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InfoBrief
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AI-powered Cloud ERP: The Midmarket Business Value Boost

In today's AI-driven world, competitive differentiation demands value-based outcomes — and Cloud ERP is the foundation.



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In this InfoBrief

Midmarket businesses investing in cloud ERP, AI, and platform consolidation are seeing measurable results.



AI tools save significant time and drive KPI improvements across finance, HR, and operations. Businesses reporting the strongest gains have prioritized financial management tools, consolidated onto a single platform, and treated cloud strategy and AI readiness as one decision. Effective change management during ERP adoption further compounds ROI.

To fully realize productivity and competitive gains, midmarket businesses should select an AI-powered cloud ERP system with an accelerated implementation plan, supported by clear guidance and best practices for successful transformation.

Midmarket companies rely heavily on spreadsheets and non-scalable solutions

Why spreadsheets?

Have long been the versatile tool to understand the business:

- **Organization management**
  Data storage, organization, and manipulation
- **Process orchestration**
  From business financials to customers to suppliers to inventory to project management
- **Compliance and reporting**
  A means to ensure the business meets applicable laws, regulatory requirements, internal policies, and ethical and responsible operations



Legacy automation is moving 77% of midmarket businesses **to significantly prioritize removing semi-manual and manual business processes.**

n = 1,015; Source: IDC's *SaaS and Agent Path*, April 2026

Spreadsheet limitations

Spreadsheet limitation risks include:

- **Error risks**
  Manual entry and formulas shift with each update, and informal version control, siloed department data, data integrity, and business rules are inconsistently enforced.
- **Employee time**
  This refers to maintaining, updating, and correcting employee time.
- **Compliance/auditability**
  Limited change history and controls impede SOX/ISO/GDPR evidence and increase audit findings.
- **Non-scalable solution**
  Manual and semi-manual processes can't scale with the business because of row/column limits, and slow recalculations are unsustainable as the records and usage grow. This leads to bottlenecks, errors, and wasted time and ultimately leaves potential revenue on the table.

Larger midmarket companies often have too many ERP systems and customizations

Most are antiquated, creating additional spreadsheets and semi-manual/manual processes.

Why so many ERP systems?

- Multiple ERP systems are often part of the legacy estates, requiring customizations to bring together the systems.
- Prior acquisitions continue to use their ERP system regardless of acquisition date (many are antiquated systems).
- Many of the multiple ERP systems are for corporate, divisions, or specialized instances.



61% of midmarket businesses still run antiquated on-premises applications.



50% of the ERP estate with multiple ERP systems is run on the cloud.

Cloud ERP is the solution:

- Midmarket businesses are prioritizing cloud ERP to consolidate data to reduce silos, remove spreadsheet reliance, and stop semi-manual and manual processes with automation.
- Cloud ERP brings access to the latest innovation without lengthy upgrade cycles.
- Cloud ERP means businesses can adopt standardized business processes and best practices.
- Cloud ERP assists with data security, including encryption and access controls and for compliance with audit trails, frameworks, and automated controls.
- Migration often happens in phases, which means the coexistence of legacy and new systems during the transition.

Source: IDC's *Market Analysis Perspective: Worldwide Enterprise Resource Planning Applications*, November 2024

The primary reasons midmarket ERP companies move to cloud ERP

Ensures accuracy, efficiency, compliance, and scale as needed to meet growing business needs



n = 52 (for midmarket ERP); Source: IDC's *SaaS and Agent Path*, April 2026

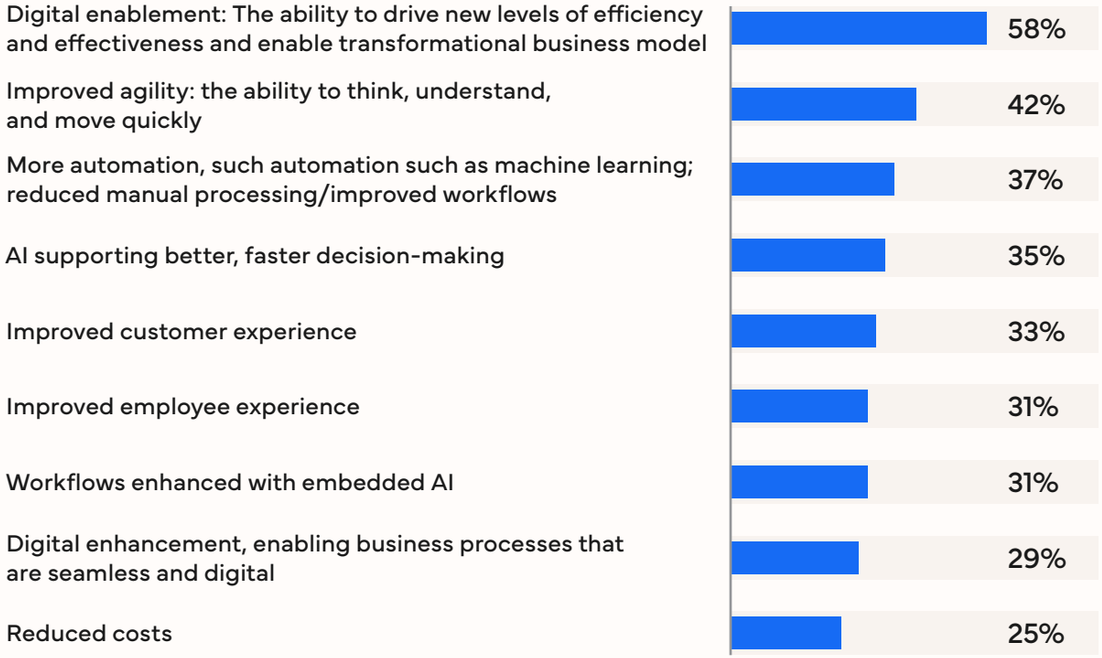
Midmarket businesses move to cloud ERP because it offers:

- Anywhere access and resilience that supports their distributed teams and continuity
- Governance, compliance, and security with integrated controls, audit trails, and localization support to streamline regulatory changes and reduce risk
- Continuous innovation (AI ready), frequent releases embedding AI/ML/GenAI for enhanced automation, forecasting, and decision support
- Faster time to value, with preconfigured best practices, quarterly updates, and modular applications

Cloud ERP positively impacts business outcomes

Cloud ERP digitally enables businesses with more automation to be more agile and scalable and to make faster decisions

Business outcomes from moving to cloud ERP



n = 52 (for midmarket ERP); Source: IDC's *SaaS and Agent Path*, April 2026

Cloud ERP midmarket outcomes:

Midmarket buyers find that cloud ERP's open APIs and continuous close boost efficiency, ease compliance, and can scale with their businesses as they grow.

Deep financial best practices are tied to manufacturing, with additive cloud features creating a "boon of financial process wealth" across finance, manufacturing, and supply chain.

Midmarket leaders find cloud ERP is cost-efficient and scalable and offers remote access — and overall business agility; the high demand is centered on integration, configuration and customization, real-time analytics, mobile access, and usability.

Connecting the dots: How cloud ERP can directly lead to positive business outcomes

Why midmarket companies invest in cloud ERP:	Reported results after making the move:
Advancement of digital transformation	Digitally enabled the ability to drive new levels of efficiency and effectiveness and transformational modifications to their business
Better accessibility to enterprise data	Improved agility (the ability to think, understand, and move quickly)
Better embedded AI workflows and intelligence	Supported better, faster decision-making through AI
Lower anticipated IT costs	Reduced costs
Better support for our industry/vertical	Enabled industry-specific attributes
Enhanced talent recruitment	Improved employee experience



When AI is added to the mix, cloud ERP becomes a significant competitive advantage

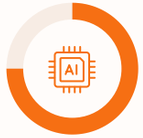
Over 75% of midmarket businesses understand the need for AI.

Over half of midmarket businesses currently benefit from their existing cloud infrastructure to take advantage of AI, either by enabling more seamless AI adoption or supporting it with some adjustments.



However, **30%** of midmarket businesses still report the need to adjust their cloud environments to fully adopt AI.

Midmarket businesses are embracing AI innovation.



75% of midmarket businesses are scaled or fully embedded with AI in everyday workflows.



55% of midmarket businesses use generative AI features in their current application, and 22% plan to replace their current application if GenAI is not in the next release.

Priorities for midmarket businesses are shifting toward AI.

AI tools save growing businesses significant time on searching for information and drive KPI improvements across finance, HR, and operations.

Midmarket businesses prioritize productivity and efficiency gains, revenue growth, and cost reduction. AI is a large component of this mix, leveraged for improved workflow automation and advanced analytics. These attributes enable midmarket businesses to optimize operations, control expenses, and support expansion.

n = 860 (500–4,999 for SMB head count); Source: IDC's *Future of Work Survey*, 2026. n = 1,015 (500–4,999 for SMB head count); Source: IDC's *SaaS and Agent Path*, 2026

AI adoption requires a midmarket change, not just technology

For growing midmarket businesses, time recovered through AI compounds faster, but only where adoption is treated as an organizational change initiative, not a technology purchase.

Employees spending more than one hour per day searching for information **drops from 38% to 13%** once AI tools are in place



73% of midmarket businesses are using AI assistants and AI agents frequently per day in their work.

Midmarket companies find that using AI assistants and agents is saving them valuable time each day:



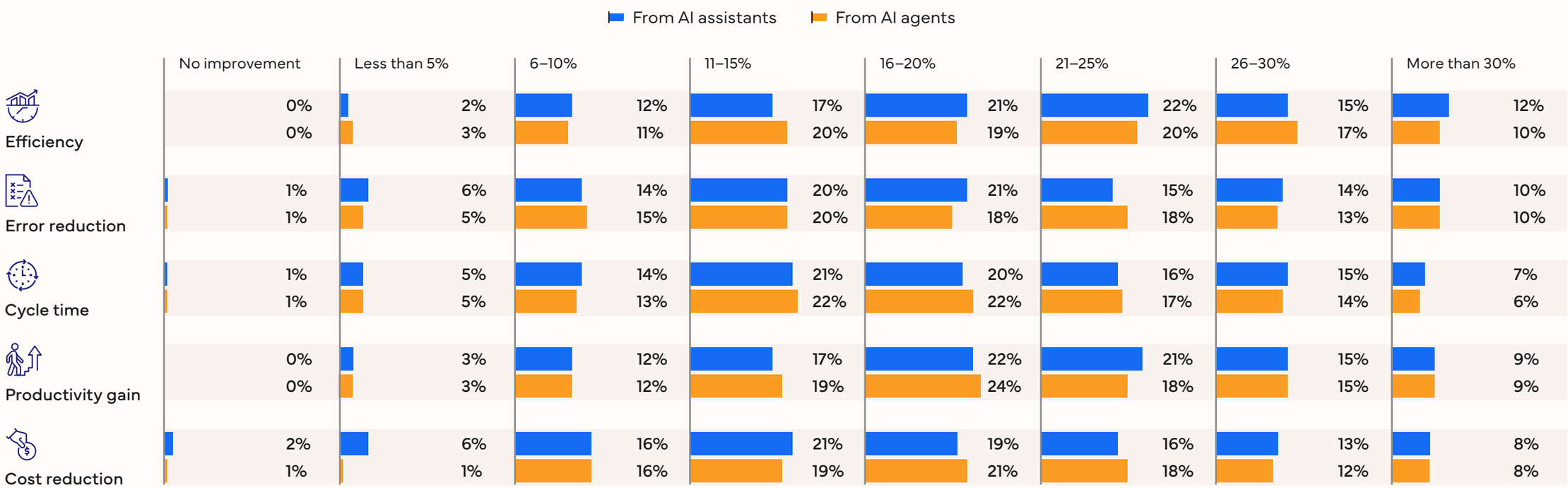


96% of midmarket businesses say time freed by AI is redirected to higher-value work, not absorbed as slack.

n = 1,146; Source: IDC's *Future of Work Survey*, 2026. n = 1,015 (midmarket); Source: IDC's *SaaS and Agent Path*, 2026. n = 703 (midmarket); Source: *SaaS and Agent Path*, 2026. n = 691; Source: *Future of Work Survey*, 2026

Operational KPIs improve with AI assistants, AI agents, and cloud ERP

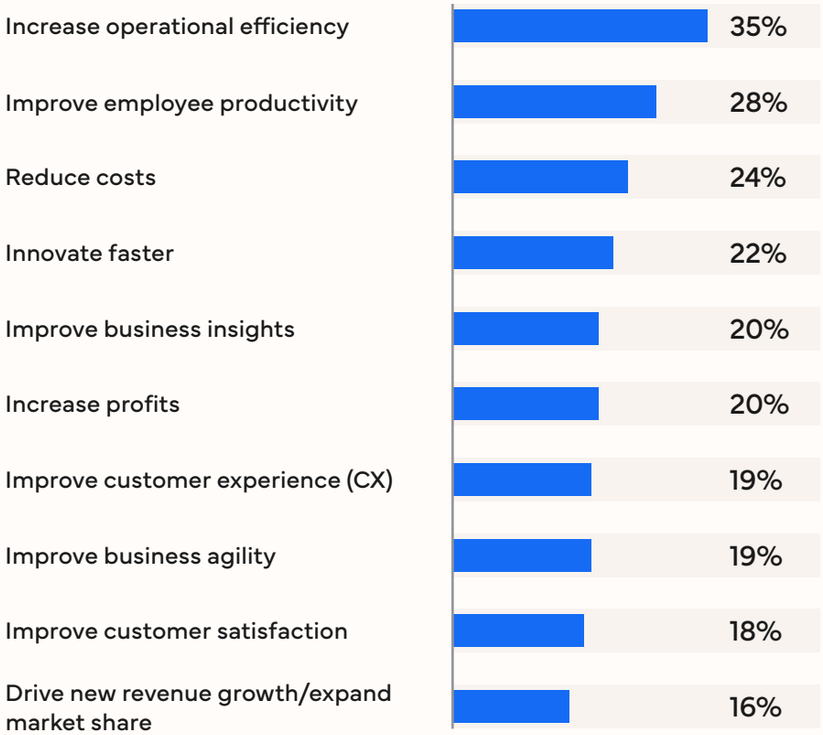
See the figure data in an accessible table format.



n = 942 (for AI assistants), n = 904 (for AI agents); Source: IDC's *SaaS and Agent Path*, April 2026

AI-powered Cloud ERP brings even more ROI

Most important business outcomes using GenAI



Where margins are tighter and operational efficiency is a primary competitive lever, the compounding effect of early AI gains is proportionally more significant, and more than half of organizations at every size are already posting measurable returns.





55% of midmarket businesses have already achieved a positive ROI from AI investments.



26% of midmarket businesses reporting positive ROI are seeing: Returns of 50–99% — returns are not marginal.

n = 1,015; Source: IDC's *SaaS and Agent Path*, April 2026. n = 1,146, n = 605; Source: IDC's *Future of Work Survey*, 2026

Platform and suite decisions bring more advantages to midmarket businesses

Midmarket businesses are evaluating core systems but have less margin for a platform decision that cannot scale with their growth trajectory.

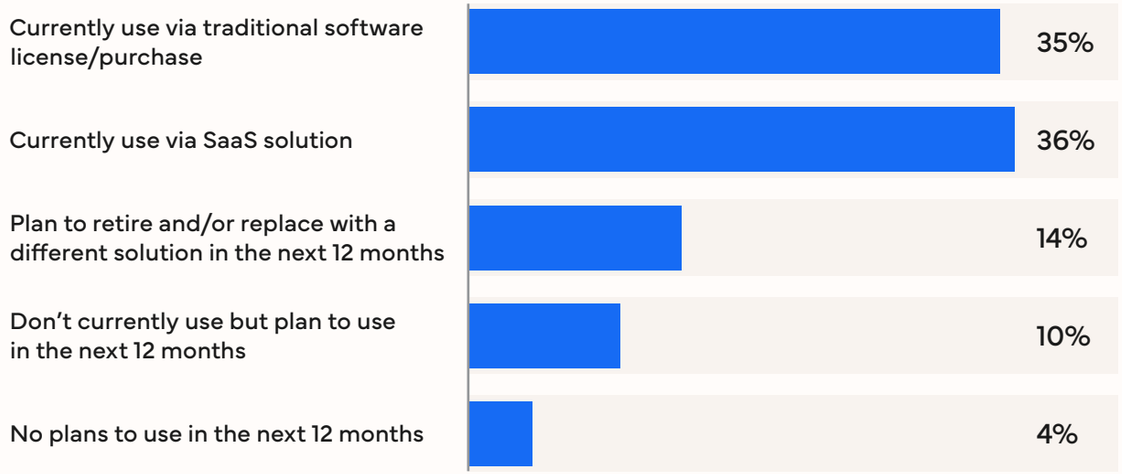
41% plan to invest in ERP in the next 12–24 months, and 28% plan to renew with a different vendor.

66% of midmarket businesses use an ERP system from their suite provider.

32% of businesses plan to purchase their ERP system from a single suite provider in the next 24 months (26% in next 12 months and 6% within 13 months).

Automation technologies are the number one new software investment priority, cited by **45%** of all businesses and **48%** of midmarket; budgets are already moving.

Midmarket businesses are already heavily invested in core systems (ERP, CRM, HCM) but are actively reassessing vendors as they scale.



n = 1,015; Source: IDC's *SaaS and Agent Path,* April 2026. n = 1,146 (total), n = 296 (small), n = 564 (midmarket), n = 286 (enterprise); Source: IDC's *Future of Work Survey,* 2026. n = 2,663; Source: IDC's *Worldwide Small and Medium Business Survey,* March 2026

Infrastructure choices now determine how midmarket businesses evolve

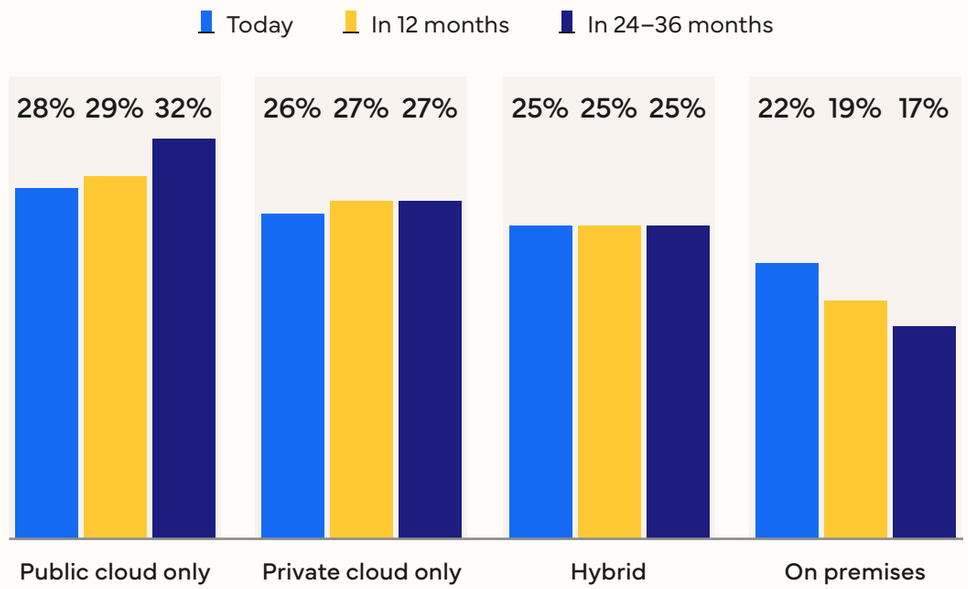
Midmarket businesses already rank operational core investment above every other application priority. For these organizations, the platform decision and the AI strategy are not separate conversations.

Financial management and business operations tools are the number one business application investment priority for midmarket businesses, cited by **60%** of respondents.

64% of midmarket businesses say their cloud strategy directly enabled AI adoption. 9% report their current cloud setup actively hinders it.

More midmarket companies are moving to the cloud

See the figure data in an accessible table format.



n = 2,663; Source: IDC's *Worldwide Small and Medium Business Survey,* March 2026. n = 1,015; Source: IDC's *SaaS and Agent Path,* April 2026

Midmarket businesses with AI-powered cloud ERP systems dramatically improve processes and engagement

Reduces process steps:

Plan to perform **50%**

Reporting and analytics **40%**

Order-to-cash **36%**

Removes extracts for data manipulation:

Payment management **42%**

Order-to-cash **36%**

Inventory management **32%**

Analyzes processes and data, produces insights for employee action:

Services management **58%**

Treasury management **58%**

Budget to plan **50%**

Financial close **45%**

Profit and loss **39%**

Constrains processes and recommends prescriptive advice:

Manufacturing operations **39%**

Services management **33%**

Links processes to governance framework:

Tax management **43%**

For working capital **36%**

For inventory management **31%**

Allows the system to act based upon preconfigured approvals through AI:

Budget to plan **42%**

Profit and loss **39%**

Payment management **33%**

Treasury management **33%**

n = 52; Source: IDC's *SaaS and Agent Path*, April 2026

Moving the midmarket businesses is quick with cloud ERP, but the transition must be thoughtful

In the AI digital world, moving to cloud ERP is quicker, thus delivering faster time to value. However, midmarket businesses must follow best practices and guidance to reap the full benefits:

- Align on outcomes and scope.
- Define three to five business goals
- Identify baseline KPIs and risks by capturing current metrics while documenting spreadsheets and semi-manual/manual pain points and compliance risks.
- Standardize the "to be" processes by adopting cloud ERP industry-configured processes.
- Clean and map the data by inventorying sources, defining master data standards, and cleansing and mapping for initial migration and plan cutover and data validation early in the process.
- Take advantage of the cloud ERP providers' automation capabilities embedded in the solutions to streamline configuration, testing, and data migration (These capabilities coupled with additional partner expertise bring rapid [weeks/months] implementation.)
- Configure, don't customize; use configuration, extensions, and low code where needed; avoid deep code changes that slow future updates.
- Measure and optimize.
- Expand and automate as needed, including advanced modules, more autonomous features, and AI agents.



n = 52; Source: IDC's *SaaS and Agent Path*, April 2026

Essential guidance



Move beyond manual error-prone spreadsheets and non-scalable solutions:
Eliminate the technical debt of these legacy systems and move to cloud ERP.



Move to cloud ERP and adopt standard processes:
Make the choice to digitally transform to simplify the business, improve the processes, become more agile, innovate with AI, and scale the business.



Add AI:
Don't just move to the cloud; make the decision to move because it is AI enhanced.



Treat AI deployment as an organizational change initiative, not just a technology purchase:
Note that without change management, even the best tools stall at adoption.



Make the infrastructure decision now:
Note that the platform choice made today sets the AI path for the next 18 months.



Deploy AI assistants and agents into core operational functions first:
Finance, HR, supply chain, procurement, CX, and ERP deliver the fastest, most measurable KPI returns and build the internal case for broader rollout.



Improve significantly through process and engagement:
AI-powered ERP speeds processes by removing manual steps for tasks such as data manipulation extraction.



Be pragmatic in approaching the move to cloud ERP:
Take the necessary steps internally, with your vendors and additional partners accelerating your time to value on your new system.



Quantify the cost of delay:
Early movers are compounding productivity and ROI gains every quarter; waiting for certainty is itself a strategic decision with a hefty price tag.

Appendix: Accessible data tables

This appendix provides an accessible version of the data for the complex figures in this document. Click "Return to figure" to get back to the data figure.

Operational KPI improvement from AI assistants and AI agents

Improvement from AI assistants	Efficiency	Error reduction	Cycle time	Productivity gain	Cost reduction
No improvement	0%	1%	1%	0%	2%
Less than 5%	2%	6%	5%	3%	6%
6–10%	12%	14%	14%	12%	16%
11–15%	17%	20%	21%	17%	21%
16–20%	21%	21%	20%	22%	19%
21–25%	22%	15%	16%	21%	16%
26–30%	15%	14%	15%	15%	13%
More than 30%	12%	10%	7%	9%	8%

n = 942; Source: IDC's *SaaS and Agent Path*, April 2026

Return to figure

Improvement from AI agents	Efficiency	Error reduction	Cycle time	Productivity gain	Cost reduction
No improvement	0%	1%	1%	0%	1%
Less than 5%	3%	5%	5%	3%	5%
6–10%	11%	15%	13%	12%	16%
11–15%	20%	20%	22%	19%	19%
16–20%	19%	18%	22%	24%	21%
21–25%	20%	18%	17%	18%	18%
26–30%	17%	13%	14%	15%	12%
More than 30%	10%	10%	6%	9%	8%

n = 942; Source: IDC's *SaaS and Agent Path*, April 2026

Appendix: Accessible data tables (continued)

More midmarket companies are moving to the cloud

Moving to the cloud	Today	In 12 months	In 24–36 months
Public cloud only	28	29	32
Private cloud only	26	27	26
Hybrid	25	25	25
On premises	22	19	17

n = 1,015; Source: IDC's *SaaS and Agent Path*, April 2026

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About the IDC analysts



Mickey North Rizza

Group Vice President,
Enterprise Software, IDC

Mickey North Rizza is group vice president for IDC's Enterprise Software. She leads the Enterprise Applications and Strategies research service along with a team of analysts responsible for IDC's coverage of next-generation enterprise applications, including digital commerce, employee experience, enterprise asset management and smart facilities, ERP, financial applications, HCM and payroll applications, procurement, professional services automation, and related project-based solutions software, supply chain automation, and talent acquisition and strategies. In her role, Rizza and the team advise clients on these intelligent, modern, and modular enterprise applications for businesses of all sizes, with an emphasis on the key trends, opportunities, innovation, and IT and business buyer concerns, requirements, and buyer behaviors.

More about Mickey North Rizza →



Katie Evans

Senior Research Director,
Worldwide Small and Medium Business Research, IDC

Katie Evans is senior director of the Worldwide Small and Medium Business Research program within the digital transformation space. Evans' core research coverage includes identifying and supporting the unique, evolving needs of the very small, small, and medium business technology buyers. Evans has a strong, small-and-medium-business (SMB)-focused research and writing background, having covered SMBs in the retail and ecommerce space for over 12 years. Most recently, her primary coverage area was researching the technology needs of SMB retailers and analyzing the vendor offerings on the market to meet those evolving needs. Evans has also conducted extensive writing and research on mobile and international ecommerce and has authored several custom reports for vendors serving SMBs.

More about Katie Evans →

About the IDC analysts (continued)



Amy Loomis

Group Vice President,
Workplace Solutions, IDC

Amy Loomis is group vice president for IDC's worldwide Workplace Solutions. Loomis leads a team of analysts focused on the evolving nature of human resources, skills development, collaboration, and leadership across the employee life cycle. Her research into the future of work explores the influence of hardware and software technologies such as artificial intelligence, data analytics, augmented and virtual reality, and automation on the changing nature of work. Her research also explores how technology and business strategy influence workers' skills and behaviors, organizational culture, and how the workplace itself is enabling the future enterprise.

More about Amy Loomis →

Message from the sponsor



The SAP AI-powered cloud ERP platform is built for growth-focused businesses that refuse to choose between a starter ERP they'll quickly outgrow and over-investing in complexity they're not ready for. It's a complete cloud ERP platform that launches in weeks with transparent, fixed-scope pricing.

Start with Finance, Supply Chain, or HR — with AI and industry best practices embedded from day one. As you scale, activate more capabilities across the company on one integrated system. Start fast today with a trusted path to transformation — and to AI.

For more information, please contact NTT DATA Business Solutions.

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