



AI & Emerging Technology Adoption in the Cultural and Creative Industries

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1. Executive Summary

Artificial intelligence (AI) and advanced digital technologies sit at the centre of the UK's growth and productivity agenda. The cultural and creative industries are recognised as priority sectors within that framework, yet they are structurally dominated by micro and small enterprises operating in project-based, intellectual property-driven and reputation-sensitive markets. In this environment, technology adoption carries implications not only for efficiency but for authorship, client trust, and brand integrity.

This qualitative study examines how AI and advanced technologies are being adopted in practice across the cultural and creative industries. The analysis draws on four focus groups with 20 micro and SME businesses, two expert panel workshops with senior technology leaders, and six in-depth case studies of more advanced adopters. SME experience provides the analytical anchor; expert and case study material offers comparative insight into structured implementation where internal technical capacity exists.

1.2 Adoption in practice

Adoption is already underway across Creative Industries subsectors. Firms report improvements in iteration speed, administrative efficiency, cost forecasting, and internal knowledge development. AI is frequently described as a means of releasing creative and managerial capacity, which participants described as enabling teams to focus on higher-value work. This was not framed only in terms of efficiency; participants also associated AI adoption with the possibility of creating more space for higher-value creative work, strengthening creative development – alongside protecting time for idea generation, experimentation, and strategic thinking.

Engagement is deliberate and many participants framed AI as shaping the medium-term viability of their business model, particularly in competitive procurement markets. The question for most firms is not whether AI will matter, but how it should be integrated.

Implementation tends to follow a staged path. Experimentation commonly begins in operational or back-end functions, before extending into outward-facing creative workflows. This sequencing reflects a considered assessment of reputational and contractual exposure. Where outputs are client-visible, standards of quality assurance and legitimacy are higher and, as a consequence, adoption decisions are more complex.

1.3 Structural constraints

Strategic intent does not translate automatically into widespread diffusion. Several structural constraints moderate the pace and depth of adoption:

- *Organisational capacity is limited across much of the SME base.* Effective adoption requires time for market scanning, tool evaluation, workflow redesign, and oversight. For project-based firms operating with limited slack and uneven cashflow, these opportunity costs are material. Adoption therefore functions as organisational change rather than a discrete procurement decision.
- *Evaluative and governance capability varies markedly.* Larger organisations represented in the expert panels described phased implementation processes, internal approval mechanisms, and explicit risk categorisation. Most SMEs lack equivalent infrastructure, and this creates a structural asymmetry in adoption conditions between firm sizes. Uncertainty around intellectual property, data security, model provenance, and acceptable client-facing use increases the perceived risk of visible deployment. The evidence suggests that those constraints carry creative, as well as commercial implications. Where firms lack the confidence, trust or capability to govern adoption well, they may limit use in areas closest to creative production, even where potential gains in creative capacity or innovation are recognised.
- *Client dynamics introduce further variability.* Some clients actively encourage AI-enabled efficiencies; others prohibit or tightly restrict its use. This inconsistency shapes adoption boundaries and often confines integration to lower-visibility functions, even where firms report internal workflow efficiencies.
- *The support and finance landscape interacts with these constraints.* Generic business support routes are rarely perceived as aligned with the needs of IP-led, project-based creative firms. Innovation incentives tend to privilege novel invention, rather than workflow transformation and diffusion. Competitive grant processes are often resource-intensive, relative to firm size. Private capital markets do not consistently recognise workflow-level productivity gains in their valuation narratives, limiting firms' ability to scale even after successful experimentation.
- *Competitiveness depends on strategic choice, not just speed of adoption.* The evidence suggests that competitiveness for creative SMEs also concerns whether firms retain strategic agency over how technology is integrated: whether tools suit their business model, clients, values and other drivers of adoption decisions such as market pressure or platform design.

1.4 Implications

Creative businesses are actively engaging with emerging technologies and are alert to competitive pressures. Adoption and diffusion is moderated by the interaction between limited organisational capacity, uneven governance capability, and market-facing legitimacy risk.

The evidence indicates emerging capability divergence between firms able to institutionalise governance and experimentation, and those unable to do so. Firms able to establish internal governance and experimentation environments are positioned to integrate more rapidly and at greater scale. Micro and small firms without that infrastructure face higher relative costs and greater exposure to error. Over time, this could contribute to divergence in firm-level capability and performance. The extent to which this translates into measurable productivity differentials remains uncertain and the current evidence base also requires strengthening.

Workflow-level productivity impacts are described operationally but are seldom captured through structured measurement suited to project-based creative models. Longitudinal evidence on how staged experimentation translates into sustained commercial growth remains limited. Improved measurement would support more precise policy calibration and investment confidence.

1.5 Recommendations

The analysis supports a coordinated response focused on reducing structural frictions rather than stimulating interest. Interventions should be piloted at limited scale, with structured baseline and follow-up measurement prior to wider roll-out.

- *Governance and assurance infrastructure:* Proportionate, sector-relevant tools clarifying acceptable use, risk categories, and client communication would reduce ambiguity and enable defensible outward-facing adoption.
- *Structured search and evaluation support:* Decision-support mechanisms lowering search costs and strengthening evaluation capability would improve integration quality and reduce wasted experimentation.
- *Peer-based diffusion mechanisms:* Curated demonstrators documenting implementation sequencing, safeguards, and trade-offs would accelerate knowledge spillovers and lower perceived risk.
- *Applied capability development:* Workflow-embedded capability building, including leadership literacy, would strengthen internal evaluation capacity and improve productivity outcomes.
- *Finance aligned to staged adoption:* Small-ticket, low-friction support recognising experimentation and workflow transformation as legitimate innovation activity would reduce early-stage risk and support progression from pilot to scaling.

AI adoption across the cultural and creative industries is established but uneven. It is strategically framed and productivity-oriented, yet constrained by coordination and capability frictions embedded in the sector's operating model. Addressing those frictions has the potential to improve the distribution and durability of productivity gains, while also strengthening the sector's contribution to national growth objectives and support creative development, innovation capacity and confidence in the responsible use of AI within creative practice.

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2. Introduction and Context



AI and advanced digital technologies are central to the UK's economic strategy. The Government's Industrial Strategy sets out a ten-year growth plan, designed to increase business investment, improve productivity, and strengthen the UK's position in globally competitive sectors, including the cultural and creative industries (Department for Business & Trade, 2025a). Technology adoption and diffusion are treated as core drivers of long-term economic performance.

This strategic framing is reinforced by the Technology Adoption Review, which identifies persistent gaps between technological innovation and firm-level diffusion, particularly among smaller businesses (Department for Science, Innovation and Technology et al., 2025). The Review emphasises that the UK's productivity challenge is not solely a question of invention, but of ensuring that existing and emerging technologies are embedded effectively across firms of different sizes and capabilities. Smaller firms are consistently less digitally intensive than larger firms, and structural constraints continue to limit their ability to invest in and operationalise new technologies.

Within this policy landscape, the cultural and creative industries occupy a distinctive position. They are recognised as a priority growth sector within the government's Industrial Strategy framework yet are structurally dominated by micro and small enterprises. The sector's business models are frequently project-based, IP-driven, and reliant on freelance labour markets. Decisions about technology adoption therefore interact directly with questions of rights ownership, creative authorship, and brand and reputational risk. AI adoption in this context is not purely a productivity decision; it is also a governance and legitimacy decision.

The existing evidence base provides important context but remains fragmented. Creative PEC research demonstrates that micro firms within the creative industries are highly innovation-active, relative to their peers in other sectors. The Support for R&D and Innovation in Creative Industries Micro Firms report indicates that 64% of creative micro firms surveyed had engaged in R&D in the previous three years, yet the scale of planned investment is often modest and frequently constrained by capability, financial uncertainty, and difficulties navigating support mechanisms (Siepel, 2025). This reinforces the importance of treating micro firms as core drivers of sectoral innovation, whilst recognising the structural limits within which they operate.

Evidence from DCMS on behavioural barriers to investment in its sectors further highlights that decision-making in smaller organisations is shaped by time scarcity, limited evaluation capacity, risk perception, and difficulties accessing trusted advice (Broughton et al., 2025). These frictions are particularly relevant to AI adoption, where uncertainty about return on investment, legal exposure, and workflow disruption can deter otherwise innovation-active firms. Furthermore, sector-specific analyses point to emerging patterns of engagement. Arts Council England's review of AI technologies and creative practice documents 194 funded projects involving AI between 2019 and 2025, representing nearly £4 million of investment through its existing programmes (Murphy et al., 2026). This signals growing experimentation within cultural practice, but largely within project-based or exploratory contexts rather than structured, firm-level transformation. Research of the screen industries by CoSTAR Foresight Lab identifies similar dynamics, highlighting that while AI presents clear operational and creative opportunities, barriers relating to training, capital, governance, and coordination remain material (Finney et al., 2025).

Evidence from across the literature demonstrates that:

- technology adoption is strategically prioritised at national level;
- micro and small organisations face persistent structural and behavioural constraints; and
- sector-specific evidence on how AI adoption unfolds in practice within the cultural and creative industries remains underdeveloped.

This research aims to provide a grounded analysis of AI and technology adoption across the cultural and creative industries, anchored primarily in the experience of micro and SME businesses and supplemented by structured insight from expert technology leaders and advanced adopters. Its purpose is to examine how adoption decisions are made in practice, what constrains scaling, and what forms of intervention would be proportionate and effective in a micro-firm-dominated sector.

The analysis that follows moves from adoption in practice, through systemic barriers, to structured recommendations aligned with the realities of creative business models and the wider Industrial Strategy framework.

3. Methodology

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This study examines how AI and advanced technology adoption unfolds in practice within the cultural and creative industries, with particular attention to micro and small firm conditions. The methodology was designed to surface decision logics, friction points, and implementation dynamics.

3.1 Research design

The research adopts a qualitative, comparative design structured around:

- Micro and SME businesses' lived experience;
- Structured interrogation by senior technology leaders of findings and recommendations developed from micro and SME business engagement data; and
- Applied case study examination of more embedded adopters.

Participants were recruited through two structured channels designed to secure cross-sector representation and comparative analysis across firm size:

- Creative UK's Create Growth Programme (CGP) programme managers compiled a list of alumni and current cohort businesses. Selection was informed by sector spread, stage of business development, and likelihood of constructive engagement. Programme managers distributed recruitment materials directly, including a structured expression of interest link.
- Creative UK's trade body members were invited to circulate recruitment information to their business members, again via a standardised sign-up process.

The project's three data collection methods were used to ensure the data was optimised for and directly aligned with the goals of each element of the project's delivery goals. The data collection conducted is as follows:

- *Focus groups*: Four focus groups with 20 creative micro businesses and SMEs (see appendix A for an anonymised breakdown of participants). These sessions took place in September 2025, lasted between 90 minutes and two hours, and were focused on exploring the current adoption practices of businesses, the barriers they face to adoption, and what support they need to accelerate their adoption of AI and emerging technology. In a sector dominated by micro-enterprises, these perspectives reflected the operating environment in which most creative businesses function. For that reason, SME evidence anchors the analysis that follows.
- *Expert panel workshops*: Two expert panels were convened with senior technology leaders, including CTOs and innovation directors from larger creative organisations (see appendix B for an anonymised breakdown of participants). These sessions took place in January 2026 and lasted two hours. The focus of these sessions was twofold: firstly, to gather insight from sector leaders on the current AI and emerging technology environment within the creative industries – including patterns of adoption and associated barriers – to complement the data from the focus groups; and secondly, to explore the interim policy recommendations and intervention strategy developed from the focus group data, providing supplementary expert and leadership insight and knowledge that could be used to refine those recommendations. The contrast between SME and large-firm conditions is analytically significant. It helps to distinguish between barriers that are genuinely technological and those that are organisational or structural.
- *Case studies*: Six semi-structured case study interviews, with six medium and large creative businesses that have embedded AI or advanced technologies more deeply in their workflows. These sessions also took place in January 2026, with each lasting between one and one-and-a-half hours. The sessions were designed to explore these businesses' AI and emerging technology adoption processes and outcomes, providing data to build case study examples of good practice and impact.

3.2 Methodological limitations

The study is qualitative and interpretive, focusing on mapping decision processes, surfacing friction points, and identifying structural patterns across different firm types.

There is an inherent element of self-selection in research of this kind; firms willing to participate in discussions about AI may be more engaged than those that are disengaged or sceptical. Similarly, case study organisations tend to be comparatively innovation-active.

Two features mitigate this risk. Firstly, the dominance of micro and SME participation ensures that the evidence base reflects the resource constraints and operational realities typical of the sector. Secondly, the inclusion of more advanced adopters is intentional and comparative. Their experience clarifies what is required for structured implementation, allowing the analysis to identify where gaps in capability, government, or support are most acute.

4. How Creative SMEs Navigate AI and Technology Adoption

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To understand what would meaningfully accelerate adoption of advanced and emerging technologies across the cultural and creative industries, we have examined how creative SMEs currently approach technology decision-making. Adoption does not occur in isolation; it is shaped by business model constraints, project-based revenue cycles, workforce structure, client dynamics, and reputational risk.

While much of the existing evidence base examines SME technology adoption at a cross-sector level, it rarely captures the distinctive logics shaping decision-making within creative firms. The focus groups undertaken for this study provide important sector-specific insight into how creative SMEs evaluate, sequence, and implement technologies and why adoption, particularly of AI, is approached with both strategic intent and structural caution.

The following section explores key aspects of the technology adoption process, drawing on the evidence gathered through this research and complemented by insights from existing studies.

This research adopted a deliberately broad definition of technology adoption, encompassing both advanced and emerging technologies, and the digital systems that underpin day-to-day operations. However, across all focus groups, discussion converged on artificial intelligence. AI was consistently framed by participants as a structural inflection point; simultaneously offering productivity gains, creative augmentation, and material commercial risk.

4.1 Decision-making, adoption strategies and visible opportunities: how creative SMEs navigate AI and technology adoption

Through the focus groups we held with creative businesses, three key factors emerged that shape decision-making and evaluation in the technology adoption process:

- a. **Efficiency gains and the opportunity to release untapped value-generative creative resource.** Creative businesses actively seek to understand if, how, and where adopting a new technology can deliver these benefits – whether at the level of creative production, within business processes, or by integrating existing systems and workflows to streamline operations. At its core, this reflects an effort by creative SMEs to boost productivity and “remove digital drudgery”, redirecting resources away from high-overhead, low-value tasks and creating space for their teams to focus on human creativity and value-generating activities.
- b. **Long-term implications of emerging technologies for both the business and the wider market.** Leaders viewed this stance as essential to enabling a robust evaluation of new technologies, moving decision-making beyond short-term efficiency gains that often carry higher ethical and workforce risks. Conversely, focusing on long-term impacts enables businesses to develop a clearer understanding of the ongoing risks and opportunities associated with adoption – across creative and non-creative capabilities, resources, activities, and outputs.
- c. **Market forces and client demands are increasingly driving businesses to view technology adoption as a source of competitive advantage.** The rapid pace of technological change means creative SMEs are engaging in both proactive and reactive market-based approaches to decision-making, enabling them to develop a competitive edge. The extent to which new technologies provide an advantage over existing tools is crucial here. Fundamentally, creative businesses aim for substantial (not marginal) gains from technology adoption, prioritising competitive advantage and meaningful impact while mitigating commercial and operational risks, particularly in relation to AI tools.

4.2 Evaluating value, productivity and creative integrity

When evaluating AI and other emerging technologies, creative SMEs demonstrate an operationally strategic and commercially grounded approach in both their adoption plans and decision-making. Productivity, efficiency, and boosting workforce capacity emerged as primary drivers in creative businesses' decision-making and assessment of the value of adopting new technologies. These factors are not unique to creative businesses; efficiency and productivity, in particular, are among the most commonly cited considerations in technology adoption strategies and decision-making for SMEs across the UK (Jibril and Roper, 2025).

Our research, however, highlights how creative SMEs' adoption strategies, particularly in relation to AI, are driven primarily by practical considerations of the real operational impact a technology could deliver and the risk of eroding value within creative workflows and outputs. While financial cost is a consideration, creative businesses place far greater emphasis on the implications for creative output. As such, they actively weigh the creative costs and opportunity cost of adoption – such as time spent upskilling, lost project time, and reduced creative output – against the potential benefits of a tool. This is important because it means that adoption is not being assessed as a neutral technical upgrade. It is being assessed against the conditions that sustain creative quality, originality, and the perceived value of human-led work – and influences both the pace of adoption and the criteria by which firms judge success.

Despite creative businesses' attempts to undertake value and impact-based assessments in their adoption strategies, these efforts are constrained by two key factors: creative SMEs' limited capabilities and expertise in this area, and a substantial knowledge gap around the consequences and potential value attached to specific technologies – particularly AI (explored further in the next section).

Expert panel evidence reinforces this constraint. Panellists repeatedly characterised AI implementation as a “change project” rather than a simple tooling decision, noting that adoption is often driven and trialled outside formal technology functions, leaving organisations exposed to weak evaluation and governance. Addressing these two interconnected factors is essential to enable creative businesses to fully implement the rational, practical strategies they have developed for navigating technology adoption.

A consistent distinction in the evidence is between adoption in externally visible creative outputs (such as client-facing or public-facing work) and adoption in operational or back-end activities (including non-client facing creative tasks and administrative functions). Decision-making for externally visible use cases was described as substantially more complex than for back-end applications, where there is higher reputational and contractual exposure.

This pattern is reflected in advanced adopters: one case study participant, Framestore, reported that client considerations relating to IP, legality, and expectations on cost requires active education and clear differentiation between types of AI use (see appendix C for adoption case studies). It also aligns with expert panel discussion of risk management norms, where client and legal expectations were repeatedly linked to the need for human review in higher risk contexts.

Here, adopting emerging and advanced technologies – especially AI – can create significant tension. The centrality of human creativity to the value proposition of many creative businesses means that adoption decisions are often judged not only on efficiency, but on perceived impacts on originality, authorship, workforce confidence, and market trust. These tensions must be managed internally (including workforce concerns and leadership-level trade-offs between commercial priorities and values) and externally, where client attitudes can drive devaluation risk.

Case study evidence presented later in this report shows how some adopters are actively managing this balance by framing AI as capacity-releasing, rather than substitutive. According to one case study participant, “if creatives have more time to do the original thought... we win more business” (see appendix C).

4.3 Time horizons and strategic positioning

As outlined above, the ability for a technology to create long-term impact – and not short-term gains – is a key guiding principle in creative SMEs' decision-making. However, investment and return calculations, along with adoption evaluations, are complex. Creative SMEs show strong awareness of both the risks and opportunities of adopting advanced technologies, particularly AI, across their organisations, and especially within their creative activities, outputs, and reputation. They recognise that these decisions – and the development of an AI strategy – are far more significant and transformative than simply improving efficiency and productivity incrementally.

The creative SMEs we engaged are increasingly focused on whether and how a technology can fundamentally enhance their creative, innovative, and commercial capabilities over a five-year horizon – situating adoption within longer term questions of creative development and market position, rather than treating it simply as a short-term productivity measure. As a result, technology adoption is seen as almost existential, prompting a cautious yet optimistic approach that depends heavily on evidence gathering and long-term planning.

However, building the capability and capacity to assess technologies, alongside gathering the necessary information, remains a major barrier. This was reflected in case study evidence, with this longer-term framing increasing the perceived stakes of adoption decisions. As one case study participant noted, failure to engage carries an “opportunity cost... so large it’s existential” (see appendix C).

When advanced technologies – especially AI tools – are introduced for creative workflows, defining and assessing their potential long-term impact becomes even more important. While this is essential to mitigate risks, it also makes the process more complex and resource intensive.

Importantly, businesses were not planning solely around current AI tools. Participants described active monitoring of emerging developments – including next-generation AI applications and adjacent technologies – in order to anticipate how future capabilities might reshape workflows and client expectations. This forward-looking stance reflects an operationally strategic and commercial approach. However, it also increases the complexity of evaluation: long-term planning requires information, technical insight, and scenario analysis that many SMEs lack the capacity to generate internally.

Expert panel discussions reinforce this interpretation. Senior technology leaders emphasised that meaningful AI integration often requires architectural redesign, governance frameworks, and organisational sequencing, elements typically associated with medium- and large-scale change programmes. For SMEs operating without dedicated technology leadership, developing this long-term positioning capability represents a significant structural challenge.

The adoption of a long-term outlook does not imply that businesses possess the internal capability to execute against it. On the contrary, the evidence suggests a gap between strategic intent and operational capacity. Firms recognise the need to assess long-term implications yet frequently lack the technical expertise and evaluative frameworks required to do so with confidence.

4.4 Market dynamics, client expectations and competitive positioning

Market conditions and client demands play a decisive role in shaping creative SMEs’ decision-making, as well as their technology adoption and implementation strategies – particularly in relation to AI-based tools, services, and products. Competitive positioning, procurement expectations, and software ecosystem shifts collectively influence how and when businesses integrate new technologies. As creative SMEs undertake competitor analysis and monitor market trends in their strategies, we uncovered evidence that this drives both:

- **Reactive adoption:** Creative businesses are implementing technology within a specific aspect of their operation, whether creative or non-creative, because they consider it essential for maintaining competitiveness in the market.

Where AI capabilities become embedded in core creative software platforms, firms may adopt the functionality not because it is strategically transformative, but because non-use risks them falling behind their peers. This pattern aligns with wider SME evidence identifying “wait-and-see” and competition-driven behaviour in technology uptake (Busby et al., 2025; Stratton et al., 2025).

However, within the creative industries, this reactive dynamic carries distinct implications. Because output quality and reputation are central to value creation, reactive adoption in outward-facing workflows can expose firms to reputational, contractual, and commercial risks if implementation is poorly governed. Case study evidence illustrates this ecosystem effect. Firms operating at scale report that AI functionality is increasingly integrated into the creative tools and production environments they rely on, reducing the feasibility of non-adoption and reshaping baseline expectations across the market (see appendix C).

This also has implications beyond reactive adoption. For some SMEs, competitiveness may be shaped by the choices built into dominant tools and platforms, rather than by a fully independent assessment of long-term fit, governance requirements, or supplier dependence. For smaller firms, the risk is that the easiest or most visible route to adoption becomes the default route, even where it is not the best strategic fit.

- **Proactive adoption:** Creative businesses are assessing the outcomes of technology adoption within their markets and across competitors, clients, and suppliers – such as efficiency gains, or the alleviation of operational and creative workflow challenges – and using this evidence to inform decision-making and implementation. Cloud computing and digital tools emerged as key examples during the last wave of technological disruption and restructuring in the sector.

Evidence of proactive adoption is analytically important. It indicates that firms are not simply responding to external pressure; they are actively scanning their markets, observing peers, and using experience-based signals (including supplier credibility and demonstrable workflow benefits) to inform adoption decisions. It also suggests that peer learning and demonstrators play a substantive role in enabling evidence-based adoption, particularly where internal evaluation capacity is limited – this being a key dynamic highlighted in existing research on micro and SME AI adoption (Busby et al., 2025; Phipps and Fueller, 2022).

Client dynamics introduce additional complexity. In some instances, clients act as catalysts for experimentation, explicitly encouraging or requesting AI-enabled efficiencies in delivery. In other cases, contracts restrict or prohibit AI use in commissioned work, particularly where concerns relate to intellectual property, data provenance, or brand reputation. This contradictory landscape requires firms to calibrate adoption decisions carefully across different client segments and project types.

Case study material reinforces this duality. Framestore highlighted the need to actively educate clients on different categories of AI use, distinguishing between workflow optimisation and generative output, while maintaining clear governance standards. This reflects a broader pattern in which adoption strategy is shaped as much by client trust as by internal ambition (see appendix C).

These findings imply that capability gains from adoption are not determined by internal decision-making alone. Even where firms see clear productivity potential, particularly in back-end efficiencies that can release time for higher-value work, the scope of implementation is frequently shaped by external legitimacy conditions: client expectations, contractual positions, and wider market norms. Where markets remain uncertain or polarised, firms may limit adoption to low-visibility use cases even when internal evidence supports broader integration (Phipps and Fuller, 2022). To maximise sector growth driven by technology adoption, accelerating and expanding this key adoption dynamic is crucial.

Client and market conditions were not the sole drivers of advanced technology adoption. Creative businesses operate in a highly complex environment, balancing AI-friendly clients and contracts – where there is demand for AI tools to accelerate delivery – against AI-cautious clients, where the use of AI in projects (particularly in final outputs) is restricted or prohibited. Businesses must navigate these competing demands and incorporate them into adoption strategies and decision-making, meaning external forces significantly shape how and where new technologies are implemented.

This reflects a substantial AI knowledge and understanding gap within creative sector markets, which in turn limits businesses' ability to experiment with advanced technologies and fully leverage their capabilities. This dynamic suggests that uneven AI understanding in client markets can constrain experimentation and narrow the range of viable use cases, even where internal adoption appetite exists.

Through their interactions with markets and different clients, creative SMEs already demonstrate significant proactivity within their AI and technology adoption strategies and decision-making processes. What is clear, however, is that adoption decisions still reflect significant market reactivity and concerns about competitive advantage – particularly among businesses whose activities are not inherently tech-forward. This creates risks of poorly sequenced adoption and resource misallocation, potentially reducing realised productivity and gains.

Overall, the evidence indicates that creative SMEs are not passive adopters. They balance reactive market pressures with deliberate, evidence-informed decision-making. The challenge is that market signals and client expectations materially shape where adoption can take place – and, in outward-facing work, can determine whether adoption is feasible at all. This closely aligns with the existing evidence base, both from limited creative industries-specific studies and broader SME research (Busby et al., 2025; Stratton et al., 2025).

The analysis now turns from decision drivers to how adoption is implemented in practice, and what outcomes businesses report where tools have been integrated.

4.5 Implementation strategies

Although not the primary focus of discussions, the research uncovered valuable insight into strategies used in the later stages of adoption. Many creative SMEs are pursuing staged AI implementation across workflows, using an experimental approach to integration. This phased strategy aims to de-risk adoption and is guided by perceived risk within specific business activities, typically following an internal-to-external progression.

Back-end operations – such as business functions and non-core creative tasks – serve as initial testbeds for higher risk technologies, allowing businesses to measure impact before extending adoption to outward-facing creative workflows. By embedding experimentation into this process, SMEs can assess risk profiles and evaluate outcomes at a smaller scale before full implementation. This finding is critical, as it highlights the sector's risk-adjusted approach, which any intervention to accelerate adoption must consider. This staged approach functions as an informal risk management strategy in the absence of formal governance capacity, particularly for smaller firms.

4.6 Opportunities and outcomes

The findings outlined above reveal that the key driver of creative SMEs' interest in emerging technologies is the sector-specific opportunities they see emerging through new tools, services, and products – particularly those leveraging AI. These tools are viewed not only as a means to improve productivity in front-end creative workflows, but also as a way to expand creative capabilities and support innovation. Crucially, participants noted growing interest in combining multiple emerging technologies (such as AI and human-machine interface tools) to unlock new possibilities for growth and creativity – associating value with stronger experimentation capacity, better use of creative talent, and the possibility of opening up new forms of creative production or service development.

Where businesses had adopted tools, participants reported a set of consistent operational outcomes, most notably the freeing and redistribution of creative and managerial time. In some instances, AI had enabled SMEs to reskill teams for tasks previously handled by specialists, reduce routine workflow burdens to refocus on creative and strategic work, and improve cost prediction and tracking for more accurate pricing and bidding. These benefits complemented more predictable outcomes, such as reducing human input in repetitive, lower-value creative tasks (e.g. concept art, post-production) and operational activities (e.g. HR, marketing, accounting) (Anantrasirichai & Bull, 2022; Busby et al., 2025; Massini et al., 2025).

The findings provide valuable sector-specific insights into how SMEs translate AI adoption into workflow-level impacts – an area that is less developed in much of the existing SME adoption literature, which focuses primarily on adoption drivers and types of technology adopted rather than operational outcomes (see Department for Science, Innovation & Technology, 2026a for work which examines outcomes and impact from a cross-sector view). The evidence shows that implementing AI tools within workflows supporting creative output is associated with reported efficiency gains and redistribution of staff time for value-generating activities.

Beyond workforce and output-level benefits, creative SMEs are also seeing opportunities at the leadership level. Leaders increasingly leverage AI's expertise-building capabilities to strengthen strategic and operational decision-making, reducing reliance on external consultants and accelerating outcomes. Alongside this, AI tools are improving productivity in day-to-day operations (such as HR, finance, marketing), enabling leaders to redirect resources toward high-value activities requiring human input – such as business process innovation, product/service development, and high-level client engagement – expanding both creative and commercial capacity.

These outcomes are not exclusive to creative SMEs. However, the conditions under which they are achieved (including project-based delivery models, limited slack capacity, and heightened reputational exposure in outward-facing work) shape both the pace and the ceiling of adoption. The next section examines the constraints that inhibit wider diffusion and scaling.

5. Barriers and Challenges to Adoption

The evidence suggests four related constraints:

- organisational capacity (financial and opportunity costs);
- workforce and leadership skills and knowledge constraints;
- technology-related risks and uncertainty; and
- ethical concerns.

Limited capacity prevents SMEs from dedicating resources to technology evaluation, a problem compounded by technical knowledge gaps. The absence of specialised expertise also heightens ethical uncertainty and risk perception among team leaders, employees, and clients, with firms lacking guidance to mitigate these concerns.

Understanding how these barriers interact is essential, because interventions aimed at increasing adoption will fail if they address symptoms (for example, awareness), without addressing binding constraints (such as capacity, governance, and client risk).

5.1 Organisational capacity: time, integration burden and investment constraints

Limited organisational capacity across financial, temporal, and human capital resource restricts many creative businesses' ability to meet the upfront and ongoing demands of technology adoption. In practice, this constrains both the pace of adoption and the depth of implementation, particularly for AI tools that require workflow design, rather than simple plug-in use.

The primary cost barrier identified by businesses was the burden of assessment and integration. Time and staff capacity are required to identify suitable tools, evaluate risks and benefits, and to plan integration across workflows (including process redesign, training, and quality control). For many micro and small firms operating with tight cashflow and uneven income, this time requirement represents a material opportunity cost: staff hours spent evaluating tools are hours not spent delivering billable work.

Adoption may therefore be perceived as a high-risk diversion from revenue-generating activity, encouraging ad-hoc use for quick efficiencies, rather than sustained integration and deeper workflow integration. Evidence from cross-economy SME research similarly identifies time and human-capital constraints as a recurring barrier to adoption and diffusion (Broughton et al., 2025; Massini et al., 2025; Stratton et al., 2025). These constraints are amplified where AI adoption requires changes to how work is organised, reviewed, and governed (Jibril & Roper, 2025).

Expert panel discussion repeatedly characterised effective AI integration as requiring workflow redesign, governance structures, and cross-functional coordination. For SMEs operating without dedicated technology leadership, this reframes adoption from a procurement decision to an organisational transformation challenge, increasing the time and capability burden associated with implementation.

Alongside resource constraints, upfront costs and access to finance emerged as recurring barriers, particularly for advanced tools with high-impact potential, mirroring broader SME trends where technology costs inhibit AI adoption (Department for Science, Innovation & Technology, 2026a; Massini et al., 2025; Stratton et al., 2025). However, the creative industries' challenging funding landscape exacerbates this issue, with SMEs struggling to secure debt and equity capital for technology investment (Bakhshi et al., 2025; Tarr et al., 2025). Some businesses reported purchasing limited versions of tools or delaying upgrades, which constrained potential productivity gains, while others were priced out entirely. This illustrates how financing constraints can limit the scale and sophistication of adoption, even where the business case is understood internally (Siepel, 2025).

Uneven access to finance, particularly for female and ethnic minority-led firms, may compound adoption asymmetries (Bakhshi et al., 2025; Tarr et al., 2025). Combined with resource constraints, this risks creating unequal adoption across the sector. This creates a structural risk of widening adoption gaps, alongside existing inequalities, with potential implications for relative firm performance over time. The evidence base on this point is currently limited and would benefit from targeted investigation, but the risk is sufficiently material to note explicitly.

5.2 Knowledge and skills constraints in AI and advanced technology adoption

Internal knowledge and skills gaps constrain both the initiation and scaling of advanced technology adoption. These gaps operate at two levels:

- Leadership level capacity to evaluate and govern new technologies; and
- Workforce level skills required to implement and operationalise them effectively.

A central constraint lies in leadership-level evaluation capability. Many creative SMEs lack the technical expertise required to navigate the rapidly evolving technology landscape, assess vendor claims, understand workflow implications, and evaluate risk. Sound procurement decisions increasingly require familiarity with data governance, integration requirements, and IP implications; capabilities that are rarely embedded within micro and small firms. This reflects broader SME patterns (Broughton et al., 2025; Department for Science, Innovation & Technology, 2026a; Jibril & Roper, 2025; Massini et al., 2025; Stratton et al., 2025) but is amplified in the creative industries, where dedicated technical leadership roles are uncommon and external advisory support may be beyond their financial reach.

These evaluation challenges are compounded by the nature of creative production itself. Creative workflows are iterative, experimental, and often bespoke to project or client context. Participants recognised AI's potential to reshape these processes and unlock new forms of creativity, consistent with wider literature on AI-augmented creative practice (Amankwah-Amoah et al., 2024; Anantrasirichai & Bull, 2022). However, without structured technical guidance, ambitions frequently outpace implementation capability.

Workforce-level capability gaps also emerged, particularly in businesses reliant on advanced technology for outputs. In firms where advanced technologies underpin outputs, employees may lack both the operational fluency and the contextual understanding required to use AI tools confidently and responsibly. These firm-level capability gaps sit within a wider national context of uneven digital and AI skills development, as highlighted in recent sector and cross-economy analysis (Department for Science, Innovation & Technology, 2026a; Giles et al., 2025a; 2025b; Hopkins et al., 2026; Skills England, 2025a; 2025b).

However, the focus group evidence in this study suggests that the critical issue for many creative businesses is not a generic digital literacy issue, but rather one of applied evaluative capability: the ability to translate abstract AI potential into workflow level decision-making.

In several discussions, workforce hesitation was linked not only to technical capability, but to uncertainty about ethical implications and long-term role impacts. Where leadership teams lacked the expertise to articulate clear governance positions, ethical concerns could remain unresolved, reinforcing cautious or partial adoption.

Taken together, leadership evaluation gaps and workforce capability constraints create a reinforcing loop. Limited expertise increases uncertainty, which in turn elevates perceived risk and slows implementation. Without internal capacity to interrogate tools rigorously, adoption may remain exploratory rather than strategic, particularly in outward-facing creative contexts.

5.3 Technological uncertainty and risks of AI

Beyond capacity and skills constraints, adoption is inhibited by uncertainty about the reliability, controllability, and downstream risk profile of AI tools. For many creative SMEs, the issue is not whether AI can generate outputs, but whether those outputs can be used with confidence in professional contexts where quality, accuracy, and provenance matter. This uncertainty is heightened in outward-facing work, where tool performance, data handling, and client expectations interact directly with reputational and contractual risk. A recurring theme was the perceived immaturity of some AI tools and the operational burden of quality assurance. Participants described concerns about errors in AI-generated outputs (hallucinations), including unpredictable failures that require verification and rework (Massini et al., 2025). In practice, this can negate expected productivity gains: where outputs cannot be trusted, staff time is redirected from production to checking, testing, and correction.

Expert panel discussion similarly emphasised that adoption becomes viable only where organisations can set accuracy expectations, implement review processes, and retain human oversight for higher-risk tasks.

What distinguishes the creative sector, as our evidence and others' show, is the fundamental uncertainty introduced by deploying emerging, relatively untested AI tools into commercial creative workflows (Busby et al., 2025). This contrasts with businesses in other sectors, where evidence indicates they tend to integrate AI tools into administrative and IT-based workflows that are a step or two removed from the value creation chain (Department for Science, Innovation & Technology, 2026a). For the businesses we interviewed, this was especially acute when clients demanded dynamic, public-facing outputs. More broadly, there was significant concern about the validity of AI-generated content for outward-facing creative work.

Data security and intellectual property exposure were also repeatedly cited as constraints. SMEs highlighted uncertainty about what data can safely be shared with third-party services, how confidential information is handled, and whether tool usage creates inadvertent leakage of proprietary or client material (see Department for Science, Innovation & Technology, 2026a for similar perspectives at a cross-sector level). Expert panel discussions reinforced the sensitivity of this issue, particularly where generative AI is delivered as a service, and firms cannot easily verify where data is processed or retained. This has practical consequences: adoption may be limited to use cases that do not involve confidential datasets, client information, or proprietary assets.

Evidence from advanced adopters illustrates how these risks can be managed and therefore what is often missing for smaller firms. Framestore, for example, operates formal governance through an AI approval process and applies explicit criteria around licence clarity and data provenance, excluding models trained on opaque or non-commercial datasets and deploying approved tools in secure environments to protect both company and client material (see appendix C). These practices reduce uncertainty, but they rely on dedicated technical leadership and structured governance capacity that is rarely available in micro and small creative businesses.

These technological uncertainties interact with, but are distinct from, the ethical and workforce concerns explored in the following section, which relate less to tool performance and more to legitimacy, authorship, and perceived value of human creativity.

5.4 Human creativity and the ethics of AI adoption

Beyond technological uncertainty, adoption decisions are shaped by concerns relating to authorship, legitimacy, and the perceived value of human creativity. For many creative SMEs, AI integration raises questions not only about operational impact but about how creative work is defined, attributed, and valued within their sector. These concerns influence client relationships, workforce morale, and brand positioning.

At a more fundamental level, businesses reflected on the ethical implications of AI for human creativity and the creative process. Creative judgement and human authorship remain central to the commercial and cultural value of much creative work. As a result, some participants expressed concern that expanded AI use could dilute perceptions of originality or erode the distinctiveness of human-led practice. This aligns with wider literature framing creativity as inherently human, experimental, and open-ended, and therefore not easily reducible to automated processes (Anantrasirichai & Bull, 2022).

Workforce unease formed part of this discussion. While wholesale displacement was not uniformly anticipated, uncertainty about role evolution and skill relevance contributed to cautious adoption in some firms. Fears of losing the “human in the loop” as the anchor of the creative process were reported as shaping internal discussions about where and how AI should be used. Existing research (both creative industries, and cross-sector focused) similarly identifies concerns about the impact of automation on (creative) labour, professional displacement, and professional identity (Amankwah-Amoah et al., 2024; Busby et al., 2025; Department for Science, Innovation & Technology, 2026a). In firms without clearly articulated governance positions or leadership confidence in the technology, ethical ambiguity could reinforce hesitation and slow implementation.

These concerns were especially evident in creative subsectors where generative AI was perceived as directly overlapping with core creative tasks. In some cases, staff opted out of AI-enabled features embedded in software they already used, reflecting discomfort with the extent of automation in ideation or content creation. While there is literature suggesting ways to position AI as a creative partner, these approaches still require advanced technical understanding to ensure that AI augments rather than displaces creative roles (Amankwah-Amoah et al., 2024; Anantrasirichai & Bull., 2022).

Ethical considerations also apply to client-facing contexts. Businesses reported concerns that authenticity could be perceived as undermined when AI played a significant role in ideation or creation. Combined with uncertainty over IP and questions about value for money, these concerns led many firms to scale back AI use in commissioned work. The result, in some cases, was a contradictory landscape in which clients prohibit AI use contractually, whilst others actively requested AI-enabled efficiencies.

Finally, for certain practitioners, visible AI use risked being interpreted as diminishing craft, originality, or professional integrity. Although not universal, this perception shaped how openly some SMEs communicated AI use and contributed to reputational caution in outward-facing work

Case study evidence demonstrates how firms attempt to reconcile innovation with creative identity. Aardman, for example, framed AI evaluation around whether tools create more space for creative thinking rather than replacing core creative judgement. This positioning reflects a broader pattern in which adoption is legitimised internally and externally through an augmentation narrative rather than a substitution narrative (see appendix C).

Expert panel discussions reinforced that ethical concerns become more manageable where organisations establish clear internal governance and review mechanisms, and usage policies. In the absence of such structures, uncertainty around acceptable use may inhibit experimentation, particularly in client-facing contexts.

Together, ethical and identity-related concerns function as a moderating force on AI adoption. Even where productivity potential is recognised, adoption may be limited if firms perceive misalignment with professional values, authorship norms, or workforce confidence. These dynamics interact with technological uncertainty and organisational capacity constraints, shaping a cautious and often staged approach to integration.

6. The Adoption Support Landscape: What Is Needed



The analysis above demonstrates that creative businesses approach AI and advanced technology adoption with strategic intent. However, that intent is constrained by limited organisational capacity, technical knowledge gaps, ethical uncertainty, and structural financing barriers. That diagnosis aligns with cross-economy findings that adoption is held back less by technology availability than by management capability, workforce readiness, trusted advice, and incentives that de-risk early implementation (Department for Science, Innovation & Technology et al., 2025).

The purpose of this section is to examine:

- where current support infrastructure is not landing for creative small and medium-sized enterprises (SMEs); and
- the practical forms of intervention that participants judged most likely to accelerate responsible adoption, improve productivity, and protect creative value.

6.1 Notable gaps in support infrastructure

Across the focus groups several high-level gaps in the existing infrastructure emerged; businesses rarely described drawing on mainstream business support routes when navigating AI or technology adoption.

Limited pull-through from mainstream business support

A consistent finding across focus groups was that generic business support routes are rarely perceived as relevant to technology adoption in creative businesses. Our findings indicate that creative businesses do not engage with the Department for Business and Trade's Business Growth Service to support technology adoption strategies, aligning with broader sector disengagement as identified in previous research (Bakhshi et al., 2025). In their final report, the Digital Adoption Taskforce recommends that future technology adoption support should integrate with the Business Growth Service, including proposals for an AI-driven digital CTO and a fully integrated adoption pathway advice resource (Department for Business & Trade, 2025b). The evidence gathered here suggests that without creative sector-specific tailoring, visible sector intermediaries, and a clearer articulation of relevance to IP-led and project-based firms, the Business Growth Service is unlikely to achieve sustained engagement within the cultural and creative industries. This issue appears less about absence of provision and more about perceived applicability, sector literacy, and trust.

A weak interface between creative SMEs and national innovation infrastructure

Whilst AI adoption aligns strongly with Innovate UK's broader innovation mandate, creative SMEs in this study did not typically view it as a natural entry point for workflow-level technology adoption. This was less a critique of Innovation UK's purpose than a perceived misalignment between innovation funding structures and the practical realities of micro and small creative firms. Businesses described barriers including:

- application complexity;
- perceived orientation toward frontier innovation rather than workflow adoption; and
- resource intensity relative to firm size.

This finding is consistent with DCMS-published evidence that investment decision-making in these sectors is shaped by time scarcity, uncertainty, and limited evaluative bandwidth (Broughton et al., 2025). Where funding routes are complex or framed around large-scale innovation rather than structured adoption, engagement dissipates.

Create Growth Programme and sector-specific incubators

In this context, the strong representation of businesses in this study that had participated in the CGP provided a closer look at its role and that of similar business support programmes. Businesses that had engaged with the Create Growth Programme (CGP) were broadly positive about its role in investment readiness and commercial development. However, participants reported that most programmes currently lack the in-house technical capability to support structured AI evaluation or adoption road mapping. Creative-specific business support is valued, but where programmes do not embed sufficient technology expertise, they cannot fully address the capability gaps identified earlier in this report.

R&D tax credits

The current structure of the R&D tax credit system was flagged as a significant gap in the support infrastructure, not only for creative businesses but for SMEs more broadly. A well-established evidence base already shows how current R&D definitions restrict innovation in the creative industries by excluding arts and humanities research and development (Bakhshi et al., 2021a; 2021b; Bakhshi & Lomas, 2017; Bird et al., 2020).

Businesses consistently highlighted this as a key issue, but an even more pressing concern was that technology adoption activities generally do not qualify as R&D under the tax credit system. This was framed specifically around advanced technology adoption (particularly AI-based tools) not being an allowable expense, despite their potential to drive significant innovation within businesses. This creates an asymmetry in which invention may be incentivised, but diffusion and adoption are not.

Scale-up dynamics are not the same as adoption dynamics

The wider policy debate has previously focused on scale up barriers for AI and creative technology firms (House of Lords Communications and Digital Committee, 2025). This is an important agenda, but this research underlines a distinct challenge: diffusion into the broad base of creative SMEs that constitute the sector's employment and supply chains. Adoption policy therefore needs a dual track: support for frontier innovators and support that helps the majority of SMEs to safely integrate tools into everyday production and business operations.

7. Interventions and Support: What Businesses Want and Need



These broader gaps in the support infrastructure, combined with the substantial barriers creative businesses face in adopting new technologies, demonstrate that accelerating AI and advanced technology adoption in the sector may warrant targeted intervention. Any new support must align with what businesses value most and genuinely need to ensure they engage with, and benefit from, significant public and private investment. Insights into the support businesses require, and why it would be so valuable, drawn from this research and existing evidence, are presented below.

A key theme throughout discussions with creative SMEs was their core capability and capacity constraints. Fundamentally, it shows how essential it is that support helps businesses address gaps in knowledge, information, expertise, finance, and time. This support must be provided across the entire adoption process, from search and assessment to evaluation and implementation. Importantly, these constraints are cumulative. Time scarcity, limited technical literacy, and restricted access to finance reinforce one another, creating friction across the entire adoption pathway.

Across the focus groups, four priority areas emerged. They map closely onto cross-economy adoption evidence but require sector-specific design to reflect the creative industries' operating model (project cycles, small teams, client-driven procurement, and acute IP and reputational risk).

7.1 AI knowledge, skills and expertise (practical, role-based and leadership-inclusive)

AI dominated discussion across all focus groups and consequently interventions aimed at strengthening AI knowledge, skills, and evaluative capability were central to each of the sessions. Businesses identified a need for structured, sector-relevant capability building across the full adoption pathway – from navigating the AI market landscape to understanding how and where AI can be integrated into operations – given the widespread expertise gap and limited internal capacity to address it. Sector-specific guidance and resources explaining AI language, definitions, use cases, and cost-benefit analysis were highlighted as vital for boosting AI literacy and ensuring adoption decisions are driven by clear value rather than boosterish claims.

Building on this, smaller creative businesses in particular struggle to keep pace with the fast-moving nature of the AI market, creating a clear need for support at this stage of the adoption process. They require guidance, not only to assess which AI technologies might suit their needs, but also on fundamental aspects of adoption – such as protecting data and IP and evaluating the ethics and risks of AI tools. This is reinforced in recent AI adoption research, where demand for government-supported training and tailored use cases stems from both an AI skills gap and an uncertainty on regulations (Department for Science, Innovation & Technology, 2026a).

The lack of technical knowledge creates challenges beyond integration; it drives uncertainty about how to adopt AI in an ethically robust way that avoids existential threats to the creative process or friction with clients. Consequently, participants expressed a strong desire for an ethical toolkit or evaluation guide to assess AI use and minimise negative implications. Similarly, clearer IP and data guidance was seen as essential to help businesses mitigate copyright and security risks, thereby increasing trust and willingness to integrate AI into their technology strategies. In practice, this positions ethical literacy as an operational enabler of adoption rather than an abstract principle, particularly in outward-facing creative workflows.

Creative SMEs emphasised that building AI expertise would also enable them to educate clients and the wider market, leading to more productive commercial interactions. Businesses would then be able to articulate what AI is, how it is used, the associated risks, and ethical implications and how these are mitigated. This evidence shows that interventions to develop AI knowledge would not only support better adoption decisions and wider implementation, but also reduce friction in procurement, commissioning, and client approval processes. This would serve to address one of the key challenges businesses face when considering and pursuing AI adoption.

7.2 Search, assessment and evaluation support

Creative businesses also emphasised an ongoing need for policy interventions aimed at strengthening creative SMEs' capabilities in technology search, assessment, and evaluation.

A persistent barrier identified across sessions was the high search costs associated with identifying and evaluating relevant technologies. Micro and small creative businesses often lack the capacity and resources to monitor market developments (Department for Science, Innovation & Technology, 2026b). This creates a risk that firms default to tools that are most visible, most heavily marketed, or already embedded in existing software ecosystems, rather than those best suited to their long-term needs and strategic requirements. To address this, participants emphasised the need to reduce search costs and raise awareness of technologies with proven impact, both sector-wide and within sub-sector contexts.

Beyond this, businesses require support to understand what specific tools can do and which activities or workflows they could enhance; without such guidance, poor technology selection becomes a real risk. These findings align with broader research showing that awareness gaps, high search costs, and limited assessment capabilities are key issues for SMEs generally and should be a priority for policy interventions to improve AI and technology adoption (Busby et al., 2025; Stratton et al., 2025). As with this research, these studies stress that tailored, contextualised approaches are essential for maximum uptake and impact.

Evidence from focus groups indicates that creative businesses seek resources and support to conduct thorough assessments and evaluations of potential tools and technologies. These resources were seen as vital for answering key questions on impact, workflow integration, ethics, risks, and overall need, enabling sustainable adoption grounded in good governance. In particular, guidance and support aimed at helping leadership and business advisors build these skills were viewed as highly important and urgently needed.

Where creative businesses saw the greatest value in intervention was in support to develop a technology adoption roadmap tailored to their context, workflows, and pain points. Participants noted that while barriers to broad high-level engagement and adoption of many advanced technologies (including some AI tools) are relatively low, doing so robustly and in a targeted way to maximise benefits, address specific creative workflow challenges and/or opportunities, and mitigate risks, is both resource-intensive and complex. As a result, they value support that builds capacity across the entire adoption pathway: from market awareness and technology developments, to assessing business needs, identifying problems, evaluating problems and risks, and finally reviewing the chosen technology's value, impact, and implementation process. Structured external support in developing roadmaps was viewed as particularly valuable in micro-firm contexts, where dedicated technology leadership is absent.

In this respect, the broader support creative businesses need in this area is not necessarily industry-specific. However, tailored intervention remains essential given the sector's unique nuances highlighted in this report, including its relationship with technology, the centrality of human creativity, and ongoing tensions around AI.

7.3 Guidance on good practice and demonstrators of success

Closely linked to the demand for structured adoption roadmaps was a strong emphasis on credible, peer-based knowledge exchange and learning. Creative SMEs want real-world exemplars from within their sub-sector to understand the impacts and outcomes achievable through AI and advanced technologies, and to see practical demonstrations of how these can be realised. Participants emphasised the value of case studies and straightforward examples that illustrate the benefits of adoption and outline best practices. In other words, showing "what good adoption looks like". These exemplars should span both creative and non-creative workflows, front-end and back-end activities, and include AI and non-AI technologies.

Peer-based resources like this were identified by creative businesses as support that they would actively engage with and want proactively delivered. The potential impact of such guidance and exemplars depends on it being tailored to business size, AI and technology expertise, development stage, and sub-sector context. Generic exemplars that ignore sub-sectoral context, business size, and workflow structure were viewed as having limited practical utility. The credibility of resources also depends in part on their independence, this is of particular importance where SMEs have limited internal capacity to test alternatives or interrogate claims.

Beyond resource-oriented peer support, creative businesses see significant untapped value in direct peer-to-peer knowledge exchange. As such, policy initiatives enabling this could drive strong impact and engagement. Participating creative SMEs were generally open about their technology adoption knowledge and experience. Our discussions with them revealed a strong appetite for sharing best practices, tools, and technologies they have learned, developed, and adopted, providing these are not core competitive advantages or cutting-edge innovations.

Regional catapults or networks were suggested as practical channels for disseminating learnings nationally. Further research shows how technological knowledge often clusters, creating skills gaps across regions. This highlights how ensuring interventions are widely accessible is therefore critical (Siepel, 2025; Wang et al., 2025). For early-stage creative businesses, such support offers invaluable access to evidence and expertise that would otherwise take months or years to acquire, accelerating adoption and improving the success of implementation. This was framed as alternative to hiring a CTO, which SMEs typically cannot afford.

Peer-based learning and knowledge exchange have emerged as key intervention areas in this research, supported by a broader evidence base showing they are both in demand and effective drivers of technology adoption for SMEs across different sectors (Busby et al., 2025; Jibril & Roper, 2025; Phipps & Fuller, 2022; Siepel, 2025; Stratton et al., 2025). Our evidence indicates that interventions leveraging trust in peer-based information will be highly valued by creative businesses, helping them expand technology knowledge, strengthen adoption capabilities, and inform strategy and decision-making. In short, sharing positive stories of adoption and their impact is key to improving uptake of AI technologies and basic digital tools – both of which are essential for boosting sector productivity, growth, and innovation.

This peer dynamic reflects the high trust premium attached to lived experiences, particularly in contexts of technological uncertainty – and its centrality in overcoming risk perception and accelerating diffusion.

7.4 Reshaped finance and investment environment

The final priority area concerns the financial architecture within which AI and advanced technology adoption decisions are made. Whilst finance was not uniformly described as the sole barrier to adoption, participants consistently characterised it as the binding constraint once a credible adoption pathway had been identified. Participants focused on three interrelated areas: R&D tax credits, micro grants, and innovation funding and private capital.

R&D tax credits

Participants called for reform of the R&D tax credit framework to recognise advanced technology adoption (e.g., AI-based technologies, robotics, human-machine interface technologies) and integration activity as legitimate innovation expenditure. Current definitions of qualifying R&D have been shown to disadvantage creative industries activity, particularly where innovation is rooted in applied research, creative experimentation, or workflow transformation rather than laboratory-based technological invention (Bakhshi & Lomas, 2017; Bakhshi et al., 2021a; 2021b). Businesses argued that structured AI adoption and workflow redesign are not consistently recognised within current eligibility criteria. In practical terms, this may reduce incentives for experimentation with advanced tools, particularly AI-based systems. Further technical analysis would be required to assess whether and how existing definitions align with firm-level innovation practice.

Micro grants and innovation funding

Participants emphasised the need to restructure elements of the grant funding landscape to better reflect the staged and risk-adjusted nature of AI and advanced technology adoption observed across creative SMEs. Many firms operate with limited slack capacity and uneven cash flow, making large, competitive funding rounds difficult to access and administratively burdensome. Participants therefore argued for higher-volume, small-ticket grants targeted specifically at early-stage experimentation, integration testing, and workflow redesign. Existing evidence supports this view, highlighting that competition and funding availability is more often cited as a challenge by creative micro firms compared to other sectors, whilst the anticipated cost of R&D is comparatively modest (Siepel, 2025).

This approach reflects evidence that micro-grants supporting adoption costs can materially increase uptake and experimentation (Phipps & Fuller, 2022). Crucially, such instruments lower the experimentation threshold, enabling firms to build internal evidence and de-risk subsequent scaling decisions. In the absence of this early-stage support, adoption may remain exploratory, partial, or postponed due to opportunity-cost concerns identified earlier in this report.

This sequencing is important because, where organisational and evaluative constraints inhibit early experimentation, firms may never reach the stage at which larger-scale capital becomes relevant.

Private capital

Participants highlighted the structural constraints affecting access to private capital for technology-enabled growth. Existing evidence demonstrates that creative SMEs face persistent barriers in accessing debt and equity finance, particularly at late-seed and early Series A stages (Bakhshi et al., 2025). Within the context of AI adoption, this constraint becomes particularly salient once firms seek to scale proven AI and emerging technology use cases beyond incremental workflow adjustments, where external finance to fund deeper innovation is vital.

Participants argued that unlocking private capital flows will require improved investor understanding of how advanced technologies generate value within creative production and services. Without greater literacy within finance markets regarding AI-enabled business models in the cultural and creative industries, public grant support risks stimulating experimentation without enabling scale. Investor education and sector-specific translation were therefore seen as complementary to public adoption interventions, rather than separate from them.

8. Final Recommendations and Intervention Strategy



Adoption of AI and advanced technologies within the cultural and creative industries is progressing but in a cautious and uneven manner. The research identifies three core constraints:

- limited organisational capacity within micro and small firms;
- limited internal capability to evaluate and govern adoption decisions; and
- heightened reputational and client-facing risk in outward-facing creative work.

These constraints reflect coordination and capability frictions that moderate the pace and scale of responsible adoption. The recommendations in this report are designed to address those frictions directly. Interventions should be piloted on a limited scale with clear baseline data and follow up measurement in place before wider roll out.

8.1 Governance and assurance infrastructure for responsible adoption

Adoption decisions are shaped by legitimacy considerations as much as technical feasibility. Firms must determine what constitutes acceptable use, how to evidence responsible practice to clients, and how to manage intellectual property and brand risk. This clarity matters not only for legal and reputational reasons but because it gives firms greater confidence to apply AI in ways that support creative development and reduces the risks of undermining authorship, originality, or client trust. Larger firms have responded by developing internal governance frameworks, but most SMEs do not have equivalent resource.

A sector-relevant governance toolkit, which incorporates proportionate risk typologies, minimum safeguards, template usage policies, and client-facing assurance materials would reduce ambiguity and enable more confident adoption decisions. By lowering perceived and reputational risk, such infrastructure should enable more confidence and productivity-oriented uptake, whilst protecting creative integrity. This toolkit should distinguish clearly between workflow optimisation, internal automation, and AI-generated outputs used in client work, with clearer decision points for when senior sign-off, client disclosure, or legal review is required.

8.2 Practical tool evaluation and decision support

The evidence indicates that time scarcity and evaluative uncertainty materially slow adoption. SMEs face high search costs when identifying tools, validating claims, and assessing workflow implications. In the absence of structured decision frameworks, firms either delay adoption or implement in an ad hoc manner.

Targeted decision support infrastructure, including evaluation checklists, integration sequencing guidance, and minimum review and sign off steps – alongside short advisory clinics – would reduce search costs and improve the quality of adoption decisions. This intervention addresses information asymmetry and reduces wasted expenditure, improving capital efficiency at firm level.

For creative businesses, evaluation support must also help firms judge whether a tool strengthens or weakens creative workflows, to ensure viability assessment is not confined to efficiency metrics. Good decision support should also help firms avoid drifting into supplier dependence simply because a tool is highly visible or easy to access.

8.3 Peer-based diffusion and demonstrators of practice

Firms place greater weight on peer experience than on vendor narratives. However, structured sharing of implementation learning is limited. The data suggests that knowledge spillovers in this area are scarce, particularly regarding sequencing, workflow redesign, and risk mitigation.

Structured demonstrators of practice, integrated within structured learning routes, would accelerate the diffusion of effective adoption models. Demonstrators could provide the evidence firms want to illustrate how technologies can be integrated without diminishing quality, authorship, or creative distinctiveness. These could include what tool was adopted, why it was chosen, how workflows changed, what governance safeguards were introduced, and what productivity and creativity impact was observed. By lowering experimentation costs and reducing uncertainty, this mechanism supports more efficient uptake across the sector.

8.4 Applied capability development aligned to workflow integration

Adoption requires both leadership confidence and delivery-level capability. The research shows that firms need practical understanding of integration, oversight, data management, and client communication. Larger firms are building this capability internally, but SMEs face a structural disadvantage. In this context, capability development extends beyond technical fluency, to building confidence in how to use responsible AI in ways that expand creative capacity and support high-value human contribution.

Role-based, workflow-embedded capability development would strengthen decision quality and improve productivity outcomes from adoption. Leadership literacy is particularly important, as strategic clarity determines whether adoption is incremental or transformative. Provision should align with the rhythms of project-based work and avoid long abstract digital skills provision detached from live workflow challenges.

8.5 Financial instruments aligned to staged adoption and workflow transformation

Finance becomes binding once firms identify a credible pathway to adoption. Adoption typically progresses through experimentation, integration, and workflow redesign before scaling – and this is especially important where firms are investing in new creative processes, workflow redesign, and the capacity to develop higher-value outputs over time. Existing funding mechanisms frequently prioritise novel product innovation over integration activity. Intervention should therefore recognise workflow transformation and adoption activity within innovation definitions and expand access to small-ticket, low-friction experimentation support. This approach reduces early-stage risk, encourages structured testing, and improves the likelihood of successful scaling where productivity gains are demonstrated. Expansion beyond pilot scale should be contingent on demonstrated additionality and measurable firm-level performance improvements.

Intervention Framework: Delivery Considerations and Performance Indicators

Recommendation	Evidence Base	Structural Constraint Addressed	Expected Firm-level Impact	Delivery Considerations	Performance Indicators
Governance and assurance infrastructure for responsible adoption	SMEs report ambiguity around acceptable use, IP exposure, reputational, and client-facing risk. Larger firms mitigate through internal governance frameworks; SMEs lack equivalent infrastructure.	Lack of shared standards; information asymmetry; market uncertainty	Reduces ambiguity around acceptable use; lowers perceived risk; enables defensible outward-facing adoption; increases client confidence; and gives firms greater confidence to apply responsible AI in ways that support creative development without undermining authorship, originality or trust.	Must be proportionate and usable by micro firms; avoid compliance burden; include practical templates, risk typologies and client-facing materials; address how firms protect creative value in outward facing work; and integrate with existing business support routes.	Uptake of toolkit; proportion of firms adopting written AI usage policies; increase in client-approved AI-enabled delivery; reduction in reported uncertainty around acceptable use; evidence of outward-facing deployment beyond back-end functions; and evidence that firms are using governance tools to support responsible AI use in creative workflows, not only back-end functions.
Practical tool evaluation and decision support	High search costs; difficulty validating vendor claims; limited internal evaluation capacity; ad hoc experimentation reported.	Information asymmetry; search friction; underinvestment due to uncertainty.	Lowers search costs; improves decision quality; reduces wasted expenditure; accelerates structured integration; and helps firms to assess whether tools strengthen or weaken creative workflows – and avoid dependence on tools that are most visible, rather than most appropriate.	Should include evaluation checklists, sequencing guidance, and minimum governance thresholds; ideally linked to advisory or clinic-style support; must remain sector-relevant and help firms assess impacts on creative process, output quality and client-facing use.	Engagement rates; proportion of supported firms progressing from trial to integration; reduced self-reported evaluation burden; ROI reporting where available; reduction in reported abandoned or misaligned tool purchases; and evidence that firms are using evaluation support to assess impacts on creative workflows or outward-facing outputs.

Intervention Framework: Delivery Considerations and Performance Indicators

Recommendation	Evidence Base	Structural Constraint Addressed	Expected Firm-level Impact	Delivery Considerations	Performance Indicators
Peer-based diffusion and demonstrators of practice.	SMEs report a strong desire for peer-to-peer centred knowledge exchange; substantial value placed on real-world exemplars reflective of subsector realities and how technologies are integrated without diminishing creative quality or distinctiveness.	Lack of shared standards; knowledge spillover under-provision; coordination failure; diffusion lag.	Accelerates diffusion of effective models; reduces experimentation cost; improves quality of integration decisions; and gives firms more credible evidence of how technologies can support creative practice without undermining it.	Demonstrators must document sequencing, safeguards, and trade-offs (not just success); be curated and independently validated; avoid marketing tone; show how technologies affect creative process, quality and higher-value human contribution in practice; and give firms more independent evidence on how to adopt in ways that protect creative and strategic autonomy.	Reach of demonstrator materials; reported influence of demonstrators on adoption decisions; replication of documented use cases across firms and/or subsectors; evidence of cross-firm knowledge exchange networks sustained beyond pilot phase.
Applied capability development aligned to workflow integration.	Leadership confidence and delivery-level integration capability are critical; larger firms build bespoke training internally; SMEs cannot.	Capability gap; uneven access between firms to AI capability; and weak capacity to integrate AI in ways that support both creative and operational workflows.	Improves integration quality; increases productivity yield from adoption; reduces risk of misapplication; supports structured experimentation; strengthens firms' ability to use AI in ways that expand creative capacity and support high-value human contribution; and improves firms' ability to make independent, strategically grounded adoption choices.	Role-based and workflow-embedded; include leadership literacy; avoid abstract digital skills framing; flexible delivery to match project cycles; and address both technical integration and how AI is used in way that support creative judgement, process and client-facing practice.	Leadership level participation rates; increase in self-reported confidence in evaluating AI risk and value; evidence of workflow redesign, post-training; reduction in ad hoc or managed tool use; and evidence of increased confidence in applying AI within creative workflow, not only operational functions.
Financial instruments aligned to staged adoption and workflow transformation	Finance becomes binding once credible pathway identified; adoption progresses through experimentation, integration, redesign and scaling; current funding often prioritises product innovation over integration.	Financing gap for early-stage experimentation; risk aversion; misalignment between funding criteria and workflow innovation.	Reduces early-stage risk; enables structured experimentation; improves probability of successful scaling; supports capital efficiency; and allows firms to invest in workflow redesign that supports both commercial and creative development.	Small-ticket, low-friction support; recognise workflow transformation within innovation definitions; align with staged adoption; integrate with evaluation support; and accommodate investment integration, experimentation and redesign in the value of creative and commercial outcomes.	Volume of firms undertaking structured experimentation; progression rate from experimentation to workflow integration; follow-on private investment or revenue growth linked to integration.

9. Future Research and Policy Development

The evidence presented in this report clarifies the conditions shaping AI adoption across the cultural and creative industries. It also exposes several areas where the current evidence base remains partial and where further analytical work would strengthen subsequent policy design.

9.1 Creative value, authorship and growth

The evidence highlights the importance of creative process, authorship, and the perceived value of human-led work in shaping AI adoption decisions. Whilst these themes are clearly present, further work is needed to examine them in more detail. This includes how businesses assess the effects of AI on creative fulfilment, creative quality, experimentation, and the development of new forms of creative output; how these considerations interact with intellectual property and client expectations; and how firms understand growth where commercial, creative, and innovation outcomes are closely intertwined. Strengthening the evidence base in this area would help ensure that future intervention design reflects not only adoption rates or productivity gains, but the specific conditions under which technology supports creative development and value creation in the cultural and creative industries.

9.2 Measuring workflow-level productivity effects

Participants consistently associated AI adoption with improvements in iteration speed, administrative efficiency, and pricing accuracy. However, these gains are typically described qualitatively and at workflow level rather than captured through structured measurement. There would be significant value in further work to establish consistent methods for measuring the productivity effects of workflow integration in creative contexts. This includes identifying indicators appropriate to project-based production models and intellectual property-driven businesses, where output quality and margin stability may be as important as headline output growth. A more systematic evidence base on before-and-after workflow transformation would improve both policy calibration and investor confidence.

9.3 Governance practice in micro and small firms

The research demonstrates that governance clarity accelerates adoption, yet there is limited evidence on how proportionate governance models can be implemented within micro enterprises without formal compliance infrastructure. Further study should examine lightweight governance approaches currently emerging within smaller firms, including informal guardrails, phased oversight models, and client communication strategies. This would inform development of tools that are realistic for firms operating without internal legal or technical teams.

9.4 Adoption sequencing and integration pathways

Panel evidence indicates that successful adoption follows phased experimentation and integration. The SME evidence confirms that sequencing matters but lacks detailed documentation of integration pathways in smaller firms.

Additional research focused on mapping typical adoption journeys, including decision points, failure points, and integration milestones would support more targeted intervention design. This work should distinguish clearly between operational automation, creative augmentation, and client-visible generative deployment.

9.5 Distributional effects within the sector

There is emerging divergence between firms with internal technical leadership and those without. The long-term implications of this divergence for productivity, competitiveness, and market structure remain unclear.

Longitudinal analysis would help determine whether capability gaps widen over time or whether diffusion mechanisms mitigate divergence. This has implications for how policy prioritises micro-enterprise support relative to scale-up assistance.

9.6 Capital markets and valuation frameworks

Expert panel discussions suggest that workflow-based productivity improvements are not always visible within conventional investment narratives. Future research examining how AI-enabled integration affects margin stability, project pricing, and risk profiles could strengthen dialogue between creative firms and capital providers.

This research would contribute to a clearer articulation of value creation pathways in AI-enabled creative production.

9.7 Monitoring and feedback

If interventions are introduced, a structured monitoring and learning framework will be necessary. This should capture qualitative integration learning alongside quantitative uptake metrics. Iterative feedback will be important given the speed at which AI tools and regulatory contexts evolve. Future policy development will benefit from maintaining a live evidence loop rather than treating adoption as a static phenomenon.

9.8 Place based adoption conditions and local growth

The research was not designed to test regional variation in adoption systematically. However, the evidence does suggest that access to relevant skills, trusted networks, evaluative support, and peer learning matters materially to adoption behaviour, and wider research indicates that these forms of capability are not evenly distributed across places. This points to a need for further research examining how AI and advanced technology adoption conditions vary across local creative economies, including outside London and the South East. Such work would help clarify whether differences in local support environments, talent access, and knowledge networks shape the pace and quality of adoption, and how far place-sensitive intervention design may be required to support more even diffusion across the UK.

Appendix A: Focus Group Participant Demographics

Regional Spread

- London – 6 businesses
- South West – 2 businesses
- South East – 3 businesses
- Yorkshire & the Humber – 2 businesses
- North East – 3 businesses
- East Midlands – 1 business
- West Midlands – 2 businesses
- Scotland – 1 business

Note – Regional and sub-sector information was gathered from businesses when they registered to participate in this research and is self-selected.

Sub-sector Spread

- Advertising & Marketing – 3 business
- Crafts – 2 businesses
- Design (product & fashion) – 2 businesses
- Film, TV and Video – 5 businesses
- IT/Software, including CreaTech – 4 businesses
- Music – 1 business
- Performing & Visual Arts, including broader cultural sector – 1 business
- Publishing – 1 business
- Video Games – 1 business

Note – The majority of businesses did not select only one sub-sector when registering their information. For simplicity, where a business selected more than one sub-sector, web research was used to specify the primary sub-sector (activity) of the business, and this reflects what is represented above. For instance, many of the participants within the Film & TV and Advertising sub-sectors also registered their business as operating in the CreaTech space.

Engagement with Creative UK Access to Finance Support

- DCMS-funded Create Growth Programme Participants – 9 businesses
- BFI-funded Creative Enterprise Participants – 2 businesses.
- Creative UK Investment Recipients – 2 businesses; with a further 3 businesses who applied but were unsuccessful.

Note – There is some overlap between these businesses. Data on participants' engagement with Creative UK support was gathered through internal systems.

Appendix B: Expert Panel Evidence and Analytical Context

Purpose and analytical role

Two expert panel workshops, with 21 participants in total, were convened to add interpretive depth to the focus group findings and to surface implementation realities in organisations with dedicated technology leadership. The panels bring a frontier perspective on how AI and advanced technologies are adopted, governed, and scaled in creative production and services. These expert panel workshops illustrate the capability gap between larger firms with internal technical infrastructure and the majority of creative SMEs.

Expert Panel Participants by Subsector

- Advertising and Marketing – 3 participants
- Architecture – 1 participant
- Film, TV and Video – 6 participants
- IT and software, including CreaTech – 3 participants
- Video Games – 2 participants
- Publishing – 1 participant
- Museums, Galleries and Libraries – 1 participant
- Music – 2 participants
- Performing and Visual Arts – 2 participants

Adoption as organisational change, not tool selection

Across both workshops, panellists consistently described adoption as an organisational process: identifying viable use cases, stress-testing them, integrating them into workflows, and building internal confidence through repeated iteration. This emphasis is visible in how panellists framed experimentation as an ongoing discipline rather than a one-off choice. In practice, this requires time, sequencing, and leadership permission structures – the same constraints SMEs described from a different vantage point.

A recurrent implication is that adoption support, focused only on tool awareness, will fail to address the main friction point. The panels place weight on internal decision-making infrastructure: how teams evaluate, trial, integrate, and then revisit controls as use cases mature.

Client trust, legitimacy and risk categorisation

Panellists repeatedly distinguished between different classes of AI use and described how clearer categorisation supports proportionate client conversations. One speaker described how separating generative AI from more constrained machine learning applications helped frame client perceptions of risk: it “helped us to corral our clients into thinking sensibly about what was risky”.

This aligns with the report’s core finding that outward-facing adoption is mediated by client confidence and brand risk. The panel evidence adds a practical mechanism: firms that can explain categories of use, and their safeguards, move more quickly from experimentation to deployment.

Capability divergence and the internal build-out problem

A consistent thread across the workshops was the extent to which larger organisations are building capability internally because relevant provision is not readily available in sector-specific form. This is not framed as a preference but as a pragmatic response to the gap between generic training content and creative production realities. Contributors described developing internal training and guidance materials to compensate for a lack of provision tailored to creative sector workflows.

The implication is that firms with the ability to build internal governance, training, and experimentation environments can treat adoption as cumulative learning. Firms without that capacity face higher relative costs, slower feedback loops, and greater exposure to error.

Phased controls, “human-in-the-loop” and scaling safely

The panels also provided concrete insight into how organisations operationalise responsibility as adoption scales. Rather than relying on a single “human-in-the-loop” checkpoint, participants described phased approaches in which controls are gradually relaxed only once performance thresholds have been demonstrated in practice. One panellist summarised their approach as “really, really phased”, describing the stepwise relaxation of guardrails as accuracy improves and confidence grows.

This evidence is important because it translates “responsible adoption” into an implementable method: staged deployment, stress testing, benchmarking, and progressive adjustment of oversight. It also supports the report’s emphasis on sequencing – particularly the finding that productivity gains depend on integration, workflow redesign, and internal clarity rather than tool access alone.

Implications

The expert panel material strengthens the report in three ways:

1. *Clarification of the mechanisms behind SME caution:* Where governance and evaluation infrastructure exists, adoption proceeds more confidently and at greater scale; where it does not, firms remain risk-adjusted even when they recognise potential productivity benefits.
2. *Reinforcement of the importance of proportionate risk categorisation and client-facing legitimacy:* Clear articulation of use types and safeguards functions as an adoption enabler in client-driven markets.
3. *Sharpened case for interventions that reduce evaluation friction and capability divergence:* Structured decision support, workflow-embedded skills provision, peer demonstrators that show implementation sequencing, and finance that matches staged experimentation and integration were all seen as vital areas of support required to accelerate adoption in micro businesses and SMEs across the sector.

(see overleaf for Appendix C)

Appendix C: AI and Emerging Technology Adoption Case Studies

Case Study 1 – Aardman, Animation (Film & TV)

Section One: Context of Adoption

A. Business Overview

Aardman operates in the animation sector across film, TV, video, games, advertising, and interactive media. It serves both B2B and B2C markets, producing original animated content as well as commissioned work. The studio has a dedicated R&D unit – established four years ago – which is focused on production technologies, including an AI and generative-technology. Until recently, this function was led by an Executive Creative Director of Innovation, working alongside Aardman’s CTO. This technical capability is embedded within a wider organisational culture that is defined by creative experimentation and technological curiosity.

B. Technology Adopted

Aardman is experimenting with Directed AI – machine-learning systems designed to address specific workflow problems in animation and post-production. Examples include the use of CopyCat within Nuke to automate standardised post-production processes. Generative AI is being explored in the business but falls outside the scope of this case study. The business is in a phase of ongoing experimentation, with limited full-scale implementation. Where deployment has occurred, it is confined to specific teams or projects, typically where technical expertise is strongest.

Section Two: Drivers of Adoption

Two core drivers have shaped Aardman’s AI adoption strategy:

- 1. Enhancing creative time:** Aardman’s long-term ambition is to use technology to give its creative teams more space to focus on high value, artistically rewarding work. The key question guiding adoption has been: “Does this give the creative parts of our jobs more time?”
- 2. Responding to budget pressures:** Market-wide financial constraints and tighter client budgets have increased the need to reduce production costs and improve workflow efficiency.

Given these drivers, the company has taken a cautious and values-led approach, prioritising solutions that are “creatively safe” and do not intrude on creative decision-making. Adoption has been framed around consistent, easily communicable principles aligned with the studio’s culture: using AI to free creative capacity, not replace it.

Section Three: Adoption and Implementation

A. Internal and External Stakeholder Negotiations

Dialogue and Resource Allocation to Secure Internal Buy-In

Reception to Aardman’s engagement with AI-based tools has been mixed, with some more enthusiastic and others sceptical. To build trust, Aardman has encouraged open dialogue between staff and leadership, using structured forums for feedback and debate, and actively sought to leverage the value of enthusiasts (champions). As part of this effort, it has built channels for close ongoing engagement with individuals from both sides who are willing to “put their hand up”. This informs Aardman’s evolving approach and directly supports its efforts build organic wider workforce buy-in.

Aardman then built on this engagement through structural internal decisions which directly invested in resources to support adoption and demonstrate its commitment to its staff. This involved buying specialist hardware, carving out time for experimentation, and concentrating early implementation within its technically confident VFX team – Copycat being the central point of adoption.

Shifting Market Attitudes

Aardman has experienced shifting client attitudes through the prior 18 months – from resistance to active interest in AI for cost reduction.

This shift has introduced new tensions, including unrealistic expectations and poorly drafted contract clauses. To mitigate against this, Aardman is developing a set of clear AI principles to communicate what it will, can, and will not do, designed to educate clients, reduce anxiety, and delineate Directed AI from Generative AI.

B. Technology Search and Assessment (Benefits, Costs and Risks)

Aardman's AI technology team – drawing on staff from across the organisation – leads assessment of potential tools. The company has adopted an organic, needs-led approach to search, engaging directly with teams to understand requirements and managing tool requests through a structured system overseen by the AI team and the senior-led Technology Strategy Group.

The business has also worked with external consultants to evaluate its data infrastructure, helping identify where AI tools could be safely deployed and how risks could be mitigated.

Assessment Framework

Before any use, tools are evaluated against five key questions:

1. What is the commercial licence and is it clear?
2. Are prompts reused for model training?
3. What is the provenance of the training dataset and is it ethically sound?
4. Can the tool run locally or on premises?
5. Does the tool offer warranty or indemnity for outputs?

For tools accessing production environments or IP, an additional security check ensures that data will not be scraped into model training. Existing trusted supplier relationships (e.g., Nuke/Copycat) have allowed some tools to move more quickly into experimentation or limited deployment.

Governance and Allow List

Through this framework, Aardman has developed a structured allow list of AI tools certified for experimentation, including risk ratings and context-specific permissions. This has:

- Eliminated shadow use of unapproved tools.
- Given teams clarity, confidence, and a clear view of the better AI tools for their use-case.
- Streamlined and inspired experimentation by providing preapproved, risk-assessed options.

The allow list also aligns tools to specific creative stages – such as research, ideation, pre-production, production, and digital/social – helping define where AI tool use is ethically appropriate.

Experimentation Approach

Experimentation focuses on targeted problems with clear KPIs, enabling robust evaluation of workflow benefits. A key component has been testing how much proprietary data is required for models to generate acceptable outputs aligned with Aardman's IP, helping the studio understand legal, security, and performance implications of wider rollout. Aardman recently shifted its approach to free up staff capacity for experimentation – buying out team time and supplementing with external resources – to ensure exploration is meaningful, resourced, and effective.

Section Four: Outcomes and Impacts

Although most Directed AI activity remains in experimentation, early implementation – particularly of Copycat within the VFX team – has led to positive outcomes:

- Significant time savings in post-production workflows (exact figures not disclosed).
- Copycat is completing 70 to 80% of work in its target process, replacing much of the repetitive manual effort.
- Broader experimentation shows strong efficiency gains in repeatable workflow stages where the studio has strong data and domain knowledge.

Strategically, the business sees engagement with AI as necessary to remain competitive and aligned with market expectations. Non-adoption would leave Aardman:

- Disadvantaged in responding to macro pressures.
- Unable to be an informed, values-driven voice in industry debates.
- At risk of reduced relevance as clients increasingly expect AI literacy.

Cautious engagement and robust experimentation are therefore viewed as essential to maintaining competitiveness and staying true to the studio's creative values.

Section Five: Reflections and Lessons

Aardman's experience highlights several key lessons:

1. A values-driven, "creatively safe" approach helps build trust and avoid ethical conflict.
2. Clear, structured governance – particularly around licensing, data provenance, and security – is essential in high-IP environments.
3. An allow list provides clarity, reduces shadow use, and empowers experimentation.
4. Workforce engagement must be iterative, transparent, and open to staff-led debate to reduce tension.
5. Concentrating early adoption in technically confident teams accelerates learning and builds internal champions.
6. Client education is now essential, given increased demand and widespread misunderstanding of AI capabilities.
7. Investing in staff time for experimentation is critical – successful adoption cannot be done on top of existing workloads.
8. Early experimentation benefits most when tied to clearly defined use cases and KPIs.

(see overleaf for next case study)

Case Study 2 – Brandtech Group, Advertising & Marketing

Section One: Context of Adoption

A. Business Overview

The Brandtech Group is a digital marketing and advertising organisation focused on the application of technology and artificial intelligence to brand communications. Founded in 2015, the company operates across digital marketing, creative services, marketing science and data analytics, ecommerce, and video production, with the aim of using technology to improve the speed, cost and effectiveness of marketing. The group works with global advertisers and businesses, providing digital content, marketing technology and related services. From its inception, Brandtech has emphasised the development and testing of emerging technologies, including early work in machine-generated content and text-based generative AI. In 2023, it acquired Pencil, a generative AI marketing platform that now forms a central part of the company's AI development and experimentation activities. The organisation has developed internal capacity to support AI adoption, including a designated lead for AI and emerging technologies, creative technologists across business units, and internal training and education programmes focused on AI.

B. Technology Adopted

The Brandtech Group employs a multi-model generative AI infrastructure, integrating:

- OpenAI's full suite
- Google's full suite
- Adobe Firefly
- Market-leading single discipline models: Bria, Getty, Kling, Topaz
- Additional bespoke integrations through Pencil.

These tools support copywriting, image and video generation, voice generation, and post-production, as well as high-scale automated creative asset production and predictive performance scoring. The company is now at a stage of long-term implementation, with ongoing experimentation.

Section Two: Drivers of Adoption

A. Systemic Workflow Challenges

Early adoption of Gen AI technology made clear that existing creative automation systems and workflows were going to fail to keep pace with client demands. The volume and velocity of required creative assets had dramatically increased, large amounts of time were being spent on repetitive, low-value manual tasks, and manual creative processes could not scale to meet the pace of modern advertising. These insights led leadership to conclude that the business needed to “disrupt” its own creative workflows.

B. A Technology-Minded Culture

The company's existing culture – which is built on continuous tech innovation and the business's founding belief in machine-generated content – meant Gen AI adoption was seen as a natural extension of its foundational work. The acquisition of Pencil and observation of the evolving AI landscape further accelerated adoption.

C. Understanding What Creative Teams Needed

Rather than relying on a limited set of specialist tools, Brandtech adopted an aggregated model approach to ensure access to the best state-of-the-art (SOTA) systems as they emerged, based on their assessment of the generative AI market as rapidly evolving, with innovation occurring across a wide range of models and providers. This enabled teams to select the most appropriate model for different creative and production tasks while also providing clients with flexibility. Model aggregation allowed the company to support organisations with differing legal, ethical, and risk positions regarding generative AI, ensuring that clients could continue to use AI capabilities regardless of the specific policies or governance frameworks they adopted.

Section Three: Adoption and Implementation

A. Internal and External Stakeholder Negotiations

Internal: Little Friction, Strong Cultural Alignment

Internal resistance was minimal due to the company's well-established culture of technological experimentation. However, some hesitancy arose from staff who valued traditional, hands-on creative craft. The business responded by rewarding experimentation, identifying internal early adopters and self-taught AI experts to lead the process, actively showing teams the creative possibilities of generative AI, and building AI-driven creative practices around its internal champions. This approach fostered enthusiasm rather than anxiety.

External: Strong Initial Interest with Targeted Concerns

Client reactions were predominantly positive, with many expressing excitement about the creative possibilities of generative AI and a strong desire to begin experimenting with the technology. For many organisations, it represented an opportunity to unlock new forms of creativity and gain competitive advantage. Alongside this enthusiasm, some clients expressed caution around potential legal exposure, while others questioned whether AI-generated outputs could meet the standards of craft and originality expected in high-quality creative work.

“Show, Don't Tell” Strategy

To address this, Brandtech Group adopted an active, personalised “show, don't tell” strategy which demonstrated real use-cases, educated clients about value, risks and safeguards, and trained staff so they could confidently guide clients and demonstrate opportunities through the process. This strategy proved effective in building trust and securing buy-in.

B. Technology Search and Assessment (Benefits, Costs and Risks)

Before adopting any model, the business created a rigorous 25-point legal assessment framework, which covered issues such as IP protection and ownership, indemnification, and transparency requirements on the providence of training data. Rather than choosing preferred vendors, the company then evaluated the entire Gen AI model landscape to produce a shortlist of any systems that met the minimum legal thresholds they had set.

Brandtech's legal framework enabled the company to address essential questions such as:

- Where might the business inadvertently infringe third-party IP?
- Are users aware of how prompting may reinforce stereotypes or bias?
- Are users critically evaluating AI-generated outputs?

This facilitated clear identification of internal and client risks and shaped mitigation strategies. Brandtech Group then used its legal framework as a client engagement tool to:

- Help clients understand risk.
- Demonstrate due diligence.
- Build trust through transparency.

As most clients lacked similar frameworks, this process was a clear commercial differentiator. Following legal assessment, Brandtech then invested heavily in:

- Staff and client training.
- Ethics and sustainability training modules.
- Building functionality into their tech to identify and mitigate bias in outputs.

C. Implementation Strategy

Workforce Education and Accreditation

A major internal training effort supported adoption. The “show don’t tell” approach extended right to Brandtech’s CEO, with this creating a substantial knock-on effect in surfacing and reinforcing an experimental culture within the organisation. Brandtech developed an internal creative Gen AI accreditation system with multiple levels; introduced mandatory ethical, legal, and sustainability training; provided prompt engineering education (including layered prompting techniques); convened external expert-led sessions (e.g., with Curious Refuge); ran a creative residency programme to rotate the best Gen AI creators into the business for a month at a time, running masterclasses and making client work, and ran internal competitions to encourage employee experimentation.

Protected Time and Sandbox Environments

The business protected a percentage of creative staff time every six months for experimentation and created a dedicated internal sandbox where staff can test all models. High uptake indicated that protected time is crucial for building confidence and capability.

Client-Facing Transparency and Flexibility

The Brandtech Group did not sanitise the implementation process, with failures made visible to clients fostering trust and learning with clients. Their multi-model aggregation strategy allowed solutions to be tailored to clients’ legal or ethical restrictions. This flexibility enabled consistent adoption even among cautious clients.

Section Four: Outcomes and Impacts

The company tracked five core metrics: speed, cost, time, quality, and performance impact. Across these metrics, the adoption of Gen AI delivered strong results.

A) Faster Workflows Without Loss of Quality

Teams reported:

- Substantial increases in speed.
- Greater creative output.
- No reduction in quality.

B) Improved Client Performance and Stickiness

Client performance monitoring indicated:

- Campaigns using generative AI perform better.
- Increased repeat business.
- Higher levels of new client acquisition.
- More Creative Work Within the Same Budget

C) More Creative Work Within the Same Budget

The most significant impact is the ability to deliver:

- More expansive creative output.
- Within the same time and cost envelope.
- While maintaining or improving quality.

D) Sustaining Competitive Advantage

Leadership believes that without this transformation:

- The company would have quickly lost competitive ground.
- Its technology-first positioning would have eroded.

Instead, generative AI has reinforced its market leadership.

Section Five: Reflections and Lessons

The Brandtech Group's experience highlights several key lessons:

1. Diagnose root workflow problems early: AI adoption is most effective when tied to systemic workflow needs.
2. Culture determines the pace of adoption: A technology-minded workforce enabled smoother engagement and experimentation.
3. "Show, don't tell": Demonstration-based engagement builds trust with staff and clients.
4. Legal due diligence is foundational: A robust framework allowed the business to mitigate risk, differentiate itself, and liberate creative exploration
5. Multi-model flexibility matters: It allows creative teams to work effectively and clients to navigate restrictions.
6. Capability building requires real time and investment: Protected time, accreditation, expert training, and a sandbox environment were critical.
7. Transparency strengthens relationships: Showing the real process – including failures – helped to build deeper client trust.

Brandtech Group's structured, transparent, and capability-focused approach has established a sophisticated generative AI ecosystem that delivers measurable creative, operational, and commercial benefits for its customers.

(see overleaf for next case study)

Case Study 3 – Disguise, IT & Software (CreaTech)

Section One: Context of Adoption

A. Business Overview

Disguise is a software, hardware, and services company that provides the tools for creative professionals to deliver visual media for live events, immersive experiences, fixed installations, broadcast, film, theatre, and corporate events. Its products enable designers, engineers, and technologists to create advanced visual, virtual, and immersive experiences. Innovation is central to Disguise's brand identity. The company was founded on the development of emerging creative technologies and continues to integrate cutting-edge tools, including 3D and game-engine rendering, virtual production capabilities, and AI-powered content engines. Disguise has a designated CTO, and its workforce includes developers and engineers with strong creative and experimentation skillsets.

B. Technology Adopted

Disguise has integrated a Google Gemini-powered LLM into its software ecosystem, launching Ask Ald3n, an AI copilot within its Designer Pro environment. Ask Ald3n assists users in navigating complex workflows by answering questions, carrying out commands, and making changes directly within their projects, freeing up their time for higher-value creative problem-solving. The product had been available for around six months when this case study was captured and is in the early-to-mid implementation stage with a growing user base.

Section Two: Drivers of Adoption

A. Identifying Clear User Pain Points

Disguise observed friction points in its users' work:

- In-depth training required for new users.
- High-pressure, high-stakes production contexts.
- Compressed timelines requiring rapid, accurate problem-solving.

Combined with visibility of how users were already experimenting with external AI tools alongside Disguise software, the company identified a clear opportunity to integrate an embedded AI assistant directly into its platform.

B. Lowering Barriers to Entry

Ask Ald3n was conceived as a way to:

- Support existing users to work faster and at higher quality.
- Reduce the training burden associated with highly technical workflows.
- Expand access to users with lower skill levels.
- Strengthen user retention and grow the customer base.

The core pitch to users centred on giving them more time for complex, high-value creative work, rather than navigating menus or troubleshooting.

C. Alignment With Market Knowledge

Disguise's deep understanding of its clients – particularly the time pressure and expectation of flawless delivery in visual media – allowed the company to articulate a compelling case for how an AI co-pilot could add value. This insight underpinned internal alignment and external messaging.

Section Three: Adoption and Implementation

A. Internal and External Stakeholder Engagement

Internal: Little Friction, Strong Cultural Alignment

Internal adoption encountered no resistance, largely due to a well-established culture of technology experimentation and a low-risk data approach; the AI was trained solely on internal documentation and IP, avoiding external datasets that would infringe copyright. This reduced legal uncertainty and aligned tightly with employees' expectations.

External: Strong Initial Interest with Targeted Concerns

User reactions were more complex. Junior users welcomed the tool enthusiastically, seeing immediate productivity benefits, whilst more experienced users expressed concerns that AI might replace their craft, or was unnecessary for their established workflows. To navigate this, Disguise developed a robust stakeholder engagement strategy that focused on transparency, reassurance, and early collaboration.

Super-Users Strategy

A key component of this strategy was early outreach to Disguise's most experienced and influential users. Practically, this took the form of early access and direct demonstrations, interviews, and case studies to showcase practical impact, and relationship-building to generate advocacy within the wider user community. Early buy-in from these users provided a foundation for broader acceptance during rollout.

B. Technology Search and Assessment (Benefits, Costs and Risks)

Disguise used a combination of customer request data, observations of existing user behaviour with third-party AI tools, and deep engagement with users' day-to-day needs. These insights informed search criteria for selecting appropriate LLM models.

A small innovation team of 2 to 3 people, later expanded to 6 to 7 at peak phases, conducted a structured discovery process which explored multiple AI solutions, conducting deeper experimentation on a shortlist of options, and then selected a model that aligned with technical constraints and user expectations. This process ensured the chosen model had built-in user legitimacy from the outset.

i) Experimental, Iterative Approach

Model assessment was highly experimental, shaped through rapid iteration, continuous testing against real production contexts, and ongoing user feedback loops.

ii) Shifting From Local to Cloud-Based LLMs

The business initially prioritised local LLMs to suit user constraints (offline, protected environments). However, testing demonstrated local models lacked required output quality and to address this in-house would have required significant investment. Disguise made a strategic pivot to cloud-based LLMs, resolving the primary issue – quality – and allowing its team to focus its expertise on what they had the capability to address, building the product layer around the model to meet client needs.

iii) Managing Legal and Ethical Risks

The company adopted a clear, practical approach. The tool's responses are trained solely on internal documentation, reducing copyright exposure. Internal legal experts worked closely with the development team to outline and communicate risks, especially those inherent in using LLMs with non-transparent global training data.

iv) Resourcing the Adoption Disguise

Disguise committed budget for experimenting with multiple AI solutions, dedicated internal staff time, and freedom for project teams to self-educate and explore, rather than receiving formal training. Notably, the innovation team did not include machine-learning specialists. Instead, the company leveraged staff's curiosity and capacity for self-directed learning.

C. Implementation Strategy

Internal Alignment

Disguise created organisation wide cohesion by communicating that Ask Ald3n represented the next major step in the platform, encouraging staff across sales, engineering, support, and marketing to actively test the tool, and incorporating the copilot into demos and support workflows. This created a unified internal narrative that strengthened external messaging.

User Engagement

Externally, implementation built on the super-user strategy. Super-users shared positive stories of impact. These endorsements normalised the tool among more cautious users.

Support for User Learning

Disguise recognised that adopting AI involved significant unlearning and relearning. In order to support this transition, they created an innovation hub on its website where users can share examples of how Ask Ald3n enhances workflows, exchange tips and experiments, and access supportive content. This has strengthened engagement and user confidence.

Section Four: Outcomes and Impacts

A. Positive Early Usage Metrics

After six months of launch:

- Usage has risen steadily.
- More super-users report that Ask Ald3n is now a key part of their workflow.
- Net Promoter Scores (NPS) for the broader Designer Pro suite have increased.

B. Benefits for Experienced and New Users

Feedback from experienced users highlights:

- Significant time savings.
- Improved workflow efficiency.
- Ability to reallocate time to complex creative tasks.

C. Target Identification

Disguise is now using these insights to target:

- Junior professionals.
- Less-skilled users.
- New entrants to the visual media sector.

D. Strengthened Market Position

Adoption of Ask Ald3n has been strategically significant for Disguise:

- Leaders believe that this investment has enhanced the company's competitive edge both in the short and medium-to-long term.
- Early adoption has positioned the business as the first mover in AI-powered workflow assistance for its sector.
- It provides a foundation for innovation over the next five years and future-proofs the platform against disruptive new entrants.

Section Five: Reflections and Lessons

Disguise's experience offers several lessons for AI adoption in creative technology environments, which are also applicable across the creative industries:

1. Deep user/client insight must drive the business case: Understanding real workflow pain points enables a targeted, credible pitch and smoother adoption.
2. Cultural readiness matters: A culture of experimentation enabled rapid internal alignment and reduced friction.
3. Engaging influential users early is essential: Super-users played an important role in building community trust and excitement.
4. Iterative experimentation leads to better decisions: The pivot from local to cloud-based LLMs avoided costly missteps.
5. Legal guidance should be embedded, not consulted at the end: Early involvement of legal experts allowed the company to understand and make clear risk-benefit trade-offs.
6. AI adoption requires both capability-building and mindset shifts: Support structures like the innovation hub helped users navigate the unlearning/relearning process.

Overall, the adoption of Ask Ald3n has bolstered Disguise's competitive advantage, deepened user engagement, and laid a strong foundation for the next wave of AI-enabled innovation across the visual media sector.

(see overleaf for next case study)

Case Study 4 – Framestore, Visual Effects & Animation (Film & TV)

Section One: Context of Adoption

A. Business Overview

Framestore is a visual effects (VFX) and animation studio providing high-end production services to the film, TV, advertising, and immersive sectors across multiple media formats. Framestore has substantial internal technical expertise, led by a CTO with deep experience in emerging technologies and AI/machine learning, and employs a large pool of creative technologists who are accustomed to experimentation and R&D. This internal capability is reinforced by a founding organisational culture that is rooted in technological innovation.

B. Technology Adopted

Framestore has primarily focused on integrating Directed AI – machine learning systems designed to solve specific, predictable workflow problems – into its creative processes, primarily to automate elements of the visual effects production pipeline such as rendering and rotoscoping. Adoption is advanced, with around 15 Directed AI models fully deployed and embedded across the business and its production workflows. Generative AI has also been adopted and is currently being scaled across workflows within the business but at a smaller scale, however, this is outside the scope of this case study.

Section Two: Drivers of Adoption

Framestore has a key operational focus on continuous improvement and innovation to increase margins and expand commercial opportunities, and ongoing experimentation with emerging technologies is embedded as a central tool within this approach. On this basis, AI was identified as a key enabler of these strategic objectives.

The business built a clear case for investment by analysing its workflows through the lens of what AI could realistically deliver, estimating ROI for each use case, and identifying where Directed AI would yield the most immediate operational benefits. Framestore's adoption strategy was to begin with low-friction, repetitive tasks where resistance would be minimal and the financial impact immediately tangible. This allowed the team to address predictable problems and deliver process improvements, before expanding into more complex use cases once ROI had been demonstrated.

Section Three: Adoption and Implementation

A. Internal and External Stakeholder Engagement

Minimal Internal Friction, 'Hearts and Minds' Approach

Internally, staff were already embedded in a culture of evolving technology, but leadership still pursued a deliberate "hearts and minds" approach – positioning Directed AI as a way to unlock creativity and shift staff towards more rewarding, higher value work. The business actively and openly demonstrated and explained to staff what AI tools could do and their implications for individual teams. This approach aligned with the existing organisational culture resulted in strengthened workforce support.

Complex Client Environment

Externally, navigating client concerns – particularly around IP, legality, and conflicting expectations on cost – was more complex. Client education became central to securing buy-in both from a cost and legal perspective. Framestore provided clear demonstrations of tools and guided clients through the difference between Directed AI (with transparent datasets) and Generative AI (with less predictable IP profiles), to illustrate how and where AI tools are used within projects.

B. Technology Search and Assessment (Benefits, Costs and Risks)

Framestore has developed a structured framework for market scanning to identify and conduct early assessment of new AI tools, to measure the value of further engagement. This framework looks to examine a model's promise, scalability, and underlying software, as well as the architecture and data it is underpinned by - relying heavily on internal technical expertise.

Governance is provided by an AI Approval Board, including the CEO, CTO, and creative-vertical leads, which evaluates all tools using a codified risk-benefit framework focused on:

- **License clarity:** only models with fully transparent, legally sound licensing are considered.
- **Data provenance:** models trained on opaque or non-commercial datasets are excluded.

The company maintains a secure, sandboxed environment for approved AI deployment to protect both company and client IP. Experimentation with unapproved tools happens outside this environment, led by a designated AI exploration team; tools can only enter once they pass the full assessment process. The sandbox provides Framestore with a robust risk mitigation structure that also drives client trust, by demonstrating that experimentation with unproven AI tools does not cross-over with their work and IP protected content.

Staff experimentation is actively encouraged. It has been vital for building understanding of model capabilities and limitations, and for generating bottom-up organic enthusiasm and trust among teams - including artists, many of whom initially had far higher levels of scepticism. A key element to this is an access request approval system, where staff can request access to a particular tool or flag it for testing. This then runs through the exploration team and the approval board.

C. Implementation Strategy

Retraining Models with Internal Data

Emphasis placed on copyright compliance and mitigation of legal and ethical risks. Framestore primarily uses open source models and reconfigures and retrains them using its own data to meet a specific use-case, substantially reducing legal exposure and copyright risk but requiring significant technical resource and internal datasets. A small number of third-party pretrained tools are used, but only when vendors guarantee ethical training datasets.

Workforce Education

On this other side of the implementation process, Framestore has focused on leveraging the creative production (and creative technology) domain expertise of staff and delivering training to embed AI and machine-learning use-case knowledge within the workforce. It found that the key expertise required for successfully embedding AI tools into creative workflows was creative and not technical - flipping the focus required significantly more time, financial, and expertise resource.

Targeted workforce training and educational resources were built internally by a small pool of machine learning and AI experts within Framestore. These were delivered through a combination of internal video courses, self-service modules, and structured upskilling - successfully embedding practical AI knowledge across teams. This approach drew on the company's longstanding investment in internal training and development.

Section Four: Outcomes and Impacts

Framestore assesses the success of AI adoption through the metrics that underpin its strategy of continuous improvement: margin impact and productivity gains. Outcomes to date have been significant:

- Seven-figure return on the cumulative value delivered per project for Directed AI initiatives that have reached full-scale deployment.
- Break-even within two months for early adoption projects, demonstrating rapid operational benefit.
- Workforce time shifted from repetitive tasks to higher-value creative work across multiple departments.
- Reduced infrastructure and overhead costs due to lower reliance on high-cost compute resources.
- Increased competitiveness in tendering and bid success, supported by a transparent, well-articulated AI strategy that reassures clients on IP protection and maximisation of value.

Leadership also emphasises the strategic risk of non-adoption: failing to invest in AI would create both a reputational disadvantage - appearing technologically outdated to clients - and a long-term operational disadvantage, as competitors adopt increasingly efficient AI-enabled workflows.

“So, either way, the opportunity cost is so large it's existential... the only silver lining is it's not existential now, as in this will take time to actually deploy into our industry, but the perception issue affects the job you're bidding for now”

Section Five: Reflections and Lesson

Framestore's experience highlights several key lessons:

1. Deep technical capability and an innovation driven culture are strong enablers of effective AI adoption.
2. Clear separation of Directed AI from Generative AI is essential for client confidence, particularly regarding IP and legality.
3. Strong governance structures – combining technical, creative, and executive perspectives – helps to mitigate legal and data provenance risks.
4. Using open-source models retrained on proprietary data significantly reduces copyright and ethical risk.
5. Workforce trust grows when AI is framed as enabling creativity – as well as opening up new career opportunities, rather than creating the risk of redundancy – and supported by transparent engagement and hands-on experimentation.
6. Embedding AI into creative workflows relies on domain expertise, making staff training and internal knowledge-building critical.
7. Longstanding investment in training creates organisational capacity for rapid, confident scaling of AI adoption.

(see overleaf for next case study)

Case Study 5 – VCCP, Advertising & Marketing

Section One: Context of Adoption

A. Business Overview

VCCP is a global creative and marketing agency operating across advertising, branding and design, behavioural science, B2B marketing, digital content, experience, production, PR, and media. VCCP has a track record of the early adoption and embedding of emerging technologies – from digital design tools to 3D engines. It maintains in-house innovation capacity through its innovation leads and working with a large pool of creative technologists. In 2023, VCCP established faith, its dedicated AI creative division, a division whose remit includes experimentation, testing, and the integration of generative AI (Gen AI) within creative workflows. faith is best known for “Daisy”, an AI-powered Granny which was developed to tackle digital scammers on behalf of the telecommunications brand O2.

B. Technology Adopted

VCCP’s GenAI adoption focuses primarily on:

- Adobe Firefly
- Google’s suite of Gen AI products - Gemini, Nano Banana, & Veo
- Video, image and audio generation

The agency is in a medium-term implementation stage: whilst some models are fully rolled out across teams, others remain in experimental pilots within the faith division.

Section Two: Drivers of Adoption

A. Rising Creative Expectations

Within the advertising market, businesses (clients) are requiring an increasing number of ideas and assets to serve changing audiences and an growing array of marketing channels. GenAI offered a way to meet this demand by increasing the agency’s creative output while reducing operational costs associated with physical shoots, CGI production, or traditional mood-boarding. Internally, early informal use by creatives showed clear value, prompting a structured organisational response.

B. Client-Led Use-Case Mapping

VCCP analysed existing client work to identify where GenAI could enhance ideation, allow clients to visualise concepts more quickly, or enable creative possibilities previously constrained by budget. faith then developed around 50 initial hypotheses – which were informed by both employees and clients. A subset of these tests delivered successful outcomes and informed wider adoption.

C. Market Opportunity

GenAI offered the potential to:

- Produce high-quality creative concepts and storyboards using existing client assets
- Serve smaller-budget clients more cost-effectively
- Increase experimentation without proportional increases in cost

The business has also identified growing opportunities in AI-generated sound and video content.

D. Key Barrier: Tool Costs

A significant constraint on expansion is that enterprise-level GenAI tools are either too limited (free tiers with low token allowances) or too costly for use at scale as part of a standardised workflow across a medium or large business.

Section Three: Adoption and Implementation

A. Early Testing and Quality Assessment

faith was established with an explicit mandate to:

- Experiment with emerging AI tools
- Test tools within live projects to evaluate quality
- Advise creative teams and clients on when and how to use GenAI

Testing included thorough examination of:

- Fidelity and reliability of outputs
- Fit with existing creative workflows
- Commercial value for clients

This experimentation-first approach ensured that full roll-out only followed where tools met a consistent quality threshold.

B. Legal and Ethical Due Diligence

GenAI adoption was situated within a framework of robust legal checks examining:

- Training data provenance
- Copyright and IP (risk of outputs)
- Indemnity offered by models
- Geographic origin of AI models

This framework ensured a clear set of answers that allowed VCCP to make firm choices on which models it was willing to engage and experiment with, and provide clients with clarity on their due diligence processes to mitigate against their concerns.

This testing and legal due diligence process enabled VCCP to clarify the trade-offs within the generative AI model market, and their implications. The research found that:

- Ethically and legally sound models often produce lower-quality outputs
- High-quality models often sit in legal grey areas due to unlicensed training data

To navigate this landscape, faith houses a dedicated legal team that works closely with creatives to review tools during testing. By combining rigorous experimentation with robust legal checks, VCCP has developed an approach which enables the organisation to both provide guidance to clients, and align its own AI offering to client expectations and the agency's governance standards. VCCP put in place AI Policies and Ethics Guides at the start of their engagement and adoption, serving as a key enabling factor for this approach, and in ensuring transparent, compliant, agile, and ethical use of AI with clients.

C. Workforce Adoption Strategy

VCCP recognised that to drive adoption, it required targeted interventions around workplace culture and skills, and has taken a multi-pronged approach:

- i) **Roll-out through familiar tools**
 - GenAI features embedded within Adobe and Google products were introduced first, reducing barriers to entry and enabling simultaneous learning
- ii) **Two-tiered training**
 - Mass training for broad awareness
 - Team-specific sessions tailored to workflows and use-cases
- iii) **Peer-led learning and internal visibility**
 - Creative teams share visual case studies of how they use GenAI
 - Internal showcases and competitions encourage experimentation
 - Peer-to-peer conversations highlight practical benefit
- iv) **Cultural foundations**

The strategy relies on:

 - Allocating time for experimentation
 - Providing clear knowledge and support
 - Leveraging VCCP's existing culture of curiosity and creative ambition

Through this approach AI adoption has gained significant momentum, shifting from experimental use to a core workflow, and VCCP has continued to refine this strategy based on engagement to deepen uptake. VCCP's "carrot, not stick" approach emphasises accessibility, empowerment, and creative possibility and adoption is not positioned as a mandatory performance gateway for employees.

Section Four: Outcomes and Impacts

A. Enhanced Creative Output

GenAI has not reduced human creativity or time spent on ideation. Instead, it has:

- Enabled faster prototyping
- Increased the volume of ideas
- Freed creatives to focus on higher-value original thinking

Across successful projects, VCCP have found that those with creative arts skills are best able to enhance work with AI, as they have a clear vision of what they want to produce, and the technical understanding to prompt models in order to generate quality outputs.

B. Cost Reduction and Better Resource Allocation

GenAI has reduced production costs for:

- Concept art
- Visualisation
- Quick-turnaround assets
- Content for more ephemeral platforms where traditional production costs would not be justified

This helps VCCP deliver more expansive creative solutions to clients without compromising quality.

C. Pitch Wins and Market Advantage

GenAI has played a significant role in:

- Winning pitches
- Demonstrating the agency's ability to help clients unlock value
- Showcasing flexibility with client assets

While direct attribution is difficult, VCCP's clients have consistently reported that their GenAI capabilities and understanding "tips the scales" when they were deciding which agency to procure.

D. Client Education and Value Creation

VCCP emphasises teaching clients:

- How GenAI works and what platforms and systems work for what
- Why it adds value
- How to use it responsibly

E. First-Mover Advantage

Early adoption has positioned VCCP ahead of competitors. Leaders note that delaying investment would now leave the agency far behind the industry curve, facing:

- Higher costs
- Steeper learning curves
- Lost commercial opportunities

Section Five: Reflections and Lessons

VCCP's approach shows that meaningful GenAI adoption requires:

1. A long-term commitment and clear position the role of GenAI
2. Robust legal and ethical governance to be integrated into creative workflows
3. Dedicated time and cultural support for workforce experimentation
4. Structured testing before full-scale deployment
5. Continuous engagement, as adoption challenges persist even with incentives

GenAI will always require investment to understand and implement, and key barriers to implementation include cost, legal complexity, and ongoing training. However, when the investment is made, the benefits can be substantial. GenAI has expanded VCCP's creative capability, lowered production costs, enhanced client work, and strengthened its competitive position.

(see overleaf for next case study)

Case Study 6 – Large (over 250 employees) Video Games Company (Anonymised)

Section One: Context of Adoption

A. Business Overview

Founded and headquartered in Western Europe, the business is a consumer market video game developer, and licences its IP and innovations to third parties including its proprietary 3D game engine. The business has long operated at the cutting edge of technical innovation, and views AI as its most complex transition due to the ethical, creative and IP implications involved – which cut across its art and code functions. The business has a technically strong engineering workforce, led by a designated CTO based in the UK, with a substantial pool of pre-existing AI knowledge developed through personal experimentation and curiosity. As a large international developer, it has sufficient financial and organisational capacity to support extensive in-house experimentation.

B. Technology Adopted

The business is currently undergoing a development and adoption process of a Large Language Model (LLM) based AI tool within its engineering function. The application for this AI tool is to serve as an “Expert Guru” that can support its engineers through analysing code, offering technical guidance, and accelerating engineering workflows. The company is currently in an early-stage experimentation phase, integrating LLMs into existing engineering processes to understand value, risks, and operational fit.

Section Two: Drivers of Adoption

The primary driver of adoption has been industry pressure to increase engineering efficiency and quality. The internal business case was framed as “faster engineering and happier developers.” LLMs offer a route to support quality assurance, problem-solving, and developer experience. The business’s approach explicitly centres around empowering staff to be productive, not reducing headcount.

Internal dynamics influenced adoption:

- Engineering teams held positive attitudes towards the use of AI - undertaking shadow usage at work, and experimentation with LLMs in their personal projects.
- This enthusiasm and existing familiarity made these teams a natural starting point and a cornerstone of the business’s AI adoption strategy, which focused on pursuing the smoothest pathway for experimentation and realising impact and leveraging the culture of its engineering teams.
- These contexts also prompted the business to pursue a formalisation of use to mitigate against reputational, governance and data oversight, and consistency risks.
- In contrast, creative and art teams held strong ethical concerns around AI training data and risks to creative practice, so leadership has intentionally avoided pursuing an AI adoption process in those areas. This was both to mitigate against internal backlash and align with its aim for AI adoption to allow staff to ‘do more better’ rather than replacing jobs. This was intended to enable the business to build a clear evidence base of AI adoption implication which it can use to engage with, and secure buy-in from, teams that were more cautious.

Section Three: Adoption and Implementation

A. Technology Search and Assessment (Benefits, Costs and Risks)

The business used an organic, “bottom-up” technology search process, drawing on internal expertise and staff insight – asking what they needed, what tools they already experimented with, and what was showing the most promise in practice. Complementing this, it leveraged its established peer networks to build a view of what was in use, and creating impact, within other developers.

Rather than selecting a single tool for experimentation, they opted to test multiple LLMs in parallel to manage risks around training data, IP, copyright, and indemnity. Allowing the business to test, compare, and evaluate multiple tools in parallel, building a detailed understanding of how each tool can be applied and, critically, examining the underlying training data to see how this affects the quality of output and usability.

Throughout the search and assessment (experimentation) phase, the engineering teams engaged in continuous close collaboration with Legal and IT. At the search stage, this enabled the business to build a clear understanding of which AI tools were viable and worth further experimentation – from technical and creative standpoints, as well as in relation to data governance, security, and copyright considerations. In the experimentation phase, this collaboration was vital to allowing the business to develop a robust knowledge base around what data is supplied to models, the legal status of that data, and the implications for output quality and compliance.

Rather than establishing a separate evaluation group or running the assessment at arm’s length from end-users, the business has adopted a stakeholder-led model in which key engineering champions drive the process. These engineering “champions” lead hands-on experimentation using nonsensitive code and IP to explore and test model capabilities and determine if and how they can support the teams’ work and understand the business’s IP, design principles, and unique architecture on experimentation-sensitive code.

Alongside management of immediate risks, the business is also actively assessing the medium- to long-term implications of its chosen AI adoption pathway. A key focus has been placed on the potential impact on junior staff (how reliance on AI might affect skills development and the depth of their technical knowledge). The business has built this into its broader approach to ensure that its experimentation and implementation strategy supports sustainable, positive outcomes, and avoids embedding structural risks into the organisation.

B. Implementation Strategy

Implementation has been deliberately phased in order to build confidence among more hesitant creative teams, who continue to hold ethical concerns due to historical AI copyright infringement:

1. Restricted experimentation with a small, highly skilled, and enthusiastic subgroup within the engineering team.
2. Broader evaluation and testing across the engineering team to validate existing data and strengthen internal buy-in.
3. Full rollout within the engineering function, forming the first stage of a wider AI engagement strategy.

The business took this strategic decision to target the lowest risk and highest reward workflow as the starting point of its AI engagement and implementation, with the goal to use this as a demonstrator project for both the impact of AI tools and their value-led approach. Leadership hopes that clear, positive outcomes for both the business and its employees will help build confidence among teams more hesitant about AI and illustrate how such tools can be used to “help creative people be more creative”.

Section Four: Outcomes and Impacts

Although the business is still in an early-stage experimentation phase, the company is already tracking impacts using three metrics:

1. Delivery time.
2. Output quality (bug reduction).
3. Team happiness and retention.

Early signs indicate clear quality improvements in engineering outputs resulting from the use of the AI support tools under experimentation, with leadership expecting internal resistance to continue diminishing as more teams experience practical benefits.

Section Five: Reflections and Lessons

This business's experience highlight several key lessons:

1. Internal enthusiasm and cultural alignment are powerful enablers of AI adoption.
2. Legal and IT involvement must be embedded throughout the process, not added later, to ensure that technical and practical insights translate into positive outcomes.
3. A portfolio approach to tool selection helps manage fast-moving AI risks.
4. Engineering-led experimentation deepens staff capability and increases buy-in.
5. Early consideration of long-term workforce impacts – especially on junior roles – is key.

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