AI FOUNDATION READINESS · 2026

AI won't fix broken IT. It'll expose it.

Sixty percent of AI projects will be abandoned by 2026 — not because the models failed, but because the foundation underneath them wasn't ready. Data lives in four systems that don't talk. Governance is a slide deck. Integration is a browser tab. This brief quantifies what that costs a mid-market firm — and shows the exact sequence to fix it before the next AI license renews.

60%
of AI projects will be abandoned by 2026
— Gartner

12%
of firms have data that's actually AI-ready
— Informatica

3 min
to your AIQ Score — no sales call
— core12tech.com/aiq-score

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FOR
Mid-market · $10M–$200M

CATEGORY
AI Readiness & IT Foundation

THE GAP BETWEEN AI AMBITION AND AI OUTCOMES

The tools work in the demo. Then they hit your IT foundation.

Every mid-market leader we talk to has bought AI in the last twelve months — ChatGPT, Copilot, a vertical point solution, or all three. Twelve months in, the license renews, the workflow hasn't changed, and no one on the leadership team can name a P&L line that moved. That's not an AI problem. It's a foundation problem.

Core12's AIQ Score has benchmarked hundreds of $10M–$200M firms across the Southeast. The pattern doesn't change by vertical: the tool works, then hits four structural gaps — data, governance, integration, and foundation — and stalls. This brief names each gap, puts a dollar figure on it, and shows the sequence a Managed Intelligence Provider uses to close them.

> "AI on top of broken IT isn't a productivity gain. It's a magnifier. It exposes every gap you've been tolerating — faster, and in front of your customers."
>
> — Robert T. Burke, Founder & CEO, Core12 Tech

02 · THE FOUR GAPS WHERE AI ROI LEAKS

Every dollar of unrealized AI ROI in mid-market lands in one of these four buckets.

01 · DATA GAP

The data isn't ready for the model

60–70% of firms score bottom-tier

Your ERP, CRM, ops sheet, and payroll live in four systems that don't talk. The AI answers on partial data — confidently.

02 · GOVERNANCE GAP

Nobody owns what the AI is allowed to do

~80% of mid-market has zero written AI policy

No approval workflow, no audit trail, no rules on customer data. One hallucinated invoice is one lawsuit.

03 · INTEGRATION GAP

The AI lives in a browser tab, not the workflow

6–12 hrs / employee / wk lost to copy-paste

Every 'AI-assisted' task is a manual round-trip: pull data out, paste in, copy back. That's not automation.

04 · FOUNDATION GAP

The IT stack can't carry AI-grade compute or security

Only 12% of SMB teams received formal AI training

Aging endpoints, flat networks, no identity governance, no MDR. The AI works — until security catches up.

A WORKED EXAMPLE

$186K per year, per firm — before you touch a single AI tool.

The numbers below model a $28M professional services firm with 68 employees running three AI tools bought in the last 18 months. Swap your headcount and loaded rate — the ratios hold. The point isn't the exact dollar. The point is that the number exists, and any operator with a spreadsheet can defend it.

LEAK BUCKET	ASSUMPTION	ANNUAL COST
Unrealized AI license value	3 tools × $360/seat/mo × 68 × ~40% unused	**$117,504**
Copy-paste tax on the team	4 hrs/wk × 68 × $58 loaded × 44 wks × 20%	**$138,957**
Rework from ungoverned output	~6% of AI-touched deliverables reworked	**$52,800**
Downtime from unpatched IT	1.8 hrs/mo × 68 × $58 loaded × 12 mo	**$85,190**
CONSERVATIVE ANNUAL LEAK	coordination + waste, ex-license	**≈ $186,000**

The license line is direct P&L spend. The other four are coordination waste hidden inside labor cost — the number your controller can't see without instrumenting the workflow. Even excluding the license bucket, the operational drag alone is ~$277K/yr.

04 · WHY WAITING A QUARTER COMPOUNDS

- **Vendor lock deepens.** Annual seats renew on autopilot. The tool the team barely uses becomes the tool you can't cancel.
- **Shadow AI spreads.** Employees needing it working paste company data into free consumer tools. Governance gap becomes data-exposure gap.
- **Competitor gap widens.** Peers who diagnosed first are two quarters into a workflow rebuild. You are two quarters into a subscription renewal.
- **Security debt magnifies.** AI accelerates every workflow — including the ones exposing you. Unpatched endpoints ship faster, farther.

FROM DIAGNOSIS TO FIRST DOLLAR

One quarter. Foundation fixed. First AI workflow live.

You don't need a two-year transformation program to stop the leak. Core12's model as a Managed Intelligence Provider is straightforward: diagnose the foundation first, harden the layers underneath second, ship one AI-powered workflow third. If the first ninety days don't move a measurable number, you don't continue.

WEEKS 1-3 · DIAGNOSE

AIQ Score + IT Risk Report

Run the 3-minute AIQ Score and the IT Risk Report together. Core12's engine benchmarks your four gaps and your infrastructure exposure against Southeast mid-market peers. Output: one named gap, one estimated annual leak, one recommended sequence.

WEEKS 4-8 · HARDEN

Foundation + Protection layers

Fix the IT foundation the AI will ride on. Endpoint management, network + identity governance, MDR, and Zero Trust. Same weeks: written AI usage policy, data classification, approval workflow. No AI ships until this is in place.

WEEKS 9-12 · SHIP

First AI workflow, live in your systems

One workflow — onboarding, quoting, ticket triage, reporting — rebuilt end-to-end inside your systems, measured against a baseline. Report goes to leadership as a P&L line, not a slide deck.

06 · THREE QUESTIONS FOR YOUR NEXT LEADERSHIP MEETING

→ What is our conservative annual leak across the four AI gaps — and which is biggest right now?
→ What percentage of the AI seats we're paying for actually logged in this week?
→ If we closed our top gap in one workflow, what would twelve months be worth — and what does deferral cost?