

THE AI VALUE GAP

BRIDGING AMBITION AND EXECUTION IN THE MID-MARKET

New research exploring how UK organisations are moving beyond AI pilots to deliver measurable business value, and the barriers preventing progress at scale.

2026

FOREWORD

A few months ago I sat with a leadership team who had spent the best part of a year, and a serious amount of budget, building an AI pilot they were proud of. It worked, and yet it had stalled, caught somewhere between a clever proof of concept and something the business could rely on. When I asked what was holding it back, the room went quiet, eventually someone said, "the person who really understood it left in the spring." That single sentence has stayed with me, because it is the story of this report.

It is a story we hear often in the conversations we have with our clients. The same themes come up: the pressure to move quickly, the pilots that never quite reach production, and the sense that the value is there somewhere, just out of reach. This research set out to test whether those conversations reflected something wider across the mid-market.

They did.

What it confirms is encouraging. Most mid-market organisations have laid solid foundations, strategies are set, budgets are committed, and nearly half of AI pilots have already scaled into production, ambition was never the problem. The organisations we work with are not chasing AI for its own sake either, they are investing to grow, to scale what already works, and to build something that lasts.

The harder truth is more human. To deliver real value, AI needs to understand far more than the goal it is given. It needs a deep understanding of the systems, dependencies, policies and priorities that make each business what it is, too often that understanding is missing.

Sixty-nine per cent of leaders tell us the knowledge that matters most still sits with individuals rather than the organisation, and more than three-quarters wish they had invested more in discovery before they began. I don't read those figures as criticism, but more importantly, I read them as honesty from people who moved fast under real pressure, often against a wall of industry noise, and who can now see clearly what comes next.

None of this is beyond reach. The barriers are practical problems to be solved, not limits of the technology itself. As AI becomes a commodity, much as the internet and cloud did before it, the technology alone no longer sets a business apart. What sets it apart is what its people already know, capturing that knowledge, bringing it together, and combining it with the right technology is how ambition finally becomes execution.

**That is the opportunity in front of us all.
Technology will keep moving forward at
pace, but it is people who show it the way.**

Tim Hurst

Chief Operations Officer
at TXP (Technology x People)



TABLE OF CONTENTS

2

Foreword

4

Executive
Summary

5

Strong foundations
and a clear pathway

7

Making the jump
into production

9

Three priorities for
scaling AI

10

Designing workflows
around AI

11

Orchestrating AI
across the estate

12

Discovery multiplies the
value of AI investment

13

The next phase of AI
innovation

14

About TXP
(Technology x People)

EXECUTIVE SUMMARY

As AI maturity grows, the question is no longer whether it can help organisations. Companies, industries and economies are already being reshaped by AI, placing mid-market organisations at the centre of an exciting period of change. Strategies are in place and budgets have been allocated. The focus now is on learning from early experiments, accelerating progress and applying AI in ways that advance business and strategic objectives.

At the same time, AI capabilities are becoming increasingly commoditised, much as internet and cloud technologies did before them. As the market consolidates around a small pool of frontier and open-source models, the technology alone offers limited scope for differentiation. The opportunity lies instead within each organisation. Proprietary data, internal expertise and the institutional

knowledge held by its people can provide the backbone for distinctive solutions that create lasting competitive advantage.

Encouragingly, this study finds that most mid-market organisations have laid the foundations for AI success. The next phase is more nuanced, building on these promising beginnings and turning ambition into execution. Doing so will depend on combining technology with deep organisational knowledge, understanding and expertise that people hold.

For this report, we gathered insight from business leaders responsible for IT and AI strategy at UK mid-market organisations. Respondents work across the public sector, (including central government and healthcare), banking and insurance industries.



47%

of AI pilots have already scaled into production

69%

agree most of the critical knowledge around AI rests with specific individuals rather than being documented and accessible across the organisation

77%

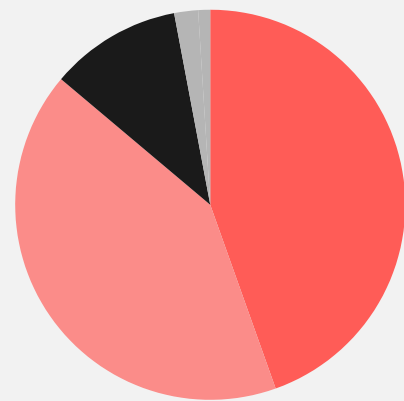
agree that their organisation should have invested more time and budget in discovery before starting AI initiatives

STRONG FOUNDATIONS AND A CLEAR PATHWAY

Mid-market organisations have made significant progress in developing their AI strategies. Almost half (45%) of business leaders say their strategy is comprehensive, covering the entire organisation and all business processes. A further 42% say it covers most of the business, while just 2% remain in the pilot or planning stages.

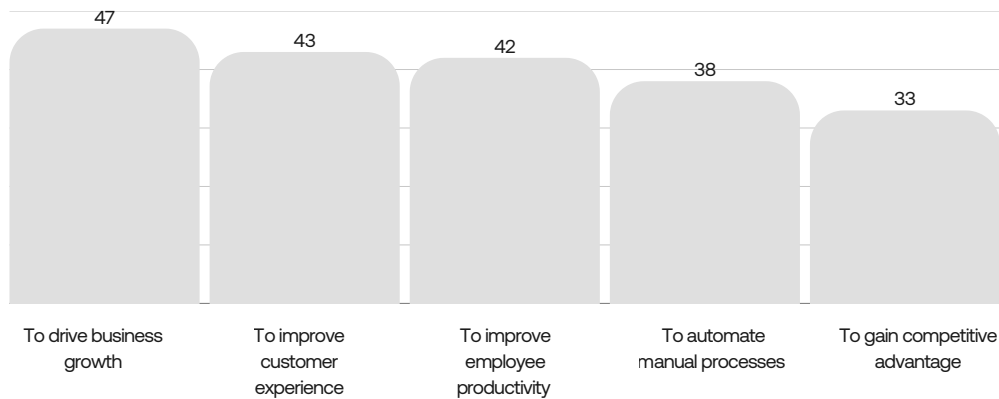
WHICH OF THE FOLLOWING BEST DESCRIBES YOUR ORGANISATION'S AI STRATEGY?

- 45%: Comprehensive, covering the entire organisation and all its business processes
- 42%: Developed, covering most the organisation and its business processes
- 11%: Developed, covering part of the organisation and its business processes
- 2%: Running pilots and proofs of concept currently or currently in the planning phase



These strategies are focused on clear business priorities. Driving growth, improving customer experience and increasing employee productivity emerged as the three leading objectives for AI.

WHAT ARE THE MAIN OBJECTIVES OF YOUR ORGANISATION'S AI STRATEGY?



Business leaders are also confident in the governance and operating structures supporting AI within their organisation. Four-in-five (81%) agree that an AI operating model has been fully defined, while 89% say ownership of AI performance and outcomes is in place. Almost nine-in-ten (88%) agree that responsibility for resolving AI errors or unexpected outputs is clear, while 86% report having defined expectations and processes for handling escalations.

81%

of organisations have a fully defined AI operating model

89%

of organisations have defined a clear owner for AI performance and outcomes

88%

of business leaders agree that responsibility for resolving AI errors or unexpected outputs is clearly defined

86%

of business leaders agree that there are clear expectations and processes for handling escalations



It's clear that most mid-market organisations see AI as a springboard for innovation and growth. The vast majority have developed a strategy and aligned it with clear business goals, providing strong foundations for progress. Attention must now turn to giving AI the organisational context and direction it needs to translate those ambitions into meaningful business value.



MAKING THE JUMP INTO PRODUCTION

Mid-market organisations have invested an average of just over £1 million in AI pilots and proofs of concept over the past three years, testing where the technology can make the greatest contribution. Nearly half (47%) of these pilots have already scaled into production. However, 61% of business leaders also say their organisation has paused or wound down initiatives that failed to deliver as expected.

+£1m

On average, mid-market organisations have spent £1,003,515 on AI pilots or proofs of concepts over the last three years

Approximately how much has your organisation spent on AI pilots or proofs of concepts over the last three years?

49%

agree that their organisation's AI initiatives have failed to deliver value or have been underwhelming so far

47%

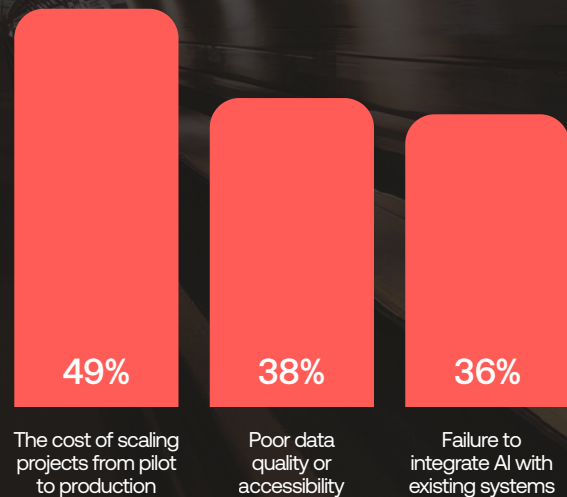
of pilots have successfully scaled into production

61%

have quietly paused or wound down some AI initiatives after they failed to deliver

In fact, almost half (49%) of business leaders agree that their AI initiatives have failed to deliver value or have proved underwhelming so far. The most commonly cited barriers to scaling were the cost of moving projects from pilot to production (49%), governance and risk concerns (39%), and poor data quality or accessibility (38%).

FOR WHAT REASONS HAVE AI PILOTS FAILED TO SCALE WITHIN YOUR ORGANISATION?

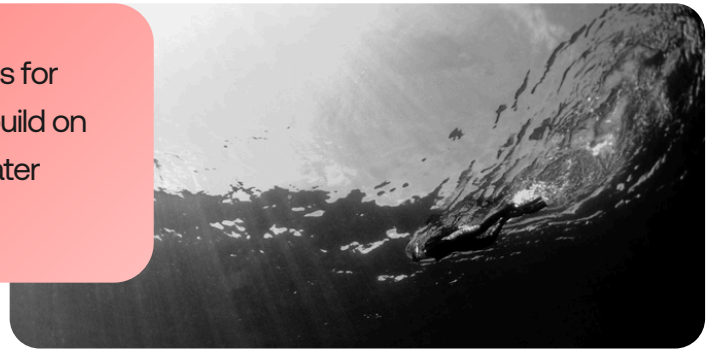


Mid-market organisations have learned important lessons from their early experiments, deciding which projects to scale into production and which to discontinue. Although many business leaders have been underwhelmed by the results so far, the leading barriers are practical and solvable rather than fundamental limitations of the technology. The next step is to refine the method, resolving the issues exposed by early experiments so that more projects can scale.



THREE PRIORITIES FOR SCALING AI

The research highlights three areas of focus for mid-market organisations as they look to build on their AI progress to date and generate greater returns from their investments.



TURNING INDIVIDUAL EXPERTISE INTO SHARED CAPABILITIES

Successful AI programmes depend on collaboration across teams and access to the organisational knowledge that informs decisions. Yet critical knowledge often remains with specific individuals rather than being documented and accessible across the business. Organisations should prioritise capturing this expertise and centralising it, turning knowledge held by individuals into a shared organisational capability.

69%

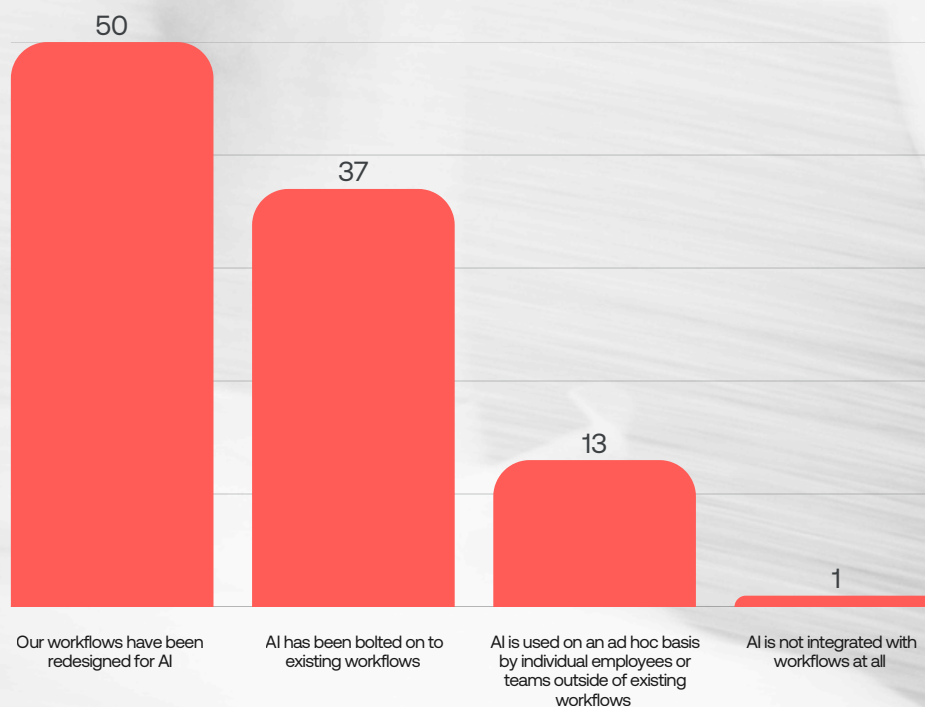
agree most of the critical knowledge around AI rests with specific individuals rather than being documented and accessible across their organisation

58%

agree a lack of collaboration between departments is preventing their organisation's AI projects from scaling or providing value

DESIGNING WORKFLOWS AROUND AI

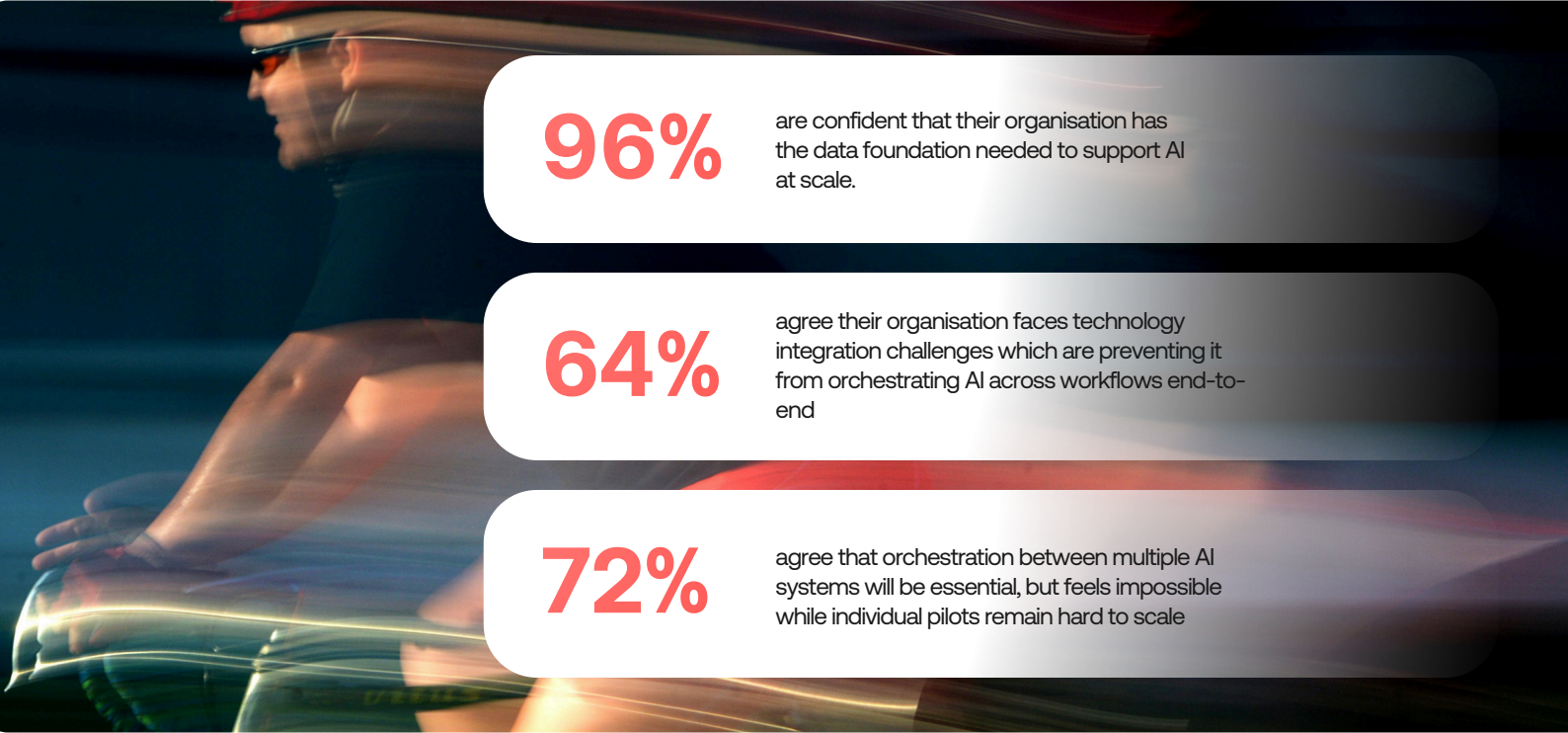
Redesigning workflows around AI is another important step in scaling projects into production. This requires a detailed understanding of business logic, operational policies and existing processes so that AI can be integrated effectively. Half (50%) of organisations have already redesigned their workflows around AI. For those still adding AI to existing workflows or using it on an ad hoc basis, the next step is to identify where processes need to be redesigned, rather than simply bolting AI onto workflows that were never built for it.



Which of the following best describes how AI is integrated with workflows in your organisation?

ORCHESTRATING AI ACROSS THE ESTATE

Scaling AI requires effective orchestration across systems, data and workflows. Although almost all business leaders (96%) are confident in their organisation's data foundations, integration with the wider technology estate remains a barrier to end-to-end orchestration. Looking ahead, business leaders recognise the need to orchestrate multiple AI systems but say this feels impossible while individual pilots remain difficult to scale. Organisations must now map technical dependencies and create a clear roadmap connecting AI with the systems and data that empower it.



96%

are confident that their organisation has the data foundation needed to support AI at scale.

64%

agree their organisation faces technology integration challenges which are preventing it from orchestrating AI across workflows end-to-end

72%

agree that orchestration between multiple AI systems will be essential, but feels impossible while individual pilots remain hard to scale

“

Redesigning workflows and orchestrating AI across systems require a deep understanding of how an organisation operates. The good news is that this knowledge already exists internally.

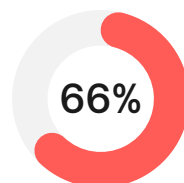
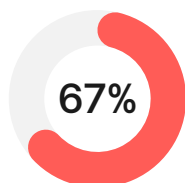
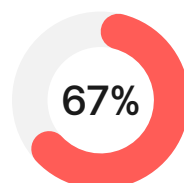
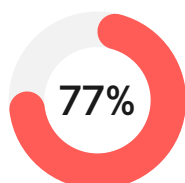
By capturing the insight surrounding critical systems and processes, business leaders can refine their approach and turn their AI ambitions into demonstrable results.

”

DISCOVERY MULTIPLIES THE VALUE OF AI INVESTMENT

More than three-quarters (77%) of business leaders say that, in hindsight, their organisation should have invested more time and budget in discovery before starting AI initiatives. This is an important lesson that can inform the next phase as organisations look to scale AI and start new projects.

Many business leaders also recognise how external pressures can influence decision-making. Board expectations and industry hype are creating pressure to move quickly as organisations seek to keep pace with competitors. Awareness of these influences is important, as those organisations who can look beyond the noise will be better equipped to set realistic goals and make sound investment decisions.



Speed and ambition should not be seen as opposing forces. A focused discovery phase that maps dependencies, assesses technical debt and readiness, identifies priority use cases and captures internal knowledge makes everything downstream faster. This ‘measure twice, cut once’ mindset replaces uncertainty with an evidence-led path forward and exposes operational issues before they become barriers to progress.



THE NEXT PHASE OF AI INNOVATION

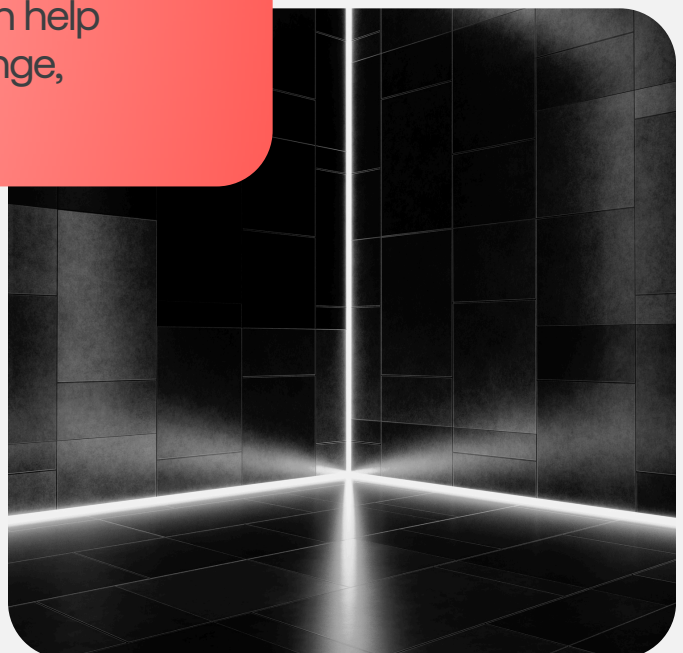
Mid-market organisations have already achieved some early success with scaling AI into production, but many are yet to achieve tangible results. The next step is building on these foundations and refining to create a more reliable path to value. Greater focus on discovering, capturing and sharing organisational knowledge can help promising projects overcome barriers and deliver business results.

This starts with drawing out the knowledge held by people across the organisation and making it accessible. That understanding can guide the redesign of workflows, the integration of AI with existing systems and data, and the introduction of new ways of working, providing a stronger basis for applying the lessons learned through early experimentation.

Choosing the right partner will be central to this next phase. Technical skills alone are not enough. A partner must also be able to uncover important – often hidden – information, map dependencies and translate what they learn into practical changes across systems and workflows. Bringing these capabilities together with a deep understanding of the organisation will give more AI projects a clear route to production.

By combining people and technology, TXP helps organisations to turn AI ambitions into execution and deliver outcomes that meet business needs and objectives. Our teams work closely with customers to understand their existing landscape, uncover critical knowledge and build solutions grounded in discovery, collaboration and clear business outcomes.

To hear more about how TXP can help your business create lasting change, visit www.txp.co.uk



THE AI VALUE GAP

BRIDGING AMBITION AND EXECUTION IN THE MID- MARKET

The survey was conducted among 200 UK decision-makers in mid-market organisations involved in IT and AI strategy across central government departments only, healthcare, banking & insurance.

The research was conducted by Sapio research in July 2026.

TXP (Technology x People) is a UK leading digital transformation business, delivering consulting, development and technology resourcing solutions to a diversified blue-chip client base. The West Midlands-based company works across the public and private sectors, providing legacy modernisation transformation, data and AI services, custom software development and IT resource augmentation.

Get to know us at www.txp.co.uk and on [LinkedIn](#), [Instagram](#) and [Facebook](#)