

NEWS RELEASE

## New BDC study reveals 27% of Canadian entrepreneurs don't know they're using artificial intelligence (AI)

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MONTREAL, Sept. 11, 2024 /CNW/ - In its new study, **The AI Imperative for Canada's Entrepreneurs**, BDC, Canada's bank for entrepreneurs, unveils a surprising trend among Canadian small business owners: 27% are using artificial intelligence (AI) tools without realizing it.

The study also found that entrepreneurs who use AI report a reduction in operating costs (27%) and in the need for additional hiring (22%) at a time when recruitment and retention remain major challenges to growth.

Pierre Cléroux, VP Research and Chief economist, BDC, revealed the study findings at **ALL IN**, the most important event dedicated to Canadian AI. The report provides a comprehensive analysis of AI adoption among Canadian entrepreneurs and offers practical advice for small businesses to better adopt or expand use of AI technology.

### Key Findings:

- Unintentional AI use: Initially, only 39% of surveyed entrepreneurs believed they were using AI. However, when presented with a list of AI-powered tools, this number jumped to 66%, indicating that many were unaware of the AI capabilities embedded in their existing tools.
- Big impact on operational costs and hiring: Small businesses are using AI to automate repetitive tasks, improve efficiency, and manage operations more effectively. As a result, 27% of business owners reported a reduction in operating costs, and 22% of businesses reported a reduced need for hiring additional employees.
- Real benefits: A staggering 97% of SMEs using AI reported tangible benefits from using AI, including increased efficiency, reduced costs, higher sales, improved customer service, and better management of sales,

production, or inventory.

- Larger businesses lead, but younger businesses are more agile: Larger businesses (100+ employees) have a higher AI adoption rate (86%) compared to smaller businesses (60%). This is attributed to their greater resources and ability to leverage economies of scale. Unsurprisingly, younger businesses ( $\leq 5$  years) are more likely to adopt AI (78%) than their older counterparts ( $\geq 25$  years), who have an adoption rate of 48%.

"Little is known about AI and its benefits for small businesses," says Cléroux. "As a development bank, our role is to step into entrepreneurs' minds to better understand their needs and growth plans; we find out what they need to know to help them move forward. Our study highlights a significant knowledge gap, with many entrepreneurs unaware of the AI tools they are already using. By demonstrating the quickest win for the smallest business, our report makes it clear that implementing AI is a good investment."

This is why the report presents real entrepreneur testimonials to illustrate, concretely, how investing in AI technology can pay off:

In 2019, Olivier Girard bought a group of businesses that offered commercial and residential snow removal, with some landscaping and grounds maintenance operations. At **Groupe Jardins Brossard**, almost everything was done on paper. "Most transactions were done by cheque, and the drivers relied on paper lists for their routes," explains Girard. Girard decided to purchase a ready-made solution that introduced features such as geocoding, online geolocation, and automated customer service. The company equipped each driver with an electronic tablet, which put an end to paper addresses and semi-coordinated routes. **"We went from a company that used paper 100% of the time to as little as 5%,**" says Girard. The solution also **helped the business reduce internal communication in silos, eliminate certain duplicate tasks and automate financial transactions** with customers.

Back in the late 1990s, as companies started to see the value of putting their information online, Marty Fisher built his first website. He soon had enough demand to launch a digital agency, Sherpa Marketing, which he grew by keeping an eye on technology's role in marketing and evolving with it. This expertise led to Sherpa's merger with McKim Communications Group (MCG) in 2021. They rebranded as **The Show and Tell Agency** in 2023, with co-CEOs. **"We're often among the first to acquire new digital expertise, which has given us a competitive edge,"** Fisher says. **"AI tools have allowed us to do some things more efficiently and cost-effectively.** We invite everyone to try the tools, but it's voluntary. Those who do share their experience with the team at a lunch-and-learn."

BDC's report shows that entrepreneurs are still waiting for more concrete proof AI will help their business before investing. While the study identifies barriers to AI adoption, such as unfamiliarity with AI options, uncertainty about the right tools and data privacy concerns, implementation costs remain key issues. As a result, the report provides

examples of AI applications that have proven effective in controlling costs, increasing sales, and offsetting labour shortages.

The study, which was conducted in April 2024 and surveyed 1,247 Canadian business owners, underlines BDC's commitment to drive growth and productivity of Canadian entrepreneurs. Business owners who want to know more about AI and start their digital evolution may visit BDC's Advisory Services **Digital Technology page** or read about the recently launched **Data to AI Program** for medium and large businesses.

## About BDC: 80 years as Canada's bank for entrepreneurs

BDC is a partner of choice for all entrepreneurs looking to access the financing and advice they need to build their businesses and tackle the big challenges of our time. Our investment arm, BDC Capital, offers a wide range of risk capital solutions to help grow the most innovative firms. BDC's development role means we are in a state of perpetual evolution – wherever entrepreneurs go and whatever the Canadian economy needs – we will be there to help them defy the odds. 80 years later, that commitment remains very much alive. The financial value of BDC's services is estimated to add \$23.6 billion in GDP to Canada's economy over the next five years. We are one of Canada's Top 100 Employers and Canada's Best Diversity Employers and the first financial institution in Canada to receive the **B Corp certification** in 2013. For more information on our products and services and to consult free tools, templates and articles, visit **bdc.ca** or join BDC on **social media**.

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