QUADBRIDGE

WHITEPAPER

THE STATE OF AI ADOPTION IN MID-MARKET

Perspectives from the North American Mid-Market Based on Quadbridge AI Ideation Sessions and Annual Client Survey

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IN THIS REPORT

FORWARD

Every major technology shift follows a familiar arc: Early adopters' experiment. Proven use cases emerge. Standards form. The market adapts.

Enterprise software, cloud computing, mobile, and even the internet followed this pattern. Years – sometimes decades – separated early promise from widespread adoption. Leaders had time to observe, test, and adjust before committing at scale.

Artificial intelligence is unfolding differently.

For the first time, a transformative innovation has moved from novelty to near-universal awareness in a matter of months. AI tools are not only visible to executives, they're accessible to every employee, embedded in everyday work, and evolving faster than organizations can respond. The result is the compression of the traditional innovation adoption cycle.

Threatened by the risk of missing out, experimentation is no longer a choice made by early adopters. It's happening everywhere, often without strategy, structure, or governance. For mid-market organizations who lack the resources of enterprises and the agility of small businesses, this challenge is intensified.

This whitepaper has been developed in response to the current moment.

Through Quadbridge's AI Ideation sessions, we brought together leaders from across the technology ecosystem – executives, IT leaders, investors, consultants, and IT solutions providers – to step back from the noise and examine what's happening inside mid-market organizations today. The goal was not to predict the future of AI, but to understand the conditions under which adoption is succeeding or stalling.

What emerged is both sobering and clarifying. The challenge facing mid-market organizations is not one of ambition or access to technology. It's one of leadership readiness, organizational alignment, and execution in the face of accelerated change.

As AI continues to compress timelines and heighten expectations, the organizations that succeed will not be those that move the fastest, but those that move with intention – grounding adoption in clear purpose, disciplined governance, and a deep understanding of how innovation truly takes root.

Steve Leslie
CEO, Quadbridge

KEY FINDINGS

AI is Outpacing Organizational Readiness

AI is now firmly positioned as a top investment priority across the mid-market, yet confidence in execution remains low. This gap reflects a mismatch between the speed of AI's diffusion and the pace at which organizations can build governance, data readiness, skills, and leadership alignment.

INSIGHT
The risk has shifted from falling behind on AI adoption to moving faster than execution readiness allows.

Leadership is the Primary Constraint

Across all rankings, executive sponsorship and a clear AI strategy emerged as the dominant determinants of success. Organizations are not failing to adopt AI because they lack tools; they are failing because responsibility, prioritization, and accountability remain dispersed.

INSIGHT
AI maturity is increasingly a leadership competency, not a technical one.

Fear is Shaping AI Decisions More Than Failure

Security, privacy, and data concerns ranked as the most significant barriers to AI adoption, yet participants struggled to identify experienced failures. In the absence of clear guardrails, perceived risk – rather than lived experience – is driving caution.

INSIGHT
Organizations are slowing AI adoption not because of what has gone wrong, but because of what might.

Experimentation is Broad, Commitment is Narrow

While AI is already embedded across functions, this activity is largely informal, fragmented, and weakly governed. Few organizations have established a coherent framework to prioritize use cases, measure outcomes, or scale success. As a result, experimentation persists without compounding returns.

INSIGHT
Without strategy, experimentation becomes noise rather than momentum.

Lack of Sequencing is Creating Paralysis

When asked to define future priorities, participants ranked nearly every AI initiative as urgent. This breadth reflects ambition, but also a lack of focus. In the absence of a shared roadmap, everything becomes a priority, and progress slows under its own weight.

INSIGHT
Competitive advantage comes from the discipline of choosing what not to do first.

OUR APPROACH

Bringing Together Thought Leaders on Mid-Market AI Adoption

The mid-market occupies a unique and often underrepresented position in the AI landscape. Unlike large enterprises, mid-market organizations rarely have dedicated AI research teams, expansive data science functions, or the risk tolerance to pursue speculative innovation. At the same time, they face many of the same external pressures – from boards, customers, regulators, and investors – to modernize and scale.

In late 2025, Quadbridge convened a series of AI Ideation Sessions to develop an evidence-based view of how AI adoption is unfolding in practice across the mid-market. The insights captured during these sessions form the primary foundation of this white paper, with many contributors participating as co-authors.

These findings were further informed by Quadbridge's Annual Client Survey, which provides broader context from more than 250 North American mid-market IT leaders and helped validate the insights uncovered during the AI Ideation Sessions.

AI Ideation Session Structure

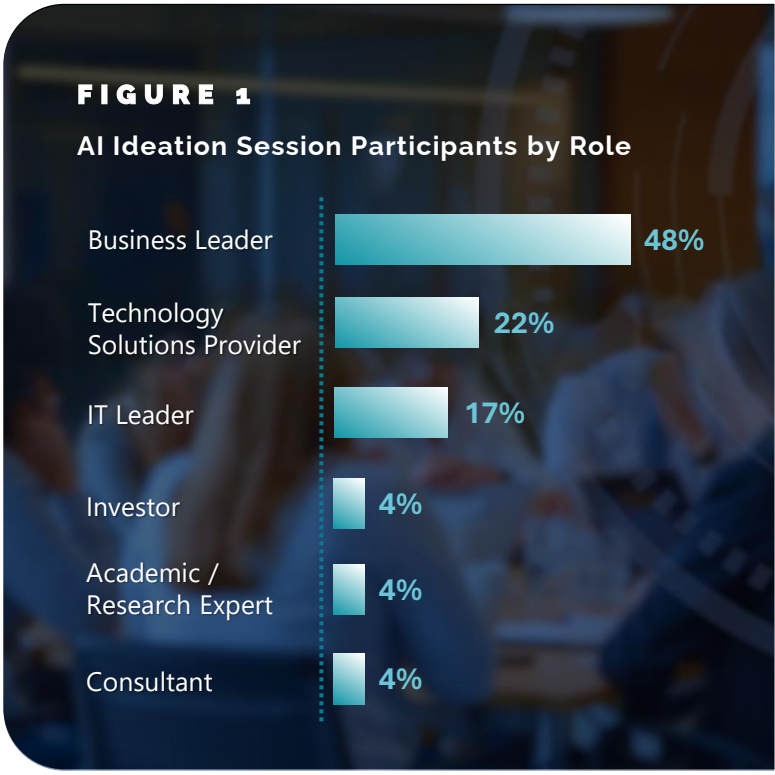
A series of executive workshops were conducted, each combining facilitated breakout discussions with full-group synthesis and live polling to capture both qualitative insight and quantitative signal.

Participant Profile

Participants represented a broad cross-section of the AI ecosystem, including IT leaders, business executives, advisors, investors, and technology providers. Approximately one-third identified as IT leaders, with the remainder spanning business leadership and advisory roles. This diversity was instrumental in revealing gaps between strategic intent, operational execution, and broader ecosystem expectations.

FIGURE 1

AI Ideation Session Participants by Role



CURRENT STATE

Rising Expectations, Compressing Decision Timelines

Mid-market organizations are entering a decisive phase of AI adoption. Interest is no longer emerging; it's established. What remains unresolved is how quickly organizations can translate urgency into disciplined, scalable execution as AI expectations are accelerating faster than organizational readiness. This imbalance defines the current state of mid-market AI adoption.

High Urgency, Low Readiness

AI has rapidly transitioned from an exploratory topic to a core strategic concern for mid-market organizations. Survey data shows a sharp rise in prioritization, with 35% of IT leaders ranking AI among their top strategic priorities and 44% identifying it as a top investment priority for 2026.

This shift reflects mounting external expectations. Boards, investors, and executive teams are increasingly framing AI not as optional innovation, but as a lever for productivity, cost efficiency, scalability, and competitive positioning.

This unevenness is further shaped by sector-specific conditions. Highly regulated industries face amplified readiness challenges due to stricter security and compliance requirements, while sectors such as manufacturing often encounter a more straightforward path where AI use cases map cleanly to operational efficiency and measurable ROI.

INSIGHT: AI urgency in the mid-market is no longer driven by experimentation or curiosity. It is driven by external expectations that are advancing faster than organizations' ability to execute with confidence.

In Use But Without Structure

Despite rising urgency, confidence in AI maturity remains uneven. When asked to assess their current state of adoption, many mid-market organizations described themselves as cautious or early-stage, even as experimentation is already underway across functions.

This gap becomes more pronounced when viewed by organization size. **Figure 2** illustrates a clear divergence between enterprise and mid-market organizations. While larger enterprises report higher levels of AI maturity and organizational confidence, the mid-market lags behind – despite facing many of the same external pressures.

At the same time, AI is already in use. Participants across the Ideation sessions reported active adoption in sales, marketing, customer service, analytics, compliance, and operational functions. In many cases, AI tools are embedded into daily workflows through productivity platforms and third-party solutions.

However, this adoption remains largely informal. AI initiatives are most often driven by individual experimentation rather than enterprise design. Few organizations have established shared principles for use-case prioritization, risk management, or value measurement. As a result, learning is fragmented, outcomes are inconsistent, and successes are difficult to scale.

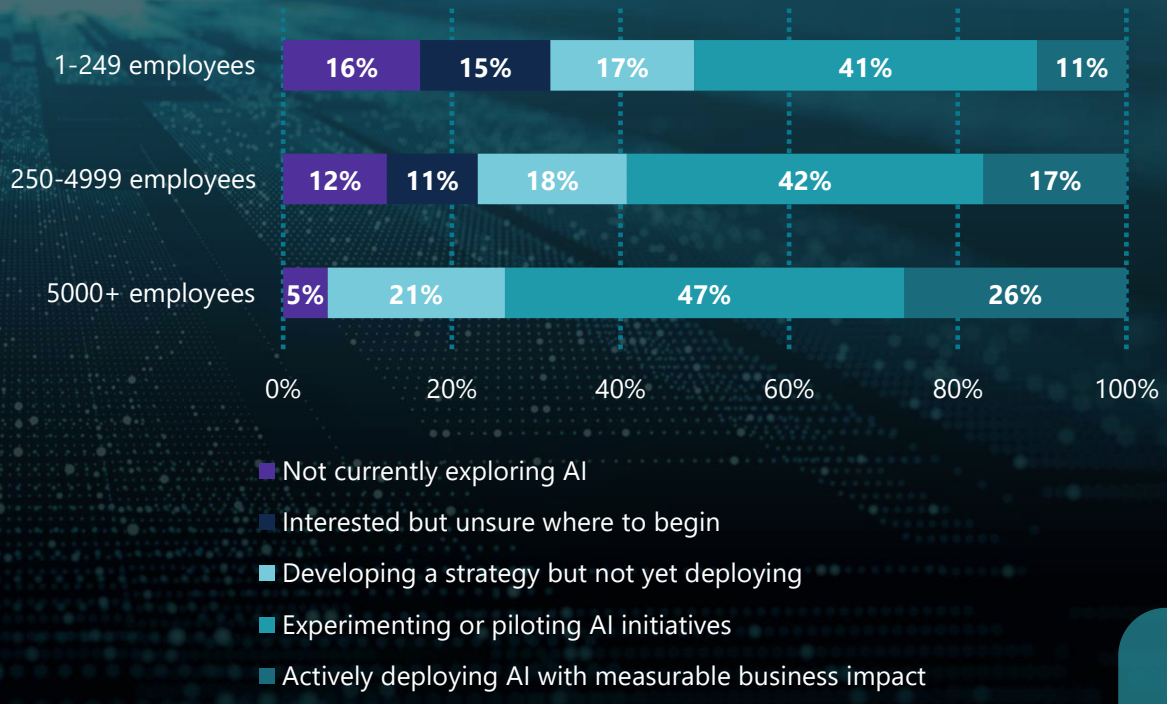
The result is a false sense of momentum. Activity is visible, but structure is lacking.

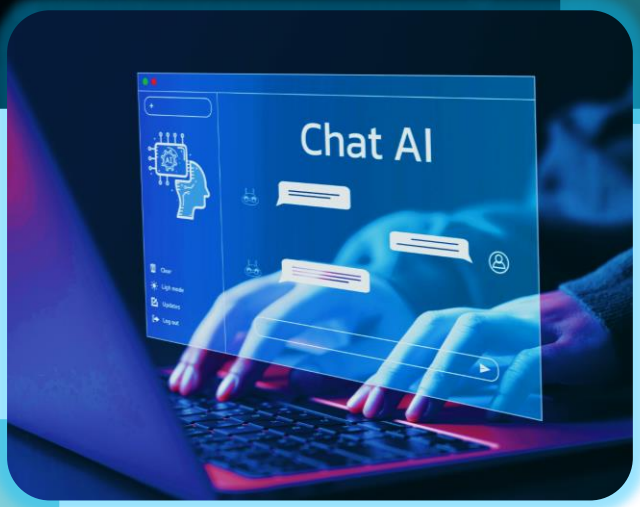
INSIGHT: AI adoption in the mid-market is active but informal. Without shared principles for prioritization, risk, and value, activity creates the appearance of progress without the conditions required to scale.

CURRENT STATE

FIGURE 2

AI Adoption Maturity by Organization Size





CURRENT STATE

Why the Gap Is Becoming a Strategic Risk

A defining characteristic of the current state is mindset. Participants frequently described feeling caught between optimism about AI's potential and uncertainty about their organization's readiness to absorb it responsibly. Several noted implicit expectations to "operate like technology companies," despite lacking the structural foundations to do so.

This tension manifests in two competing behaviors. On one hand, organizations hesitate to commit fully, constrained by unresolved questions of risk and accountability. On the other, they continue to experiment broadly, hoping clarity will emerge organically. In practice, neither approach resolves the readiness gap.

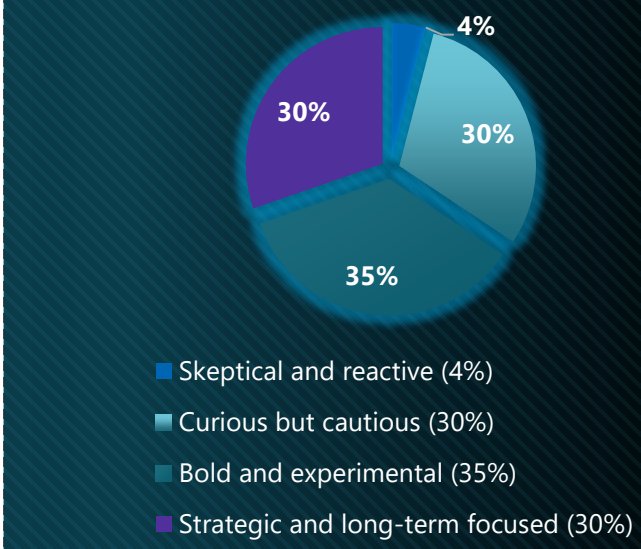
Participants with exposure to private equity and institutional investment noted that AI maturity is increasingly visible in due diligence and valuation discussions. In this context, delayed or unstructured adoption is no longer interpreted as caution – it is interpreted as execution risk.

The current state of mid-market AI adoption is therefore defined less by hesitation than by imbalance. Drive is strong. Activity is real. But readiness, alignment, and structure lag behind.

INSIGHT: As AI maturity becomes more visible in valuation and governance discussions, unstructured adoption is increasingly interpreted not as caution, but as execution risk.

FIGURE 3

Mindset Towards AI Adoption



Where Do We Go From Here

This tension sets the stage for the central question facing mid-market leaders: how can organizations move forward with intention – rather than speed alone – in an environment where expectations continue to compress timelines?

The sections that follow examine why progress stalls, what enables momentum, and how mid-market organizations can sequence AI adoption without sacrificing governance or value.

BARRIERS & ENABLERS

Why Mid-Market AI Progress Stalls

As AI urgency accelerates, many mid-market organizations find themselves advancing more slowly than expected. This is not due to a lack of experimentation or belief in AI's value. Rather, progress stalls at the point where informal adoption must give way to institutional control.

Figure 4 and **Figure 5** reveal that progress is shaped less by the presence of technology alone than by how risk, governance, leadership, and capability interact. The following section examines the barriers that most commonly impede progress – and the enablers that accelerate AI success.

FIGURE 4

Barriers to AI Adoption

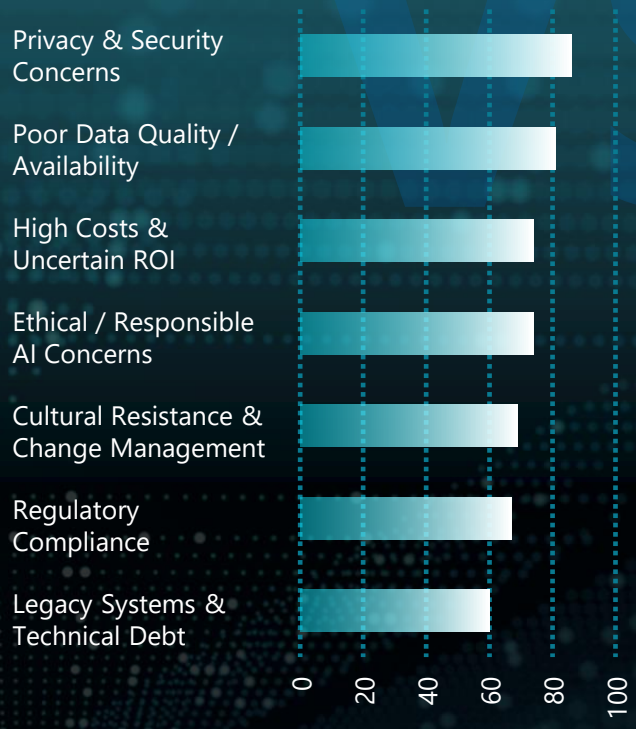
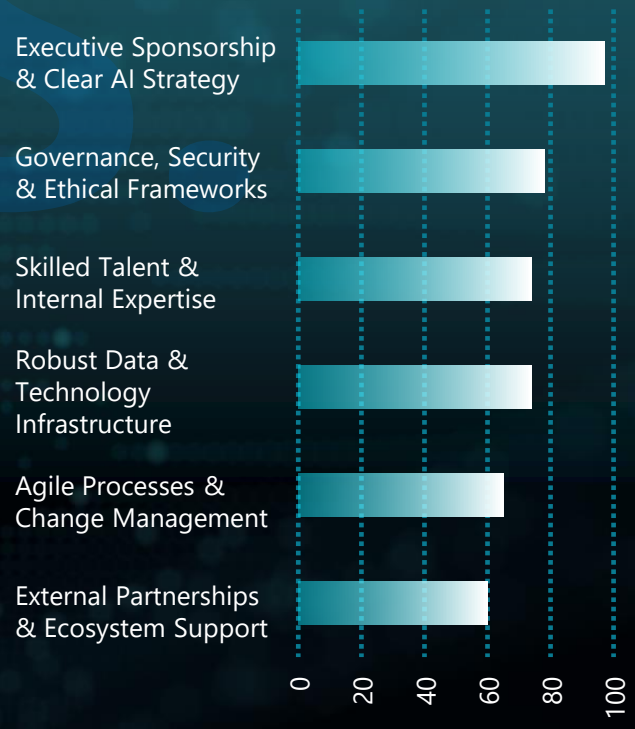


FIGURE 5

Enablers of AI Adoption



Ranked priorities from Quadbridge AI Ideation sessions presented as an index to show relative importance on a scale from 0-100.

BARRIERS & ENABLERS

Trust and Control Are the Primary Barriers

When participants were asked to rank the most significant barriers to AI adoption, concerns related to security, data quality, and risk governance consistently ranked highest. Technical debt and legacy systems ranked lower by comparison.

The results reveal an important pattern. While technology remains a necessary foundation for AI adoption, the factors most constraining progress today relate to trust, control, and confidence in how AI is managed.

Privacy and security concerns ranked highest, followed closely by data quality and availability – underscoring that readiness is shaped as much by how data is governed and trusted as by the tools themselves.

Cost uncertainty and ethical considerations also emerged as meaningful constraints. Legacy systems, while still relevant, were comparatively less influential in determining whether organizations move forward in the near term.

INSIGHT: Organizations hesitate to scale AI because confidence in governance, data integrity, and risk management has not kept pace with adoption.

Leadership Is the Foundational Enabler

When the same participants were asked to identify the strongest enablers of AI readiness, a striking contrast emerged.

Executive sponsorship and a clear AI strategy ranked far above all other enablers, approaching near-universal importance. Governance, security, and ethical frameworks followed closely. Data infrastructure and internal skills, while important, ranked lower. External partnerships were valued but not seen as substitutes for internal ownership.

Collectively, the findings suggest that leadership clarity and accountability are the foundational conditions for AI adoption. Without them, investments in capability, governance, and culture fail to translate into sustained progress.

Perceived Risk Is Slowing Decision-Making

Despite the prominence of risk-related barriers, participants struggled to cite concrete examples of AI-initiative failures they're experienced. Security breaches, regulatory violations, or ethical incidents attributed directly to AI were rare.

This discrepancy highlights a defining feature of the current mindset towards AI adoption: decisions are being shaped more by anticipated risk than by lived experience. In the absence of clear guardrails, fear becomes a proxy for governance. Rather than accelerating maturity, this dynamic is reinforcing caution.

INSIGHT: Organizations slow or pause progress not because AI has caused harm, but because they cannot yet articulate the boundaries within which AI should operate.

BARRIERS & ENABLERS

Too Many Priorities, Not Enough Focus

As participants looked ahead to the next two to three years of AI adoption, a clear pattern emerged. When asked to identify the most important priorities for progress, nearly every option was ranked as urgent.

As illustrated in **Figure 6**, this pattern is not a signal of strategic clarity. It reflects unresolved constraint. When foundational barriers remain unaddressed, prioritization collapses. Without clear ownership, governance, and sequencing, organizations struggle to distinguish what must be done first from what can logically follow.

This breakdown is compounded by how AI use cases are emerging in practice. Adoption has largely been driven at the functional level rather than through enterprise-wide design. For organizations with workforces distributed across many roles, ROI becomes diffuse and harder to isolate, making value more difficult to assess and scale. By contrast, organizations concentrated in fewer functional areas are seeing clearer, more immediate returns.

As a result, decision-making shifts from execution to speculation. Leaders attempt to hedge against uncertainty by advancing on multiple fronts simultaneously. Rather than accelerating momentum, this diffusion of focus slows progress as resources are stretched thin, initiatives lack follow-through, and confidence erodes.

Breaking this cycle requires more than additional tools or pilots. It requires leadership clarity and sequencing discipline that concentrates effort where value can be proven and expanded.

INSIGHT: Rather than accelerating progress, the accumulation of competing priorities diffuses focus and slows execution.

FIGURE 6

Priorities for AI Progress Over the Next 2–3 Years

Ranked priorities from Quadbridge AI Ideation sessions presented as an index to show relative importance on a scale from 0-100.

Where Do We Go From Here?

AI maturity is increasingly understood as a reflection of operational discipline and leadership effectiveness – not just innovation appetite. Progress depends on addressing the barriers that constrain momentum and the enablers that restore confidence.

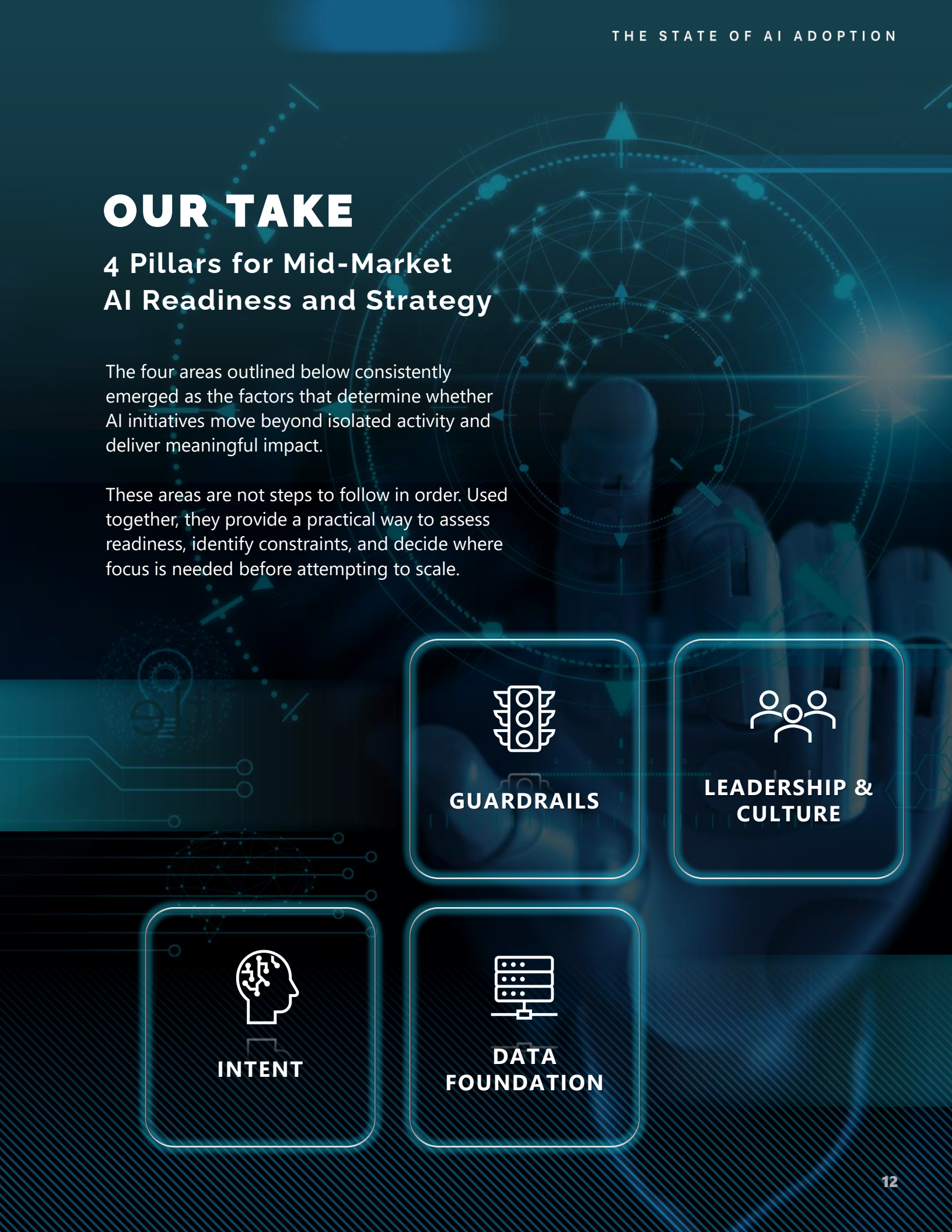
The section that follows outlines the core elements that distinguish organizations able to move from activity to execution, and provides a practical foundation for building AI adoption with intention.

OUR TAKE

4 Pillars for Mid-Market AI Readiness and Strategy

The four areas outlined below consistently emerged as the factors that determine whether AI initiatives move beyond isolated activity and deliver meaningful impact.

These areas are not steps to follow in order. Used together, they provide a practical way to assess readiness, identify constraints, and decide where focus is needed before attempting to scale.



01 INTENT

Leadership and strategic intent emerged as the strongest determinant of AI adoption outcomes. The data shows that effective intent is not defined by ambition alone, but by where leaders focus AI effort and how they define success.

When participants were asked where AI should deliver the greatest value, priorities clustered decisively around near-term, defensible outcomes.

Employee productivity through AI assistants ranked highest, followed closely by operational efficiency and cost reduction, and customer acquisition. More speculative objectives – such as accelerated or product-led innovation – ranked materially lower.

This ordering reveals a critical insight: effective leaders resist framing AI primarily as a transformation or innovation narrative. Instead, they anchor AI in outcomes that stabilize operations, free capacity, and reinforce existing value creation.

Leadership intent is further clarified by how success is defined.

"Tangible business value realized" overwhelmingly ranked as the strongest indicator of success. Progress is not defined by how broadly AI is deployed, but by whether it produces measurable outcomes aligned to business priorities. Leadership intent, when grounded this way, becomes a stabilizing force – reducing speculation and restoring focus under pressure.

What Good Looks Like

- AI initiatives explicitly tied to productivity, efficiency, and revenue support
- Clear success criteria defined before pilots begin
- Scaling decisions driven by validated value, not expectation

FIGURE 7

Where Mid-Market Leaders Expect AI to Deliver Value, Index

How Leaders Define Successful AI Adoption

#1	#2	#3
Tangible Business Value Realized	Empowered AI-Fluent Workforce	Robust Data & Governance

02 DATA FOUNDATION

While intent establishes direction, data readiness determines whether AI adoption is even possible.

Polling data showed that data infrastructure and quality consistently ranked as critical gating factors for progress. Participants emphasized that challenges rarely stemmed from acquiring AI tools. Instead, adoption stalled when organizations attempted to apply AI on top of fragmented, inaccessible, or poorly governed data environments.

In practice, AI exposes existing data weaknesses faster than it resolves them. Inconsistent data, unclear ownership, and limited integration across systems make it difficult to move from experimentation to repeatable, scalable outcomes.

Skills gaps further compound this challenge. The most acute capability gaps were not purely technical, but at the intersection of business and data where organizations struggled to translate AI potential into prioritized use cases supported by reliable data inputs.

Participants also highlighted the role of external expertise in accelerating capability, particularly where internal teams lacked the time or specialization to remediate data foundations while simultaneously pursuing AI use cases.

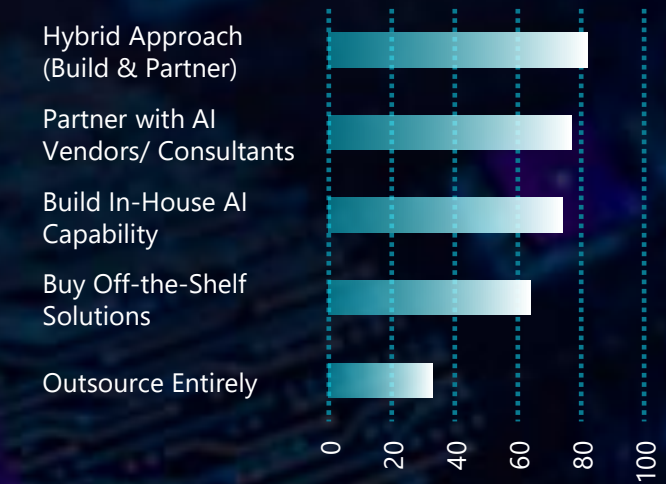
Without sufficient data readiness, AI amplifies inconsistency rather than insight. Capability, in this context, is not defined by tool adoption or technical sophistication, but by whether data foundations are strong enough to support sustained value creation.

What Good Looks Like

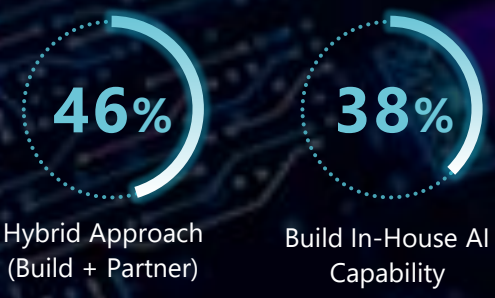
- Data that is accessible, accurate and governed well enough to support AI-driven decisions
- Clear data ownership and accountability across systems and functions
- Integration between core platforms that enables AI to operate across workflows
- Teams fluent in framing AI use cases around available data – not hypothetical capability
- Strategic use of external partners to accelerate data readiness and reduce execution risk

FIGURE 8

AI Resourcing Preference, Index



AI Resourcing Top Preference



03 GUARDRAILS

Governance emerged as both a leading barrier and one of the strongest enablers of AI progress. Earlier findings showed that privacy, security, and data quality concerns ranked among the most significant constraints slowing adoption, while governance, security, and ethical frameworks ranked among the strongest accelerators when they were clearly established.

This duality matters. Participants were not describing widespread AI failures. In fact, across the Ideation sessions, few could point to concrete examples of AI-related security breaches, regulatory violations, or ethical incidents they had experienced firsthand. Instead, hesitation stemmed from uncertainty – uncertainty about risk exposure, accountability, regulatory interpretation, and how AI behavior might evolve over time.

As AI capabilities advance rapidly, this uncertainty compounds. Leaders are not only managing known risks, but also unknowns and unknown unknowns. In this environment, fear fills the gap left by undefined boundaries. Decisions slow not because AI has proven unsafe, but because organizations lack confidence in how AI should be governed.

Guardrails are how organizations regain control.

When expectations are explicit, accountability is clear, and boundaries are understood, perceived risk becomes manageable. Leaders are more willing to authorize experimentation, teams are more confident in how they engage with AI, and learning becomes intentional rather than incidental. Where guardrails were in place, participants consistently reported higher confidence and faster progress — not because risk disappeared, but because it was framed, owned, and addressed.

Importantly, effective guardrails do not eliminate uncertainty. They create a shared way of navigating it. They allow organizations to move forward responsibly even when not every outcome can be predicted.

What Good Looks Like

- Clearly defined acceptable and unacceptable AI use cases
- Explicit ownership for AI risk, ethics, and compliance
- Governance that enables controlled experimentation rather than prohibits it
- Data guardrails that prioritize clarity and accountability over perfection
- Alignment between leadership intent and governance practice
- Guardrails that evolve with usage, incorporating feedback, lessons learned, and real-world application

FIGURE 9

Perceived Importance of Guardrails in AI Adoption

#1

Privacy & Security Concerns ranked as the #1 barrier to Ai adoption, followed by Poor Data Quality / Availability.

#2

Governance, Security & Ethical Frameworks rated as the #2 enabler of AI adoption.

04 LEADERSHIP & CULTURE

Culture determines whether AI becomes a shared organizational capability or remains confined to a technical function. AI adoption does not succeed because a technology team implements it. It succeeds when the organization collectively embraces it.

Across the Ideation sessions, participants emphasized that the most effective AI progress occurred where AI was framed as everyone's responsibility – not as a toolset delivered by IT or a center of excellence. Teams moved faster when individuals across functions felt empowered to identify problems, test use cases, and apply AI directly to their work while skillfully using AI tools to enhance their processes.

Leadership behavior plays a decisive role in setting this expectation. Leading by example – visibly using AI in day-to-day work – ranked as the most influential behavior, followed closely by transparent communication and clear vision. Investment in training and formal programs followed. Recognition and reward mechanisms ranked lowest.

This ordering reinforces a critical point: AI adoption is normalized through behavior, not directives. When leaders actively use AI and speak openly about how it supports their own decision-making and productivity, they signal that experimentation is encouraged and participation is expected.

Middle management emerged as a pivotal layer. Where managers reinforced that AI adoption was part of how teams solve problems – not an additional task or technical initiative – experimentation became productive and focused. Where that message was absent, hesitation spread and adoption remained uneven.

Strong cultures do not eliminate uncertainty. They establish a shared understanding that AI adoption is something the organization builds together – with leadership setting the tone and participation distributed across the enterprise.

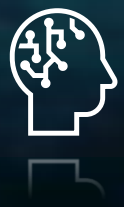
What Good Looks Like

- Leaders visibly using AI and modeling responsible, practical application
- A shared expectation that AI adoption is part of everyone's role
- Teams empowered to identify and test AI use cases tied to real work
- Managers equipped to guide experimentation and connect it to outcomes
- Learning treated as a collective capability

FIGURE 10

Leadership Behaviors That Most Influence AI Adoption, Index

ROADMAP

	Phase 1 - Establish Direction & Confidence	Phase 2 - Prove Value and Normalize	Phase 3 - Scale With Discipline
INTENT 	• Clarify where AI should deliver value now, anchored to productivity and efficiency • Define success using tangible business outcomes • Limit early initiatives to avoid fragmented experimentation	• Reinforce priorities based on demonstrated value • Support use cases that deliver results and deprioritize others • Maintain focus on outcomes rather than expansion	• Guide scaling decisions using evidence, not pressure or novelty • Ensure expansion remains aligned to business outcomes • Maintain discipline as adoption broadens
DATA FOUNDATION 	• Assess existing data, skills, and external support options to determine what is sufficient for initial use cases • Avoid over-investing before value is proven • Focus on readiness, not completeness	• Build fluency through application, not programs alone • Strengthen data and workflow integration incrementally as usage increases • Expand internal expertise through repetition, shared learning, and targeted external support	• Strengthen data and integration foundations to support broader use • Ensure internal expertise scales alongside adoption • Avoid unnecessary complexity as scope expands
GUARDRAILS 	• Establish clear boundaries for acceptable AI use • Define accountability for risk, security, ethics, and data handling • Use governance to reduce uncertainty, not restrict progress	• Refine governance based on real usage and lessons learned • Transition from broad guardrails to clearer operating norms • Support consistency without adding friction	• Embed governance into standard operating processes • Maintain oversight and accountability without slowing momentum • Evolve controls to support sustained scale
LEADERSHIP & CULTURE 	• Signal intent through visible leadership engagement with AI • Communicate purpose and expectations clearly • Frame AI as a legitimate organizational priority, not a temporary initiative	• Normalize experimentation across teams within defined boundaries • Equip managers to reinforce expectations and guide teams • Shift AI from exception to part of day-to-day work	• Reinforce AI as part of how work gets done across the organization • Sustain learning through shared practices and leadership behavior • Reduce reliance on special initiatives or programs

CONCLUSION

AI urgency in the mid-market is no longer theoretical. Expectations from executives, boards, investors, and customers continue to rise, and experimentation is already underway across most organizations. Yet progress often lags behind ambition not because AI is difficult to adopt, but because organizations are misaligned. When leadership intent is unclear, governance ambiguous, capability fragmented, or culture fails to normalize learning, urgency compounds complexity and prioritization collapses.

Organizations that make progress anchor AI efforts in tangible business value, define success through outcomes rather than scale, and reinforce direction through visible leadership behavior. They treat governance as a confidence mechanism, capability as the foundation for scale, and culture as a shared responsibility. AI adoption in the mid-market does not require enterprise-scale transformation programs; it requires discipline, clarity, and restraint. The organizations that succeed are not those that move fastest, but those that move with intention – building confidence first, proving value next, and scaling only when the conditions are right.

QUADBRIDGE

ABOUT QUADBRIDGE

Founded in 2007, Quadbridge is a North American technology solutions provider helping mid-market organizations move from AI experimentation to AI at scale. By combining modern infrastructure, modern work, security, AI & data, and the hardware and software foundations that support them, Quadbridge helps organizations embed secure, governed, organization-wide AI into daily workflows.

Learn more at quadbridge.com