



DIGITAL  
TRANSFORMATION

AI

AI



AI  
SERIES

# THE MID-MARKET AND AI HOW TO OVERCOME LEGACY IT AND RESOURCING CHALLENGES



What if you could boost your business performance by 40% by embracing a single technology and driving it across your organisation? This is not a hypothetical scenario, but a realistic possibility with AI.

For the mid-market, this is a great leveller. However, adoption is often a challenge, with many companies facing one of two challenges.

Firstly, for many mid-market companies, the hurdle is resourcing. For all the appetite, embracing AI requires a robust data science practice and skills across the organisation. Trying to go from “0-100” with AI adoption is a quick way to burn money without necessarily seeing the outcomes.

Additionally, for older mid-market companies, there’s the challenge of legacy IT to overcome. AI becomes viable only with modern systems and infrastructure to power it, and many mid-market companies lack the technical readiness to make significant moves into AI.

To take advantage of AI, mid-market companies need to undertake a couple of activities: Firstly, the need to move up both the technical and business culture readiness scales to ensure that the investments into AI are a success. Secondly, they need to find the “low hanging fruit,” first, and demonstrate the value of AI rapidly. Only with sound data integration practices and unified systems of Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) will the organisation have the platform and data input fuel that it needs to start investing in more cutting-edge and transformative applications of AI leveraging towards a competitive advantage.





# CORE DISCUSSION PILLARS

As you'll see, though AI is a resource-intensive investment, with the right approach it is achievable for the mid-market. In embracing AI, mid-market businesses stand to benefit from better efficiency and productivity, and a greater competitive position.

This whitepaper covers:



The best pathways towards AI for mid-market companies, and the benefits that it brings to organisations that can successfully embrace it.



The technical risks of AI and how the mid-market needs to think about overcoming them.



A look at how specific sectors - manufacturing and logistics - can leverage AI at the mid-market level to boost their competitiveness.



A close look at the Microsoft Copilot opportunity, as the ideal "first step" for mid-market companies that will demonstrate value quickly.



A close-up photograph of a woman with dark hair and bangs, wearing blue-rimmed glasses. Her eyes are looking towards the right, and there are green and blue digital reflections on her lenses. She has a slight smile. The background is dark and out of focus.

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# HOW MID-MARKET ORGANISATIONS ARE UNDERTAKING THE JOURNEY TO AI



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3 Minutes



For mid-market companies, AI is becoming an increasingly important tool for driving innovation and staying competitive. It enhances various aspects of business operations, from streamlining internal processes to boosting sales efforts.

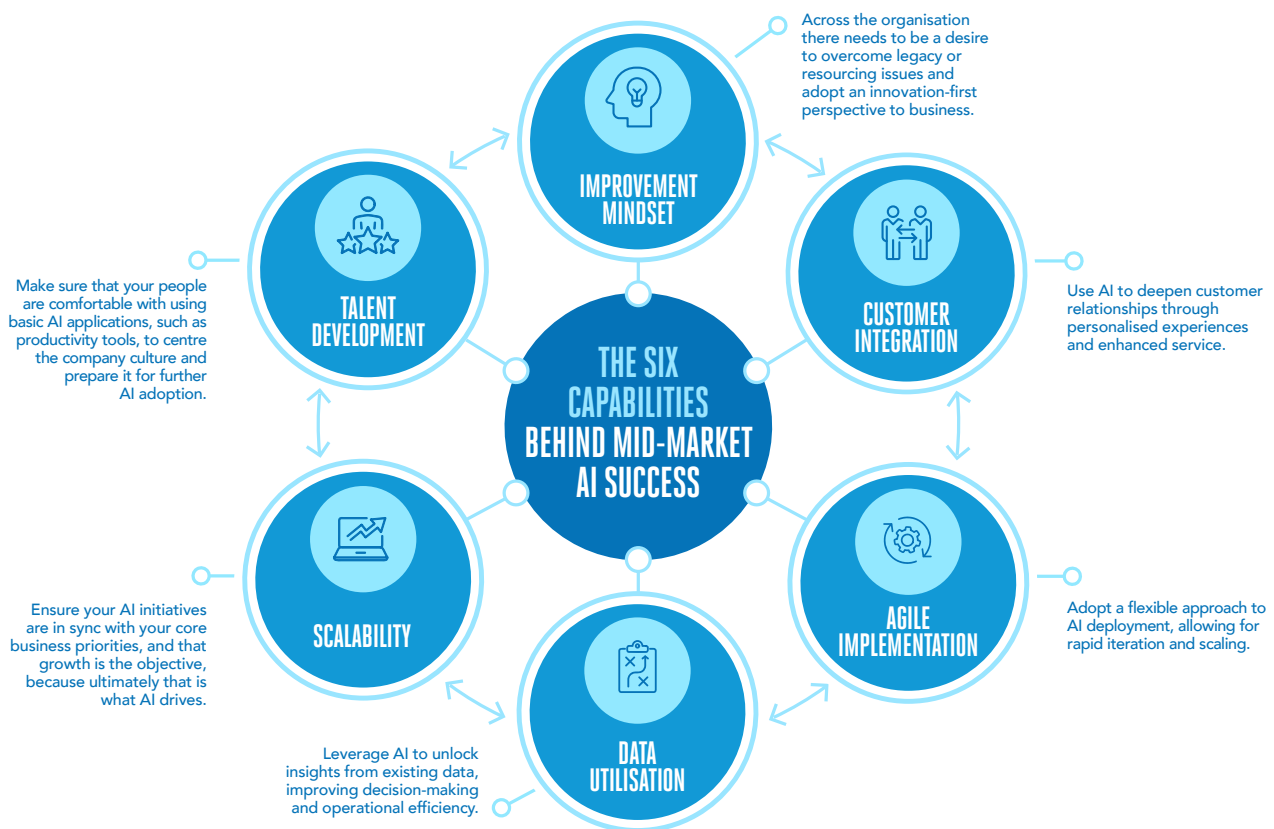
It's also becoming far more accessible to the mid-market. Where once any investment in AI would require a massive internal data centre resource and teams working within the organisation on it – making it accessible only to the largest enterprises - Deloitte's insights show that midsize companies are now embracing AI through cloud-based and SaaS delivery models, making it more accessible and affordable<sup>1</sup>.

Before embarking on AI implementation, it's crucial for a mid-market organisation to first ensure that it has a strong foundation. The path to successful AI adoption for mid-market businesses is supported by key capabilities such as strategy,

talent, culture, governance, technology, and operations. These components work together to create an environment where AI can thrive and contribute to the company's success.

Implementing AI is not a one-time event but a continuous process that requires constant evolution and collaboration within the company. It's this ongoing effort that unleashes the full potential of AI, turning businesses into nimble innovators that can develop new value propositions. By harnessing data and insights, AI empowers businesses to stand out, remain competitive, and grow.

To achieve this, a thorough change management program is essential. Such a program must tackle the challenges of aligning business processes and human interactions with technology, and ensure that the employees are comfortable with the vision. As research shows, there is ongoing concern about AI's impact on jobs and work practices. Without resolving these concerns, the initiative may not succeed.



<sup>1</sup> Deloitte, 'Cloud helps accelerate midsize companies' AI adoption', 2021, <https://www2.deloitte.com/us/en/insights/industry/technology/ai-adoption-mid-size-companies.html>





# THE RISKS THAT ORGANISATIONS FACE WITH AI



Reading time:  
5 Minutes





Mid-market companies are where we look for innovation, creativity, and new ideas. As such, their engagement with AI technologies is pivotal, because what they will potentially do with it can change the way we look at their sectors. However, while AI may prove transformative, there is also risk to account for.

For instance, a mid-market healthcare company adopting AI for patient data analysis might face

setbacks if the AI system fails to accurately predict patient outcomes, leading to a loss of trust among stakeholders. Similarly, a mid-market retail business could suffer a significant blow to its reputation if an AI-driven marketing campaign inadvertently targets the wrong audience due to data errors, resulting in a loss of customer loyalty.

As such, it is crucial for mid-market leaders to recognise and address the risks of AI to businesses of their scale, including:



**1 OPERATIONAL RISKS**  
 Mid-market companies often operate with leaner resources compared to larger enterprises, which can lead to challenges when implementing AI. For example, a mid-market logistics firm might invest in an AI system to optimise delivery routes. However, due to limited data and testing, the system could fail to account for real-world variables like traffic patterns, leading to inefficiencies and potential loss of business. To mitigate such risks, companies should adopt a phased approach to AI implementation<sup>2</sup>, starting with pilot projects that allow for iterative learning and improvement.

**2 REPUTATIONAL RISKS**  
 Reputational damage is a significant concern for mid-market companies, especially if AI applications result in publicised failures. Take, for instance, a mid-market financial services company that uses AI for credit scoring. If the algorithm is found to be biased against certain demographics, it could lead to public outcry and loss of customer trust. To prevent such scenarios, companies need to ensure transparency in their AI models and engage in regular audits to check for biases.

CONTINUES...

<sup>2</sup>World Economic Forum, 'AI: These are the biggest risks to business and how to manage them,' 2023, <https://www.weforum.org/agenda/2023/07/ai-biggest-risks-how-to-manage-them/>





3

### REGULATORY RISKS

Navigating the complex landscape of AI regulations can be particularly challenging for mid-market companies. A breach of data privacy laws due to an AI system's failure to comply with GDPR, for example, could result in a company being unable to expand into Europe, or even hefty fines and sanctions there. AI is generally a tool for digital-first companies that are looking to global reach, so mid-market organisations here in Australia need to stay informed about the latest regulations and incorporate compliance into the AI development process from the outset.

4

### DATA SECURITY/CYBERSECURITY RISK

The integration of AI into business processes can introduce new cybersecurity risks. Mid-market companies may be particularly vulnerable to cyberattacks that target AI systems, such as data poisoning, where attackers manipulate the data used to train AI models, leading to incorrect or harmful outputs. Additionally, AI systems can be exploited to bypass traditional security measures, making it crucial for companies to invest in robust cybersecurity frameworks that evolve alongside their AI implementations. Regular security audits, employee training on AI risks, and collaboration with cybersecurity experts can help mitigate these threats.

The challenge that mid-market companies often face when addressing these risks is the old adage - you don't know what you don't know. Limited internal resources of technical maturity may lead a mid-market organisation to make a major error that exposes them to the above risks. For this reason, most mid-market organisations are best advised to engage with outside consultants and expertise to check their AI ambitions against the risk that it exposes them to.



# WHICH VENDORS SUPPORT A MID-MARKET AI VISION?



Reading time:  
8 Minutes





IT organisations are all jostling to become the ideal AI platform for the mid-market. However, some of these products and services are designed for organisations that are further down the transformation journey.

One of the challenges that mid-market companies face is narrowing down which AI solutions will deliver to their needs, because all of these companies (and others) promise to be the complete AI benefit.

Rather than dive head-first into a solution, a mid-market company should undertake due diligence and work with its partners to understand exactly what benefits it stands to gain by adopting an AI solution, where that fits in to the overall business objectives, and how best to get started.

Some of the current leaders in the space, and the services that they provide, include:



#### AMAZON

Amazon offers a comprehensive suite of AI services that are accessible to mid-market companies, including pre-trained AI services that require no machine learning experience. These services cover a wide range of applications such as personalised recommendations, modernising contact centres, and improving safety and security. For mid-market companies looking to integrate AI without extensive expertise, Amazon's AI services could be a valuable investment.



#### ORACLE NETSUITE

Oracle NetSuite is embedding AI across its suite to enable users to generate and refine content that is both contextual and personalised, drawing from company-specific data across finance, HR, supply chain, and more. This integration of AI not only streamlines processes but also automates the creation of context-sensitive content, enhancing efficiency in tasks such as drafting emails or financial reporting. The result is a significant boost in productivity, allowing midmarket businesses to focus on strategic initiatives and gain a competitive edge through the intelligent use of organisational data.



#### MICROSOFT

On one level, Microsoft's AI infrastructure is tailored for large-scale compute and includes services optimised for various AI and high-performance computing workloads. They offer AI solutions across industries, which can help mid-market companies in manufacturing, government, energy, financial services, healthcare, and retail.

On another level, Microsoft has some of the most accessible AI tools built into services such as Bing and Microsoft Teams. For mid-market organisations, tools such as Copilot are an excellent opportunity to begin experimenting with AI, and achieve the necessary fast ROI required to build appetite for further AI investment.

CONTINUES...







### IBM

IBM's AI services focus on consulting and applying AI technology to business operations, aiming to augment teams and elevate the value of their work. They offer AI-powered HR solutions, customer experience enhancement, and strategy optimisation, which can be particularly beneficial for mid-market companies looking to differentiate themselves through AI technology, however the level of readiness across the organisation needs to be higher for this solution to really deliver.



### GOOGLE

Google's AI services can be seen as specifically designed to support mid-market companies scale rapidly, by providing them with AI tools that enhance productivity while optimising resources. Their approach emphasises data quality, collaboration, transparency, and inclusivity, which aligns with the needs of mid-market firms looking to utilise AI strategically for growth and ethical innovation.



# THE BENEFITS OF MICROSOFT COPILOT FOR ENTERPRISE

Mid-market businesses, especially those that have achieved agility and focused teams, can find a powerful partner in Microsoft Copilot to enhance their operations.

Unlike large enterprises, midmarket companies may not have extensive resources to invest in AI development, and this make Copilot an ideal solution that offers clear benefits on a relatively low expenditure investment, with a fast return on investment (ROI).

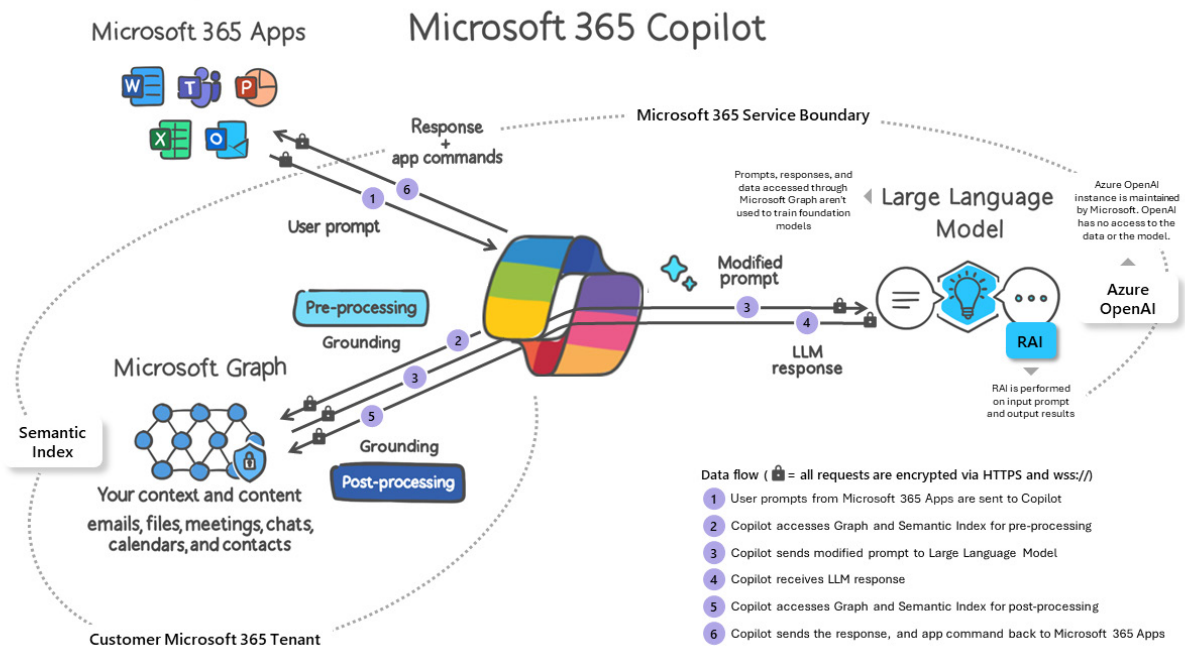


Chart courtesy of Microsoft





For example, unlike standalone AI solutions, Copilot's incorporation into daily workflows allows users to leverage AI capabilities and enjoy productivity gains without disrupting their existing routines.

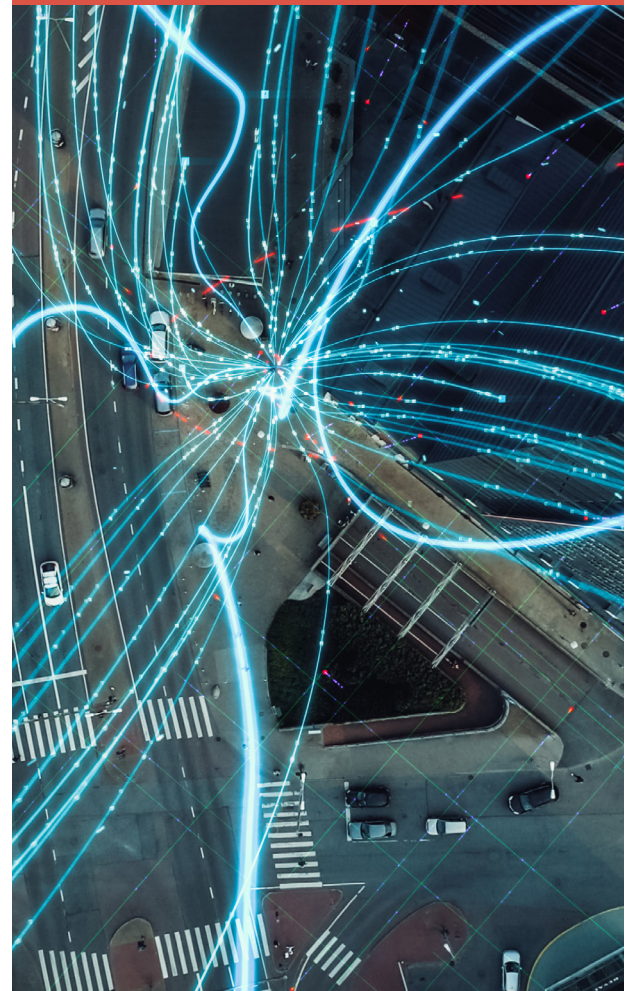
Most people in a mid-market organisation would already be familiar with Copilot on some level thanks to its consumer applications, further making it an excellent entry point for mid-market businesses to explore AI by limiting the familiarisation process across the organisation.

The applications of Copilot are particularly beneficial for midmarket businesses. For instance, sales teams can utilise Copilot's features to prioritise leads, manage opportunities, provide sales coaching, and enhance collaboration. It's not merely about task automation; Copilot offers insights and recommendations that help secure deals more swiftly and forge stronger client relationships. These are all features that enterprise CRM systems have been able to provide, that are now available to support a mid-market team.

Copilot's AI capabilities capitalise on Microsoft's ecosystem, including products and services like Microsoft Teams, Outlook, and Dynamics 365. For the midmarket sector, Microsoft Copilot represents an innovative and impressive example of accessible and impactful AI applications within the tools that the organisation has already invested in.

In short, it serves as a practical tool to test business readiness for AI, assessing both technical and cultural aspects, and starts delivering value immediately.

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## DATA COLLECTION WHAT DISTINGUISHES SUCCESSFUL AI ADOPTION FOR THE MID-MARKET

What will ultimately distinguish a successful implementation of AI in the mid-market will be the way that data is collected and utilised in the background. AI without quality data is doomed to be AI that runs off misinformation and makes “mistakes” that become a liability to the business.

A good example of this can be seen in the manufacturing industry, where Australian organisations need to be nimble and innovative to compete, both domestically and abroad. Australian manufacturing does tend to invest in technical readiness, and has the cultural appetite to invest further in innovation. Across the Australian business landscape, manufacturing has the second highest R&D spend in Australia<sup>3</sup>, ahead of financial services, mining, and even telecommunications, and only behind professional, scientific, and technical services.

It is the ideal sector for mid-market organisations to embrace AI, in other words.

Such efforts are only going to work if the data collection and management strategy is fully articulated first.

<sup>3</sup>The Australian Government, ‘Advanced Manufacturing,’ 2023

## THE IMPERATIVE OF COMPREHENSIVE DATA COLLECTION

To gain the data required to fuel AI models and generate actionable insights out of them, Australian manufacturing organisations need to prioritise:

- **Collecting End-Use Data:** Every touchpoint with customers, from initial contact to post-sale support, is a key opportunity to gain insights on how the manufactured products are being used and not used, which can support further development.
- **Sales Data:** Detailed transaction records, sales cycle durations, and conversion rates are instrumental in understanding market trends and customer preferences.
- **Supply Chain Metrics:** Insights into supplier performance, shipping times, and material quality are crucial for optimising logistics and inventory management.

From there, preparing the data infrastructure for AI adoption involves several key steps:

- **Data Systematisation:** Organising data across business operations to ensure it is AI-ready.
- **Quality Assurance:** Implementing protocols to maintain data accuracy and integrity.
- **Scalability Planning:** Ensuring the infrastructure can handle increased data volumes as the business grows.

## AND THEN THERE’S THE REPOSITORIES OF DATA: THE IMPORTANCE OF ERP AND CRM IN AI

Once the data collection process is properly calibrated and data is properly stored within data lakes, the integration of systems such as Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) becomes the next priority.

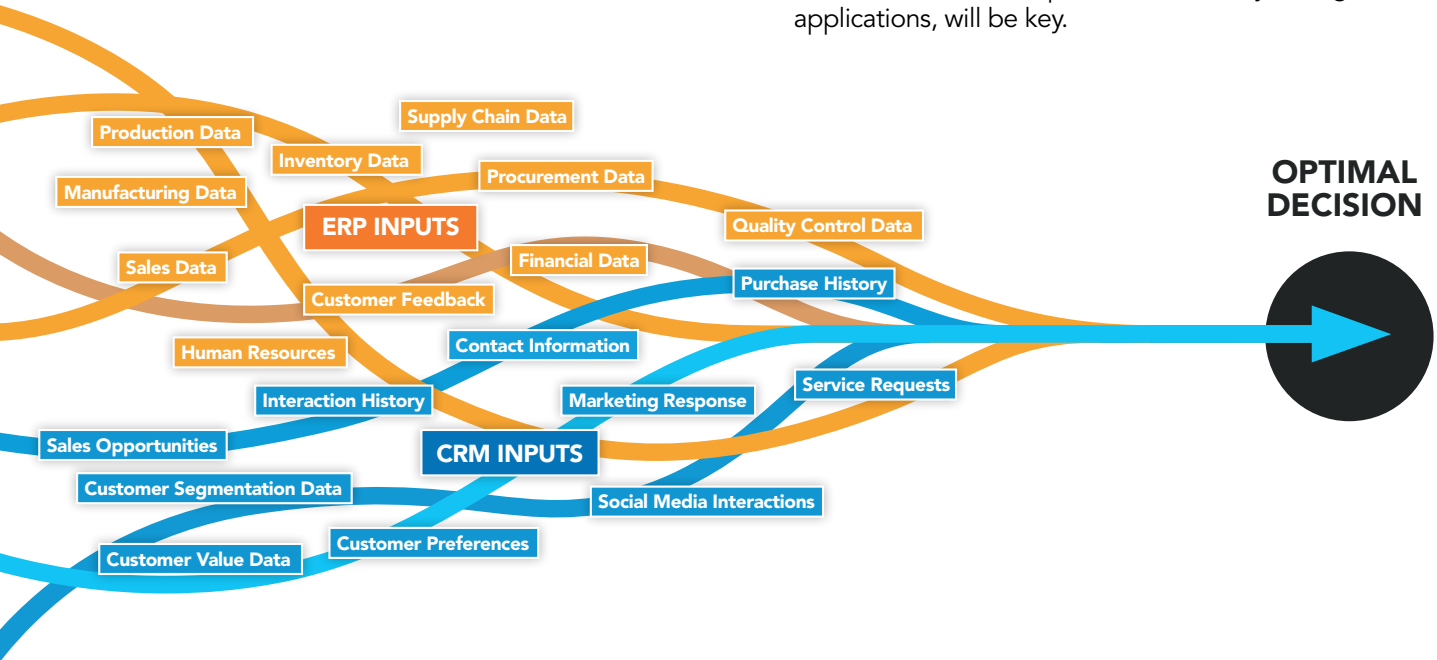
A unified cloud-based infrastructure that ensures a seamless flow of data across different business functions will subsequently allow the organisation to respond swiftly to market demands and operational challenges.





ERP and CRM data inputs that should be fed into an AI model to maximise its value can be broken down as follows:

Australia is well-known for being one of the leaders in advanced manufacturing, while also having a manufacturing industry that is overwhelmingly mid-market in scope. To retain that global edge, having a robust data collection process, backed by the right AI applications, will be key.



### ERP INPUTS

**Production Data:** Machine efficiency metrics, production speed, and downtime logs.

**Inventory Data:** SKU-level tracking, reorder points, and safety stock levels.

**Supply Chain Data:** Supplier performance metrics, shipping times, and logistics costs.

**Sales Data:** Historical sales trends, seasonal demand patterns, and customer order history.

**Manufacturing Data:** Production schedules, capacity planning, and work order details.

**Quality Control Data:** Inspection reports, defect tracking, and return rates.

**Procurement Data:** Purchase orders, vendor contracts, and material requirements planning.

**Financial Data:** Cost accounting, budgeting, and financial reporting.

**Human Resources Data:** Employee productivity, labour hours, and workforce allocation.

**Customer Feedback:** Direct input from customer surveys and product reviews.

### CRM INPUTS

**Contact Information:** Customer names, addresses, phone numbers, and email addresses.

**Interaction History:** Records of phone calls, emails, meetings, and presentations delivered.

**Purchase History:** Details of previous transactions and purchases made by the customer.

**Service Requests:** Customer inquiries, support tickets, and resolution outcomes.

**Marketing Responses:** Customer reactions to marketing campaigns, promotions, and offers.

**Social Media Interactions:** Shares, likes, hashtags, mentions, and social media profiles.

**Customer Preferences:** Individual likes, dislikes, and feedback on products and services.

**Sales Opportunities:** Potential upsell and cross-sell opportunities identified through customer data analysis.

**Customer Segmentation Data:** Grouping customers based on demographics, behavior, and purchase patterns.

**Customer Value Data:** Lifetime value, profitability, and frequency of purchases.





## USE CASE

# WHAT AI CAN DO FOR MID-MARKET LOGISTICS?

One thing that AI is particularly good at that mid-market organisations have traditionally struggled with is in analysing unstructured data - something that is going to be critical to supply chains as global disruptions such as conflict and climate change continue to impact on trade routes and supply.

For instance, the escalating conflict in the Middle East serves as a stark reminder of the vulnerabilities inherent in our interconnected world. The Suez Canal sees 15% of all global trade pass through it<sup>4</sup>, but suddenly, as a consequence of ships being attacked by Yemeni pirates, using that route has become a significant source of risk.

Here, AI's role extends beyond risk management to support operational resilience. Mid-market companies can use AI insights to identify risk incidents, and subsequently embed scenario analysis into their financial and inventory models. This allows SMEs to envisage and prepare for ramifications of geopolitical disturbances and demand anomalies like inflation, and the resulting effects accrued historically, demonstrated in real-time, and forecasted across predicted variations in commodity prices, delivery costs, supply time frames, and interest rates. The result is the ability to dynamically fortify or re-route their supply chains against unforeseen disruptions.

AI's ability to support supply chains can manifest in less dramatic ways, too. For example, it can promote operational efficiency. By minimising errors and optimising logistics, AI enables a more streamlined approach to inventory management and service delivery, granting mid-market entities a competitive advantage. Where once resourcing these kinds of capabilities was a challenge,

AI promises to be a levelling force, essentially meaning that the mid-market organisations that embrace it will gain the same ability as large enterprises to effectively "predict" market demand and embrace the value of just-in-time supply chains. This, in turn, will reduce the cost of doing business and allow the mid-market to better compete with the large end of town.

So, when a supply chain is disrupted - for example, a ship needing to travel the long way around Africa to avoid the Suez Canal, slowing the delivery of product, or the cost of oil fluctuates wildly due to tensions in the Middle East, AI can be the solution that mid-market organisations can rely on to make real-time decisions and achieve resilience through flexibility. Often, through disruption, what costs a business is the inability to pivot and adapt. It is something that the larger enterprises have focused on (for example: look at how nimble the logistics operation of Amazon is), but the mid-market have found themselves often needing to weather the rapid fluctuations in price and inventory challenges.

For mid-market companies willing to embrace this wave of change, AI will be the catalyst that will propel mid-market supply chains into a new era of efficiency, resilience, and growth.



<sup>4</sup>Fortune, 'Why Red Sea attacks matter for economy, inflation,' 2024, <https://fortune.com/2024/01/04/red-sea-15-percent-international-trade-10-day-journey-cape-good-horn/>





## CONCLUSION

The integration of AI into the fabric of business operations marks a pivotal shift in the technological landscape. The true value of AI adoption lies not merely in the sophistication of algorithms or the automation of tasks but in the strategic collaboration between AI and human expertise.

For the mid-market, there is the opportunity to leverage AI as a resource that delivers organisations capabilities that were previously not available to them. With IT enterprises jostling to make the most accessible and cost-effective AI solutions, the mid-market has access to true enterprise-class capabilities.

However, AI is not without risk, and one of the challenges that mid-market faces is that they're not necessarily able to fully understand and then mitigate against those risks. With limited internal resources, and potentially legacy infrastructure making AI even more problematic, there is a real need for the mid-market to find support and partnerships to help them maximise the opportunity.



## ABOUT WILD TECH

Wild Tech are end-to-end digital transformation partners, that leverage a unique industry led approach, combined with market leading platforms, to build Australia's next generation of digital operating models.

The company is Australian owned and operated with a demonstrated national capability. For Wild Tech, the evolution of transformation starts with a deep understanding of industry requirements. That means listening in order to be a step ahead, ensuring that end-to-end business processes, and organisational maturity, are considered in light of the nuances of each platform and their ability to deliver on the future-proofed platform required in 5, 10, and 15 years time.

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