

GETTING THE BASICS RIGHT

How AI Is Changing the Game for SMBs

Four ways AI is leveling the playing field between SMBs and large enterprises.



AI is about to change your business.

Today, 60% of small and midsize businesses (SMBs¹) are researching or piloting AI and machine learning (ML)—but just 7% are scaling AI or at maturity, compared to 27% of large enterprises (LEs).

Additionally, fewer than one-quarter (23%) of SMBs have made progress deploying AI to streamline workflows and augment their workforce, compared to 45% of LEs.²

In other words, most SMBs have an uphill climb to master AI and use it to elevate their business relative to the competition. AI is no longer a future consideration for anyone—it's here, now—and the decisions SMBs make about its deployment will have significant effects on their survival in ever-changing and challenging market environments.

Fortunately, AI, when deployed wisely, brings an SMB's natural advantages to the surface—its nimbleness, appetite for innovation, people-first culture—and positions it to lead change, rather than react to it.

The question remains, however: How can AI level the playing field between your business and large enterprises and help you overcome the high costs, operational complexity, constant change, and market pressures you're facing today?

What SMBs should do with AI.

With current industry trends and studies in hand, we have identified four key strategies to help SMBs embrace AI wisely and level the playing field:

- 1 Modernize your operations, workflows, and processes.
- 2 Democratize data and accessibility to create value across the organization.
- 3 Do more with less and shift toward smarter, opportunistic ways of working.
- 4 Create empowering, frictionless experiences for all your important people: your employees and customers.

These strategies serve as guiding lights for SMBs, providing direction on how to harness the power of AI thoughtfully and safely. The time to make bold changes has arrived—but you no longer have to go it alone.

Four strategies for forward-thinking businesses to help embrace AI.

1 Modernize your operations, workflows, and processes.

SMBs are being pressured from all directions to evolve. They must address shifting customer behaviors, keep up with demand, and be prepared for unpredictable macroeconomic upheaval—pandemic, inflation, global conflicts, and more—all while maintaining the spirit of innovation and agility that makes them unique.

Many also face significant leadership or board pressures to maximize business and revenue goals, and employees and customers expect to work with smart companies that can demonstrate digital literacy.

But there is a release valve for these pressures: modernized, automated operations.

Digitize. Automate. Repeat.

Begin with rethinking how you conduct core business operations and leverage technologies that can digitize workflows and streamline processes. Automation is a consistent priority among the SMB segment, so much so that 43% of SMB leaders list it as their top priority.³ Similarly, another study reveals that one-third of SMBs say improving productivity is an immediate business priority for the next 12 months.⁴

Against this backdrop, AI transitions from being a mere add-on to something increasingly indispensable and mandatory.

This is because its clearest benefits, according to those who have adopted it already, are aligned with priorities that are uniquely important to SMBs. Companies are seeing that AI and ML improve their ability to act with speed and to scale, which converts to decreasing the number of manual processes, reducing human error, and increasing efficiency and productivity.



Proof points.

44% of SMBs are not currently using AI but would like to start investing in it and/or automation technology within the next 12 months.⁵

Two-thirds of SMBs will increase investments in automation and digital tools to make up for the shortage of workers and increased labor costs, reduce manual processes, and boost productivity.⁶

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We're in the midst of a truly transformational information lifecycle. We are focused on being digitally enabled in everything we do . . . utilizing a data lake framework to harmonize information across CAI into a single destination. Workday is at the core [of all of this].

Business Leader, CAI



2 Democratize data and accessibility to create value across the organization.

SMB leaders surveyed in the 2023 Workday “C-Suite Global AI Indicator Report” tend to view AI favorably, but they also struggle to lay the digital groundwork for adoption.⁷ This groundwork depends on transparency and visibility across people and operations—a factor that many SMBs lack because they often remain tied to legacy systems that are siloed, complicated, and incapable of providing reliable data and insights.

Tellingly, more than 76% of CFOs say that data inaccuracy and inconsistency top their list of pain points. Just as many (77%) believe they should be driving business-wide operational transformation.⁸ The prerequisite for operational transformation is exactly the kind of data foundation that so many companies aren’t able to fully attain. The research suggests that SMBs in particular are prioritizing technology investments, but questions linger about how to deploy the technology in the face of these challenges.



Proof point.

“Unlike prior surveys, this year’s results suggest mid-market companies are doubling down on their technology investments—and proactively investing to stay ahead of these challenges.”⁹

—Deloitte, “2023 Mid-Market Technology Trends Report”

No more “react and repair.”

Poor data quality and limited access tend to lock SMBs in a reactive, repair-oriented posture, where disparate and disconnected data streams, complex integrations, and manual data aggregation/mining and reporting processes make transformation difficult or impossible. Businesses can get locked in a vicious cycle, too, when they keep stacking new technologies on top of obsolescent legacy software. It’s a cautionary fact that more SMBs (41% vs. 23%) prefer this add-on approach over opting for a single-purpose solution with AI, interconnectivity, and an excellent data foundation built in.¹⁰

AI brings this choice into stark focus. No AI solution can be considered separate from the data environment it occupies, and many companies that would like to adopt AI might not be able to because their data foundation is not in order.

No AI solution can be considered separate from the data environment it occupies.

Data democracy.

One powerful benefit of interconnected and widely usable data is that it breaks down inequities in who is allowed to access, understand, and benefit from it.

Many companies today exhibit strikingly imbalanced use of their own data. Often, only a few departments have the proper training, credentials, and backing to leverage in-house insights. This disparity is a natural outcome of complicated tech stacks and legacy solutions that require insider knowledge to use, and it leaves significant portions of the company unable to do their best work.

AI, by contrast, naturally democratizes data access, not just by breaking down data silos and improving data quality but also by giving the humans involved a more intuitive, efficient experience. By introducing automations, providing better insights to act on, and freeing staff to focus on strategic contributions instead of old manual processes, AI empowers everyone—not just those in the know—to use the company’s data as it was meant to be used.



3 Do more with less and shift toward smarter, more opportunistic ways of working.

Today's high costs of doing business, limited resources, inflationary pressures, and other complications demand a lot of time and energy from SMB leaders and their teams. In this environment, it is becoming crucial for fast-growing businesses to tailor their AI deployments to relieve that pressure—automating or streamlining tasks and freeing staff to think strategically and innovate.

Higher-level strategic freedom is another outgrowth of AI's ability to optimize operations. AI is well suited to improving self-service; for example, consider the value of offloading transactional workloads to highly refined virtual assistants. This type of application allows the AI and human to both work in their ideal domain. The human at the center of the operation makes contributions that AI would struggle to make.

Proof point.

Leaders using Workday experience a 5x increase in their ability to access and generate reports through the self-service reporting feature.








Capturing opportunity.

In market environments that are constantly changing, companies shift toward smarter and more opportunistic ways of working. In fact, 81% of CFOs agree that identifying and targeting areas of new value across the business is one of their main responsibilities, and only by offloading significant complexity and distraction can this be achieved.¹¹

According to many early adopters, AI eliminates fatiguing processes, distraction, and drudgery. Aside from making people's jobs more pleasant and motivating, this frees up time to support larger, value-adding initiatives and enables the freedom to innovate—something many SMBs depend on for growth.

Examples of how AI improves efficiencies include:

-  Automating HR and accounting processes
-  Creating connected workflows
-  Proactively surfacing risks and compliance issues
-  Scaling hiring and transaction volumes
-  Supporting employee retention



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AI and ML move the Workday product forward every single day, giving our people an even better user experience.

Business Leader, Elders Rural Services Australia Limited

4 Create empowering, frictionless experiences for all your important people: your employees and customers.

Purpose-driven employees and customers depend on purpose-built technology.

We know from the Workday “C-Suite Global AI Indicator Report” that 80% of organizations believe AI is required in order to stay competitive, which is part of a broader trend shown in another study that indicated 49% of SMBs will be expanding their use of cloud-hosted resources.¹² But how does this transformation affect a company’s most important asset—its people?

Many leaders are talking about a future where the business considers everything about a person in order to attract, serve, and retain them. This spans from “their work experience to their education, the feedback that they’ve received, and the projects that they have worked on within the company,” says the SVP of HR operations at PVH Corp. In other words, AI’s most valuable application is not to replace humans, but rather to augment their performance and enable them to use their high-value skills and critical thinking.



Proof point.

Among HR leaders—the most hesitant cohort in the Workday “Global CHRO AI Indicator Report”—35% agree AI will make HR tasks performed by non-HR employees less complex.¹³

Workday AI and ML: less artificial, more intelligence.

Building cultures of trust and responsibility.

AI demands a lot from the solution provider, not just from the company adopting it. Not only are companies required to build and deploy excellent AI capabilities, but they must also do so ethically, operating with their customers, partners, and other key stakeholders' interests at top of mind while honoring regulatory and legal developments. This is why Workday responsible AI (RAI) practices are crucial to each partnership we develop and why we have spent years pioneering and refining [RAI governance practices](#), which, broadly, include:

- Incorporating human review of any outputs generated from AI technology that's been released
- Rigorous emphasis on transparency and disclosure, both internally and with customers
- Conducting an RAI risk evaluation, used by product managers at the ideation stage of any new AI and ML project
- Participating in, and following, emerging regulatory and legal conversations or frameworks

Proof point.

Workday customers report experiencing a fourfold increase in time allocated for strategic tasks, due in part to built-in AI automations.



Workday AI and ML key facts.

- 40+ ML features in production
- 3,000+ customers share data as part of ML models
- 2 ML development environments (U.S. and EMEA)
- 60M daily inference requests
- 5.5B daily ingested records



We liked the cloud-first, highly integrated architecture of Workday as well as its rock-solid security model.

Business Leader, CapTech Ventures, Inc.

Level the playing field, and then some.

AI helps SMBs level the playing field with larger competitors and unlocks their ability to innovate, compete, and grow—even in uncertain times. AI is here, and it is a practical and viable tool for many SMBs.

Not all AI is created equal, and with the right platform and the right guidance, any SMB can emerge stronger and more resilient than ever.

To learn more, contact sales at workday.com/contact or +1-877-967-5329.

workday.com/medium-enterprise



Sources

¹ For the purposes of this guide, we will use the terminology “SMB” for businesses other than large enterprises. This aligns with the data sources being used and how their questions were framed. In the Workday “Global AI Indicator Report,” an LE has 3,500 employees or more and over \$1B in annual revenues.

² Workday Global AI and ML Index; 2023.

³ Ibid.

⁴ IDC, “IDC FutureScape: Worldwide Small and Medium-Sized Business and Digital-Native Business 2023 Top 10 Predictions”; Simone De Bruin, Katie Evans, Jason Blackwell, Supriya Deka, Daniel-Zoe Jimenez, Cynthia Li, Riccardo Barrai, Andrea Siviero; 2022.

⁵ Statista, “Likelihood of U.S. SMBs to invest in AI for marketing purposes in 2023”; Julia Faria; 2023.

⁶ IDC, “IDC FutureScape: Worldwide Small and Medium-Sized Business and Digital-Native Business 2023 Top 10 Predictions”; Simone De Bruin, Katie Evans, Jason Blackwell, Supriya Deka, Daniel-Zoe Jimenez, Cynthia Li, Riccardo Barrai, Andrea Siviero; 2022.

⁷ Workday, “C-Suite Global AI Indicator Report”; 2023.

⁸ Accenture, “The CFO Reimagined: From Driving Value to Building the Digital Enterprise”; 2018.

⁹ Deloitte, “2023 Mid-Market Technology Trends Report”; 2023.

¹⁰ Connect Sparks Advisors and AI4SP.org, “2023 Small Business Growth in the Age of AI”; prepared for Microsoft; 2023.

¹¹ Accenture, “The CFO Reimagined: From Driving Value to Building the Digital Enterprise”; 2018.

¹² IDC, “IDC FutureScape: Worldwide Small and Medium-Sized Business and Digital-Native Business 2023 Top 10 Predictions”; Simone De Bruin, Katie Evans, Jason Blackwell, Supriya Deka, Daniel-Zoe Jimenez, Cynthia Li, Riccardo Barrai, Andrea Siviero; 2022.

¹³ Workday, “Global CHRO AI Indicator Report”; 2023.



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