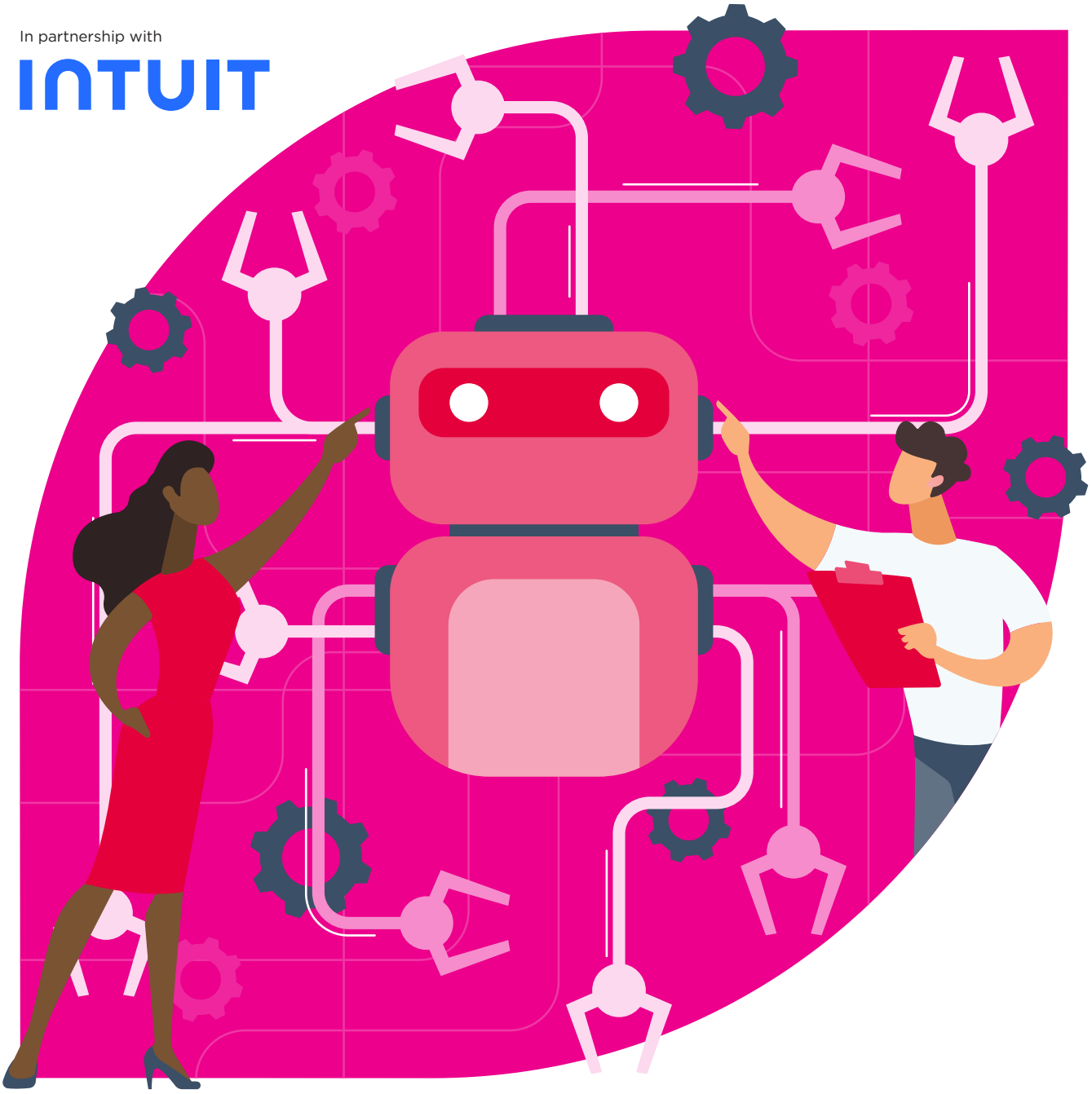
In partnership with

INTUIT



DIGITAL REVOLUTION

THE TURNING POINT FOR SMEs: UNLOCKING THE NEXT LEVEL OF AI

FUTURE OF THE ECONOMY

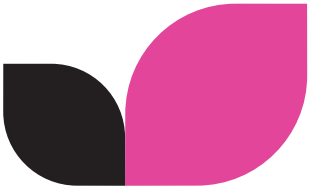
WHERE BUSINESS BELONGS

British Chambers of Commerce

DIGITAL REVOLUTION

CONTENTS

Foreword - Intuit	**4**
Foreword – British Chambers of Commerce	**5**
Executive Summary	**6**
Main Findings	**8**
Recommendations to policymakers	**13**
About This Report	**14**
Appendix: Survey data	**15**



FOREWORD
INTUIT

Leigh Thomas
Vice-President EMEA,
Intuit

The UK's small and medium-sized enterprise (SME) landscape is in a period of transformation. We know from our work with the British Chambers of Commerce that firms have faced immense pressure, from rising costs to subdued investment and hiring challenges. Yet, in this challenging environment, we've also seen a decisive shift: a growing recognition that technology - specifically AI - is no longer a futuristic add-on; it's a real-time lever for national productivity and economic resilience.

At Intuit, our mission is to power the prosperity of small and medium-sized enterprises. Today, that mission is supercharged by the delivery of our new AI-driven expert platform. We're moving beyond a world of disconnected apps and siloed data, where every part of a business - from customer lead to cash flow management - is seamlessly connected.

The findings in this report reveal a growing divide: businesses are using more AI, but they're not necessarily getting the full benefit because the tools they use are often fragmented and unable to talk to each other. The result is a widening divide between AI-ready firms and those struggling to keep pace. This is where the power of an integrated platform comes in. By bringing data together, we can unlock the next evolution of AI.

Imagine an AI agent as a tireless, proactive member of your team, who can automatically reconcile your accounts, send a perfectly timed invoice, and even flag a potential cash flow problem - all without you lifting a finger. It works across your entire business to get tasks done. This isn't about replacing a business owner's personal touch; it's about freeing up their time from repetitive, administrative work so they can focus on what truly matters.

AI is becoming the lever SMEs pull to stay productive with leaner teams. AI is unlocking financial clarity and agility. For sole traders and microbusinesses, these tools are levelling the playing field by putting enterprise-grade capabilities into their hands.

Through our partnership with the BCC, we aim to provide not just the technology, but also ensure support reaches all businesses, who can turn AI from potential into progress.

The AI revolution can't be top-down. It has to be inclusive, grassroots, and tailored to real business needs. With the right integrated tools at their fingertips, SMBs won't just keep pace with the AI revolution - they'll drive it.

FOREWORD
BRITISH CHAMBERS OF COMMERCE

Shevaun Haviland CBE
Director General,
British Chambers
of Commerce

We're at a pivotal moment in the digital transformation of the UK's business landscape. Artificial intelligence has the power to be truly transformative for our SMEs – those companies who are the backbone of our economy. It's truly exciting, but understandably for some firms it is either daunting or difficult, or both.

At the British Chambers of Commerce, we've been closely tracking the SME AI journey over recent years. It's really encouraging to see the data moving in the right direction. The story is now increasingly about performance rather than just potential.

Responsible and inclusive adoption of AI is key. The pace of change is accelerating, and we must ensure that no businesses is left behind.

At the BCC we're not just talking the talk – we're walking the walk. Our AI academy is being rolled out across the Chamber network, boosting digital skills among our teams. Meanwhile, we're working directly with business on a platform to improve supply chain connections.

Over the last year I was delighted to sit on the Government's SME Digital Adoption Taskforce. The key ambition in the taskforce's final report was that by 2035, the UK's SMEs should be the most digitally capable and AI confident in the G7. That's a bold ambition – but entirely possible if policymakers and business work together to accelerate the positive signs in this report.

EXECUTIVE SUMMARY

The AI revolution is here and moving faster than we think

The AI revolution is no longer on the horizon. It's already reshaping UK business, often in ways that go unnoticed. Far from being futuristic or complex, AI is emerging as a practical ally for everyday business challenges. The pace of investment underlines this shift - Amazon, Meta, Google and Microsoft alone are expected to spend $350 billion this year on AI infrastructure.

In recent years, SMEs have faced a series of economic shocks which have driven up business costs and dampened investment intentions. For many, survival has taken priority over growth. Yet AI offers a potential turning point – helping struggling firms boost productivity and giving start-ups and scale-ups the tools to accelerate growth.

Over the last two years, the BCC's Digital Revolution Challenge Group, supported by Intuit, has explored the huge growth and innovation opportunities that digital technologies present to businesses of all sizes and sectors, as well as the barriers holding them back. This work culminated in our 2024 report, Connected, Secure and Dynamic: Navigating our Digital Future, which set out a roadmap for driving digital adoption.

This latest report *The Turning Point for SMEs: Unlocking the Next Level of AI* builds on this foundation. Between June and July 2025, the BCC Insights Unit, in partnership with Intuit, surveyed over 1,500 UK business leaders. The results show a decisive shift in SME behaviour: AI adoption is accelerating, with AI tools now becoming part of everyday life, particularly for certain sectors like professional services. Yet persistent challenges remain. Many SMEs are managing fragmented tech stacks and often feel they are not maximising their digital tools. At the same time, customer acquisition still relies heavily on traditional methods such as word-of-mouth.

In response, businesses should prioritise the following actions:

1. **Audit your tech stack**
   Take stock of all the apps and software. Identify where data is siloed and where manual, repetitive tasks are slowing the business down. This self-audit will highlight the areas where an integrated platform could have the biggest impact.

2. **Consider integrated platforms**
   Seek out platforms that connect core business functions. Linking accounting and invoicing with customer management and marketing tools creates a unified ecosystem – the foundation towards unlocking more advanced AI capabilities.

3. **Prioritise learning**
   Encourage your employees to learn about and experiment with AI tools. Build foundational skills to increase team confidence and uptake. At the macro level, the BCC calls for businesses to invest in digital skills as part of a wider effort to boost productivity.

MAIN FINDINGS

AI adoption rates are going up, but there are wide sectoral disparities

Despite higher AI use, many do not feel they are using technology to its full potential. The survey sought to test the extent to which firms felt they were using technology to automate or streamline their operations. Just 11% of firms reported using technology to a 'great extent' to automate or streamline operations—indicating a significant efficiency gap despite rising AI usage. As with general AI adoption, larger firms and those in the B2B sector are more likely to feel they are automating/streamlining to a great extent.

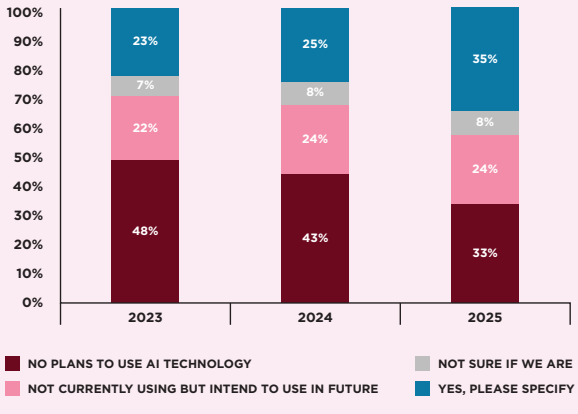
AI adoption is also rising across all business types, reflecting its increasing ubiquity. However, the data also reveal deep sectoral disparities. Almost half (46%) of B2B service firms – those in sectors such as finance, law, and marketing – are using AI, compared to just 26% of B2C firms and manufacturers.

When asked what types of AI firms were using, three broad themes emerged:

THEME	DESCRIPTION	APPROX. % OF RESPONSES
1. **Content Creation & Knowledge Work**	Use of generative AI for writing, editing, design, summarisation, and brainstorming — often in marketing, communications, and admin support.	~60%
2. **Productivity & Embedded Tools**	AI features integrated into business software and productivity platforms — often for note-taking, summarising, CRM, and administrative support.	~30%
3. **Custom & Sector-Specific AI**	Tailored AI for internal systems or operational use, often in logistics, security, legal, engineering, or R&D contexts.	~10%

AI adoption rates are up compared to previous years

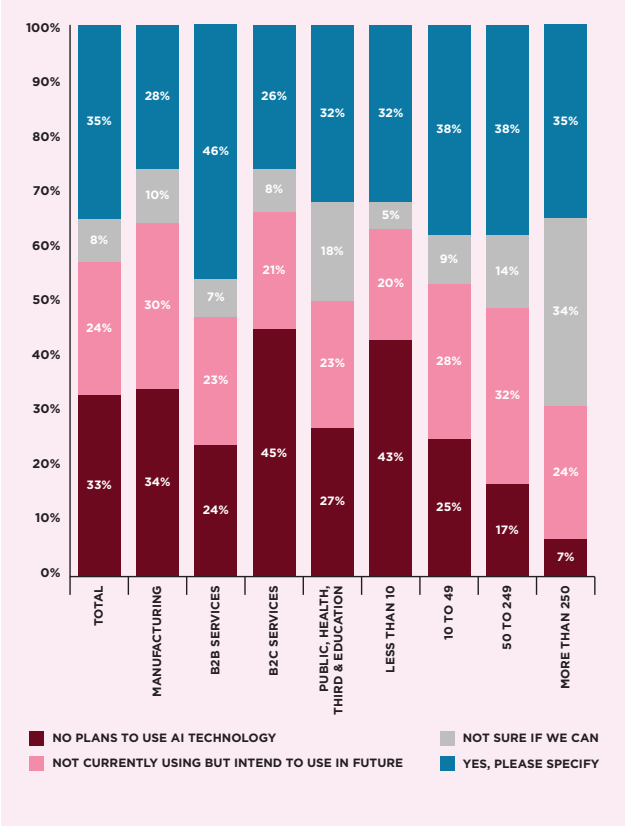
Is your organisation currently using any specific AI technology? (n=1,630)



Most firms feel they are still not fully maximising their tech platforms

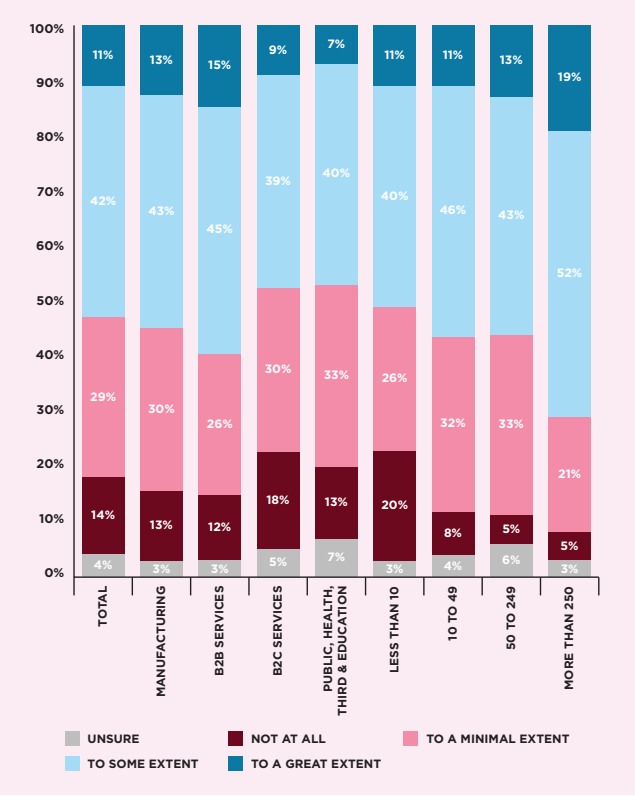
AI adoption rates vary by type of business

Is your organisation currently using any specific AI technology? (n=1,630)



Many do not feel they are using tech to its full potential

To what extent do you feel your organisation is using technology to automate or streamline its operations? (n=1,620)

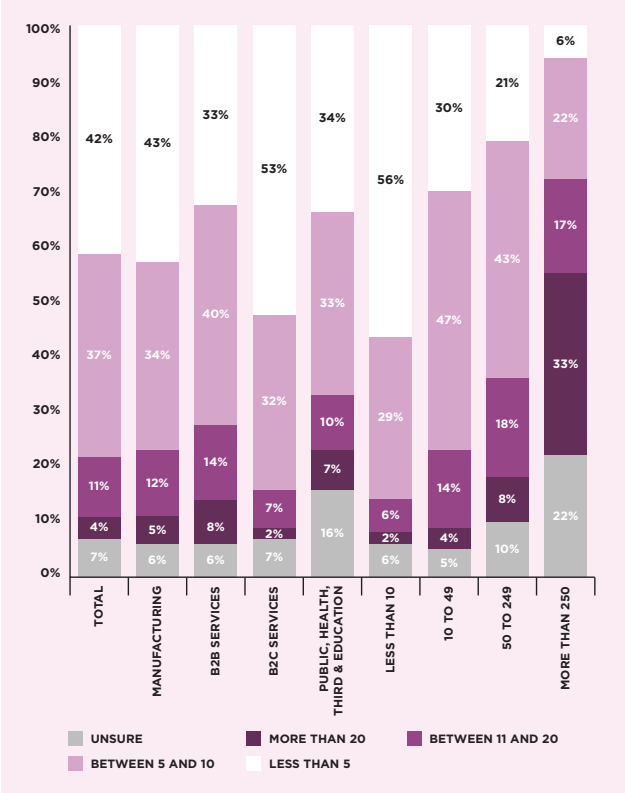


Most firms are using around 5-10 business software apps

When asked approximately how many different business software apps they were using, most reported using more than 5 – 42% said fewer than 5, 37% said between 5 and 10, and 15% said 11 or more. Again, a wide variation exists between different segments – larger firms with more than 250 employees were far more likely to be using a higher number of apps, with 33% telling us they were using more than 20 different applications.

Most firms use more than 5 software apps

Approximately how many different business software applications does your organisation use? (n=1,605)



This fragmentation may explain why, despite higher levels of AI adoption, many SMEs still feel they are not realising the full benefits of technology. Most AI solutions are designed to solve one problem in isolation. An AI tool for accounting, for instance, might streamline expense tracking, but it cannot connect to sales and inventory data to predict a future cash flow squeeze. The result is a scattered set of solutions that rarely add up to a seamless, end-to-end system.

The next wave of AI promises to move beyond point solutions towards agentic AI – systems that behave more like a virtual team member than a single tool. Unlike standalone apps, AI agents are designed to connect workflows, combining data and working proactively across the entire business to reach a goal.

1. **An AI agent's strength comes from its ability to: Connect the dots**
   AI agents can manage entire processes end-to-end—such as following a customer journey from first contact to final payment—because they integrate across workflows rather than staying locked in silos.

2. **Provide smart advice**
   By drawing on finance, sales, and customer data in one place, agents can deliver insights in context and recommend the best next steps for the business.

3. **Learn and get better**
   With visibility across the full system, agents can analyse outcomes, understand what worked, and continuously improve their performance.

Simply put, a collection of disconnected apps is the opposite of what an AI agent needs. To truly get the benefits of this new technology - like simplifying daily tasks and freeing up time for growth - businesses need more integrated datasets working together in concert.

Word of mouth remains SMEs' strongest growth channel

When asked what channels firms are currently using to acquire new customers, SMEs overwhelmingly point to word of mouth, cited by 78% of respondents. This is followed by social media (63%), the company website (54%), and networking events (44%). The results show clearly that the preference for many SMEs is to rely on trust and relations and face-to-face contact with potential customers.

In this context, AI can be an effective tool to enhance existing relationships and build a greater global market presence. AI platforms can help SMEs overcome geographical barriers and turn their local reputation into a global one. For example, they can analyse a customer's purchasing history and behaviour to suggest tailored post-sale communications in their native language. This not only builds stronger relationships but also fosters the trust that is essential for generating positive, international word-of-mouth referrals.

The true value of AI in customer acquisition and relationship management is not about replacing the human element, but about giving small and medium-sized business owners the tools and time to build relationships and grow. By automating the "plumbing" of exporting - the paperwork, communication, and logistics - AI empowers them to focus on what they do best: creating great products and fostering the trust that underpins word-of-mouth success, at both the local and global level.

This matters beyond the individual business. More firms engaging in international trade is critical to driving innovation and export-led GDP growth. AI can play a pivotal role in lowering the barriers to entry, giving SMEs the scale and reach to expand overseas.

Immediate benefits and quick wins for SMEs

Small and medium-sized business owners are pulled in many directions, and their time is a precious resource. BCC research has consistently shown that this tension makes them more exposed to the impacts of economic shocks. By using technology to target specific pain points, SMEs can quickly unlock efficiency gains, free up capacity, and build resilience and increase momentum for deeper digital adoption. Quick wins include:

1. **Get paid and pay bills faster**
   Cash flow remains the single biggest pressure point for SMEs. The BCC's research consistently shows that the payments are widespread and drain time and resources. Automating invoicing and payment processes with a platform that generates and sends invoices with digital payment links can reduce admin and help businesses get paid faster.

2. **Get, grow, and manage customers**
   Word of mouth is considered the most effective customer acquisition channel by SMEs. AI can amplify this by automating follow-up tasks, such as sending personalised thank-you notes or post-purchase messages, that strengthen relationships. Consistent, low-effort engagement translates into stronger, more scalable customer trust.

3. **Get Capital**
   BCC research consistently finds that many SMEs either struggle to access capital or have disengaged from seeking it at all. This is a drag on growth. An AI platform that automatically tracks and categorises income and expenses could create a readily accessible and clean, up-to-date set of books, making it much easier to apply for loans or lines of credit.

4. **Access advice and stay compliant**
   Staying compliant with regulations, especially around taxes, can be a major source of stress. Platforms with built-in compliance features can automatically track revenue and expenses, simplify tax preparation, and provide real-time financial overviews. This reduces risk and frees business owners from burdensome admin.

Climbing the tech ladder

By handling these repetitive, time-consuming tasks, AI allows the business owner to focus their limited time and energy on high-value, face-to-face interactions that truly drive growth. The goal is not to replace the owner's personal touch, but to give them the bandwidth to make it matter more.

To embed these quick wins and prepare for more advanced digital adoption, SMEs should focus on three steps:

1. **Audit your tech stack**
   Take stock of all the apps and software. Identify where data is siloed and where manual, repetitive tasks are slowing the business down. This self-audit will highlight the areas where an integrated platform could have the biggest impact.

2. **Consider integrated platforms**
   Seek out platforms that connect core business functions. Linking accounting and invoicing with customer management and marketing tools creates a unified ecosystem – the foundation towards unlocking more advanced AI capabilities.

3. **Prioritise learning**
   Encourage your employees to learn about and experiment with AI tools. Build foundational skills to increase team confidence and uptake. At the macro level, the BCC calls for businesses to invest in digital skills as part of a wider effort to boost productivity.

RECOMMENDATIONS TO POLICYMAKERS

Building on both this report and the BCC's Digital Revolution report published in 2024, we set out the following recommendations for policymakers:

1. **Break down data silos**
   Most SMEs operate across a patchwork of disconnected apps, limiting efficiency and preventing them from realising the full benefits of AI. Government should promote an open data ecosystem that empowers firms to control, integrate, and transfer their data seamlessly across platforms. This would lay the foundations for AI agents that can streamline core business functions, from sales and marketing to finance and compliance.

2. **Promote foundational AI skills**
   Embed AI literacy into education and lifelong learning, and support targeted programmes to upskill the workforce in basic AI tools for content creation, admin, and data tasks. This will boost adoption and help close the digital confidence gap among SMEs.

3. **Position AI as a growth engine**
   Shift the policy narrative around AI from cost-cutting and efficiency to productivity and growth. Encourage adoption in areas like customer engagement, market expansion, and export development, unlocking new opportunities for SMEs to scale.

4. **Launch an SME AI adoption awareness programme**
   Building on the SME Digital Adoption Taskforce's final report, government should deliver a targeted nationwide campaign to raise awareness of AI's practical benefits for SMEs, tailored to regional and sectoral needs.

5. **Appoint an AI Champion for SMEs**
   A dedicated AI Champion, with significant business and digital expertise, should lead efforts to accelerate SME adoption, advocate for business needs, and help address barriers to uptake.

APPENDIX
SURVEY DATA

Is your organisation currently using any specific AI technology?
Base: All respondents
(Weighted N=1630; Unweighted N=1558)

Response option	% (Weighted)
Yes, please specify	35%
Not sure if we are	8%
Not currently using but intend to use in future	24%
No plans to use AI technology	33%

Approximately how many different business software applications does your organisation use?
Base: All respondents
(Weighted N=1605; Unweighted N=1529)

Response option	% (Weighted)
Fewer than 5	42%
Between 5 and 10	37%
Between 11 and 20	11%
More than 20	4%
Unsure	7%

To what extent do you feel your organisation is using technology to automate or streamline its operations?
Base: All respondents
(Weighted N=1625; Unweighted N=1553)

Response option	% (Weighted)
To a great extent	11%
To some extent	42%
To a minimal extent	29%
Not at all	14%
Unsure	4%

Which of the following channels do you currently use to acquire new customers?
Base: All respondents
(Weighted N=1498; Unweighted N=1428)

Response option	% (Weighted)
Social media	63%
Google ads	18%
Search engine optimisation (SEO)	37%
Email marketing	35%
TV/radio/newspaper/billboard advertising	7%
Networking events	44%
Referrals or word of mouth	78%
Website / E-commerce	54%
Marketing agency	11%
Unsure	5%

ABOUT THIS REPORT

Lead Author
David Bharier, Head of Research,
British Chambers of Commerce

Survey methodology
The BCC surveyed 1,558 business leaders online between 23 June and 18 July. Profile data: 93% of the respondents were SMEs (firms with fewer than 250 employees), while 7% were large firms. 42% were in the b2b service sector, while 16% in b2c service sector, and 25% manufacturing. Overall summary data are weighted to better reflect the proportion of SMEs in the UK business population (over 99%).

British Chambers of Commerce | 65 Petty France, London, SW1H 9EU
britishchambers.org.uk | @britishchambers | 020 7654 5800

British Chambers of Commerce is a Company Limited by Guarantee, registered in England and Wales No. 9635.
Designed by iloveclive.co.uk