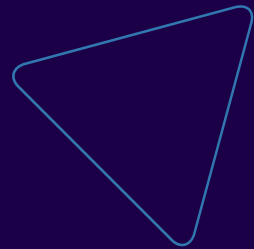


tech-hub

By  Enterprise  
Nation

## Digital and AI adoption among UK SMEs The state of play in 2026

Enterprise Nation's analysis, in partnership with Google, Sage,  
Dell Technologies and Square



In partnership with

Google

Sage

DELL  
Technologies

 Square

# Foreword

Whether the UK's ambitions for AI reach the real economy will be decided in its small businesses. They are where adoption shows up fastest – in growth, jobs and resilience. And right now, too many are being left behind.

[Enterprise Nation](#) exists to close that gap. Through 180,000 members, we reach more than a million small businesses a year, connecting them with government, industry and each other. Our community is one of the most diverse in the UK – with 64% female entrepreneurs, strong representation from ethnically diverse founders, and businesses in every region and nation.



When we talk about small business, we mean all of it. Built with Google, Sage, Dell Technologies and Square, our [Tech Hub](#) programme is how we turn that support into action – one front door, a free diagnostic, a personalised plan and ongoing, hands-on help through guides, webinars and advisers. It's already working at scale. Almost **90,000** small businesses have used Tech Hub's tools and advice, and our digital campaigns have reached more than 2.6 million. But engagement isn't the same as adoption, and we wanted hard evidence of where firms actually stand.

We commissioned this research with Strand Partners: a nationally representative survey of **1,320** UK SMEs. The findings are clear and, in places, sobering. Most small firms are now at least moderately digital, but only one in five uses AI regularly.

What firms want from technology is just as telling. They use it to save time and work faster, but rarely to do something new. And the barriers are practical rather than ideological – cost, skills and a need to see proof that it works. This is exactly the gap Tech Hub is built to close, and exactly why industry and government working together is so vital.

Tech Hub sits within a much bigger ambition – to make UK small businesses the most digitally capable and AI-enabled in the G7 by 2030. The analysis that follows sets out the full evidence behind these findings, theme by theme, so it can speak for itself. The opportunity is real. The moment is now. Let's make sure every small business in the UK gets to be part of it.

**Polly Dhaliwal, chief operating officer, Enterprise Nation**  
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# Methodology

This report draws on a nationally representative online survey of **1,320 UK SMEs**, defined as businesses with fewer than 250 employees. Strand Partners carried out the fieldwork in May 2026.

The sample was made representative by region, business size and sector. All respondents were decision-makers – founders, owners, managing directors, chief executives, chief financial officers, chief operating officers and heads of department – so each had oversight of their firm's decisions around technology.

Strand Partners sourced respondents through double opt-in, MRS-compliant panels. It is a member of the British Polling Council and its research team holds Market Research Society accreditation.

## Key findings

**Most SMEs are now at least moderately digital (57%), but only one in five (21%) uses AI regularly.**

- Use is still rising. Among firms that have adopted AI, **65% say their use has grown in the past year**, so the firms already using AI are pulling away from those that haven't started.
- The smallest firms are furthest behind on AI: **34% of one-person firms use it, against 68% of firms with 50 to 249 staff.**
- Benefits are mostly about saving time and working faster. Few firms use digital tools or AI to create new products or services.
- **Cost (53%) and skills (46%) are the biggest barriers.** Trust is the bigger issue for small firms, while data protection is the bigger issue for large ones.
- **SMEs turn to their accountant (64%)** and to online search (56%) for advice long before government (22%). They want grants and free help, but few will pay for support.
- On internationally comparable measures, **the UK is keeping pace with its peers, not leading:** in the same band as the EU and US, but well behind the Nordic front-runners, where over a third of firms use AI.



**53%** say cost is the biggest barrier



**46%** say skills is the biggest barrier

## Most small firms are now digital, but only one in five uses AI regularly

**57%**

are at least moderately digital

**21%**

use AI regularly

**6%**

use AI every day

Over half of SMEs (57%) describe themselves as highly or moderately digital, made up of 19% highly digital and 38% moderately digital. Only 7% are mostly offline. When it comes to using everyday digital tools, UK small businesses are in reasonable shape.

AI is a different story. Just 21% of SMEs use AI regularly: 6% have it built into daily work across the business and a further 15% use it regularly for specific tasks. Another 18% use it only now and then, so 39% don't touch it at all. Half of SMEs (50%) say they have access to an AI chat tool such as ChatGPT, Copilot or Gemini. But having access isn't the same as relying on it: only 6% use AI every day across the business.

**What it means:** In short, small firms have grown comfortable with everyday digital tools. AI is the next step, and most are yet to take it.

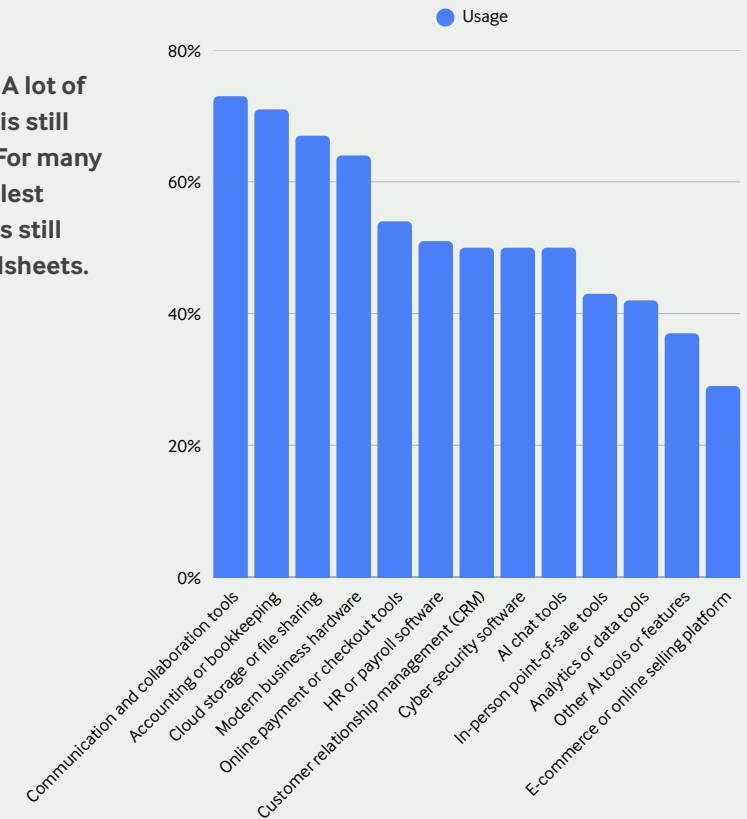
## The basics are well covered, yet many core jobs still run on paper and spreadsheets

The most common tools are the everyday ones – communication and collaboration tools (73%), accounting or bookkeeping software (71%) and cloud storage (67%). Modern hardware is used by 64%, and HR or payroll software (51%), CRM software (50%) and cyber security software (50%) by around half respectively. In finance and insurance, accounting software is near-universal at 99%.

Behind that, SMEs are still doing plenty of routine work by hand. Around a third manage stock (31%), marketing (31%), project management (31%) and scheduling (29%) without dedicated software, and around a quarter still handle customer records (27%), staff rotas (25%), invoicing (24%) and bookkeeping (22%) on paper or basic spreadsheets. Only 15% use proper software for all these jobs.

Some gaps line up with specific needs. While 72% of the largest firms use cyber security software, only 49% of one-person firms do. In-person payment tools are most common in wholesale and retail and in hospitality, at 75% each, while online payment tools are most common in information and communication (80%), with wholesale and retail and professional services next (both 74%).

**What it means:** A lot of everyday work is still done by hand. For many firms, the simplest gains are in jobs still done on spreadsheets.



## Case study: Kirsty Lockwood, founder of Kirsty Lockwood Furnishings

Kirsty Lockwood runs a specialist upholstery micro-business from Knighton in Mid-Wales, serving both local and national clients. By strategically adopting AI tools, she has transformed what started out as a traditional craft business.

Based on the Welsh borders where internet connectivity remains challenging, Kirsty discovered AI's potential through Google's Digital Garage workshops.



**"I have to be everything for the business and I have to be an expert in everything."**

"I have to be everything for the business and I have to be an expert in everything," she explains. "For 15 years, I've had to compromise on parts of the business and not spread myself too thin. I've often found that if you don't know what you're looking for on the traditional internet search, you don't get good results back."

The breakthrough came when Kirsty realised AI could bridge that knowledge gap. "Now suddenly I can say to AI, this is what I want to achieve, this is the information I do know and the parameters that I have. Help me with the rest."

Kirsty uses ChatGPT's paid version regularly – around four times weekly for specific business purposes. Her most significant success has been establishing the Festival of Upholstery, a not-for-profit venture supporting the upholstery trade. AI guided her through choosing the right business structure and creating governance documents, and even helped develop an application for a £30,000 National Lottery grant.

"It answered all of the questions I had and then went a stage further, asking me 'Have you thought about this governance document? Would you like me to help you write that policy?'"

Kirsty also employs AI for administrative tasks across her voluntary roles, including Scout leadership and Livery Company work. She uses various tools to write minutes and recently experimented with Google's, NotebookLM to extract standard operating procedures from those notes.

Her pragmatic approach extends to concerns around trust and regulation. "I'm not going to stop driving my car just because there's a chance I might get in an accident," she says. "I rely on car companies to keep me safe and I rely on public and government pressure to push the AI companies to be socially and environmentally responsible."

Looking ahead, Kirsty plans to use AI to develop apprenticeship opportunities in upholstery, addressing the skills shortage in her traditional craft sector. Her ultimate goal is expanding her business to take on apprentices, using AI to handle the increased administrative burden.

**"My overarching opinion of AI is that it's helped me professionalise and is helping me to upscale my business."**


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**Digital use is still rising, and a gap is opening between firms that use AI and those that don't**

Momentum on digital tools is positive. [In the past year, 61% of SMEs increased their use of digital tools](#) and only 7% reduced it. Among the firms that have adopted AI, the rise is steeper: two-thirds (65%) say their AI use has grown, against just 6% who say it has fallen.

[This is the early shape of a divide.](#) Growth is concentrated among firms that have already started, while a large group hasn't begun. Of those SMEs not currently using AI, 38% plan to adopt it in the future, but 41% have no plans at all and 18% have tried AI and stopped.

Dropping out is common too, and most frequent in the most digital places. Across all SMEs, 11% have tried AI and given up. That number rises to 18% in the South East and 13% in London. Early enthusiasm doesn't always stick.



**What it means:** The firms already using AI get more from it each year. The real concern is the large group who haven't started, and the growing number who have tried it and given up.



## The smallest firms are furthest behind on AI, though catching up on the basics

Smaller firms are less digital than larger ones, but the gap on basics isn't extreme: [54% of one-person firms are at least moderately digital, against 81% of firms with 50 to 249 staff](#). On AI, the gap is much wider. Only 34% of one-person firms use AI at all, against 68% of the largest. Daily use runs at 5% against 17%.

The encouraging sign is that growth is even. Digital use rose for 61% of one-person firms and 62% of firms with one to nine staff, close to the 66% seen among the largest SMEs. Among AI adopters, growth is also broad: 69% of firms with up to nine staff and 71% of those with 10 to 49 report rising use, slightly ahead of the largest firms. Smaller firms aren't standing still, but are starting from further back.

**What it means:** Small firms adopt technology when it proves useful. With AI, they're simply starting later, and risk being left behind if nothing changes.

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## Case study: Jon Walkington, Sales Geek

Jon Walkington, director of sales training business [Sales Geek's](#) Greater Manchester division, has spent over 20 years in sales leadership and consulting. He's witnessed first-hand how AI can transform business operations when implemented strategically.

Sales Geek operates across three continents with dozens of experienced sales leaders, working with thousands of businesses from micro-enterprises to multi-billion-pound organisations, deploying its tools and smart AI-powered methodology.

The company provides fractional sales directors to businesses that need affordable specialist sales expertise but can't justify a full-time hire. It uses sophisticated AI-powered tools that most companies couldn't justify developing or deploying internally. "We use AI on a daily basis," Jon explains. "It's now deeply embedded in our methodology, and has had a very positive impact on the businesses we work with."

The company recently launched YSD Core, an AI-enabled evolution of the firm's Your Sales Director framework, strengthening the impact, consistency and capability of its fractional sales director services.

While businesses approach Sales Geek for sales expertise rather than AI consultancy, the AI enhancement has become a significant competitive advantage. The system employs AI to objectively compare internal and external data used in a wide range of commercial diagnostics that would otherwise need substantial investment and expertise for companies to develop them in-house.

**"We take a lot of the grunt work out of our methodology by making AI do it instead."**

This means its fractional sales directors can focus on strategy and execution while AI handles research and analysis that would previously consume valuable management time.

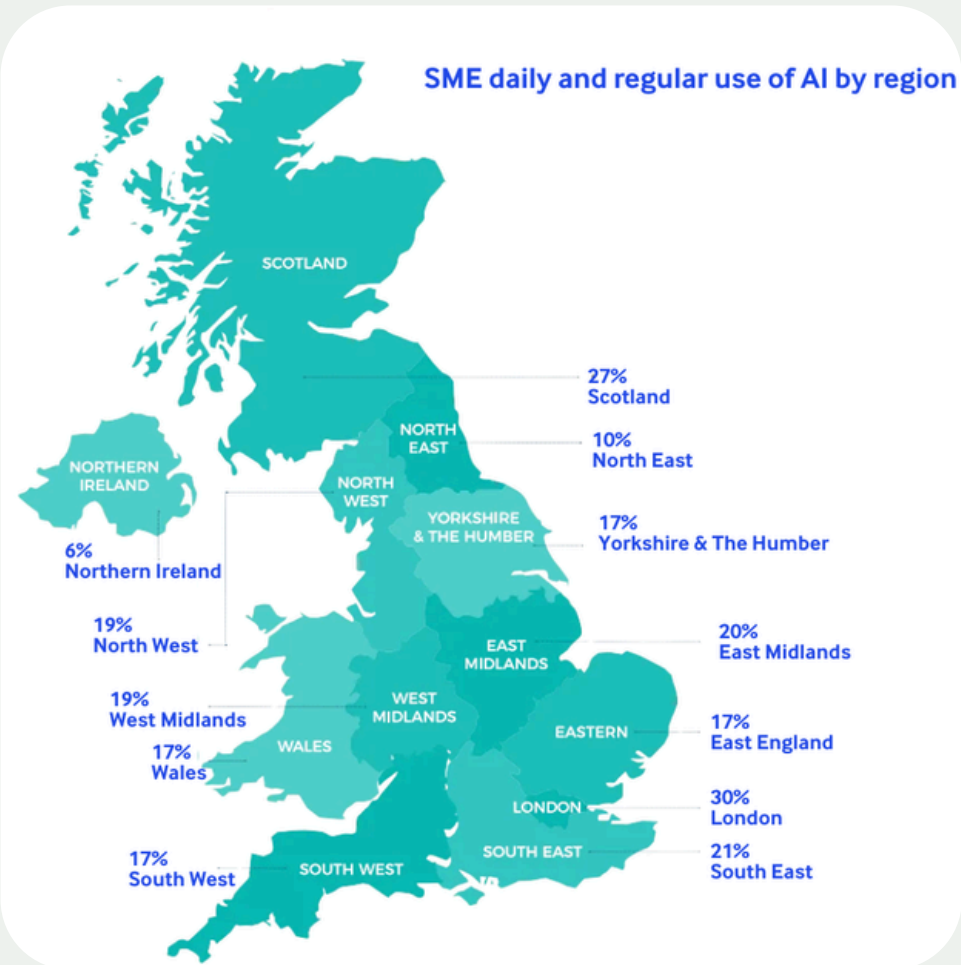
"The AI bubble is disabling more and more small and medium-sized businesses," Jon adds. "They're not sure what to do and spending their money on the wrong thing, without really benefiting from it."

For Sales Geek's model, this creates an ideal environment. Businesses get sales expertise enhanced by enterprise-level AI capabilities without having to navigate the complexity themselves. As Jon puts it: "Most organisations haven't yet created dedicated AI positions, as they're unsure how and what to implement and what will be a good return on their investment."

**"SMEs are not sure what to do and spending money on the wrong thing."**



## London and Scotland lead on AI, while the North East and Northern Ireland are furthest behind



On basic digital maturity, London and the South East lead, with around **65% of London firms at least moderately digital** compared to 33% in the North East. The same regions lead on AI.

In London, 30% of SMEs use AI regularly and almost half use it on some level. **Scotland is close behind, with 27% using it regularly** and 48% on some level. At the other end, only 10% of SMEs in the North East and 6% in Northern Ireland use AI regularly. The North East also stands out for digital exclusion – 22% of its SMEs are mostly offline, compared to 7% nationally and just 4% in London.

But lower adoption doesn't mean businesses are standing still. Among adopters, the East Midlands (83%) and Yorkshire and the Humber (80%) show the fastest growth, having increased their AI use over the past year. And investment doesn't track adoption – only 53% of London SMEs and 51% in the South East spent more than £2,000 on digital and AI tools last year, lower than the 62% in the North East. Spending isn't a reliable guide to digital maturity.

Connectivity and ageing equipment bite hardest in the devolved nations and the North East. Thirty-six per cent of SMEs in Wales and 34% in Northern Ireland cite limited or unreliable internet as a barrier, against 20% nationally. Northern Ireland reports the highest demand for better broadband of any nation or region, at 56%. In the North East, 33% point to outdated devices or IT infrastructure, almost double the national figure of 17%.

**What it means:** A firm's location still shapes its chances with AI. The regions spending most aren't those using it best and, in some, basic connectivity is still part of the problem.



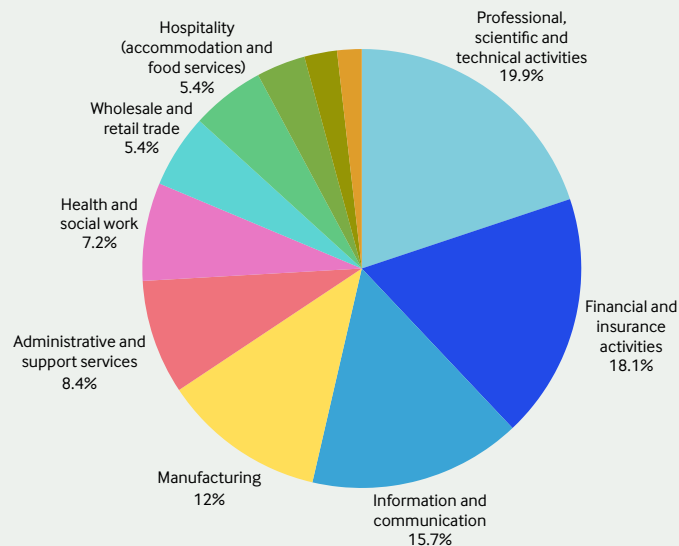
## AI is clustered in a few digital sectors, while others have barely started

Digital maturity is uneven by sector. **Information and communication leads, with 81% at least moderately digital**, followed by **professional, scientific and technical activities (77%) and finance and insurance (76%)**. Only around 22% of agriculture firms and 39% of construction firms reach the same level. Hospitality has the most offline firms of any sector at 16%.

AI follows the same lines. Information and communication has highest adoption at 74%, with professional services at 58% and finance at 57%. The contrast in tools is sharp – 96% of information and communication firms use AI chat tools compared to only 10% of agriculture firms. For cyber security software, it's 88% against 12%.

At the other end, some sectors have barely begun. Only around 4% of construction firms and 1% of agriculture firms use AI regularly, and roughly four in 10 firms in construction (42%), agriculture (43%) and hospitality (44%) have no plans to adopt it at all. The early signs of movement are clearest in transport and storage, where just 3% use AI regularly but almost a third (32%) are experimenting.

**What it means:** AI is taking hold where digital habits already run deep. In trades like construction and farming, it's barely arrived.



## The gains are real but narrow: Firms save time, but don't reinvent

Asked what their digital tools have delivered, SMEs point first to time saved on routine tasks (63%) and better productivity (57%). Tools that make the business easier to run (48%), improve accuracy (45%) and improve customer service (45%) follow. Only 27% say digital tools have helped them develop new products or services.



**Time saved**



**Productivity**



**Accuracy**



**Customer service**

Among AI adopters, the pattern is the same, only sharper – 71% say AI has saved time on routine tasks and 64% report better productivity, while just 28% say it has helped them create new products or services. Larger firms report wider benefits from digital tools, with 56% of the largest citing improved customer service against 44% of one-person firms, and 50% citing better decisions against 38%.

**What it means:** For now, technology is helping small firms do the same work faster. Very few are using it to do something new.

## Most tools save a few hours a week, and AI's time savings reach the smallest firms more evenly

Time savings are real but modest for most. Around a quarter of SMEs (26%) say digital tools save a typical employee three to five hours a week, with 23% saving one to two hours and 18% saving under an hour. Larger firms gain more: 41% report saving five or more hours per employee each week, against 34% of firms with fewer than 10 staff.

Firms that have adopted AI report similar time savings, but spread more evenly across different-sized businesses. The most common answer is one to two hours a week (34%), then three to five hours (29%).

Around 26% of adopters with one to nine staff report saving five or more hours per employee, compared with 16% of the largest. The smallest are also less likely to see almost nothing: 13% of adopters with up to nine staff report saving under an hour, against 20% of those with 10 to 49 staff and 21% of the largest.

**What it means:** AI is handing the smallest firms the kind of time savings larger firms usually capture first. For a one-person business, a few hours a week is a real benefit.

## Case study: Zoe Thomas, author and illustrator

Swindon-based Zoe Thomas runs [Thomzo Designs](#), a small creative business writing and illustrating children's books, alongside managing a portfolio of rental properties.

A chartered accountant by training who previously worked at the National Trust, she turned to writing during the COVID-19 lockdown after being made redundant.

Using the pen name of Zozo Thomas, Zoe creates illustrated children's storybooks designed for colouring in and sells them through independent bookshops, Amazon, Waterstones and her website, and at local craft fairs she organises.

She also writes fiction for adults under the pen name of Maze Shoot and has published a novella and a book of short stories.

Her AI journey began when free versions of ChatGPT became available. "I've always embraced new IT and technology," she says. "I used to train people on Excel when it first came out." Initially, Zoe experimented with AI image generators for illustration ideas, then progressed to using ChatGPT to improve her writing.

"I started using ChatGPT to help make passages of my adult novel read better," Zoe explains. "I'd say 'make this flow better' or 'make this sound more professional, warmer, funnier.' It worked really well."

For research, Zoe uses a combination of ChatGPT, Google and Microsoft Copilot to investigate technical subjects for her fiction. But she remains on the free versions and hasn't built AI into her business systems, despite recognising the potential.

**"I could use it for automated mailings, as I'm really bad at the marketing side. I'd much rather be creating."**

"I could use it for automated mailings, as I'm really bad at the marketing side. I'd much rather be creating," she admits. "But it's knowing how to translate that into actually getting it to send them."

Trust remains a significant barrier. Zoe highlights a major problem affecting the author community – AI-generated scams. "I get two or three emails a day from somebody purporting to be another author, a reader or somebody who runs a book club."

These scams are creating distrust across the creative community, she says. "People are having huge arguments online about using AI for writing books and illustrations. I think we should be pulling together rather than fighting among ourselves."

Zoe believes education and regulation, not fear, are the solutions. "The government needs to put regulation in place and step up on these scams using AI," she argues, while calling for better public education about what AI actually is and how it works.



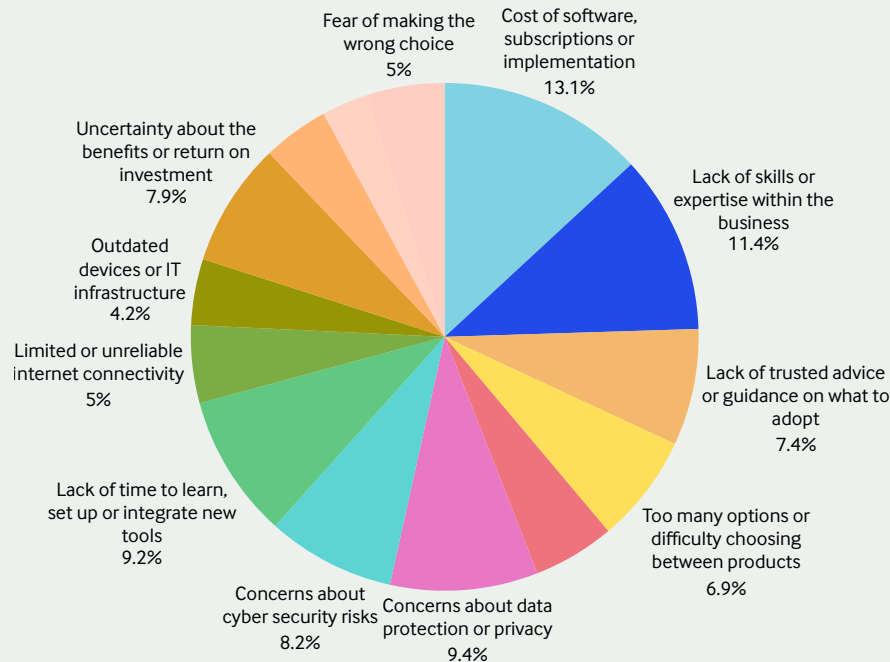
Zoe is technology-literate and cost-conscious, and has identified specific business problems AI could solve. She's already using AI successfully for discrete tasks. By conventional metrics, she should be a good candidate for adopting AI.

Yet she remains exactly where the research suggests many small businesses are stuck – aware, experimenting and seeing benefits, but not integrating AI into their day-to-day work.



## Cost and skills are the main brakes, with trust holding back small firms and large firms worrying about data

The main barriers come down to money, time and knowhow. Fifty-three per cent of SMEs cite the cost of software and setting it up, and 46% a lack of skills. Concerns about data protection or privacy (38%), a lack of time to learn and set up tools (37%), cyber security risk (33%) and uncertainty about whether it pays off (32%) follow, alongside a lack of trusted advice (30%).



Attitudes tell the same story. Fifty-nine per cent agree they don't have the skills to use AI, while 56% say their lack of knowledge stops them deciding whether to trust it. Fifty-five per cent can't see how it's relevant to a business like theirs, while 45% say they simply don't trust it enough to use it.

Distrust is far higher among the smallest firms: 46% of one-person firms and 47% of those with one to nine staff don't trust AI enough, against 27% of the largest, and the same firms are more likely to feel they lack information (57% against 44%). Data protection runs the other way: 50% of the largest say data protection or GDPR concerns have held them back, against 24% of firms with one to nine staff. By sector, transport and wholesale and retail are most likely to cite cyber security risk (43% and 38%), and health and social work to cite uncertain returns (38%).

**What it means:** This isn't resistance. Firms are held back by cost, by not feeling skilled or sure enough, and by wanting proof that AI works before they commit.

## Firms turn to accountants and to online search long before they turn to government

The first port of call is a professional adviser. Sixty-four per cent of SMEs would turn to accountants, bookkeepers or business advisers, the top source for firms of every size. After that, SMEs rely on self-service and word of mouth: online search (56%), friends, family and other owners (53%), video platforms (40%) and social media (35%).

Official and specialist sources trail: industry bodies (36%), technology providers (32%), independent consultants (32%), government sources (22%) and banks (19%). Thirteen per cent wouldn't know where to go at all. This holds even among larger firms, where 58% would use online search and 39% social media. Personal networks matter most in particular places, leading in Scotland (62%) and in the transport and finance sectors (65% and 64%).

**What it means:** When a small firm wants help, it asks its accountant or types a question into a search bar. Official sources barely feature, which matters for anyone trying to reach them.

## There is strong demand for grants and free help, but little willingness to pay

Asked what would help them adopt more, 59% of SMEs point to government grants or subsidies. Free online tutorials and how-to videos (57%), free one-to-one advice (46%), a trusted list of vetted tools (46%) and a simple online recommender (42%) follow. Tax incentives draw 40%. By contrast, government-backed training (29%) and paid courses (18%) attract far less interest.

**Willingness to pay is low.** Offered a service that assesses their digital use, recommends tools and gives follow-up support, 42% would use it only if it were free and 8% would not be interested at any price. Around a fifth would pay more than £100 a year. The largest firms are very different: 73% of those with 50 to 249 staff would pay more than £100, and 5% more than £2,500.

Asked what they would want from stronger AI, fifty-three per cent said to improve the quality, consistency or speed of their products or services; 45% to be more resilient to economic change. Reaching new customers (41%), staff wellbeing (41%) and competing with larger firms (40%) also rank highly, while developing genuinely new products (35%) sits lower. Mid-sized firms with 10 to 49 staff stand out on the people-related uses, with 53% citing staff wellbeing and 37% staff retention.

**What it means:** Most firms will gladly take help when it is free and simple. Persuading them to pay for it is a far harder sell.

## Firms use the big AI assistants for everyday tasks, and want speed more than invention

Among the firms that use AI, the work is broad and practical. The most common uses are research and information gathering (59%), writing and editing content (57%) and data analysis (48%), followed by admin and scheduling (45%), sales and marketing (43%), customer service (42%) and accounting tasks (42%).



Some sectors lean a particular way – manufacturers are the most likely to use AI for product development (56%), and information and communication firms for automating internal processes (73%).

Among AI adopters asked which tools they use every day, the large general-purpose assistants dominate: ChatGPT (55%), Microsoft Copilot (22%) and Claude (14%). More specialised tools, such as Canva (10%), Grammarly (6%) and Gemini (5%), trail well behind. This suggests a journey still to come, as firms move from general assistants towards tools built for their specific businesses.

In their own words, what would make them more likely to adopt comes back to affordability and proof: lower cost or clearer returns (24%), then evidence that it works and training or skills (both 16%), time to learn and trust or data concerns (both 12%). The appetite for evidence is striking – firms increasingly want to see returns before they commit.

Most telling is what they say they want AI to do. The dominant answers are saving time and working faster (32%), cutting costs (13%), automating admin (12%) and lifting productivity (10%). Ambition to innovate is almost absent – only 6% mention better decisions and 2% personalising for customers. The aim is to do today's work faster and cheaper, not to build something new.

**What it means:** Small firms are using AI in its most general form, mainly to save time. The move to tools built for their trade, and to bolder uses, is still ahead of them.



## How the UK compares with its peers

Our survey is the reference point for the UK picture, and the government's own [research](#) points the same way. Both find that efficiency and productivity are the main reasons SMEs adopt AI, and the benefits they report most often.

Both identify skills as a key barrier and a clear appetite for government support. And in both, data security stands out as a concern, most of all among larger firms. The two studies differ mainly on the regions – both put London ahead, but our survey also finds Scotland among the leaders.

The headline numbers align once you allow for different definitions and timing. Our survey finds 39% of SMEs using AI at some level and 21% regularly. The Department for Science, Innovation and Technology, using a stricter definition that counts recognised AI technologies, puts adoption at around one in six businesses (16%). Read together, our research and DSIT's describe the same reality – roughly one-fifth of firms now use AI in a meaningful way.

That comparable measure is what lets us set the UK against its peers, and the picture is one of [keeping pace, not leading](#). Across the EU, [20% of firms used AI](#) in 2025, up from 13.5% a year earlier. The [OECD average](#) across advanced economies was 20.2%. In the United States, around 18% of businesses [report using AI](#). The UK [sits in this band](#), ahead of Italy (16%), but well behind the clear front-runners: Denmark (42%), Finland (38%) and Sweden (35%).

The same holds for basic digital adoption. Around 73% of EU SMEs now [reach a basic level of digital intensity](#), led by Finland (93%) and Denmark (90%). On both digital and AI, the leaders are pulling away, while the rest of the field, the UK included, moves at a steadier pace.

**39%** of SMEs using AI at some level

**21%** of SMEs using AI regularly



## Confidence in AI is highest among younger and male decision-makers

Confidence in AI varies with who is running the business. Female decision-makers report lower adoption and lower trust: 29% say their business has no plans to adopt AI, against 23% of [male decision-makers](#), and 51% say they don't trust AI enough to use it, against 41%.

The differences by age are sharper. Thirty-three per cent of decision-makers aged 55 to 64 say their business has no plans to adopt AI, against 8% of those aged 18 to 24. On trust, 57% of the older group don't trust AI enough to use it, against 20% of the youngest.

[Age also shapes how AI is used](#). Asked whether AI had helped them develop new products or services, the figure is fairly even across firm sizes, around 26% of the largest and 30% of the smallest, and higher in the most digital sectors. The clearest gap is by age: 45% of decision-makers aged 18 to 24 and 38% of those aged 25 to 34 say AI has helped them innovate, against 28% overall.

**What it means:**  
Confidence in AI is not yet shared equally. Younger owners are the most at ease with it, and the most likely to use it to try something new.



## In summary

Taken together, the evidence describes a small business base that has largely embraced everyday digital tools but has only begun to adopt AI. Basic digital use is broad and still rising – regular AI use sits with one-fifth of firms and is concentrated among larger, more digital businesses in a handful of sectors and regions.

Where AI is used, it's employed to save time and work faster rather than to innovate, and the smallest adopters report proportionally strong returns. The barriers are consistent and practical – cost, skills, trust and a shortage of clear, trusted guidance, with the balance shifting from trust among the smallest firms to data protection among the largest.

Finally, the channels SMEs use for advice are informal and self-directed, and their appetite to pay for structured support is limited. The picture is of a base ready to do more, but held back by cost, confidence and a lack of proof rather than by outright resistance. And set against its peers, the UK is keeping pace rather than leading – in the same band as the EU and US, but well behind the Nordic front-runners on both digital and AI.

For more information, please contact Enterprise Nation's head of policy and government relations, [Daniel Woolf](#).



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