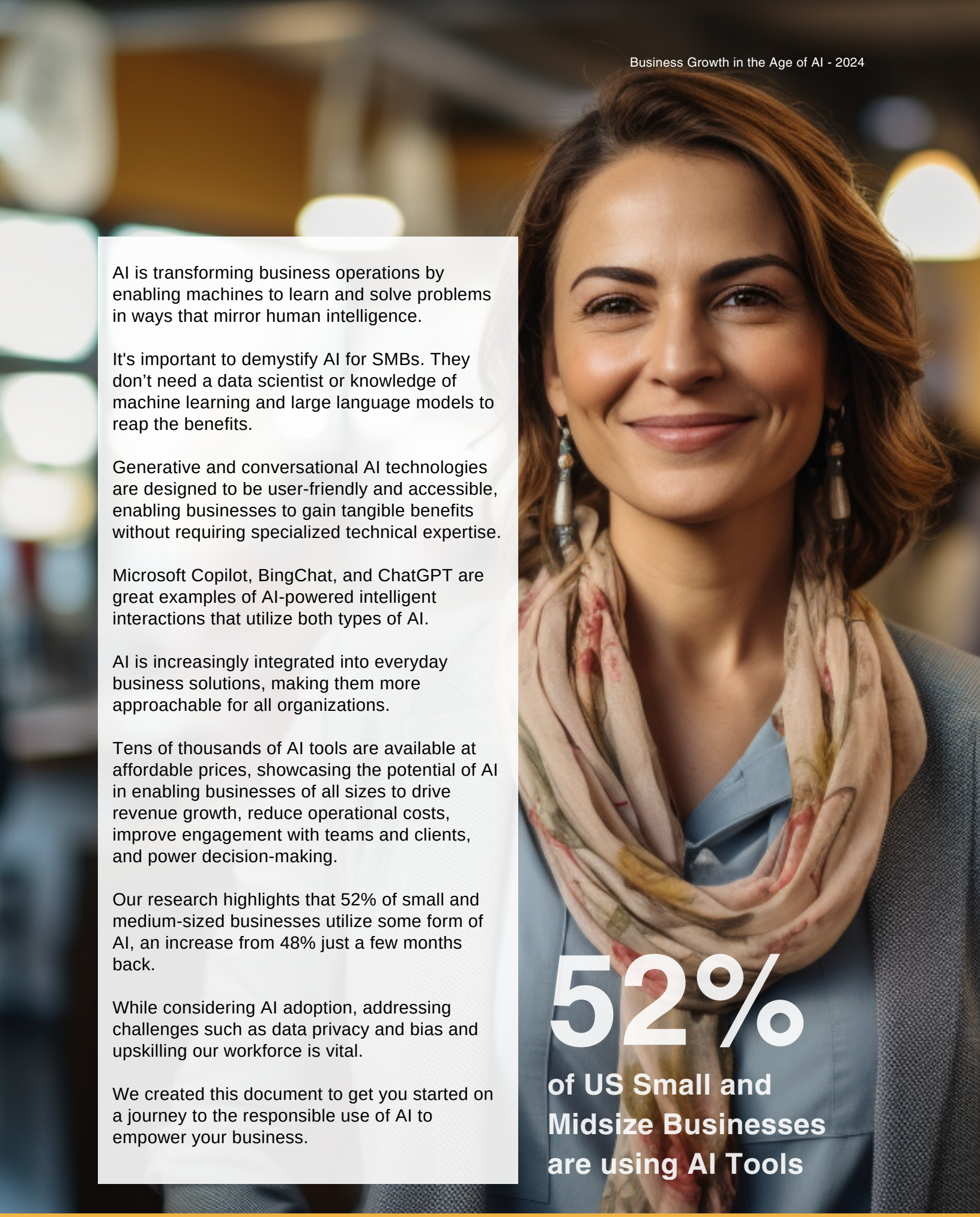
(US Bureau of Labor Statistics 2022)

52%

of the Private Sector Jobs

65M

Employees



AI is transforming business operations by enabling machines to learn and solve problems in ways that mirror human intelligence.

It's important to demystify AI for SMBs. They don’t need a data scientist or knowledge of machine learning and large language models to reap the benefits.

Generative and conversational AI technologies are designed to be user-friendly and accessible, enabling businesses to gain tangible benefits without requiring specialized technical expertise.

Microsoft Copilot, BingChat, and ChatGPT are great examples of AI-powered intelligent interactions that utilize both types of AI.

AI is increasingly integrated into everyday business solutions, making them more approachable for all organizations.

Tens of thousands of AI tools are available at affordable prices, showcasing the potential of AI in enabling businesses of all sizes to drive revenue growth, reduce operational costs, improve engagement with teams and clients, and power decision-making.

Our research highlights that 52% of small and medium-sized businesses utilize some form of AI, an increase from 48% just a few months back.

While considering AI adoption, addressing challenges such as data privacy and bias and upskilling our workforce is vital.

We created this document to get you started on a journey to the responsible use of AI to empower your business.

52%

of US Small and Midsize Businesses are using AI Tools

AI Familiarity

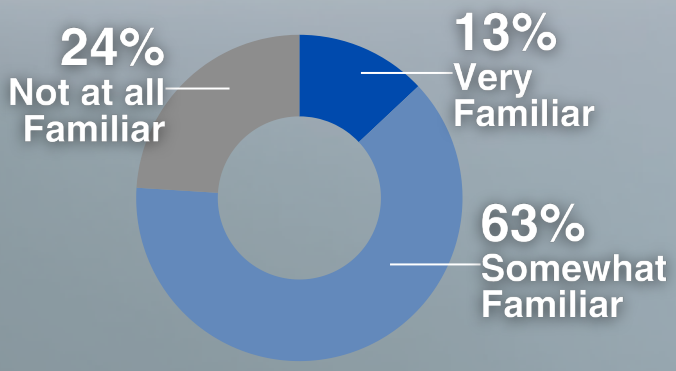
While most small and midsize organizations in the US have some familiarity with AI, a significant portion still needs more profound understanding and awareness.

This scenario presents an opportunity for targeted awareness campaigns and educational initiatives around these topics:

- Examples of how AI augments team capacity, automate routine tasks, and enables individuals to focus on more fulfilling work.
- Address misconceptions about AI's accessibility, ease of use, and cost.
- Best practices to mitigate concerns around data privacy and security.

Learning about these areas can demystify AI, showcase its practical benefits, and emphasize safe data management, empowering individuals to explore and leverage AI for growth and innovation.

76%
are familiar with AI



Get familiar with how AI can help your organization: Start Here

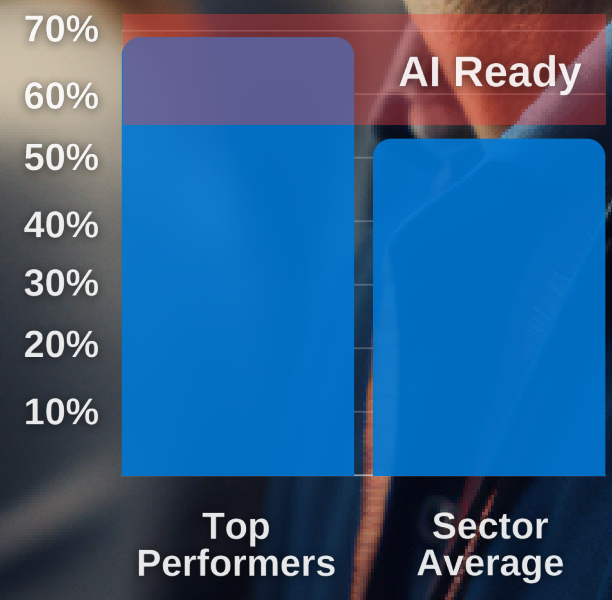
AI Readiness

Effective AI adoption requires a foundational level of technology adoption, known as 'Digital Maturity.'

Research by AI4SP.org across 10,000 organizations highlights a link between business growth and digital maturity. On average, organizations score 53% in digital maturity, but those at the top quartile — with a median of 69% digital maturity — report double the growth of others.

To prepare for AI deployment, organizations should focus on improving areas like automation of routine tasks, data-driven decision-making, team collaboration, security, privacy, compliance, relationship management, and enhancing digital skills.

Our **AI Compass** offers a free online assessment to help organizations navigate this journey toward AI readiness.



Assess your AI readiness and digital maturity vs. peers: Start Here

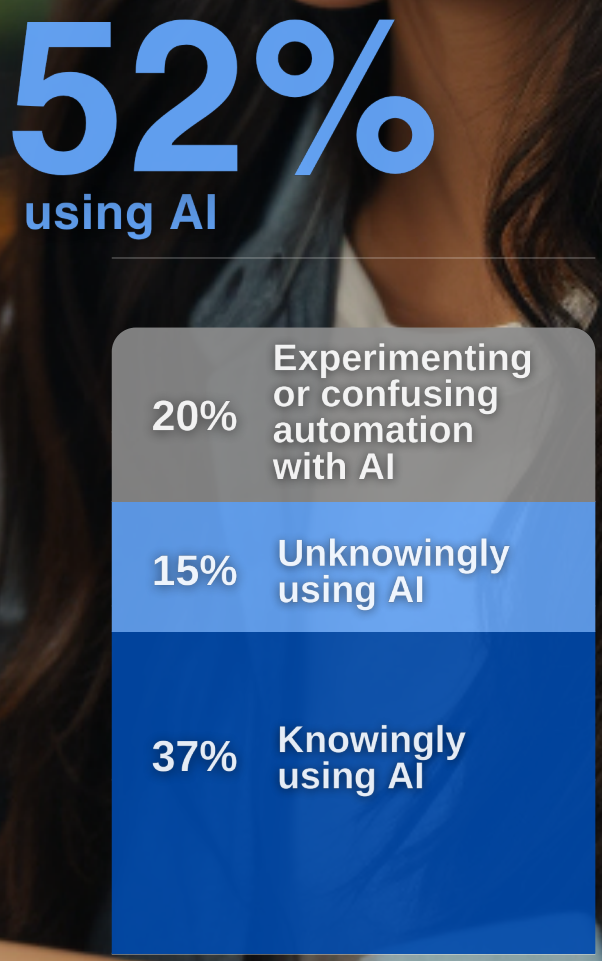
AI Adoption

Although awareness of AI's potential is widespread, accurately measuring its adoption presents challenges.

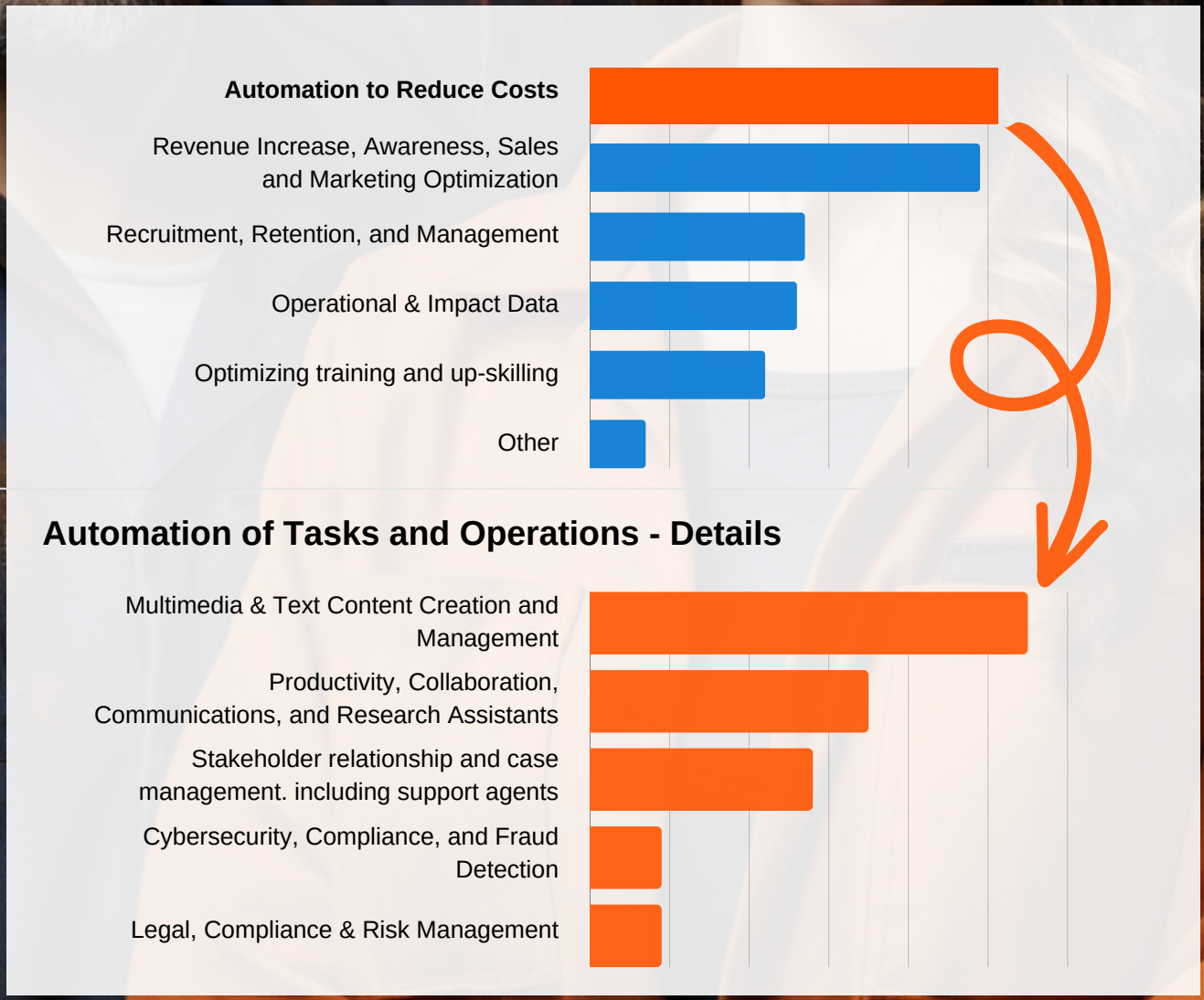
52% of organizations are using AI. When asked, 57% report using AI, but one of every three either mistake basic automation for generative and conversational AI or their usage is confined to experimenting with agents like Chat GPT, Bing Chat, and similar solutions.

Conversely, a third of those who believe they don't use AI are using it unknowingly. This occurs when they engage with software tools embedded with AI-powered features, often marketed using user-friendly terms rather than explicitly as 'AI.'

Adjusting for these factors, 52% are using AI: 37% are knowingly using AI, and 15% are organizations that benefit from AI unknowingly.



Current and Forecasted Use of AI



Get ideas on how AI helps you reduce costs, increase revenues, and more: Start Here

Satisfaction

Adopting new technologies often involves a 'honeymoon' phase with high initial satisfaction due to excitement and novelty.

For SMBs using generative AI tools, the satisfaction rate stands at 74%, surpassing the satisfaction among early adopters of new technologies, which hovers around 50-60%.

This low level of dissatisfaction suggests:

- AI tools either meet or exceed user expectations.
- Users have realistic expectations, leading to fewer disappointments.
- The user experience and support provided by these AI tools effectively minimize frustrations.
- With the median price of AI tools at $29 per month, users perceive the value delivered as exceeding the cost

74%

satisfied with AI results

Generative and conversational AI augments your team’s capacity: Start Here

Who brought AI?

Everyday Use Software Tools are augmented by AI

Regarding AI adoption, 15% of organizations actively using AI report that their adoption of AI is through AI features in their everyday software tools.

Productivity suites, accounting software, web design platforms, search engines, communication and collaboration tools, CRM systems, and multimedia design tools increasingly incorporate generative and conversational AI features.

Employee Adoption Driven

AI adoption is employee-driven, accounting for 60% of cases, a trend called 'Shadow AI' or 'Bring Your Own AI.'

This trend underscores the need for organizations to educate their teams on the proper use of confidential and private data when employing AI solutions.

AI adoption driven by team members

AI update in existing software

Generative and conversational AI can empower your team members: Start Here

Concerns

Six of every ten organizations are concerned or very concerned about the risks and ethical implications of using AI in their organizations. This area is among the top 3 factors when deciding on an AI Solution.

However, per our Global Analysis of AI tools, less than 1% of +5,000 value propositions from AI tools suitable for SMBs incorporate privacy, security, and compliance as core elements of their primary value proposition.

These two factors, combined with the Shadow AI phenomenon, the sensitive nature of the data managed by most SMBs, and how affordable and easy to use most AI tools are, create a perfect storm for compliance, security, and privacy issues. It is a crucial area where thought leadership is needed, and regulations and guidelines are in their infancy.

Embrace AI with responsibility, protecting privacy: Start Here

Economic Impact

Organizations using AI at the advanced level and technology startups creating generative and conversational AI solutions to address the needs of small and midsize organizations are starting to report a remarkable economic disruption.

Early trends point to a 10x return, where every dollar invested yields $10 in cost savings or incremental revenue.

This early phase in AI democratization, propelled by generative and conversational model advancements, is reminiscent of historical patterns where technological innovations coupled with 10x or greater economic disruptions lead to profound societal changes.

10x

Economic disruption

Workforce impact

Small and midsize organizations using AI report that 10% to 20% of tasks are successfully automated, leading to significant savings.

This increase in productivity often results in individuals being reassigned to more productive activities. In some cases, it leads to net job losses.

These are seven dimensions of digital skills crucial for workforce development in the AI era.

- Digital Communication, Collaboration, and Participation.
- Digital Content Creation and Management.
- Digital Learning and Development.
- Digital Wellbeing and Identity.
- Information and Data Literacy.
- Problem Solving and Innovation.
- Security, Privacy, and Compliance.

20% of tasks displaced

1

AI Readiness Assessment: Use our **AI Compass** for a no-cost online assessment. Benchmark against industry peers and receive a personalized report with ideas for using AI to reduce costs, boost revenues, enhance team engagement, and empower decision-making.

2

Personalized AI Consultation: After you review your report, please fill out a brief form to get a complimentary AI consultation with Microsoft experts.

3

AI Adoption Guide: Download our free guide, **7 Steps to AI Adoption**. This resource provides a structured approach to integrating AI into your business operations.

by AI4SP.org

At AI4SP, we see beyond the AI buzz. While the world gets caught up in the hype, we focus on harnessing AI's transformative power in tangible, practical, and capital-efficient ways for daily operations. We demystify Generative AI for organizations, ensuring they can tap into AI's vast potential.

Across 25 countries, over 20,000 individuals and organizations have tapped into AI4SP expertise—via tools, workshops, or consultancy. From Fortune 500 firms to small organizations embracing AI to growth their operations with our guidance and tools.

Luis J. Salazar | CEO | AI4SP.org

linkedin.com/in/luissalazar/

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