

# AI Buying Trends for SMBs in 2024

Revealing how the AI market will unfold and what solution providers can do to capitalize on the opportunities



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## Contents

- AI: The Growing Wave ..... 3
- AI Adoption Imperative..... 5
- AI Goals & Expectations ..... 7
- Current & Future AI Tools Adoption ..... 8
- Anticipated AI Outcomes ..... 12
- AI Technical & Non-Technical Challenges ..... 13
- AI Security Concerns ..... 17
- Benefits of Working With a Solution Provider ..... 17
- AI Purchasing Considerations..... 20
- Guidance to AI MSPs and Solution Providers ..... 21
- Methodology ..... 24
- About Us..... 25

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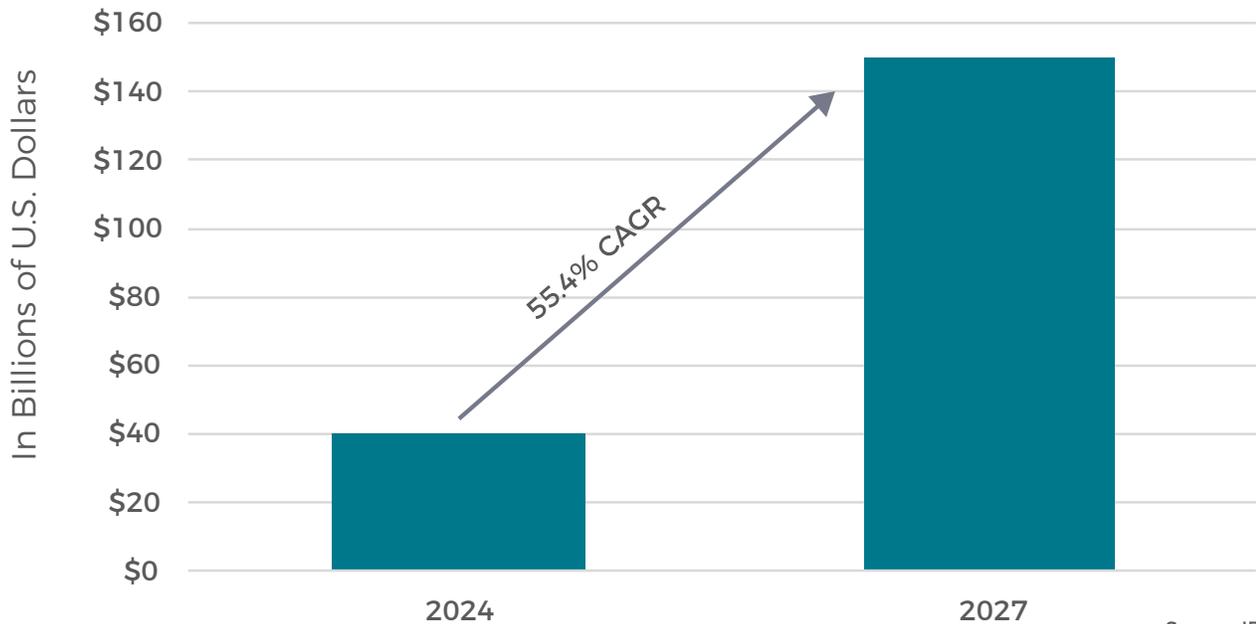
## AI: The Growing Wave

Artificial intelligence (AI) represents an emerging, rapidly expanding force in the IT market. Businesses and people have become enamored with the technology since the release of ChatGPT and similar tools over the past year. Microsoft’s unveiling of Copilot is fueling business interest in using these tools to increase productivity and liberate workers from cumbersome analytics and content creation.

According to IDC, the global AI market will top more than \$40 billion in 2024. While that might

seem like a lot of money, real growth is just beginning. By 2027, the AI market will exceed \$150 billion annually. The compound annual growth rate (CAGR) is 55.4%, driven by businesses of all sizes adopting large language models (LLMs), predictive analytics, and machine learning to augment capabilities, expand operational capacity, automate processes, and produce predictive analytics for better decision-making, improved user experience, and higher levels of productivity. And by productivity, we mean revenue.

**FIGURE 1: Projected Worldwide AI Spending**



Businesses, particularly SMBs, are already adopting AI systems and tools. According to our exclusive research, 88% of end-user organizations have already implemented at least one AI system successfully. Another 64% of businesses plan to expand their AI implementations over the next two years. And 96% say they're ready to start buying more AI systems and tools within the next year.

2. Data hygiene and management that ensure AI is leveraging information with integrity
3. Security to ensure data protection, confidentiality, and integrity
4. Qualified staff that can build, operate, and optimize AI systems and outputs
5. Use cases and architectures for applying AI to business scenarios

The market opportunity for AI is huge and growing. Tools like Microsoft Copilot are just the beginning and will form the foundation of the user experience that leads to higher levels of adoption. Businesses will need more than just content generation tools; they'll need new resources to fully adopt AI as a productivity contributor. Five things stand in the way of AI adoption and success:

Solution providers and managed service providers (MSPs) will play a significant role in charting AI product considerations, guiding purchasing decisions, and implementing systems. Only 16% of the end users we surveyed say they're implementing AI systems independently. The majority – 58% – are working with a solution provider or a combination of a solution provider and vendor to deploy AI in their organizations. End users are dependent on the expertise and resources provided by solution providers in making AI work.

1. Infrastructure and devices capable of running AI systems and processes

**FIGURE 2: AI Adoption Plans in the Next Two Years**

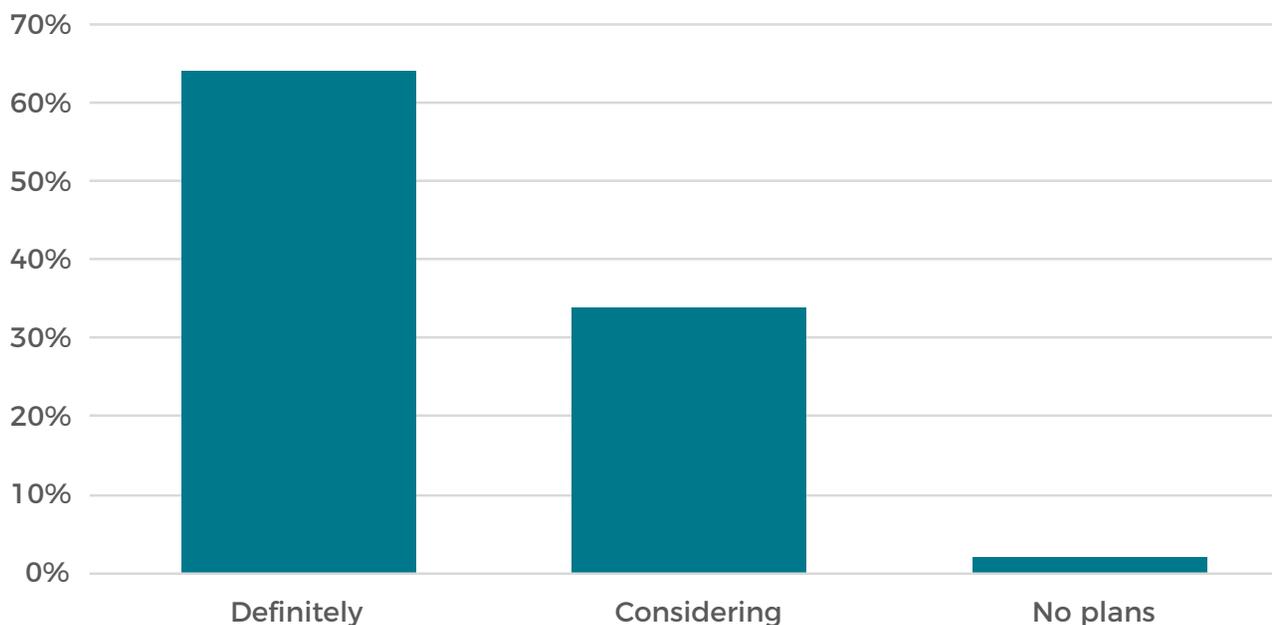
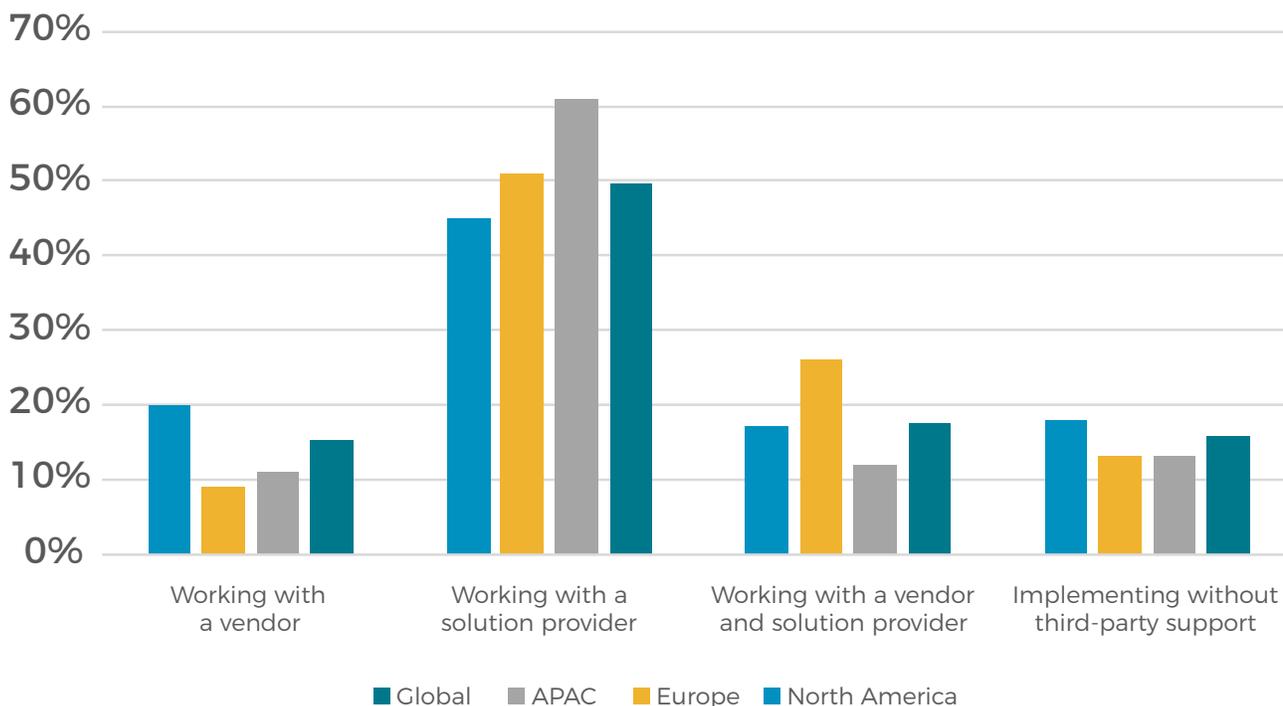


FIGURE 3: End User AI Implementation Approaches



In this report, Channelnomics – in collaboration with Pax8 – reveals what end users need from solution providers to transform their AI vision into reality, how the AI market will likely unfold for solution providers, and what solution providers need to do over the next two years to capitalize on the massive AI opportunity.

### AI Adoption Imperative

The strategic approach to AI adoption underscores a strong consensus among businesses on the importance and effectiveness of AI technologies. Among those surveyed, 87% report that investing in AI promises long-term benefits, indicating a widespread belief that the technology isn't a fleeting trend but a substantial investment in the future of business operations and strategy.

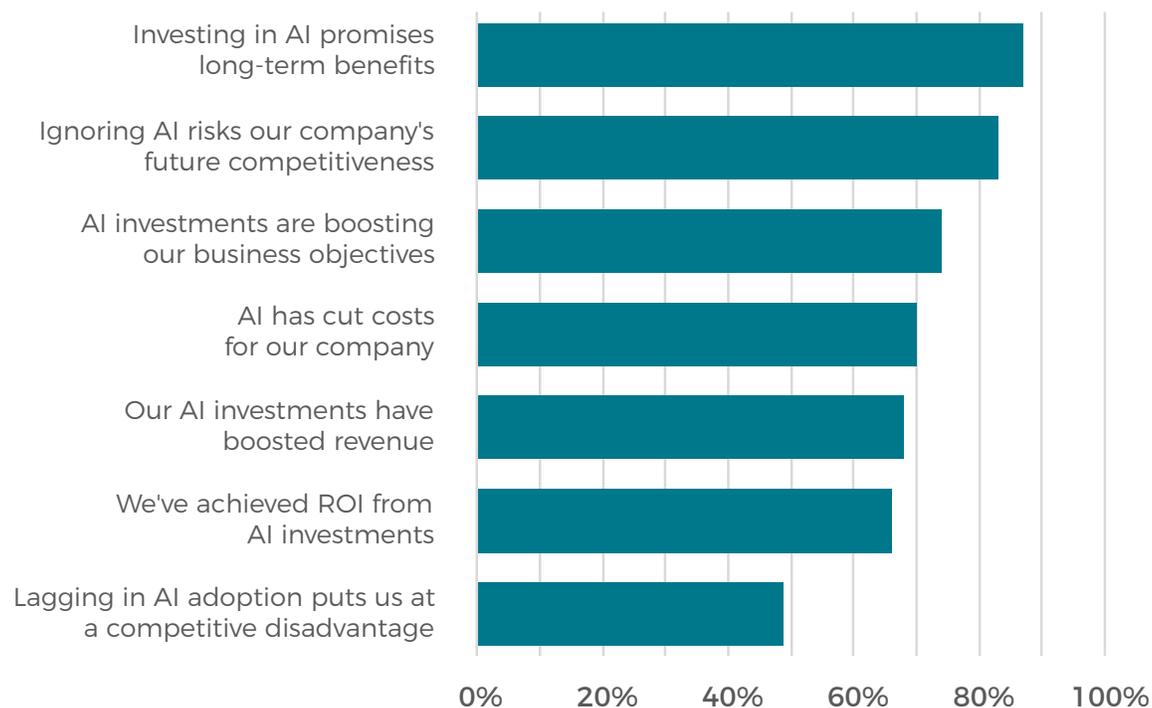
More than 80% of businesses acknowledge that neglecting AI adoption could jeopardize their

competitive standing, which reveals a significant recognition of AI as a critical factor in maintaining market relevance. This perception is likely driven by the understanding that competitors embracing AI may gain considerable advantages in efficiency, innovation, and customer satisfaction.

AI's impact on meeting business objectives is also positively reported. Among respondents, 74% indicated that their AI investments are actively enhancing their ability to meet goals, including improvements in operational efficiency, data analysis, customer engagement, and the optimization of business processes.

Cost reduction is another area where AI is making its mark, with 70% of the surveyed SMBs noting that AI has helped cut costs. This is particularly significant in today's economic climate, where operational efficiency and resource optimization

**FIGURE 4: Reasons SMB are Investing in AI**



are paramount. AI can automate routine tasks, optimize logistics, provide predictive maintenance, and perform other cost-saving applications that can reduce employee labor hours.

Many businesses are seeing immediate cost-savings with AI tools like Microsoft Copilot, which helps employees expedite common tasks such as composing e-mails, writing reports, and forming new ideas. More than two-thirds of surveyed SMBs have seen a boost from their AI investments. This could be attributed to the deployment of AI in sales and marketing to personalize customer interactions, improve lead generation, and create new revenue streams through innovative AI-driven products and services.

Return on investment (ROI) from AI is acknowledged by 66% of SMBs, underscoring that while

the initial investment in AI may be significant, the payoffs are materializing. The ROI may come in various forms, from direct financial gains to intangible benefits like brand enhancement and customer loyalty.

Nearly half of the businesses surveyed (49%) expressed concern that failing to keep pace with AI adoption places them at a competitive disadvantage. This substantial proportion is a critical recognition within the business community: Staying ahead of or on par with technological advancements isn't just about embracing innovation; it's also a strategy for remaining viable, relevant, and competitive.

These sentiments paint a picture of AI as a transformative force in the business world, with a clear trend toward recognizing its potential to reshape

industries, create new opportunities, and ensure future competitiveness. Businesses appear to be increasingly aware that the strategic adoption of AI is becoming less an option and more a necessity in the modern economic landscape.

### AI Goals & Expectations

AI is drawing in businesses with promises of improved efficiency and reduced operating costs. The objectives outlined by SMBs around the world in AI adoption point to a strategic shift toward agility, customer-centricity, and innovation.

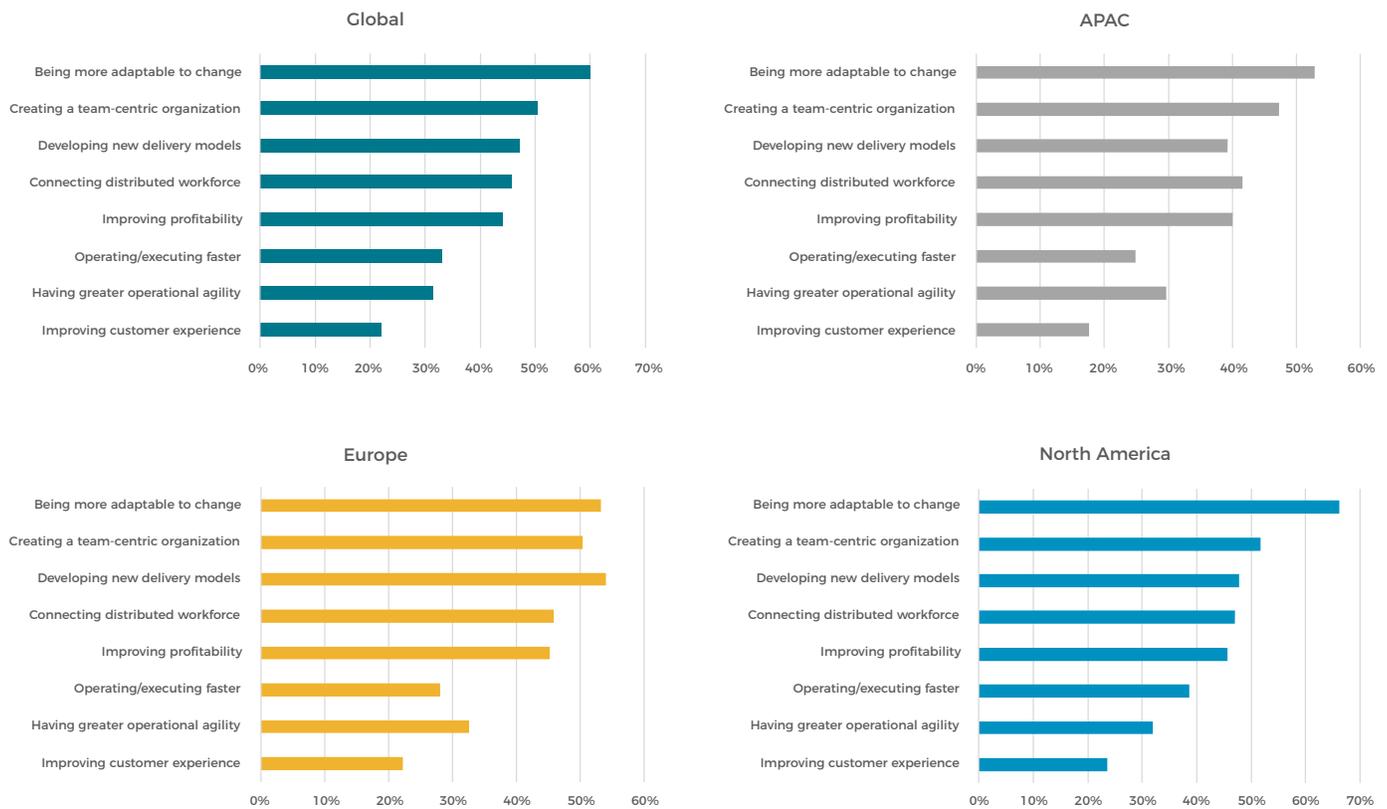
Businesses are approaching AI with specific goals and outcomes in mind, even if they don't neces-

sarily have specific ideas about the use cases and workloads.

North America leads in the priority given to adaptability to change, with a significant 66% of organizations focusing on this aspect. This reflects a region-specific agility in response to change, perhaps reflective of the rapid technological innovations and highly competitive business environment that typify the American market. Europe and Asia-Pacific aren't far behind, both at 53%, indicating a robust but slightly more cautious approach to change.

When developing team-centric organizations, all regions are uniform in their sentiment on the im-

**FIGURE 5: SMB Goals for AI Systems & Tools**



pact of AI adoption. Worldwide, there's a sense that AI will help enable greater collaboration and create flatter hierarchical business structures.

Developing new delivery models is where Europe takes the lead, with 54%, compared to North America's 48% and Asia-Pacific's 39%. This reflects Europe's strong focus on innovation and sustainable business practices, as well as its stringent regulatory environment, which often necessitates novel approaches to product and service delivery.

When it comes to connecting a distributed workforce, the percentages are relatively close, with North America at 47%, Europe at 46%, and Asia-Pacific at 42%. This highlights a global trend toward remote work and the need for digital connectivity, though North America seems to be slightly more invested in this area, which might be due to its larger geographical spread and the prevalence of remote work even before the pandemic.

Improving profitability is a key goal for all regions, with North America and Europe nearly tied at 46% and 45%, respectively, and Asia-Pacific slightly lower at 40%. This suggests that while profitability is universally important, the methods and strategies to achieve it might differ, with North America and Europe potentially leveraging AI and automation to a greater extent.

The desire to operate and execute faster is particularly strong in North America, at 39%, which reflects a culture of rapid execution and a focus on efficiency. Europe and Asia-Pacific are more conservative, at 28% and 25%, respectively, indicating a more deliberate and measured approach to operations.

Greater operational agility is valued across regions, with Europe leading at 33%, North America at 32%, and Asia-Pacific at 30%. This clearly shows the universal need for flexible and responsive business operations, but Europe's slight lead might be related to a diverse and fragmented market that especially demands agility.

Improving customer experience is a global priority but with regional variations: North America is at 24%, Europe at 22%, and Asia-Pacific at 18%. Regional customer expectations and the varying levels of competition in service sectors could've influenced these results.

While the overarching goals associated with AI adoption are shared globally, significant regional variations reflect different market priorities, cultural influences, and levels of technological adoption. North America's focus on adaptability and team-centric models suggests a market driven by innovation and collaboration. Europe's lead in developing new delivery models, such as AI-enabled customer resources and experience management, indicates a focus on sustainable and innovative customer solutions. At the same time, the more cautious approach in Asia-Pacific reflects the region's mix maturation of technology and infrastructure capabilities.

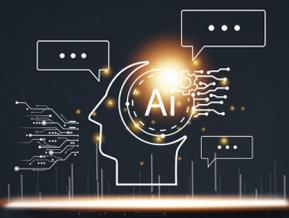
## Current & Future AI Tools Adoption

The impending surge in AI investment is set to catalyze an era of unprecedented technological integration across the global business landscape. With 64% of organizations worldwide poised to direct funds into AI tools in the next two years, we stand on the cusp of a transformative period

in which AI will not just augment business operations but become central to carrying them out.

The utilization of AI technologies presents a multifaceted picture. Machine learning emerges as a prominent tool, with nearly half of the organizations in North America and a substantial num-

ber in Asia-Pacific leveraging its capabilities. This suggests a robust inclination toward data-driven methodologies to drive business decisions. Europe, while slightly trailing in this area, still demonstrates a strong commitment to machine-learning technology, indicating a recognition of its strategic importance.



## AI Tools Defined

Artificial intelligence includes a set of technologies that enable machines to simulate human intelligence and problem-solving abilities. Here are definitions for some of the most common AI technologies:

**Computer Vision:** Enables computers to interpret and process visual information from the world around them

**Generative AI/Large Language Models (LLMs):** AI systems that create new, human-like content, with LLMs specializing in generating text

**Knowledge Graphs:** Structures that store and organize information with a focus on the relationships between data points

**Low-Code/No-Code App Development:** Software creation that involves minimal or no coding, leveraging graphical interfaces instead

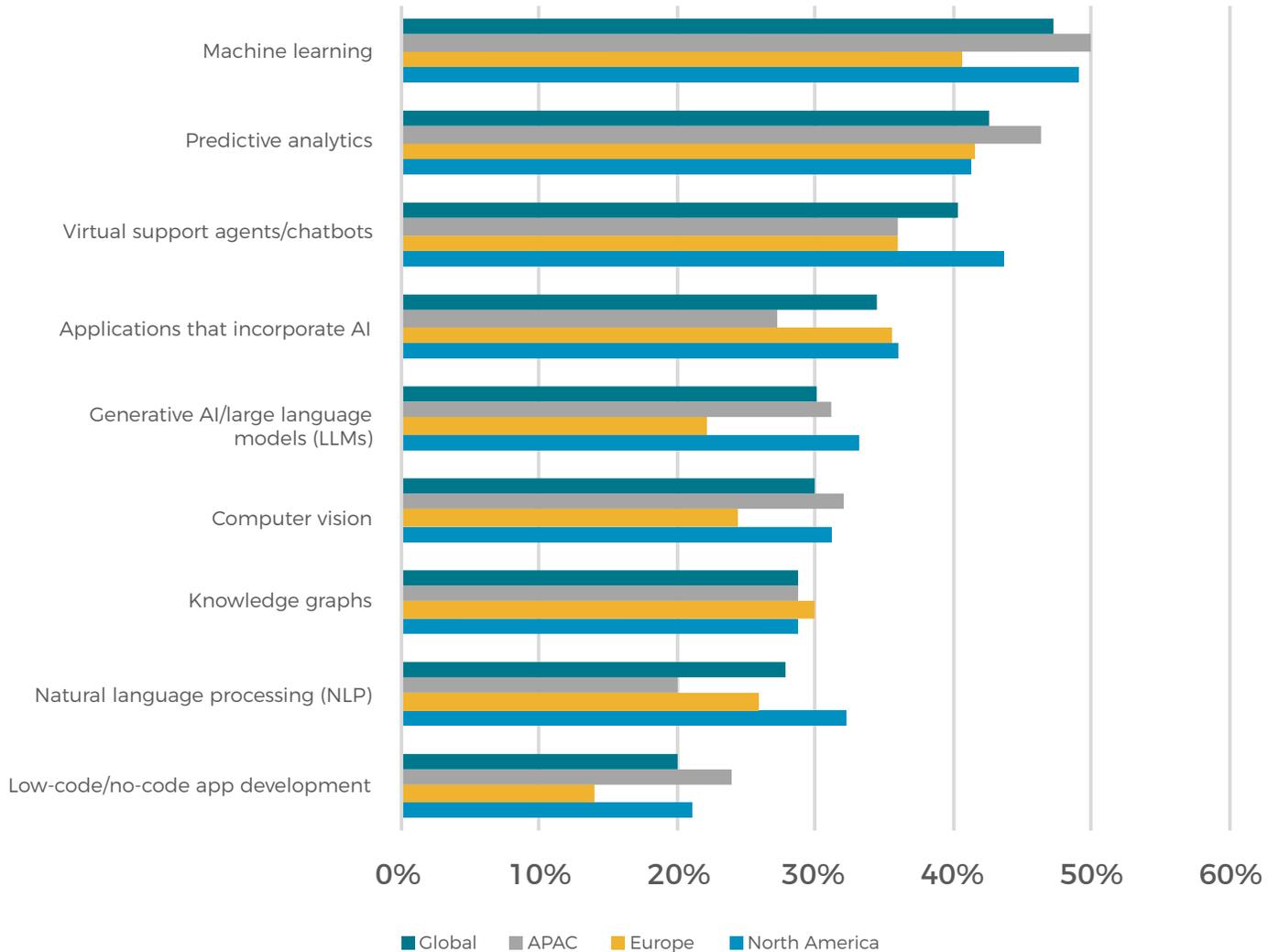
**Machine Learning:** An AI method using algorithms that learn from data to make decisions or predictions

**Natural Language Processing (NLP):** AI that enables computers to understand and respond to human language

**Predictive Analytics:** Uses historical data and algorithms to forecast future events

**Virtual Support Agents/Chatbots:** Automated programs that mimic human conversation for tasks like customer service

FIGURE 6: AI Currently Used by SMBs



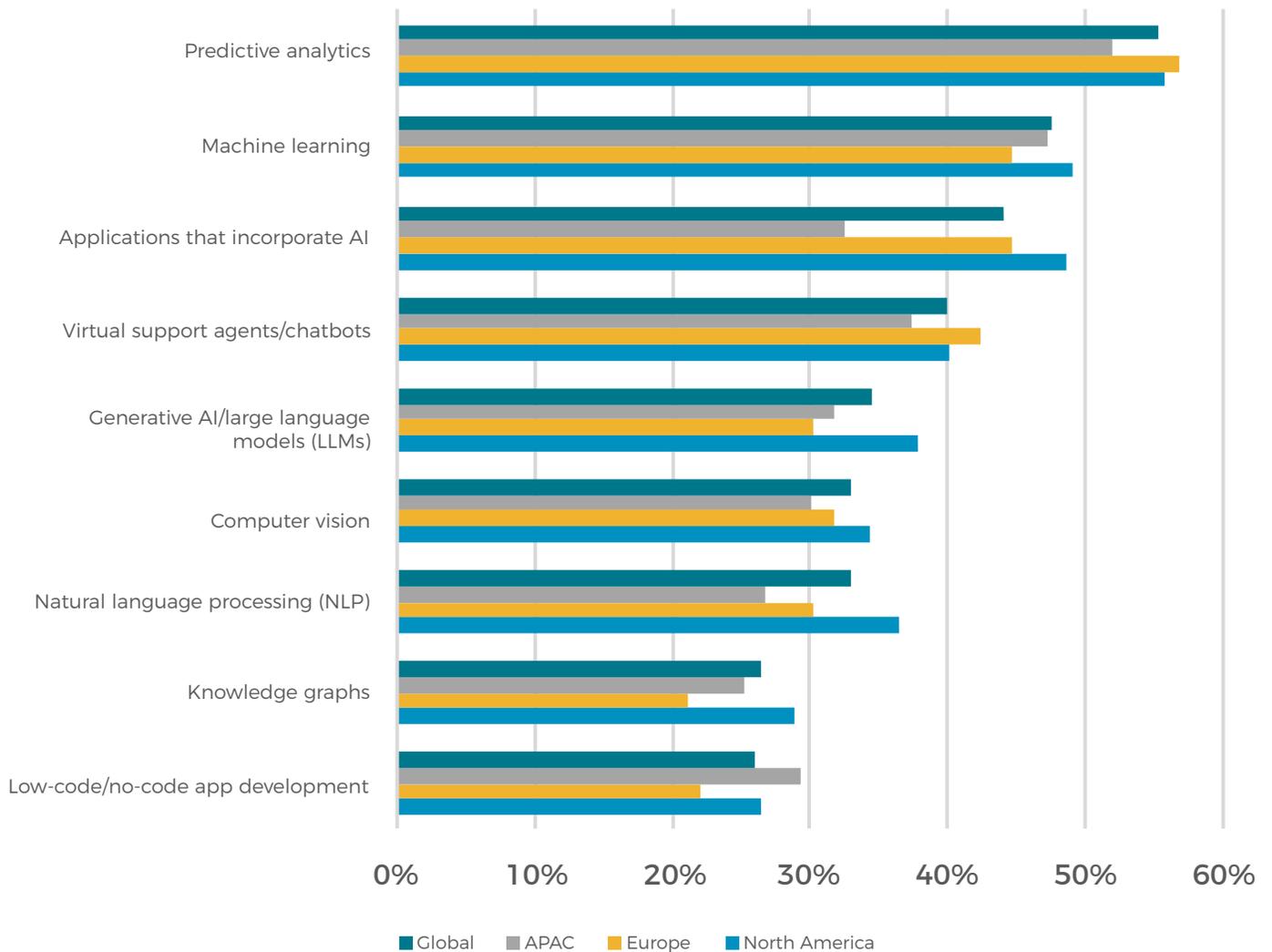
Predictive analytics is another key use case, particularly favored in the Asia-Pacific region, where its adoption surpasses that of other territories. This trend shows the region’s forward-looking approach, prioritizing foresight and preparedness in business strategies. North America and Europe aren’t far behind, though, reflecting a shared global focus on predictive mechanisms to anticipate market trends and customer behaviors.

Virtual support agents and chatbots have also

made their mark, especially in North America, where a significant portion of businesses employ them. This adoption points to an evolving customer-service paradigm whereby efficiency and automation are at the forefront of interaction.

Looking ahead, the commitment to AI deepens, with predictive analytics set to take the lead in global AI initiatives. As businesses gear up to harness the power of AI for forecasting and strategic insights, machine learning continues to be a critical

FIGURE 7: AI Tech SMBs Plan to Buy



investment, with its projected growth indicating a sustained interest in advanced data analysis techniques.

Applications that integrate AI as a core element of their functionality are expected to witness a substantial uptick in adoption. This trend is particularly pronounced in North America and Europe, where around half of the businesses anticipate expanding their AI-integrated applications, suggesting a shift toward more intelligent and autonomous systems.

The growing interest in generative AI and LLMs is particularly noteworthy in North America. This indicates a burgeoning market for AI that can produce human-like text, images, or ideas, revealing a future where creativity and AI converge to generate innovative solutions.

Natural language processing (NLP) and computer vision are set for a uniform increase in usage. Their growth is symbolic of an AI ecosystem evolving to comprehend and interpret the nuances of human communication and visual cues, marking a

significant milestone in the journey toward more intuitive AI-human interactions.

Knowledge graphs and low-code/no-code app development are positioned to experience a growth spurt. This signals an industry-wide pivot toward making AI more accessible and seamlessly integrated into the fabric of business processes, empowering organizations to implement AI solutions without the need for deep technical expertise.

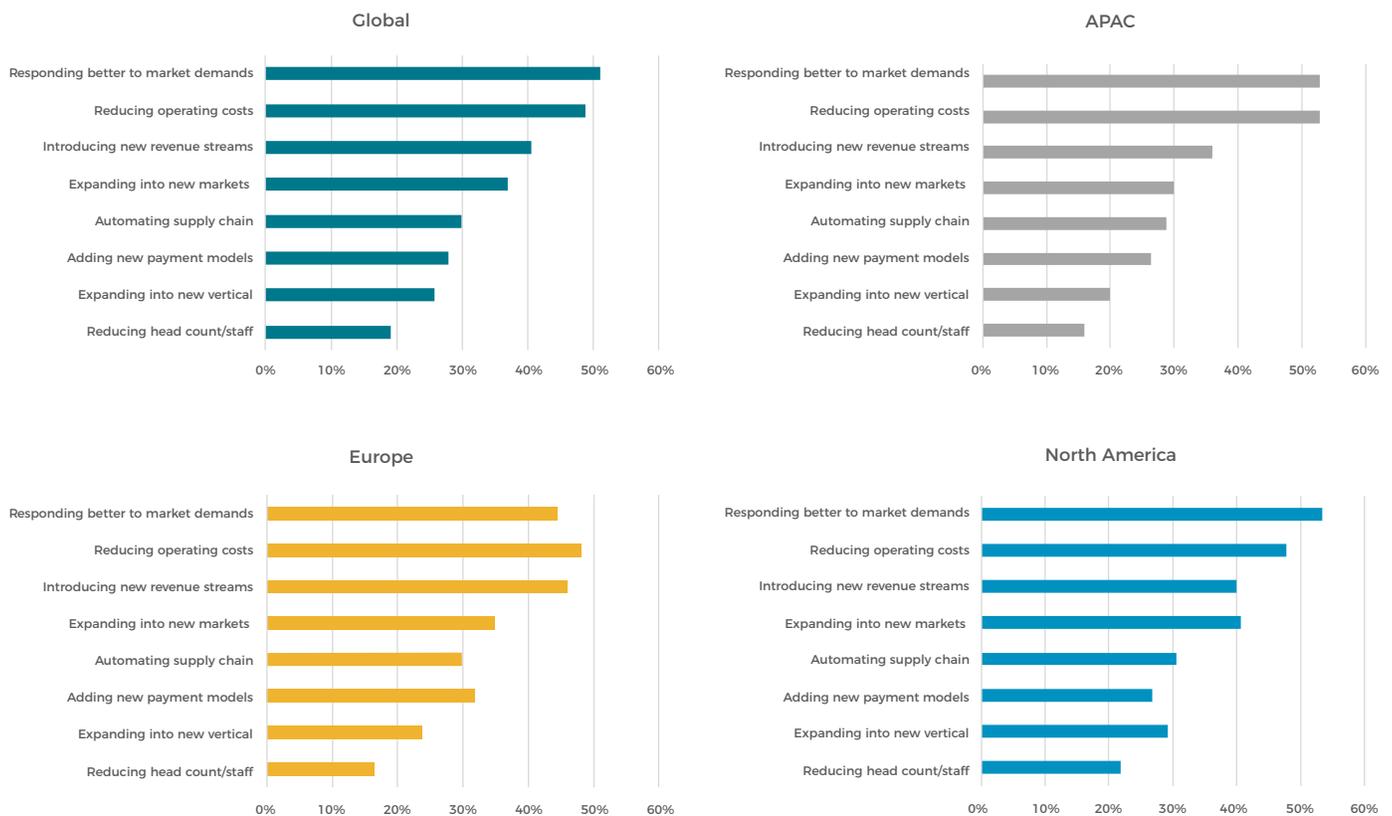
When taken in total, our survey data shows a clear picture of a future driven by AI innovation, with businesses not just adopting AI but strategically driving it forward to gain competitive advantage. The focus on predictive analytics, machine learn-

ing, and AI-infused applications reflects an upcoming period of businesses operating with enhanced intelligence, efficiency, and adaptability. This shift is anticipated to redefine industry norms, spur unprecedented innovation, and establish new paradigms in corporate interactions with technology and clientele. These advancements make the interplay between AI investment and business strategy increasingly synergistic, charting the course for an interconnected business environment.

### Anticipated AI Outcomes

As businesses globally prepare for the imminent wave of changes over the coming 12 to 18 months, spurred by the adoption of AI, a thread of transformation emerges. At the heart of this evolution

**FIGURE 8: Anticipated Outcomes of AI Adoption**



lies the pursuit of agility and responsiveness, with organizations across North America, Europe, and Asia-Pacific gearing up to redefine their operations.

Leading the charge is the commitment to faster adaptation to the business environment. More than half of North America and Asia-Pacific organizations, and about 45% in Europe, are determined to harness AI to become more attuned to market shifts. This indicates a pivot toward a proactive, rather than reactive, business approach.

Reducing operating costs is another top priority among businesses adopting AI, with Asia-Pacific leading at 53%, and North America and Europe not far behind. The consensus is clear: AI is a critical tool in achieving leaner, more efficient operations.

Opening new revenue streams is a significant AI priority as well, with Europe particularly optimistic in this regard, as 46% of its businesses anticipate the birth of new economic opportunities through AI. This enthusiasm is shared across the other regions, symbolizing a shared belief in AI's potential to unlock novel avenues for growth.

As businesses look beyond their current markets, expanding into new segments is an emerging objective. North America sits at the forefront here, with 41% of respondents seeking to leverage AI's data-driven insights to capture new demographics.

Supply-chain automation is yet another significant theme, resonating with around 30% of organizations globally. This focus reflects a strategic move to integrate AI for more streamlined, transparent, and responsive supply chains.

Diving deeper into financial operations, adding new payment models emerges as a noteworthy trend,

especially in Europe, where 32% of companies are preparing to implement AI-driven payment solutions to enhance transactional ease and security.

Looking at industry expansion, the survey participants reveal that AI will help them penetrate new verticals, with North America particularly bullish at 29%. This expansion is fueled by AI's ability to analyze and predict the viability of entering new sectors.

While reducing head count is the least emphasized among the outcomes of adopting AI, it's still a significant part of the story, especially in North America. Here, 22% of organizations foresee AI streamlining processes to such a degree that a leaner workforce becomes an operational possibility.

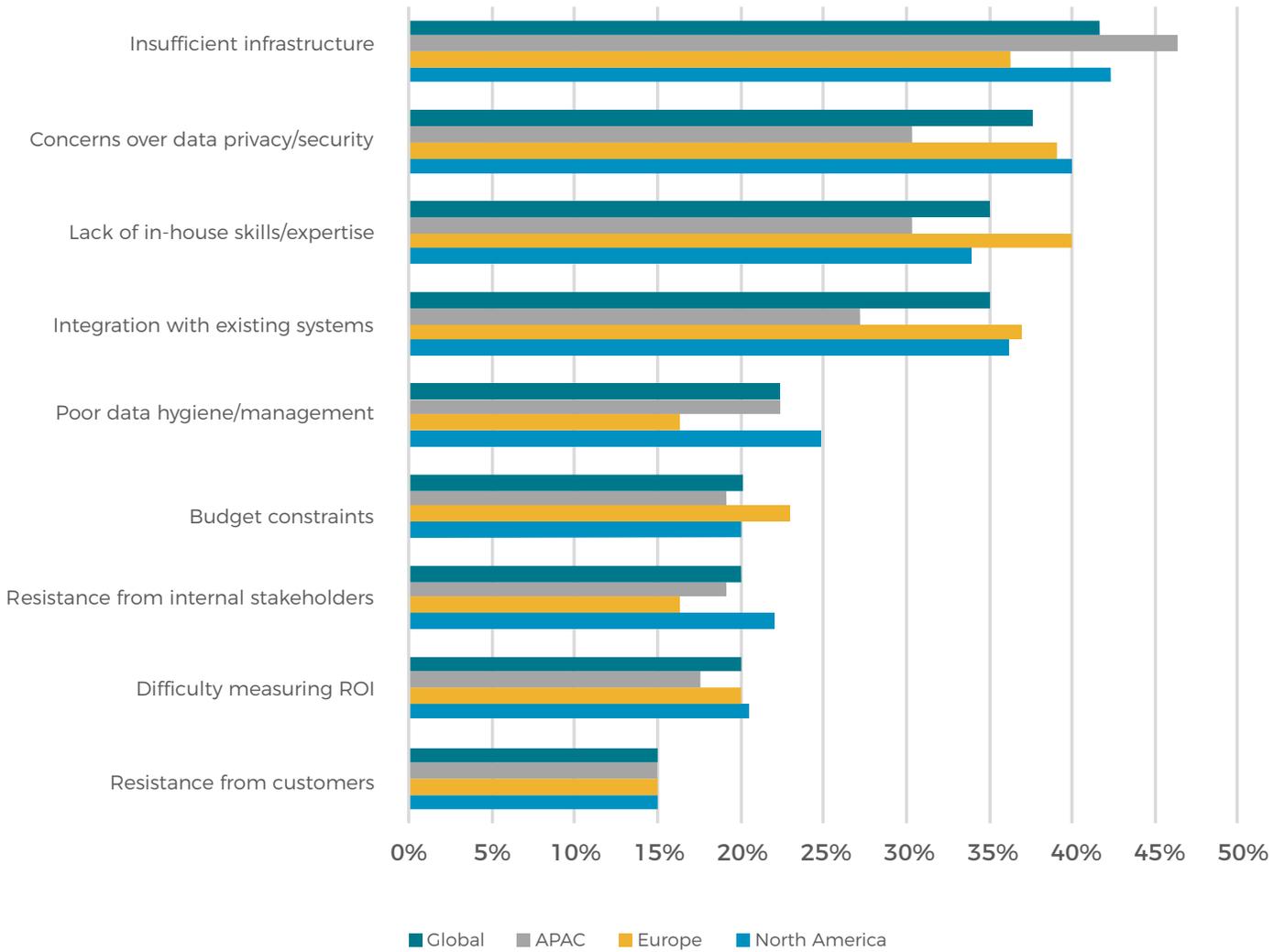
The next year and a half will be a period of significant metamorphosis for businesses worldwide. AI isn't just a technological upgrade; it's a driver of multiple strategic shifts that promise to reshape the corporate world.

## AI Technical & Non-Technical Challenges

As organizations globally navigate the complex journey of AI integration, their challenges reveal critical insights into the multifaceted nature of such technological advancements. These challenges, from infrastructural limitations to skill deficits, highlight the hurdles in adopting AI and the strategic gaps that need to be addressed for successful implementation.

Insufficient infrastructure is the most prominent challenge reported by companies across North America, Europe, and Asia-Pacific, with 42% of organizations globally identifying it as a major obstacle. This challenge is particularly pronounced in the Asia-Pacific region, where 46% of companies feel

FIGURE 9: Technical Challenges to AI Adoption



their current data center equipment, networking gear, and endpoint devices may not support the advanced requirements of AI solutions. This reflects a global recognition that a robust technological foundation is fundamental to leveraging the full potential of AI.

Data privacy and security concerns closely follow, cited by 40% of North American organizations and 39% of European ones. These concerns are somewhat less prevalent in the Asia-Pacific region, at 30%, indicating regional differences in

regulatory environments and the prioritization of data governance.

The lack of in-house skills and expertise is a significant barrier to AI adoption, especially in Europe, where 40% of companies acknowledge this gap. This is a clear signal that for AI to be effectively integrated, there needs to be an effort to upskill and train employees to navigate and manage this new technology set.

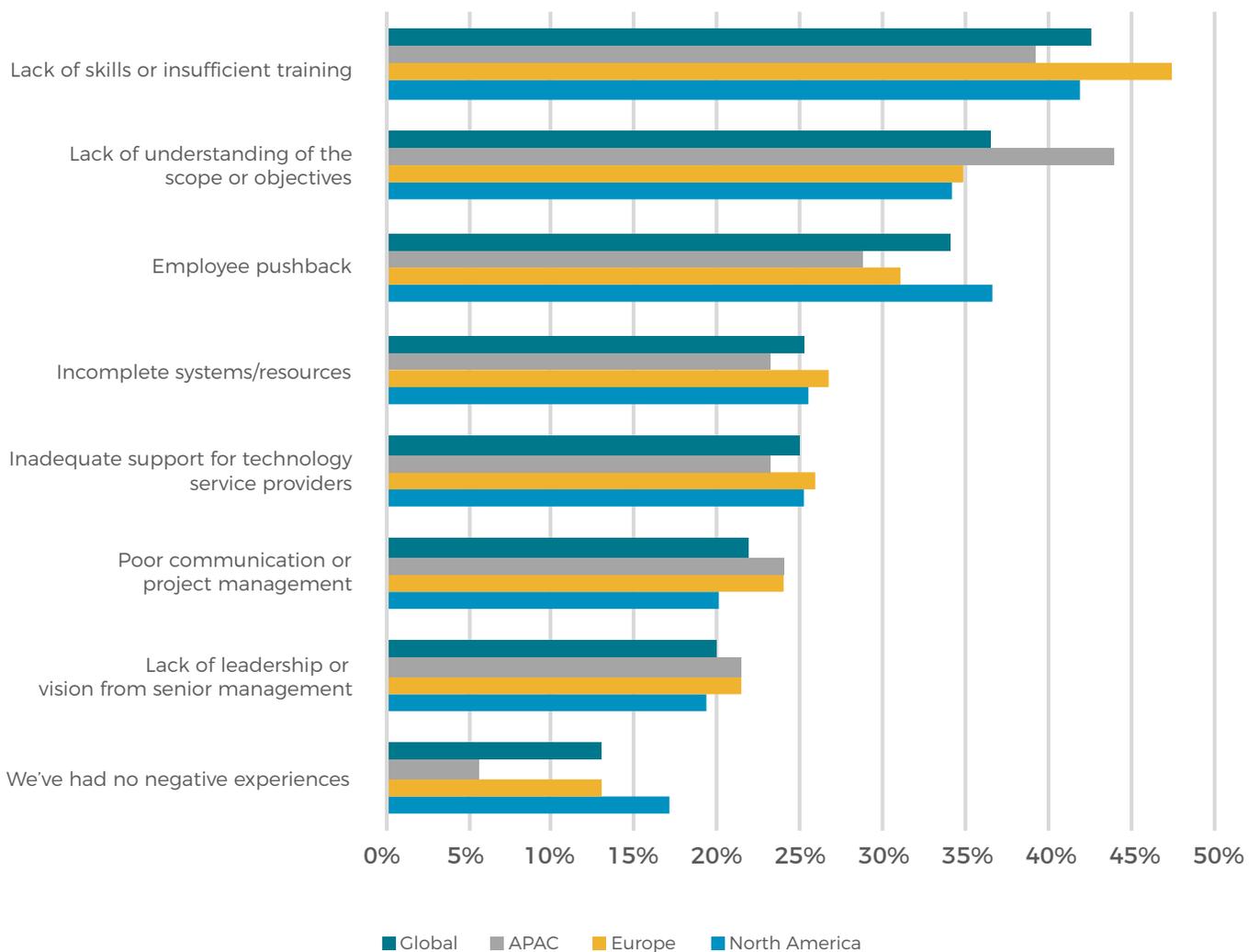
Integrating AI with existing systems is another

technical hurdle, with around 35% of businesses worldwide facing this issue. The smooth incorporation of AI into the technology infrastructure is essential to creating a seamless, efficient operational workflow. If the experience in adopting Internet of Things (IoT) technologies is any indication of integration needs, businesses will spend as much as one-third of their AI investments on integrating new technology with existing systems.

Non-technical barriers also play a substantial role in the potential shortfall of AI initiatives. The primary non-technical challenge globally is the lack of skills or insufficient training, with 43% of businesses acknowledging this as a concern. It highlights the need for comprehensive education and professional development programs around AI.

Lack of understanding of the scope or objectives of

FIGURE 10: Non-Technical Challenges to AI Adoption



AI projects is another considerable non-technical challenge, particularly in the Asia-Pacific region, where 44% of respondents cited this concern. This underlines the necessity for clear communication and goal-setting from the onset of AI projects to align expectations and outcomes.

Employee pushback, which can stem from a fear of change or concern over job security, is notable, with 37% of North American businesses citing this challenge. The concern among workers isn't unfounded. According to IDC, as much as 40% of jobs will be either displaced or redefined by AI. Addressing this challenge requires thoughtful change management and engagement strategies to ensure workforce buy-in.

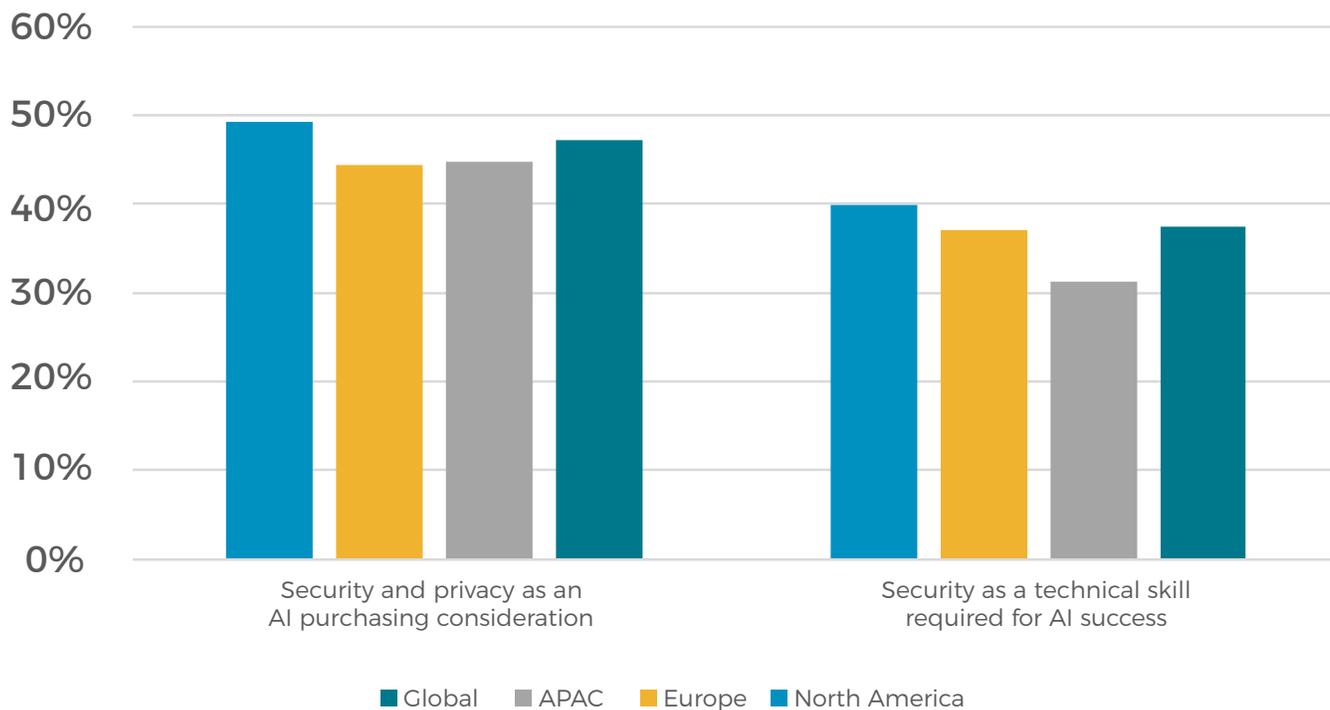
Only 16% of end users are attempting to implement AI technologies independently, or "go it alone." This suggests a growing recognition of the complexities

involved in AI projects and the value of partnerships, external expertise, and collaborative approaches.

Finally, positive experiences with AI adoption shouldn't be overlooked. Among respondents, 17% in North America and 13% in Europe reported no negative experiences such as failed implementations or unmet expectations. In Asia-Pacific, the number was 6%.

The successful integration of artificial intelligence isn't merely a technical endeavor; it's also a holistic one that requires robust infrastructure, skilled personnel, clear objectives, and strong leadership. As businesses look to the future of AI, they must address these challenges head-on, fostering an environment conducive to learning and adaptation, while also ensuring that their technological ecosystems can support the ambitions of an AI-driven enterprise.

FIGURE 11: Security Issues Related to AI



## AI Security Concerns

Data organization and integrity are critical to the successful deployment and usage of AI systems, particularly those that provide predictive analytics. While data management and hygiene are important considerations and concerns for businesses adopting AI, security of the systems and data are of the highest priority.

Globally, 47% of businesses emphasize security and privacy as top considerations when acquiring new AI solutions. This sentiment is consistently echoed across Asia-Pacific, Europe, and North America, where 45%, 44%, and 49% of companies, respectively, identify these factors as critical. The uniform concern across these regions highlights a universal priority to protect against increasing threats within the digital landscape.

It's important to note that AI security concerns aren't just about external threats. Hackers and organized crimes are already targeting businesses AI systems to exploit vulnerabilities that will let them gain access to mission critical data. However, businesses must also be mindful of the need for segregation of data fed in to AI, ensuring only internal actors with a need to know have access to the data. In practice, AI has been found to circumvent routine data-access controls, exposing sensitive information to users that don't have authorization.

The expertise to manage and safeguard this data is recognized as a key technical skill necessary for AI success. Globally, 37% of businesses affirm the necessity of security skills, reflecting a widespread recognition that robust cybersecurity measures are essential not just at the AI implementation phase but throughout its operational lifecycle.

In North America, the need for security competence is particularly noted, with 40% of companies

acknowledging it as a crucial skill for AI success, followed by Europe at 37% and Asia-Pacific at 31%. This points to the role of security as a strategic factor in AI system selection and a vital skill for teams that manage these technologies.

As AI becomes more entrenched in business operations, the dual imperatives of data organization and robust security protocols are being highlighted. Businesses are prioritizing these considerations in their strategic planning, acknowledging the essential role they play not only in deploying AI systems but in maintaining their integrity, effectiveness, and trustworthiness in a dynamic threat environment.

Given that businesses universally struggle to keep pace with security and data protection due to a shortage of qualified talent, they're likely to turn to MSPs and solution providers as a means of outsourcing or augmenting their AI security. This situation presents an opportunity for MSPs and managed security service providers (MSSPs) to expand their existing relationships with customers adopting AI technologies.

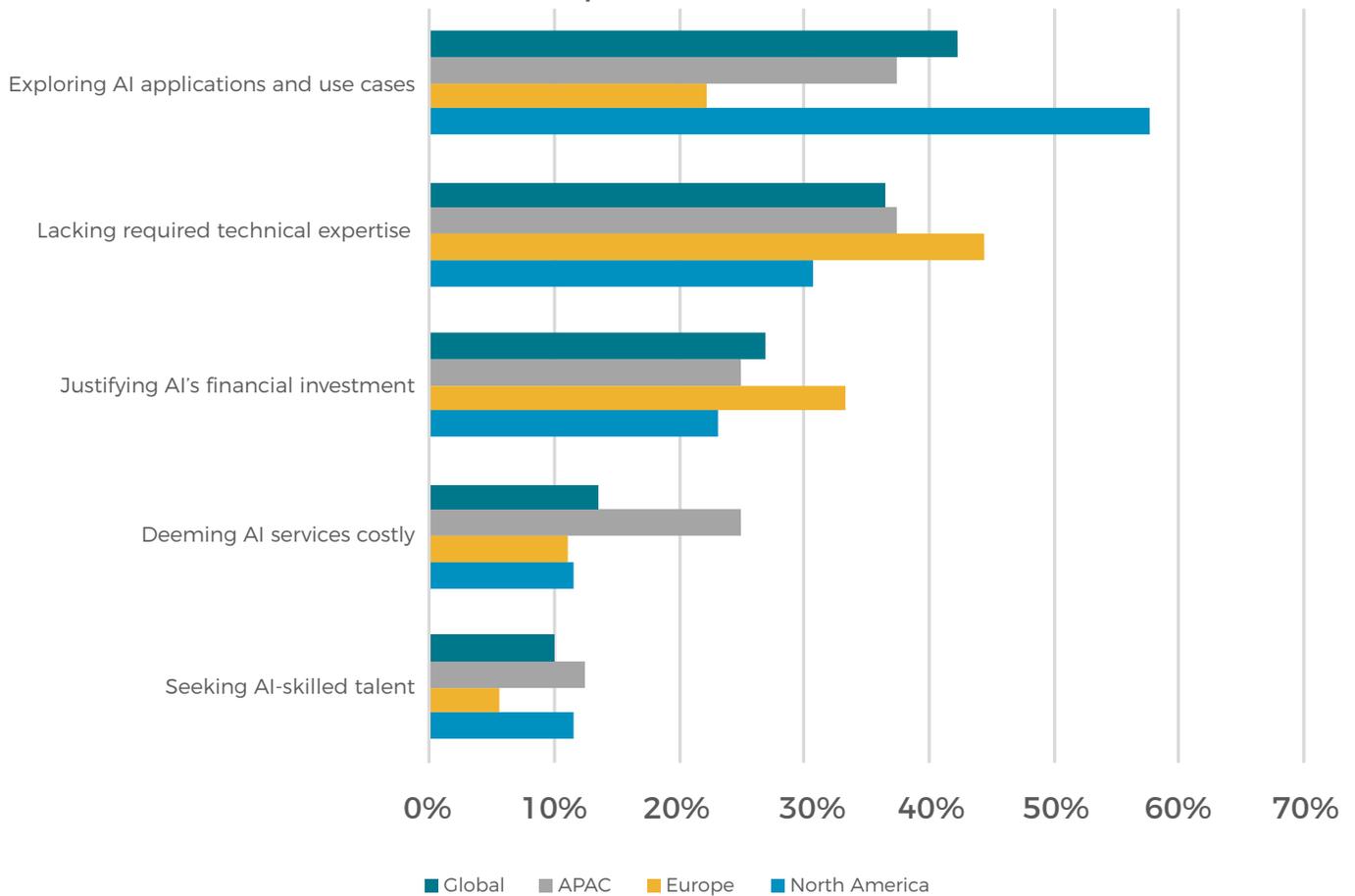
## Benefits of Working With a Solution Provider

Integrating AI into business operations is becoming increasingly essential for maintaining a competitive advantage. However, the journey toward AI adoption is fraught with challenges that many businesses have yet to overcome.

Globally, 42% of businesses are still exploring AI's potential applications and use cases, suggesting a widespread recognition of its importance but uncertainty about where to begin. This uncertainty is even more pronounced in North America, where 58% of businesses are in the exploratory phase.

Technical expertise, which is crucial for AI imple-

FIGURE 12: Reasons SMBs Haven't Adopted AI



mentation, is lacking in 37% of businesses world-wide. Europe reports the highest deficit, with 44% of companies acknowledging this gap. Justifying the financial investment in AI also poses a significant barrier, with 27% of businesses globally still in the process of securing the necessary financial backing.

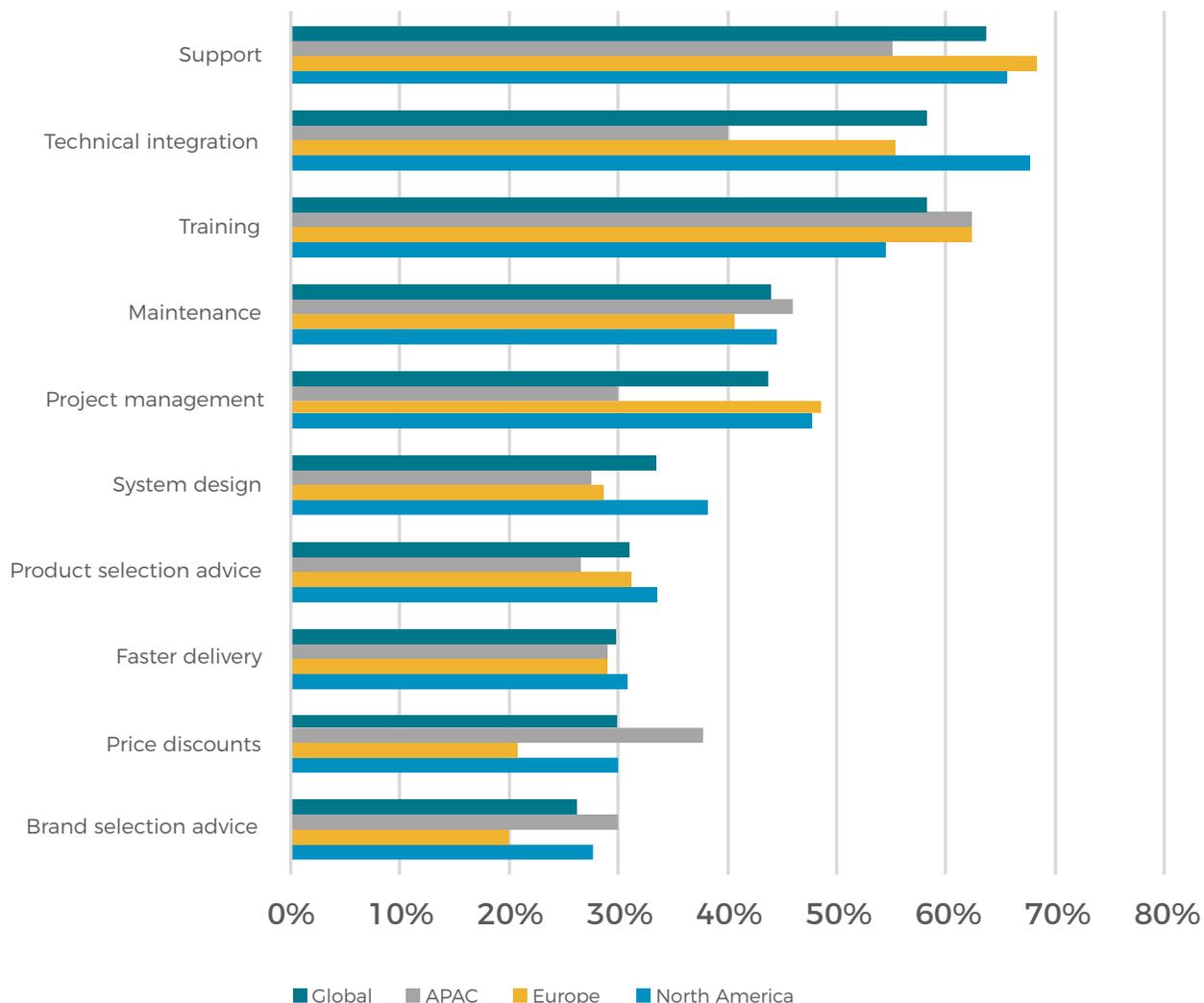
The perception that AI services are costly is yet another hurdle, particularly in the Asia-Pacific region, where 25% of businesses view cost as a prohibitive factor. Additionally, almost 10% of companies globally are actively seeking staff with AI skills to support their AI-enabled projects.

All of these perceived obstacles are prompting

most businesses to seek external expertise. Indeed, a mere 16% of businesses are navigating AI implementation independently. Most opt to partner with AI solution providers to meet their objectives.

Support services — such as technical, maintenance, and operational functions — lead the list of benefits. Two-thirds of businesses in North America and Europe and 64% globally are seeking reliable ongoing assistance. This high demand for support is a testament to the intricate and evolving challenges presented by AI technologies, which demand continuous expert input. The need for professional guidance and support is a significant part of the emerging MSP and solution provider AI opportunity.

FIGURE 13: Benefits of Working With an AI Solution Provider



When delving into the particulars of such collaborations, an array of services and benefits come to the fore as essential expectations of these partnerships. Technical integration is a close second benefit to support, with 68% of North American businesses and over half of European businesses prioritizing this service, revealing a critical need for AI systems that seamlessly mesh with existing infrastructures.

Training is another highly sought service, with over 55% of businesses across all regions emphasizing

its importance. This underscores the ongoing necessity to enhance the AI competency of the workforce, ensuring that the full spectrum of AI capabilities can be harnessed effectively.

Project management and maintenance services are also critical, with nearly half the businesses expecting their solution providers to offer these. The emphasis on project management illustrates the importance of strategic oversight and structured execution in AI initiatives, while maintenance en-

Businesses ensure that AI systems continue to operate optimally after they've been deployed.

Businesses are looking for product and brand selection assistance as well, with about one-quarter of companies valuing this input globally. This reflects the desire for informed guidance in choosing AI tools and solutions that align with specific business goals and industry standards. Businesses – particularly SMBs – will turn to their MSPs and solution providers to direct their AI visions and needs into practical, operational systems.

Price discounts and faster delivery are also on the list of expected benefits, indicating a focus on cost-efficiency and timeliness as businesses seek to implement AI solutions without delay and within budget.

As AI continues to redefine the business landscape, the value of partnering with AI solution providers is becoming increasingly clear. These providers aren't just vendors; they're strategic allies in the journey toward AI integration, offering a blend of services crucial for businesses to unlock the transformative potential of artificial intelligence.

## AI Purchasing Considerations

In the strategic process of selecting new AI solutions, businesses globally are prioritizing a core set of considerations, with security and privacy leading the charge. Nearly half of the companies in North America (49%) and a substantial proportion in Europe (44%) and Asia-Pacific (45%) rank these concerns as their top priority, reflecting the critical emphasis on data protection in today's digital economy. Globally, 47% of businesses concur with that, demonstrating a worldwide consensus on the importance of securing AI technologies.

Price is another dominant consideration, particularly in Europe, where 55% of businesses deem it a

critical factor, somewhat higher than in Asia-Pacific (48%) and North America (43%). This reveals the significance of cost in the decision-making process and points to an acute awareness of budgetary constraints and the financial impact of AI investments on organizational resources.

The speed of processing is also a notable factor, especially in Europe, where 44% of businesses highlighted it as a key consideration. This indicates an urgent need for AI systems that can deliver rapid insights and responses, essential in a fast-paced business environment where real-time decision-making can offer competitive advantages.

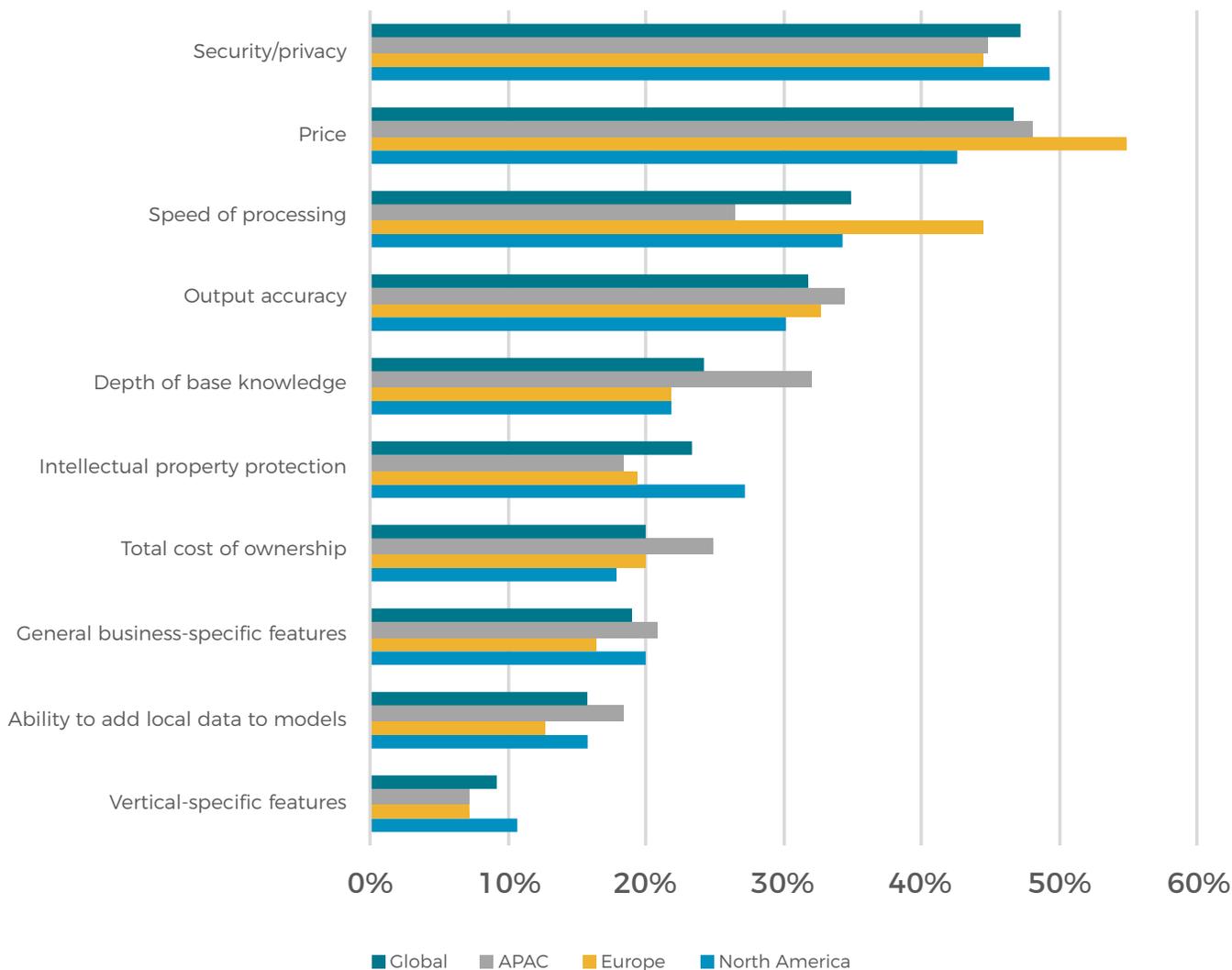
Output accuracy is similarly significant, with approximately one-third of businesses across the regions emphasizing the importance of precise and reliable results from AI applications. This is indicative of the reliance on AI to inform critical business decisions and processes, necessitating a high degree of confidence in the technology's performance.

The depth of base knowledge in AI solutions is a priority for 24% of businesses globally and 32% in Asia-Pacific, pointing to the value placed on comprehensive, informed AI systems built on a solid foundation of domain knowledge.

Protecting intellectual property and information is also among the top considerations, though it's more emphasized in North America (27%) than in Europe (19%) and Asia-Pacific (18%). This variation reflects differing regional approaches to managing and safeguarding proprietary information within AI systems.

Two additional factors – total cost of ownership and the ability to integrate local data into AI models – are among the considerations that businesses are

FIGURE 14: End User AI Purchasing Considerations



weighing, with the latter being particularly important in the Asia-Pacific region, where it was cited by 18% of respondents. This highlights the need for AI solutions to be not only cost-effective but also versatile and adaptable to specific regional data requirements and contexts.

As businesses worldwide evaluate potential AI solutions, they're taking a comprehensive view that includes a combination of security, cost, performance, and depth of knowledge. These considerations

are critical in ensuring that the chosen AI systems align with business objectives, offer robust data protection, and provide the necessary performance to drive informed decision-making and maintain competitiveness in a global marketplace.

### Guidance to AI MSPs and Solution Providers

Given that the AI market is gaining momentum, with projections to surpass \$150 billion annually by 2027, MSPs and solution providers are witnessing

an unprecedented era of opportunities. This surge isn't merely about the advancement of technology; it signifies a paradigm shift in business operations and strategies, particularly for SMBs.

Tools like Microsoft Copilot have become crucial touchpoints, offering SMBs first-hand experience with AI's capabilities, fostering confidence and familiarity with its potential. This momentum presents an opportunity for MSPs and solution providers to guide SMBs in expanding their AI engagements. Copilot is a gateway experience engine that helps get customers familiar with and interested in higher-level AI applications and use cases.

The role of MSPs and solution providers in this AI revolution goes beyond simply selling AI systems. They're emerging as crucial enablers in managing the next-generation infrastructure that underpins sophisticated AI technologies. As these systems become increasingly complex, they require a robust and agile infrastructure capable of supporting intricate data processing and analysis. MSPs and solution providers, with their deep expertise in technology infrastructure, are ideally positioned to build, manage, and optimize these advanced systems, ensuring functionality, scalability, and security.

A critical yet often overlooked aspect of AI readiness is the organization and management of data. The effectiveness of AI is intrinsically linked to the quality and integrity of the data it leverages. MSPs and solution providers have a significant opportunity to add value by assisting businesses in organizing, cleansing, and managing their data, making it AI-ready, and enhancing the effectiveness of AI solutions. This transcends traditional IT services, positioning MSPs and solution providers as integral partners in their clients' AI journeys.

On top of data management is the need for security. AI systems need solid segregation of data to ensure only authorized access. Traditional security strategies and applications are essential elements of AI use-case development, as they mitigate risk against external hackers and data manipulation by malicious actors.

MSPs and solution providers also face the vital task of upskilling and educating their teams to stay abreast of the rapidly evolving AI landscape. Investing in training and skill development ensures not only the delivery of cutting-edge solutions but also the provision of insightful consultation and support to clients.

Security and data privacy remain paramount in the AI domain. MSPs and solution providers must prioritize these aspects of their AI offerings, ensuring adherence to the highest data protection and compliance standards, safeguarding client interests, and building trust in their services.

The expanding AI market presents a multifaceted opportunity for MSPs and solution providers, marking a transition from traditional IT service providers to strategic partners. By focusing on infrastructure management, data organization, skill development, and security, they can unlock new growth avenues and become indispensable allies in their clients' pursuit of innovation and competitive advantage.

These are some of the opportunities in this burgeoning field:

- **AI-driven infrastructure management:** designing, implementing, and managing AI-capable infrastructures for clients

- **Data management and analytics:** organizing, cleansing, and managing large data sets to make them AI-ready
- **Custom AI solution development:** tailoring AI solutions like chatbots and predictive analytics tools to client needs
- **AI integration services:** seamlessly integrating AI technologies with existing business systems and processes
- **AI security and compliance:** ensuring robust security for AI systems, including data privacy and regulatory compliance
- **AI training and support:** offering comprehensive training and support for effective AI tool usage
- **AI for IT operations (AIOps):** automating and enhancing IT service management using AI
- **AI-powered business intelligence and reporting:** leveraging AI for advanced business intelligence and data visualization
- **AI consulting and advisory services:** providing strategic advice on AI technology selection and best practices
- **AI-enhanced customer service tools:** implementing AI-driven tools to improve customer-service efficiency
- **AI for predictive maintenance:** utilizing AI in industries like manufacturing for predictive maintenance
- **AI in marketing and sales optimization:** providing AI tools for targeted marketing and sales forecasting
- **Reselling and implementing off-the-shelf AI products:** partnering with technology providers to offer hardware and applications that facilitate AI systems
- **Developing AI ethics and governance frameworks:** establishing guidelines for responsible AI usage
- **AI for talent management and HR:** imple-

menting AI in human resources for workforce planning and engagement analysis

- **AI-driven content creation and management:** utilizing AI for content generation and optimization in marketing and media

The rapidly changing landscape of artificial intelligence presents an expansive and diverse array of opportunities for MSPs and solution providers. This evolution isn't just a shift in technology but a transformative movement in the IT industry, redefining the roles and responsibilities of MSPs and solution providers. Where once their focus might have been predominantly on traditional IT services and solutions, the advent of AI has opened up a new realm for these providers, allowing them to establish themselves as strategic partners in AI implementation and management.

This transition from traditional IT service offerings to strategic AI partnerships involves a deep immersion into the intricacies of AI technologies and their practical applications in various business scenarios. MSPs and solution providers are uniquely positioned to bridge the gap between the complex world of AI and the practical needs of SMBs. By gaining expertise in AI, they can demystify this technology for their clients, offering tailored solutions that drive efficiency, innovation, and growth.

MSPs and solution providers can do more than provide AI tools and systems; they can become consultants and advisors who understand the broader business implications and strategic opportunities that AI presents. They can guide SMBs in integrating AI into their business strategies, helping to transform various aspects of operations, from customer service and marketing to supply-chain management and human resources.

The role of MSPs and solution providers in this new era also includes addressing the challenges associated with AI, such as ethical considerations, data security, and privacy concerns. They can lead the way in establishing best practices for AI deployment, ensuring that AI solutions are effective, responsibly used, and compliant with regulatory standards.

The evolving AI landscape requires MSPs and solution providers to adapt and learn continuously. This means staying abreast of the latest developments in AI, understanding emerging trends, and acquiring new skills. This commitment to continuous learning and adaptation is crucial for maintaining a competitive edge and offering cutting-edge solutions to clients of every ilk.

Finally, this transition opens up opportunities for MSPs and solution providers to forge new partnerships and collaborations with AI technology providers, researchers, and industry experts. Through these collaborations, MSPs and solution providers can enhance their service offerings, providing clients with access to the most advanced and innovative AI solutions available.

The dynamic AI landscape isn't just changing the way businesses operate; it's reshaping the role of MSPs and solution providers in the IT ecosystem. By embracing this shift, they can elevate their value proposition, moving from providers of IT solutions to essential strategic partners in their clients' AI journeys. ■

## Methodology

Channelnomics, sponsored by Pax8 and with support from Microsoft, conducted a global survey targeting small and midsize business (SMB) buyers in the AI market. This survey aimed to assess their readiness for and plans to adopt AI technology.

Channelnomics surveyed 588 SMBs involved in AI procurement through a guided-response method to obtain a diverse and representative sample. The surveyed SMBs hail from various regions, including Asia-Pacific, Europe, and North America, and represent various industry verticals. Most of these businesses employ a workforce of fewer than 500 employees.

The findings of this survey are considered by Channelnomics to accurately reflect the current state of AI market trends among SMB buyers. The results are statistically significant, with a margin of error of +/-5% at a 95% confidence level. However, it's important to note that the analyses and conclusions drawn in this report are solely those of Channelnomics and may be subject to change without notice.

## About Us

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