

The Impact of AI on SMBs:

**2025**

# Trends, Challenges, and Opportunities





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# The Impact of AI on SMBs: 2025 Trends, Challenges, and Opportunities

Artificial intelligence (AI) is becoming an essential capability for small and medium businesses (SMBs) as they navigate an increasingly competitive, complex, and fast-paced environment. From improving productivity and planning to enhancing customer experiences and gaining operational efficiencies, AI is reshaping how SMBs work, compete, and grow.

To better understand how SMBs are approaching AI, SMB Group conducted the ***Impact of AI on SMBs Survey Study*** in June 2025. This eBook summarizes the key findings from that research, which included responses from SMB decision-makers and influencers across a range of industries and company sizes (3 to 2,500 employees). The study explores current and planned AI adoption, perceived benefits and risks, skill gaps, trust levels, and what steps SMBs are taking to build AI capabilities.

The eBook highlights the opportunities and the roadblocks ahead. For SMBs, this report offers insights to build on. For vendors and partners, it provides valuable insights into where SMBs are struggling, what support they need, and how to meet them where they are.

In this eBook, ***The Impact of AI on SMBs: 2025 Trends, Challenges, and Opportunities***, we explore SMB sentiments, attitudes, and readiness for using AI in their businesses. For the sake of brevity, we refer to the entire sample as “SMBs” throughout this eBook

Our companion eBook, ***How SMBs Are Adopting AI—and What Comes Next***, explores AI adoption and impact across business functions, current and planned use cases, and workforce impacts.





## Top Takeaways

- ➔ **AI adoption is accelerating—but not universal.** Most SMBs are already using or planning to use AI, but 18% still have no plans. The smallest firms are most likely to be on the sidelines, risking competitive disadvantage.
  - ➔ **AI investments align with revenue optimism.** Two-thirds of SMBs using or planning to use AI expect revenue growth in 2025 and plan to increase tech spending—highlighting AI’s growing strategic role in SMB success.
  - ➔ **Start simple to get started.** SMBs new to AI can begin with low-risk, embedded features in existing apps—like meeting summaries, content suggestions, or chatbots—before expanding into more complex use cases.
  - ➔ **Skill and knowledge gaps remain a top barrier.** Many SMBs don’t fully understand how AI applies to their business, especially in firms with under 100 employees. Upskilling, experimentation, and vendor support can help bridge this gap.
  - ➔ **AI is delivering value in key business areas.** SMBs say AI is most helpful for improving productivity, collaboration, and customer satisfaction—and can also support planning, forecasting, and competitive advantage.
  - ➔ **Trust in AI is moderate—and varies widely.** Just over half of SMBs say they have “moderate” trust in AI outputs, while only 23% have high trust. Trust rises with company size and is strongest in tech-forward industries like IT.
  - ➔ **Data privacy, misinformation, and lack of skills are the top AI concerns.** Addressing these issues with clear guidelines, human oversight, and explainable AI will be key to unlocking broader adoption and value.
- ➔ **AI maturity tracks closely with company size.** Larger SMBs are more likely to have formal strategies, dedicated experts, and significant AI proficiency, while smaller firms are more likely to be in the experimentation phase.
  - ➔ **Review processes are on the rise.** While only 25% of SMBs have a formal process to review AI-generated content, another 55% are actively developing one—indicating a growing awareness of AI risks and governance needs.
  - ➔ **Agentic AI is not well understood—but it’s the future.** Only 30% of SMBs are very familiar with agentic AI, which enables AI to reason and act. SMBs should begin learning now to prepare for this next wave of automation.



# SMB AI Adoption Is Well Underway

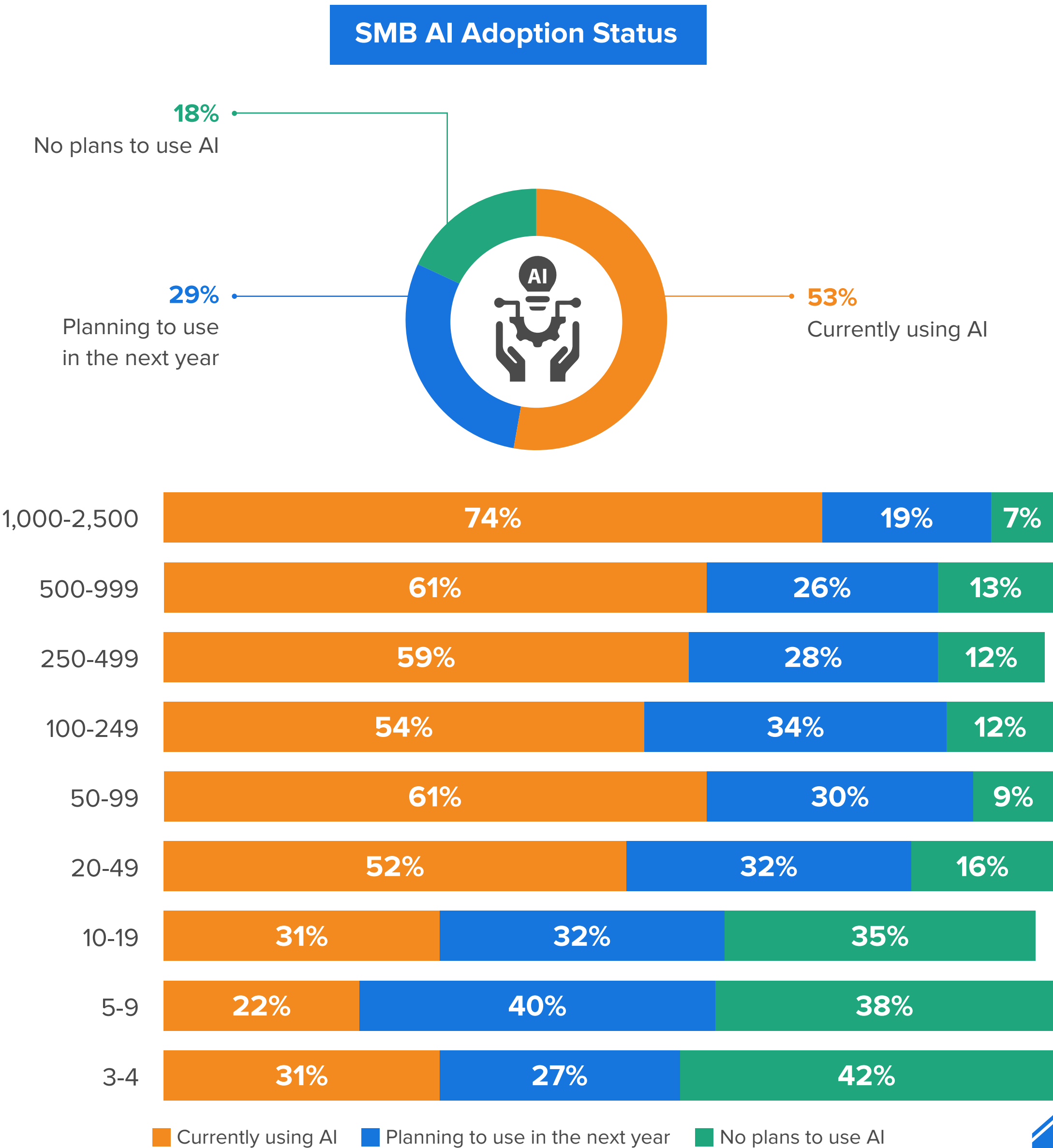
**Adoption of AI by SMBs is growing, with a large majority either already using AI or planning to do so.** However, 18% of respondents indicated they have no current plans to use AI. The smallest companies—those with fewer than 20 employees—are significantly more reluctant to use AI than their larger counterparts.

**Companies not yet exploring AI risk falling behind,** especially as competitors leverage AI for productivity, planning, and customer engagement.

That said, **AI adoption doesn't need to be all or nothing.** SMBs new to AI can start small by designating one or two employees to explore tools, test use cases, document what works and what doesn't work, and share findings in team meetings.

**Begin with one or two simple use cases** where AI can save time or improve outputs—examples could be using AI-enabled tools to draft emails, FAQs, or chatbot responses, create blogs or ad copy, or summarize meetings.

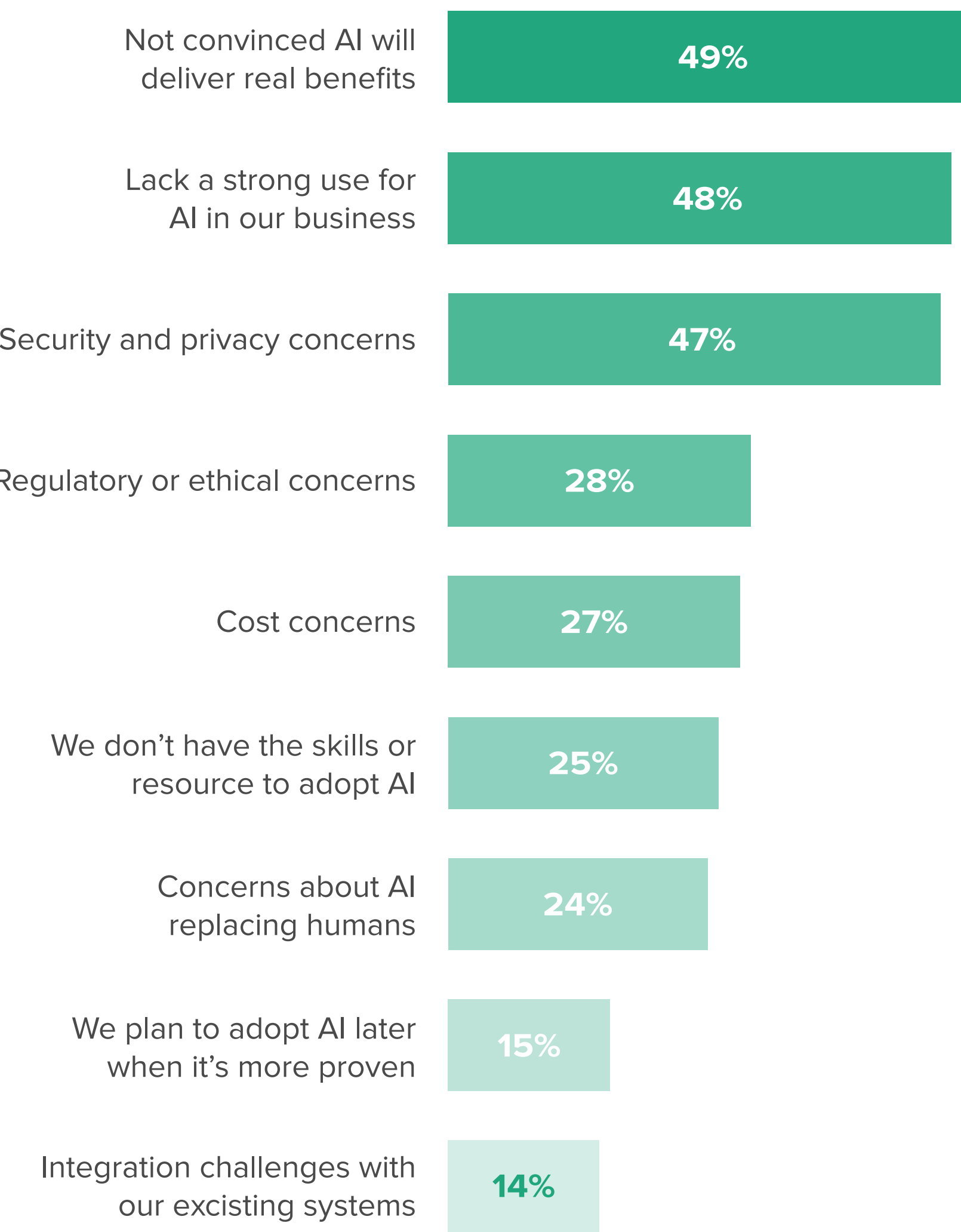
Technology vendors can also do more to engage SMBs sitting on the sidelines with more targeted educational content, pilot programs, and bundled AI tools. **By lowering the barrier to entry and showcasing tangible outcomes, vendors can help reduce adoption friction.**





# AI Adoption Barriers Point to Knowledge and Skills Gaps

## Top 3 Reasons for Not Using AI\*



Among the SMBs that are not currently using or planning to use AI, the **top barriers include:**



Lack of relevance to their business



Limited internal skills



Security and privacy concerns

Concerns are most prevalent among smaller firms, which are less likely to have dedicated IT resources or expertise with technology.

**These barriers point to a critical knowledge and skills gap.** Many SMBs recognize AI as an emerging trend but aren't yet clear on how to apply it to their specific business problems.

Businesses that have yet to explore AI, but want to, should focus first on practical use cases that provide cost savings, time efficiency, or customer retention benefits. Start with solutions that are simple to deploy and easy to use. For example:



**Current business software that incorporates AI.** Low-cost or integrated AI features in existing business software that your company already uses (for example, meeting summaries and schedulers in collaboration apps, or chatbots and content creation in marketing apps) can often provide easy, low-risk on-ramps to AI.



**Fee tiers of AI tools.** These include ChatGPT 3.5, which is helpful for writing, summarizing, and brainstorming; Gemini, which integrates with Google applications and search; and Microsoft Copilot, which is integrated with Microsoft 365 tools. These tools require no setup, no IT, and little to no training.

SMBs can **lessen the fear factor by keeping sensitive data out of public AI tools.** Especially in the early stages, they should use AI to create drafts or make suggestions, and have employees review AI outputs before using them.

These steps can help SMBs build confidence, familiarity, and internal buy-in without making a major investment.

# AI Proficiency and Steps SMBs Are Taking to Fill the Gaps

**AI proficiency among companies varies significantly by size.** Overall, 38% of respondents report moderate proficiency, meaning AI is used in some business areas. Another 30% are in the experimentation stage, and 25% report significant AI proficiency with dedicated experts and strong in-house capabilities. Only 5% report no AI proficiency, and 2% are unsure.



**Larger companies (500+ employees) are most likely to report significant AI proficiency:**

37% of those with 500–999 employees and 35% of those with 1,000–2,500 are in this segment.



**Mid-sized firms (100–499 employees) tend to show moderate proficiency,**

especially those with 250–499 employees (46%). About 28–32% show significant proficiency.



**Smaller businesses (3–99 employees) are least proficient.**

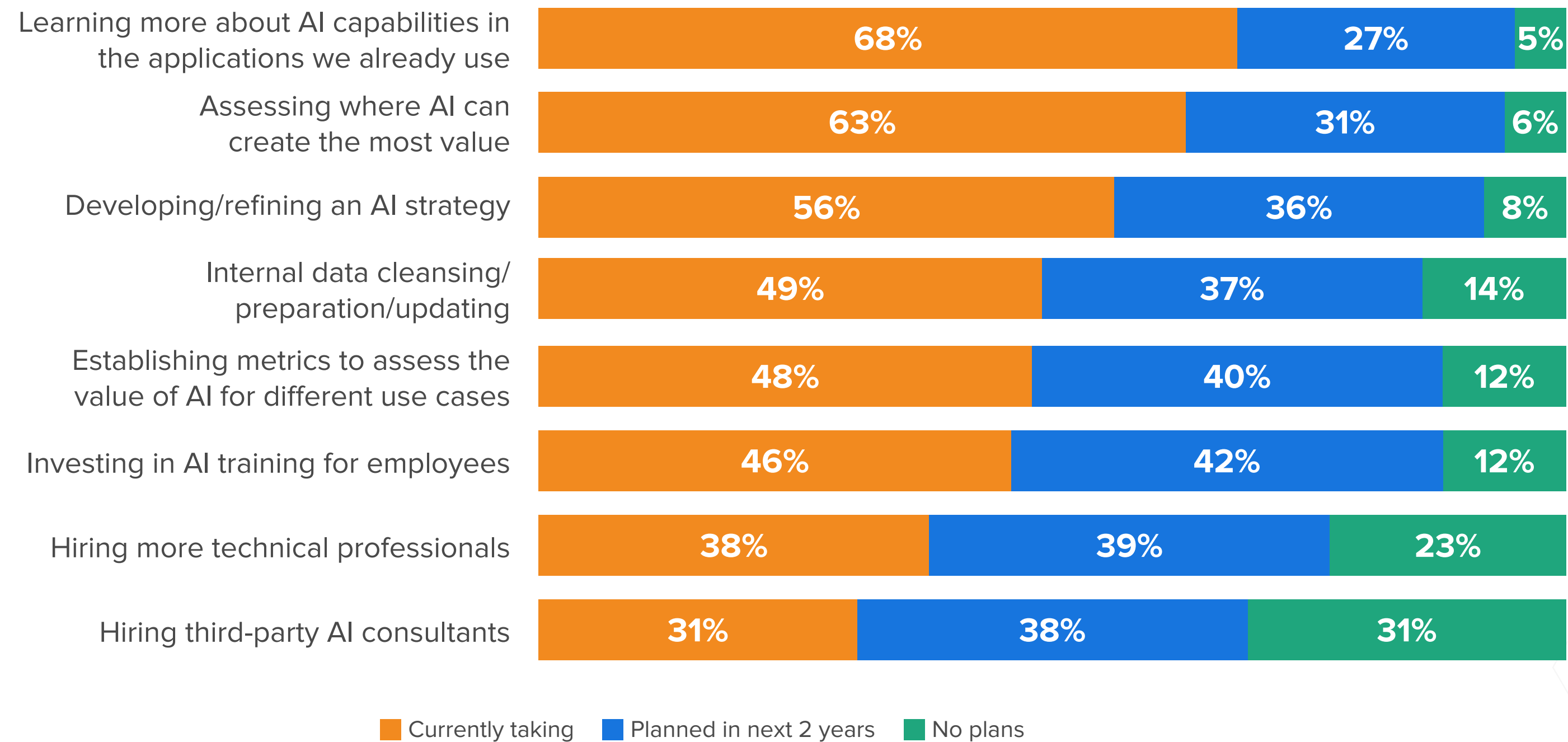
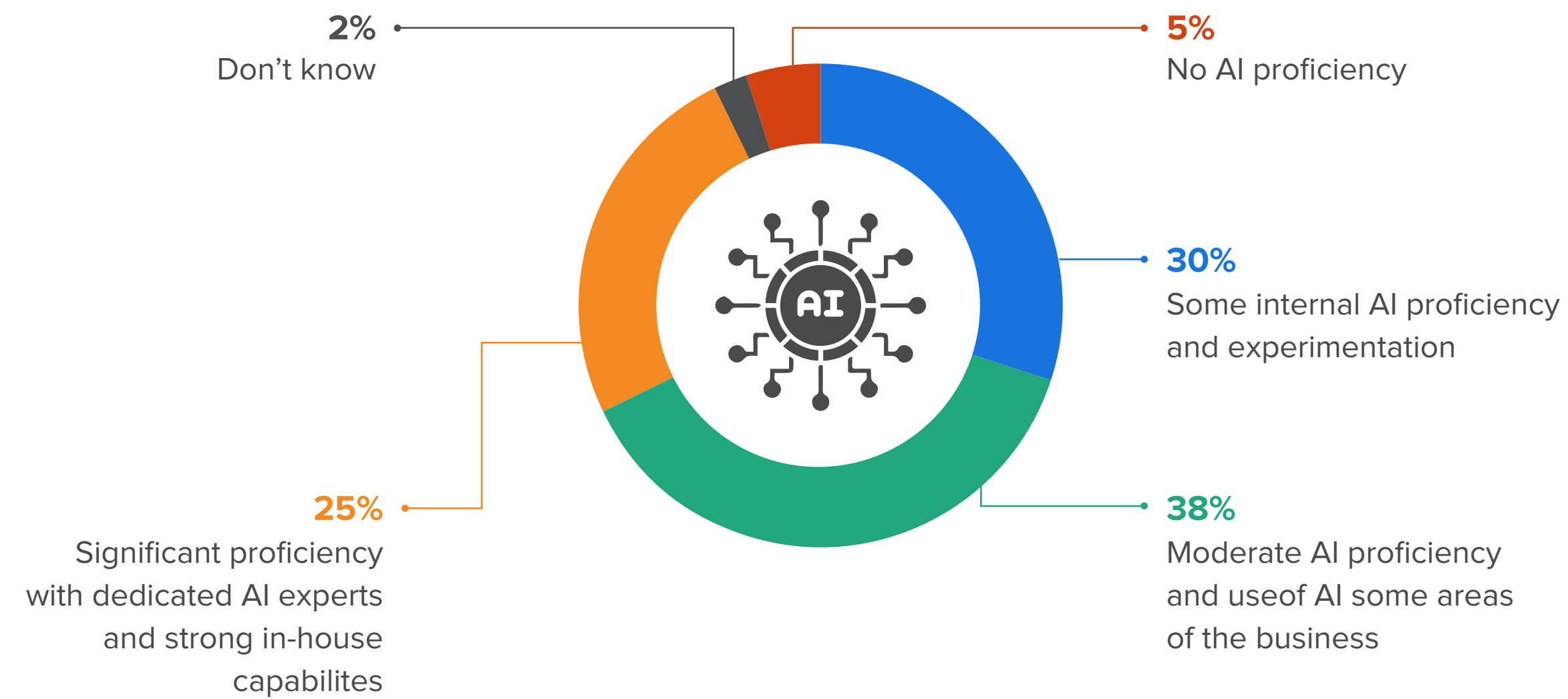
Only 8% of firms with 3–19 employees have significant AI proficiency; 39% of these smallest firms report only internal experimentation, and 13% report no AI proficiency at all. Slightly larger SMBs (50–99 employees) perform better, but still lag larger firms.

**The most common current actions SMBs are taking include** learning more about AI features in existing applications (68%); identifying where AI can deliver the most value (63%); and developing or refining an AI strategy (56%). Other significant current efforts include internal data cleansing, establishing metrics for AI value, and AI training for employees.

**Most SMBs are not yet hiring more technical professionals or consultants to assist with AI initiatives, but 40% and 39% plan to increase hiring in these respective areas to help close the skills gap.**

**Vendors can help SMBs** by making embedded AI more visible and accessible so SMBs can readily try new capabilities; providing self-assessment tools, onboarding frameworks, and advisory services to help SMBs plan AI strategies; offering training to help build AI literacy; and providing measurement tools to establish clear metrics for AI success.







# Respondent Familiarity with General AI Is Much Higher than Familiarity with Agentic AI



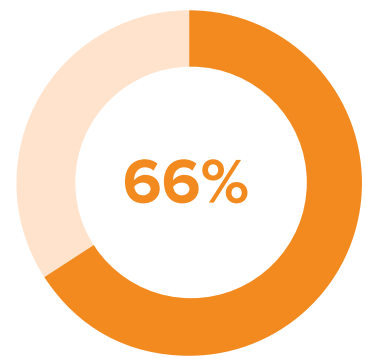
**Most respondents feel fairly confident in their understanding of general AI.** 90% report they are either very or somewhat familiar with it.

However, **familiarity with agentic AI—a newer form of AI involving autonomous reasoning and action—is significantly lower.** Just 30% report being very familiar, and nearly a quarter say they’re not familiar at all. Smaller firms and industries like education, professional services, and hospitality lag the most in agentic AI familiarity.

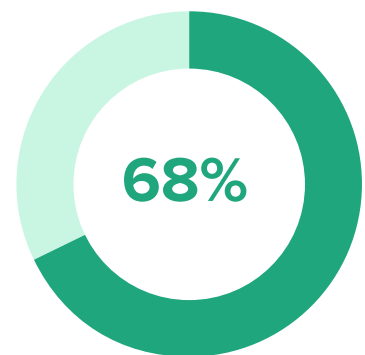
**Understanding agentic AI is important because it represents the future of automation.** SMBs should seek out resources that explain agentic AI in simple, business-relevant terms. Foundational learning, such as understanding how agentic agents can manage workflows or assist in decision-making, can prepare SMBs to take advantage of next-gen capabilities.

**Vendors can help bridge this gap by demystifying terminology and illustrating how these tools can improve productivity, customer interactions, and other business outcomes.**

# Two-Thirds of SMBs Using/Planning to Use AI Expect Revenues to Rise and Tech Spending to Increase (2025 vs. 2024)



Of SMBs using/planning to use AI expect revenues to increase (2025 vs. 2024)



Of SMBs using/planning to use AI expect to spend more on technology (2025 vs. 2024)

Despite economic uncertainties, **most SMBs that are using or planning to use AI expect their revenues to grow in 2025 compared to 2024 and also plan to increase technology spending.** Optimism is stronger among larger SMBs, and industries like IT services, manufacturing, and financial services are the most likely to boost tech investments. In contrast, sectors like hospitality, education, and healthcare tend to have more conservative outlooks and spending plans.

**This positive outlook presents a prime opportunity for these SMBs to evaluate how strategic tech investments—especially in AI—can support growth goals.** SMBs should focus on solutions that emphasize ROI, fast time-to-value, and scalability as they weigh the next round of tech investments.

AI offers solutions that can help all SMBs improve efficiency, customer experience, and agility. Whether through automating workflows, generating insights from data, or improving customer interactions, SMBs can use AI to do more with less.

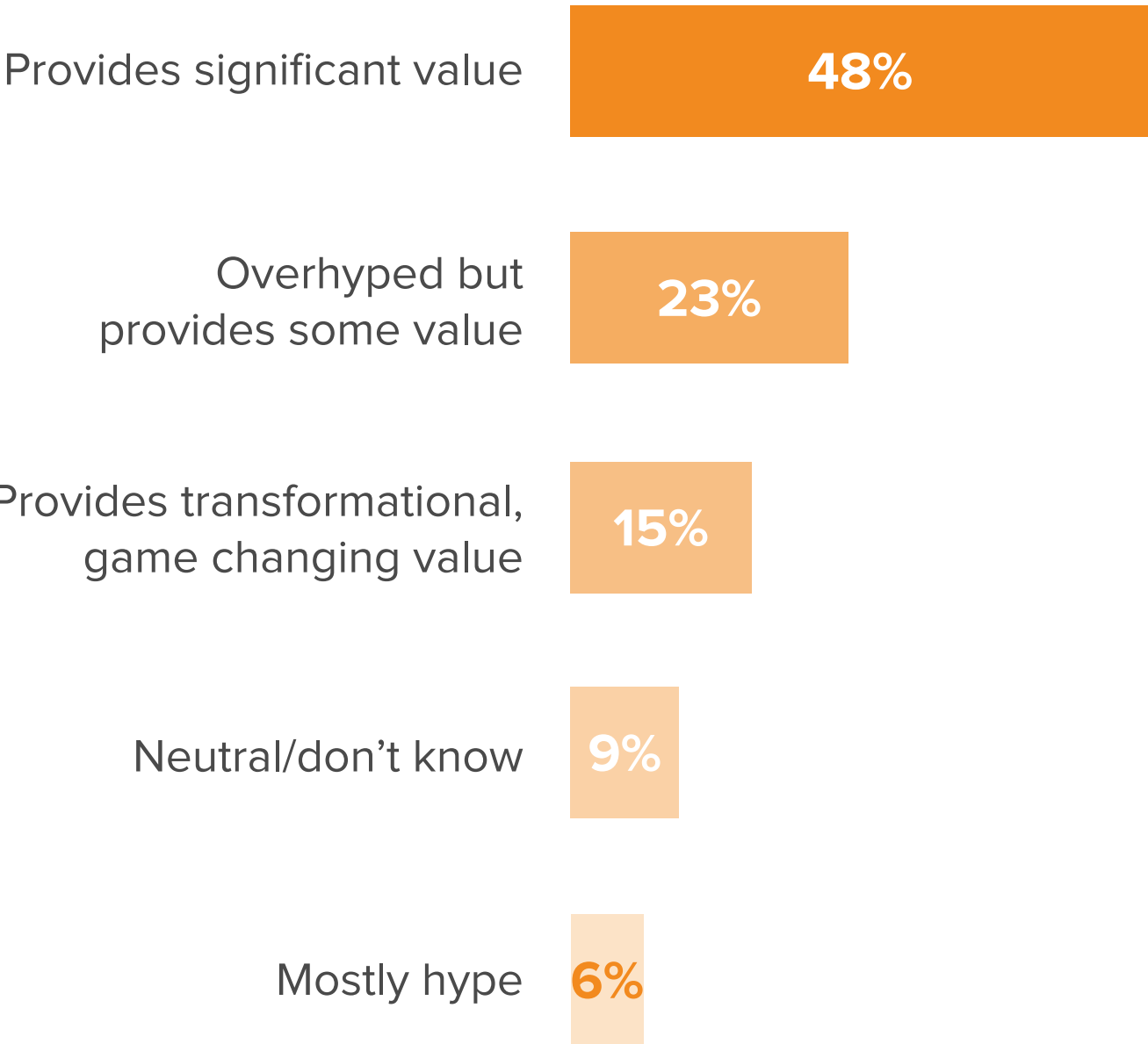
Larger SMBs with more technology expertise and resources can deepen AI maturity by exploring advanced use cases like predictive analytics and intelligent agents.





# SMBs Are Most Likely to Rate AI as Having the Potential to Provide Significant Business Value

## Potential for AI to Provide Business Value



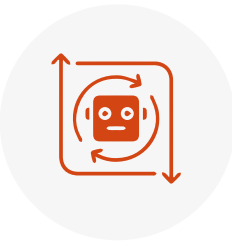
Most SMBs see meaningful value in AI, but belief in its transformational potential varies widely by company size and industry:



48% believe AI provides significant value, 23% say it's overhyped but provides some value, and 15% see it as transformational and game-changing. Only 6% think AI is mostly hype.



**Smaller SMBs are more skeptical:** Only 6% of those with 3–19 employees view AI as transformational, but 41% say it provides significant value, lower than the 50%+ seen in most larger SMBs.



**Larger SMBs (500+ employees) are most likely to see AI as transformational** (up to 24% for 1,000-2,500).



IT and financial services lead in seeing AI as game-changing, whereas education and retail show the most skepticism.

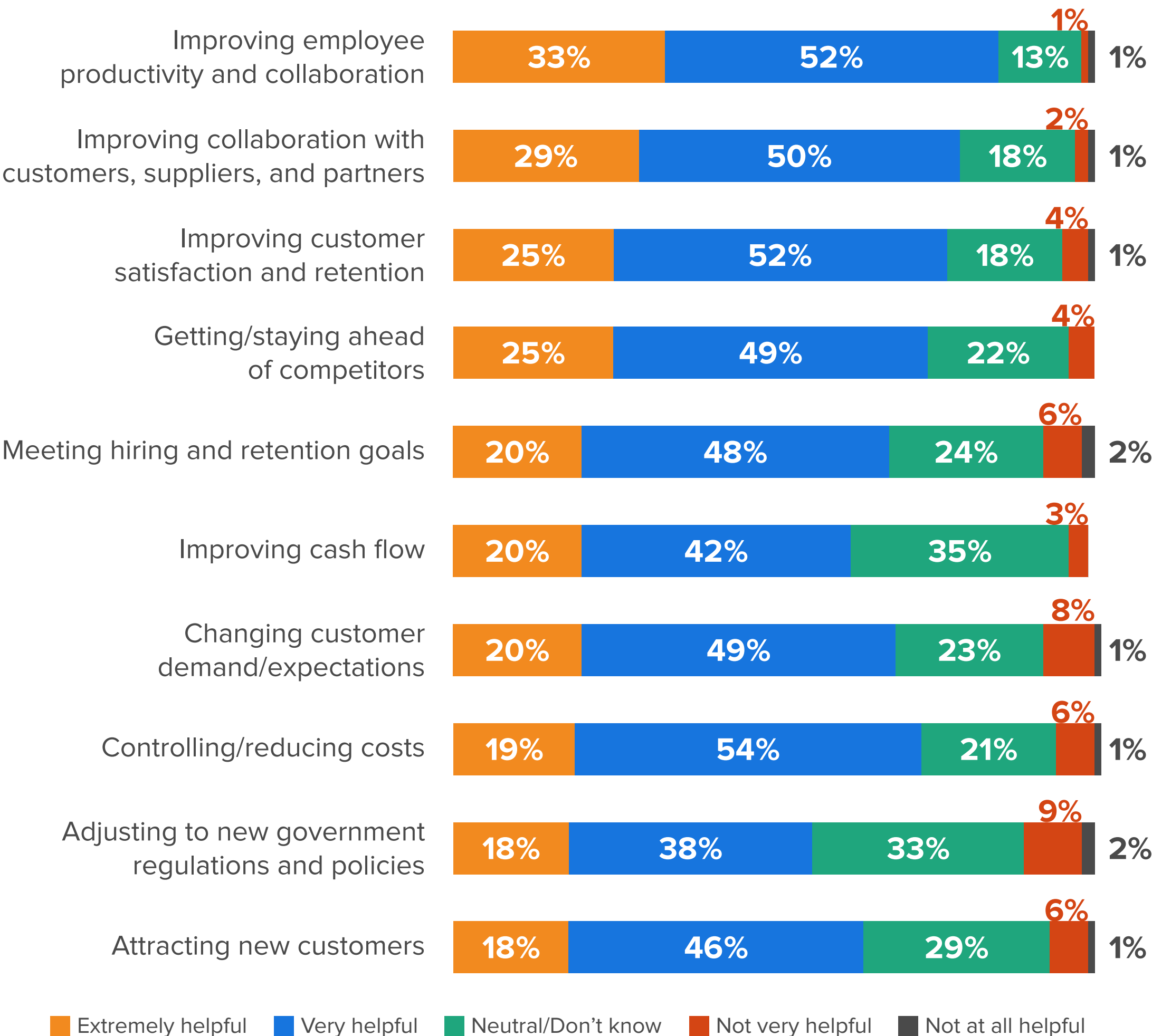
**Although smaller SMBs are more skeptical, AI can be especially helpful for them.** AI can help even very small companies to automate repetitive tasks, enhance customer service, or improve marketing, without requiring large teams or budgets.

Businesses in sectors like retail and education may need more targeted use cases or peer success stories to build confidence, while those in IT or financial services can push further into AI experimentation.

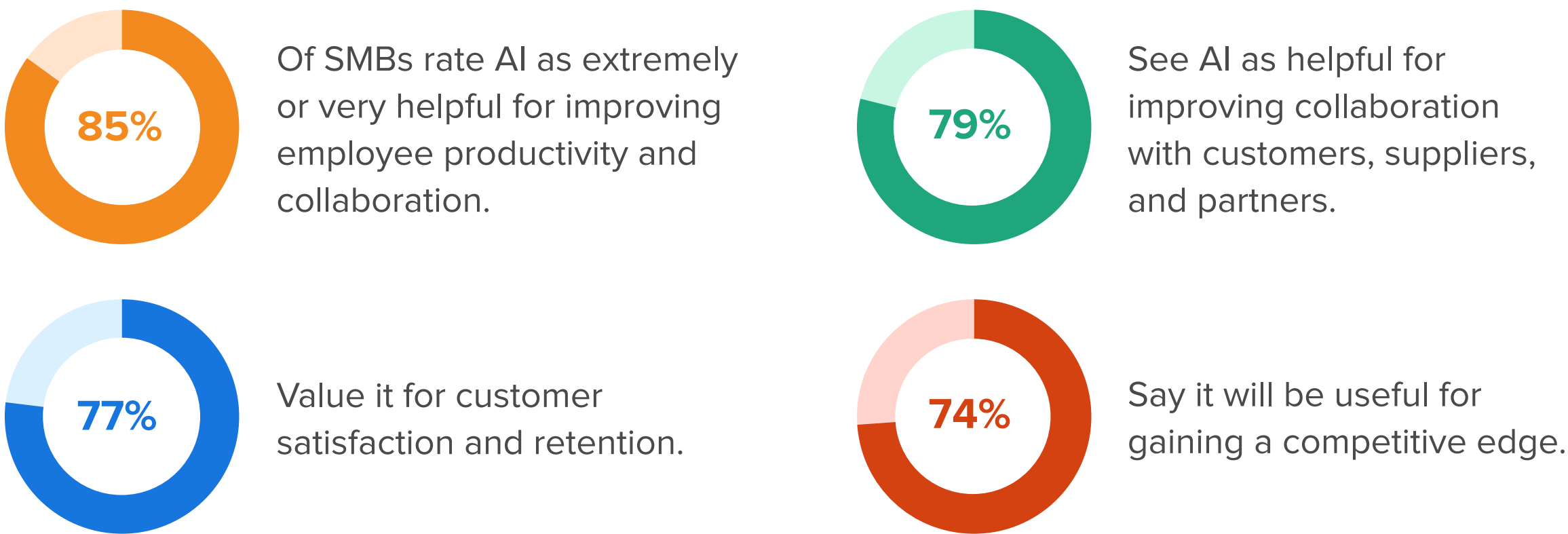
**SMBs should adopt a test-and-learn approach to AI now to stay competitive and uncover real-world benefits.**

# A Majority of SMBs Rate AI as Extremely or Very Helpful in Addressing Operational Challenges

## How Helpful Could AI Be to Address Operational Challenges?



## SMBs rate AI as being most helpful in addressing the following challenges:



However, a majority of SMBs rate AI as extremely or very helpful across the spectrum. This holds true even for those ranking lowest on this list: 62% say it's extremely or very helpful in improving cash flow, and 56% rate it as extremely or very helpful in assisting them with adjusting to new government regulations.

Larger SMBs consistently rate AI's effectiveness higher than smaller firms across nearly all categories. Smaller SMBs can look to larger peers for proven AI use cases and best practices to adopt at their own scale.

While it can help improve operations across the business, for the best results, AI must be paired with a strong strategy and human insight.



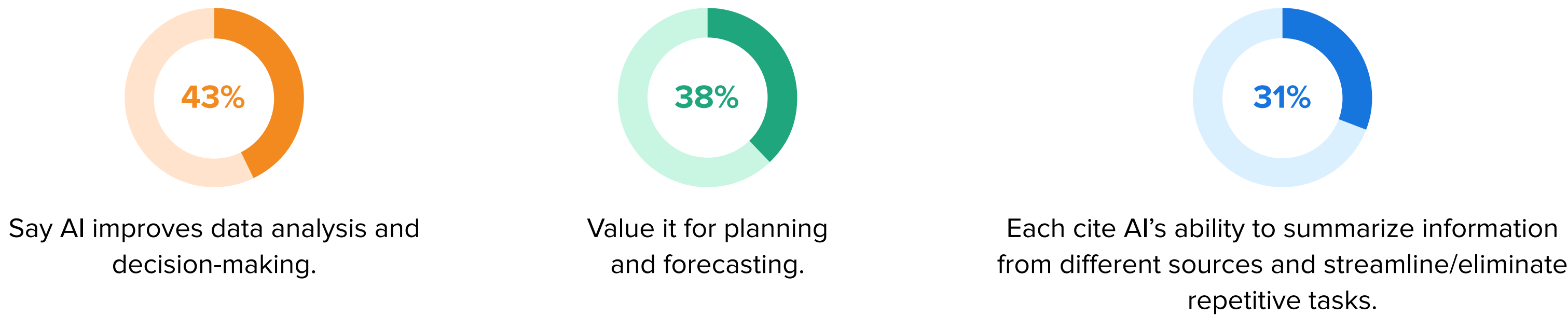
# SMBs See Data-Driven Insights, Planning, and Efficiency as the Top Benefits of AI

## Top 3 Benefits AI Can Provide to Your Business\*



\*Respondents could select up to 3 responses.

## SMBs view data-driven insights and efficiency as the top benefits of AI:



Other top benefits include better access to information, freeing up employees for higher-level work, and helping to spot problems/anomalies. **Only 2% of SMBs say AI provides no benefits.**

**Larger SMBs (250+ employees) are most likely to rate data analysis, planning, and automation at the top, while smaller SMBs are more likely to highlight more tactical use cases.**

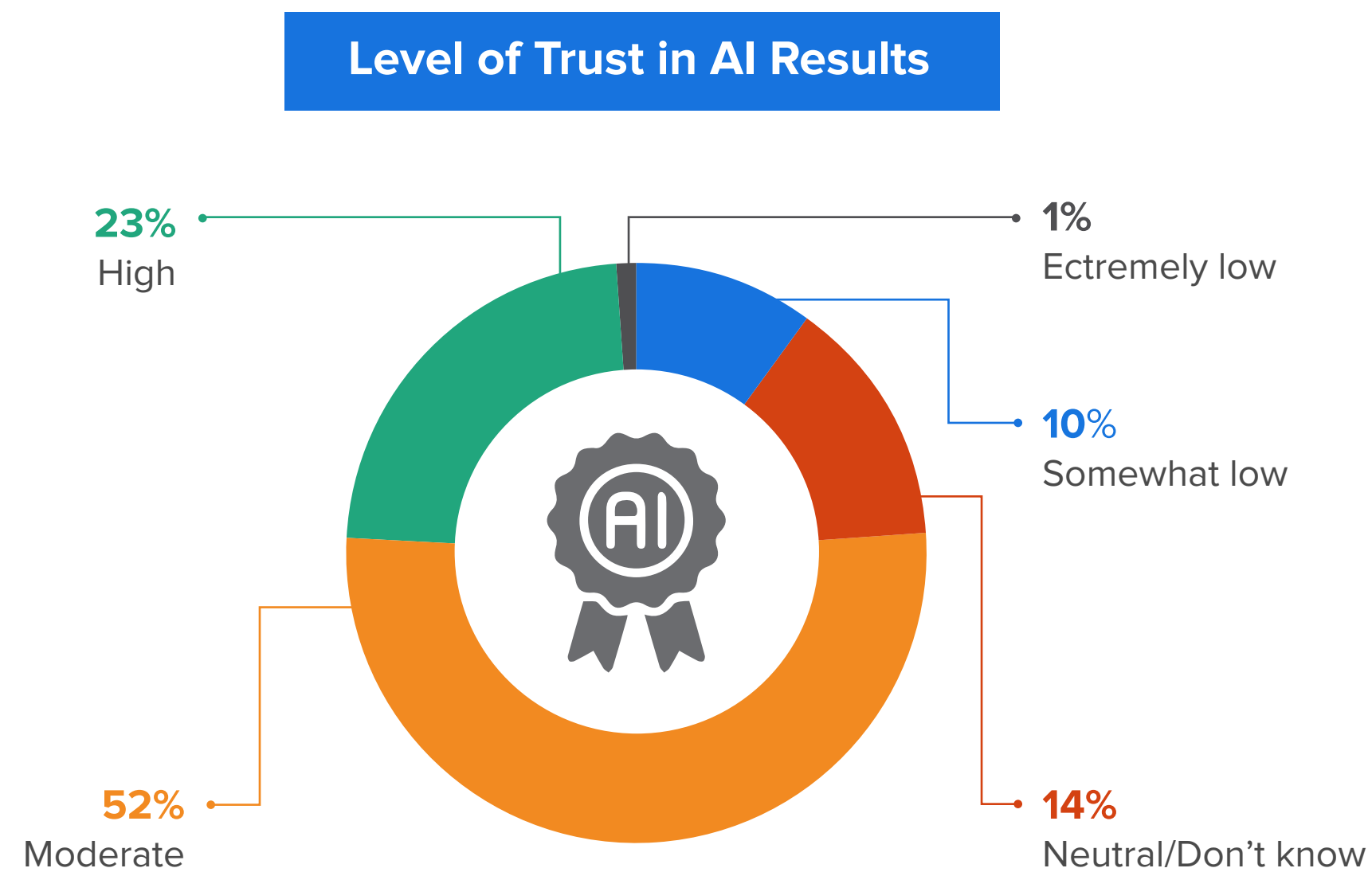
**For many SMBs, it makes sense to start small and grow AI capabilities over time as confidence grows.** Low-barrier applications that deliver quick wins are a great starting point, especially for smaller companies. These tools improve efficiency, whether by summarizing reports, assisting with research, or answering questions

**Building on this foundation, SMBs can incorporate more advanced and strategic AI applications** that help inform better decisions, forecast demand, and identify risks.

**SMBs can also begin laying the groundwork for agentic AI applications**—that can autonomously plan, prioritize, and act—by defining workflow and identifying bottlenecks.

**Vendors can assist in this journey by providing tiered, tailored AI capabilities for SMBs along the adoption spectrum**, such as tools that focus on streamlining work for businesses new to AI, and advanced analytics and workflow automation for more experienced customers.

# SMBs Are Most Likely to Express Moderate Trust in AI Results

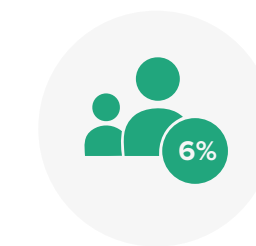


**Most SMBs (52%) express moderate trust in AI to deliver accurate business information.** Another 23% report high trust, while the rest are either neutral (14%), somewhat low (10%), or extremely low (1%).

## Trust increases with company size:

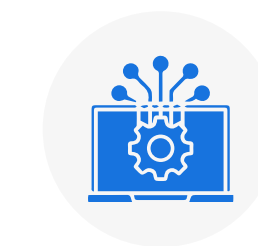


40% of SMBs with 500–999 employees have high trust in AI.



That number drops to just 6% among SMBs with 3–19 employees.

## Trust also varies by industry:



IT/technology firms are most likely to trust AI, with 36% indicating high trust.



Education and healthcare report the lowest levels of high trust (15% and 18% respectively).

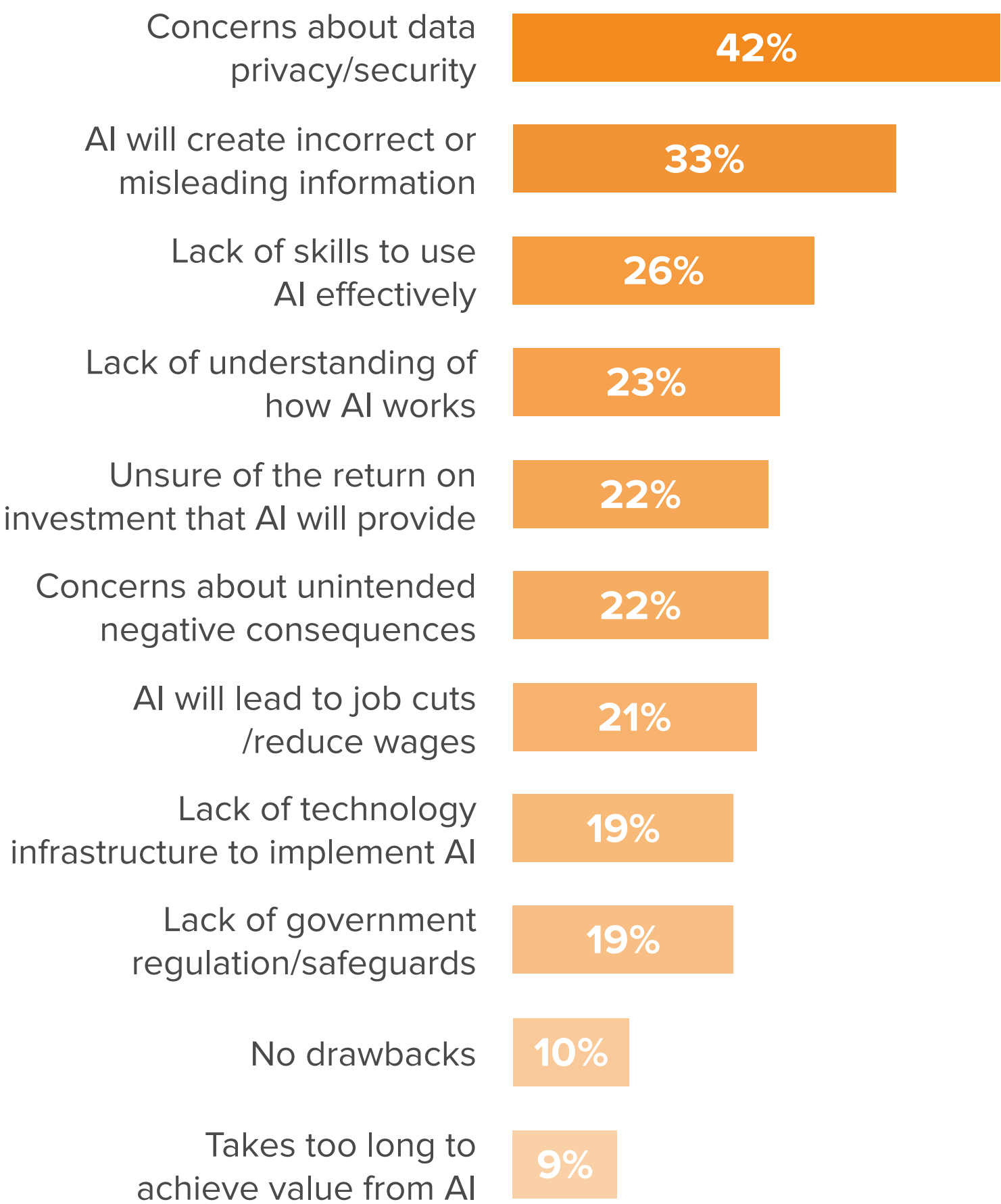
**With most SMBs expressing moderate trust in AI, vendors must prioritize—and SMBs must demand—transparency.** SMBs need clear explanations of how AI makes decisions, especially in industries with lower trust (for example, education and healthcare). Features like audit trails, explainable AI, and user controls can help bridge the trust gap.

**Trust is a prerequisite to value.** Until trust improves, many SMBs may underutilize AI, limiting their potential gains. Vendors need to focus on demonstrating value, reliability, and safety to broaden adoption and use.



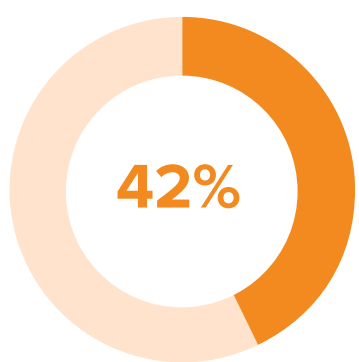
# SMBs Cite Privacy/Security Concerns and Incorrect Information as Top Drawbacks to AI

## Top 3 Drawbacks of Using AI in Your Business\*

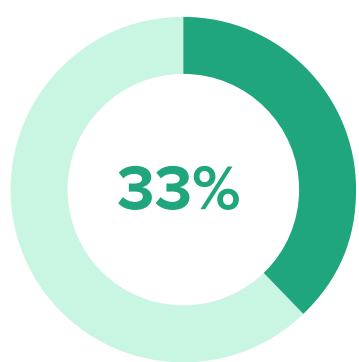


\*Respondents could select up to 3 responses.

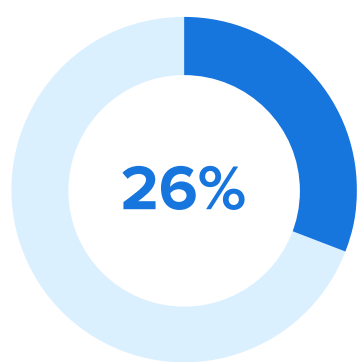
The top three concerns SMBs have about AI are:



Data privacy and security



Incorrect or misleading information



Lack of skills to use AI effectively

Interestingly, 10% say there are no drawbacks to AI.

**SMBs with fewer than 100 employees** are more likely to report lack of skills to use AI effectively, lack of understanding of how AI works, and taking too long to achieve value than larger SMBs.

**Top concerns for SMBs with 100–499 employees** are balanced across misinformation, skills, understanding, unintended outcomes, and ROI uncertainty (up to 27%).

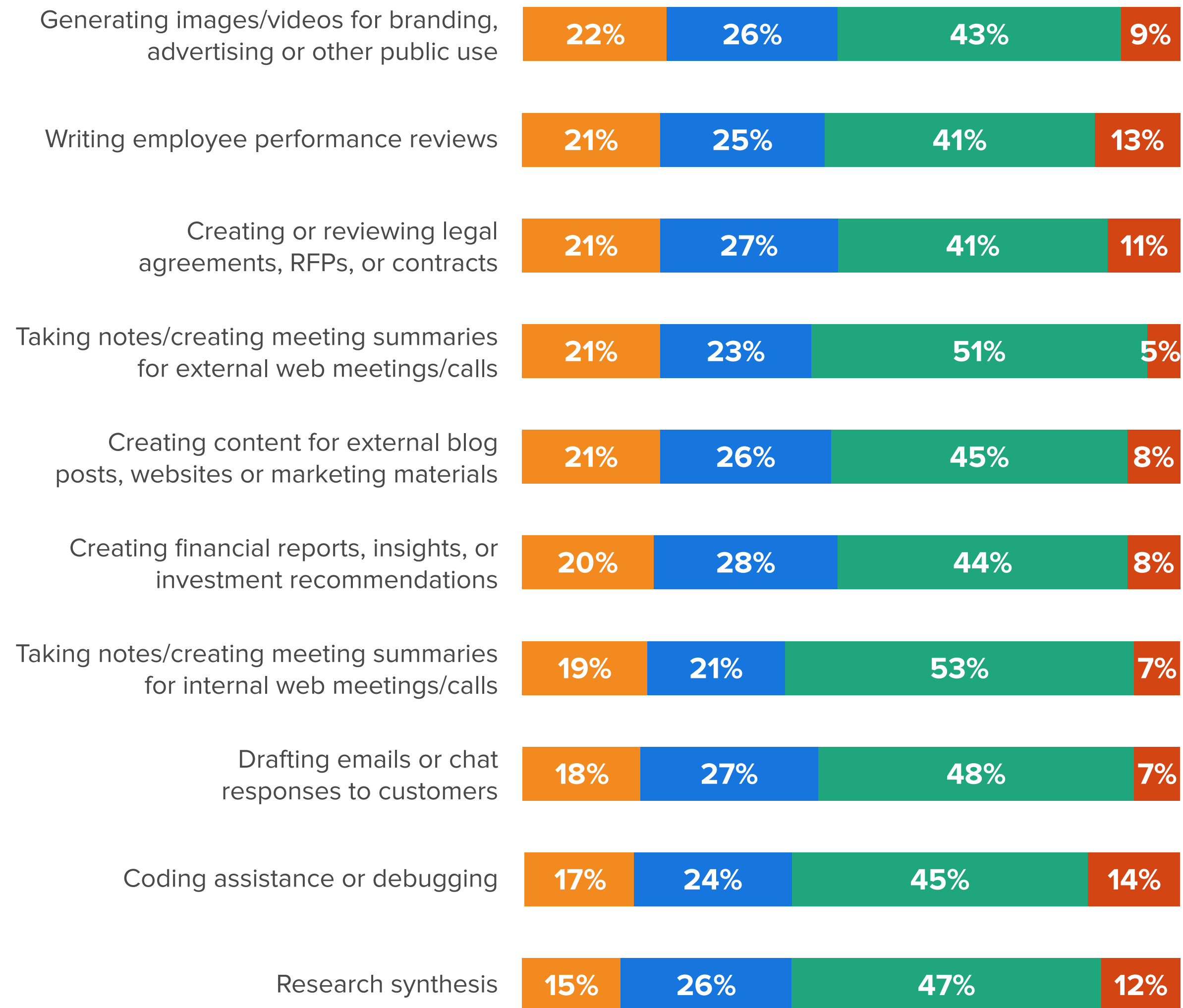
**SMBs with 500+ employees** are most concerned about unintended consequences, data privacy/security, and tech infrastructure gaps.

**Top drawbacks also vary by industry.** For instance, healthcare shows high concern for data privacy and unintended consequences among industries, while IT is most confident--15% say there are no drawbacks to AI.

**These concerns help explain why over half of SMBs express only moderate trust in AI.** If businesses worry AI will mishandle data or provide inaccurate results, they will hesitate to use it for critical decisions. This is particularly the case for smaller firms, who are more likely to lack the in-house expertise needed to confidently adopt and govern AI use.



# Most SMBs Have Not Placed Limits on AI Use



Despite concerns about data security and inaccurate information, most SMBs have not imposed hard limits on AI use.



In most categories, 40–50% of respondents do not and do not plan to limit use, while 20–30% plan to introduce limits in the future.



Only about one in five SMBs currently limit AI usage for sensitive use cases like branding/media (22%), employee reviews (21%), and legal contracts (21%).



The most lenient use cases are internal meeting summaries (53% no plans to limit), external meeting notes (51%), and drafting customer emails (48%).



Coding/debugging and research synthesis are least likely to have limits, suggesting these use cases are less common or less understood.

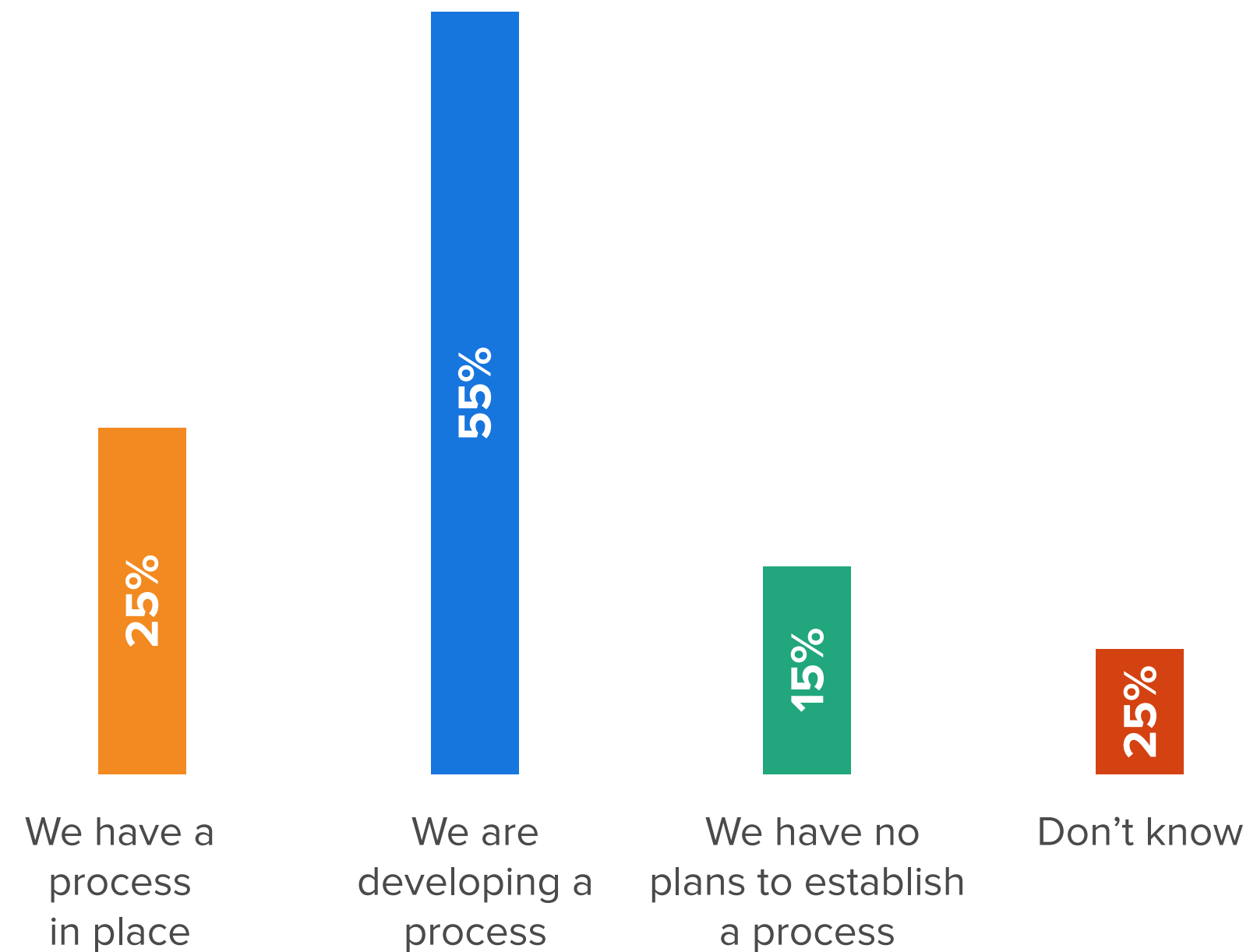
This permissive approach may leave SMBs vulnerable to reputational or legal risk, particularly on **sensitive or compliance-heavy tasks** (for example, legal reviews and performance evaluations).

As AI tools become more embedded in workflows, SMBs will need to **reassess which use cases warrant safeguards** to ensure quality, accuracy, and compliance.

Vendors should provide **tiered controls or content filters** tailored to different use case sensitivities, and **user guidance and usage policy templates** to help SMBs proactively manage risk while maintaining flexibility.



# A Majority of SMBs Have or Are Developing a Review Process for AI-Generated Content



Most SMBs have or are developing a process to review AI-generated content.



One-quarter of SMBs already have a review process in place for AI-generated content.



Just over half are developing a process for this.

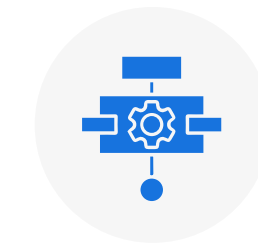
This underscores that while many SMBs don't limit AI use, risk management and governance are becoming emerging priorities as they become more aware of the risks tied to AI outputs.



SMBs with 500+ employees are most likely to have a process in place, ranging from 31% to 41%.



SMBs with fewer than 20 employees are least likely, with only 10% currently having a process—highlighting capacity and resource constraints.



A majority of mid-sized SMBs (50+ employees) are in the process of building such frameworks.

Establishing review processes for AI-generated content should be standard practice, especially as companies use AI for tasks involving legal, ethical, or brand risks. However, review policies are still maturing and evolving with AI use cases.

Vendors can help by offering **built-in content review tools**, **usage guidelines**, and **customizable approval workflows** tailored for SMB needs. Education is also key—vendors should provide clear documentation, use case risk profiles, and best-practice templates to support SMBs on their AI governance journey.

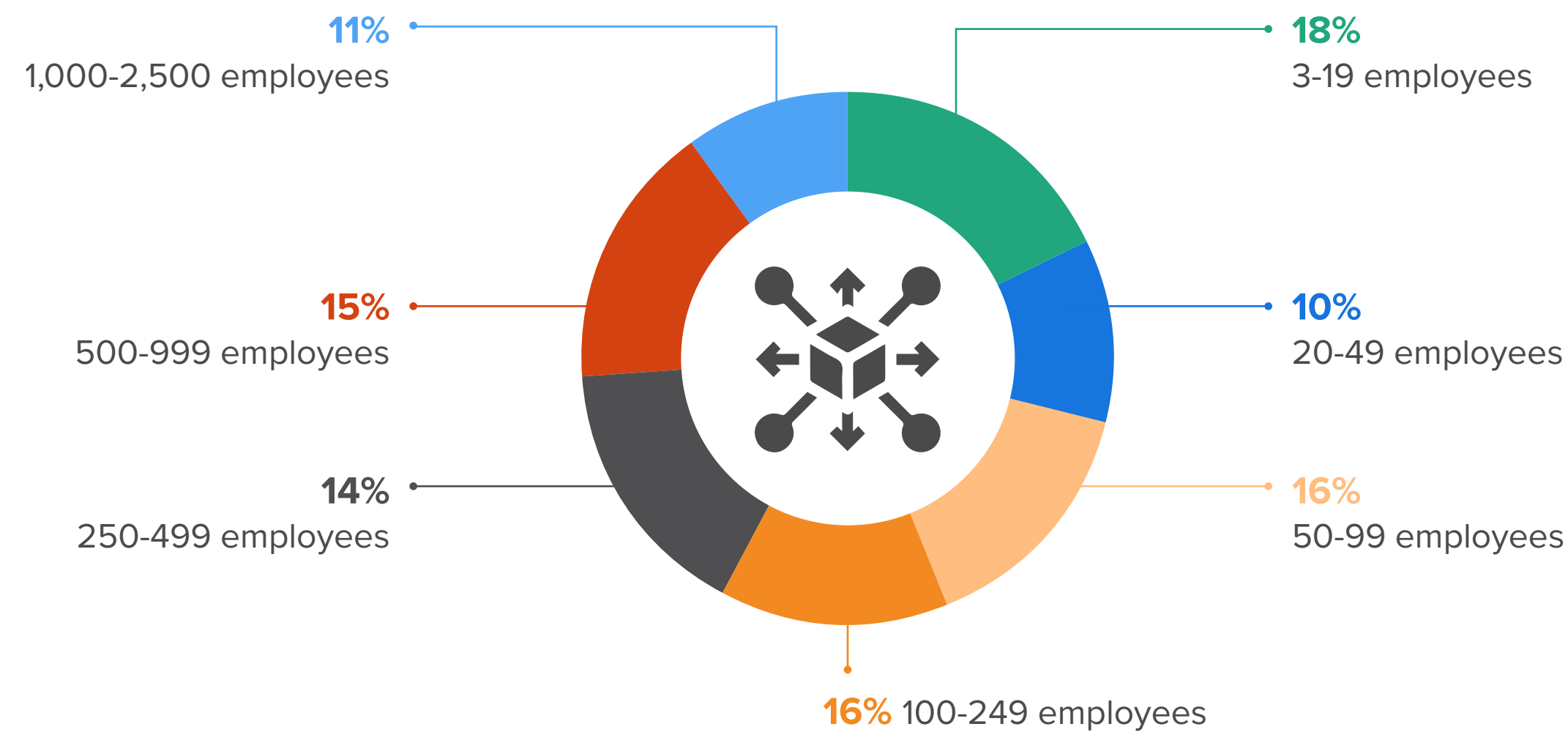




# About the Study

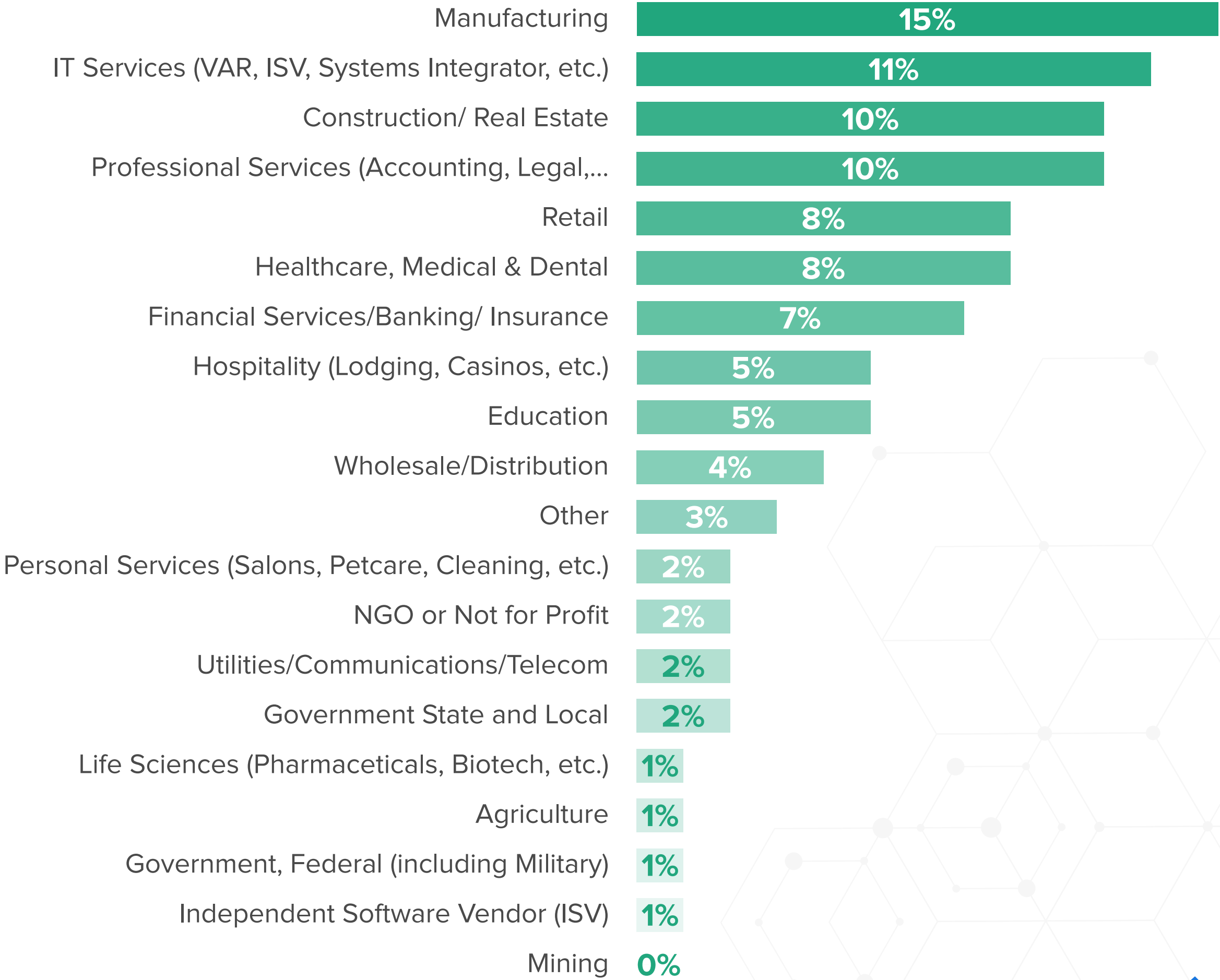
All data in this eBook is sourced from SMB Group’s survey. Data was collected in June 2025 via a web-based survey from a random sample of 650 complete survey respondents. (240 additional respondents who said they had no plans to use AI were terminated after question 6.)

Employee Size Distribution



\*For brevity, we will refer to the entire 3 to 2,500 group as SMBs throughout this report.

Industry Distribution







[SMB Group](#) is a research, analysis, and consulting firm focused on technology adoption and trends among small and medium (1-999 employee size) and mid-market (1,000-2,500 employee size) businesses. Founded in 2009, SMB Group helps clients to understand and segment the SMB market, identify and act on trends and opportunities, develop more compelling messaging, and more effectively serve SMB customers.



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