NAW research

THE 2026

AI Adoption Index

How wholesale distribution is moving from experimentation to scaled value

302 RESPONDENTS | INAUGURAL ANNUAL BENCHMARK



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EXECUTIVE SUMMARY

A baseline for distribution's next phase of AI

NAW's inaugural AI Adoption Index, developed by NAW in partnership with Infor, establishes the industry's first repeatable annual baseline for how wholesale distributors are adopting, scaling and generating value from AI. Based on 302 responses, the Index lets executives compare progress by business function, revenue band and product sector, while testing whether governance, data, systems and workforce readiness are keeping pace with experimentation. It is a granular benchmark designed to track the industry's movement from pilots to operating capability.

The results show a market that has moved beyond curiosity but remains mostly before scale. Inventory and demand forecasting and customer service are the most advanced areas, while back office efficiency is the clearest value pocket: 47.4% of respondents who assessed impact report a moderate or significant effect there. Yet readiness lags adoption. Only 32.2% have a formal AI governance framework, 68.1% rank data quality and integration among their top three barriers and nearly six in 10 devote less than 5% of IT budgets to AI and analytics.

Larger distributors lead on scaling and formal readiness, but focused wins appear across revenue bands and product sectors, showing that company size shapes the path without fully determining the outcome.

This research represents the latest — and largest — evolution of NAW's distribution AI work. Earlier studies asked, "What is possible?" and mapped practical use cases. The next phase examined the opportunity areas where distributors were most likely to see return on investment. The Adoption Index now asks the industry's most consequential question: Where are distributors seeing real value, and what separates isolated pilots from scalable capability?

For distribution executives, the report is both a market benchmark and an action guide. It helps leaders locate their company on the maturity curve, compare progress with peers, identify readiness gaps and decide which functions, controls and investments deserve priority next. Repeated annually, the Index will show whether early signals become industrywide operating norms.

REPORT MAP

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04 The evolution: possibility to maturity

05 Who responded

06-11 Adoption, impact and readiness

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Research base: NAW AI Adoption Index, 2026. All 302 responses included.

EXECUTIVE SIGNALS

Five signals define the 2026 market

302
total respondents
91.7% distributors

1.36
highest average stage
on a 0–4 scale

47.4%
log back-office impact
moderate / significant

32.2%
have formal governance
38.2% have none

68.1%
rank data in top three
No. 1 barrier

59.1%
spend <5% of IT budget
on AI / analytics

76.3%
report no workforce change
so far

10.7%
advanced / scaling
of sufficient-data base

The 2026 Index captures an industry that has moved beyond curiosity but has not yet reached broad operational scale. Inventory forecasting and customer service have the highest adoption scores, yet no function averages even the piloting threshold of 2.0. The first meaningful value is showing up in back-office efficiency, where nearly half of impact respondents report a moderate or significant effect.

The data also exposes a readiness gap. Governance, formal data inventories, core-system integration and workforce training remain less mature than experimentation. Company size improves the odds of scale, but targeted middle-market wins show that large budgets are not the only path. Sector differences reinforce another conclusion: AI value is becoming more dependent on vertical context and specific workflows.

> “Distribution is the perfect place for AI to create transformation.”
>
> Kevin Samuelson, CEO, Infor

RESEARCH LINEAGE

From possibility to practicality to measurable maturity

NAW's Distribution AI research has moved from asking what is possible to measuring what is scalable.

1



Possibility

NAW examines how AI could reshape distribution strategy, operations and competition.

2



Practicality

NAW identifies dozens of AI use cases to turn the art of the possible into an operating map.

3



Value

NAW digs into five opportunity areas to focus attention on where AI return on investment is most likely.

4



Maturity

This inaugural index benchmarks AI adoption, impact and readiness.

In late 2024, most distribution AI conversations still centered on what the technology might make possible. NAW Research reports on AI, such as the *Distribution Future 2035* report, treated AI as a strategic force that could reshape operating models, competition and customer expectations. *In Pursuit of Practicality* then translated possibility into 52 real use cases across the value chain. *In Pursuit of Value* narrowed that inventory to five opportunity areas and asked where distributors were investing and what returns they expected. The AI Adoption Index is the next step: a baseline of how deeply AI is embedded, where impact is visible and what conditions separate pilots from scale.

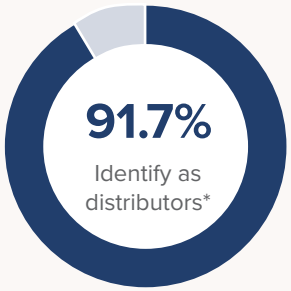
Research lineage: Distribution Futures 2035; In Pursuit of Practicality; In Pursuit of Value; MDM coverage of Info TUG Connects 2026.

RESEARCH PARTICIPANTS

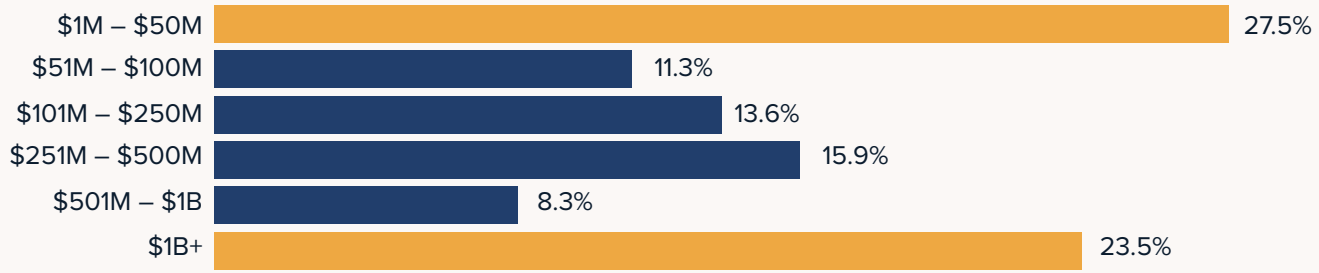
A broad executive view across company sizes and sectors

WHO RESPONDED

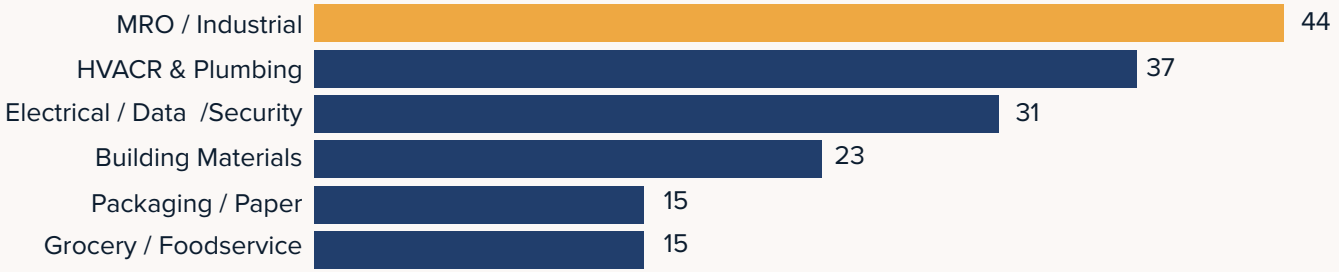
Company type



Revenue profile spans the market



Largest sector affiliations (multi-select)



* 67.6% were owners, C-suite executives or vice presidents | 63.2% worked at companies with fewer than 500 employees

The respondent base is weighted toward leaders with direct visibility into strategic investment and operating outcomes: 67.6% were owners, C-suite executives or vice presidents. It also spans both ends of the market, with 27.5% under $50 million in annual revenue and 23.5% above $1 billion. That breadth makes the data useful for a market-level baseline and for directional comparisons by company size.

Sector selection was multi-select.

PATTERN 1

Adoption is real — but mostly pre-scale

The industry's first dividing line is no longer AI users versus non-users. It is evaluation versus repeatable operations.

Across the six functions measured, average AI adoption ranges from 0.86 to 1.36 on a 0 to 4 scale. In other words, the market's center of gravity remains between "not considering" and "evaluating" AI, even though meaningful cohorts are already piloting.

Inventory and demand forecasting and customer service lead, each with an average stage of 1.36 and roughly 37% to 38% piloting or beyond. Pricing and margin optimization follows. Logistics, delivery and warehousing trail, likely reflecting the extra burden of real-time data, physical process integration and operational risk.

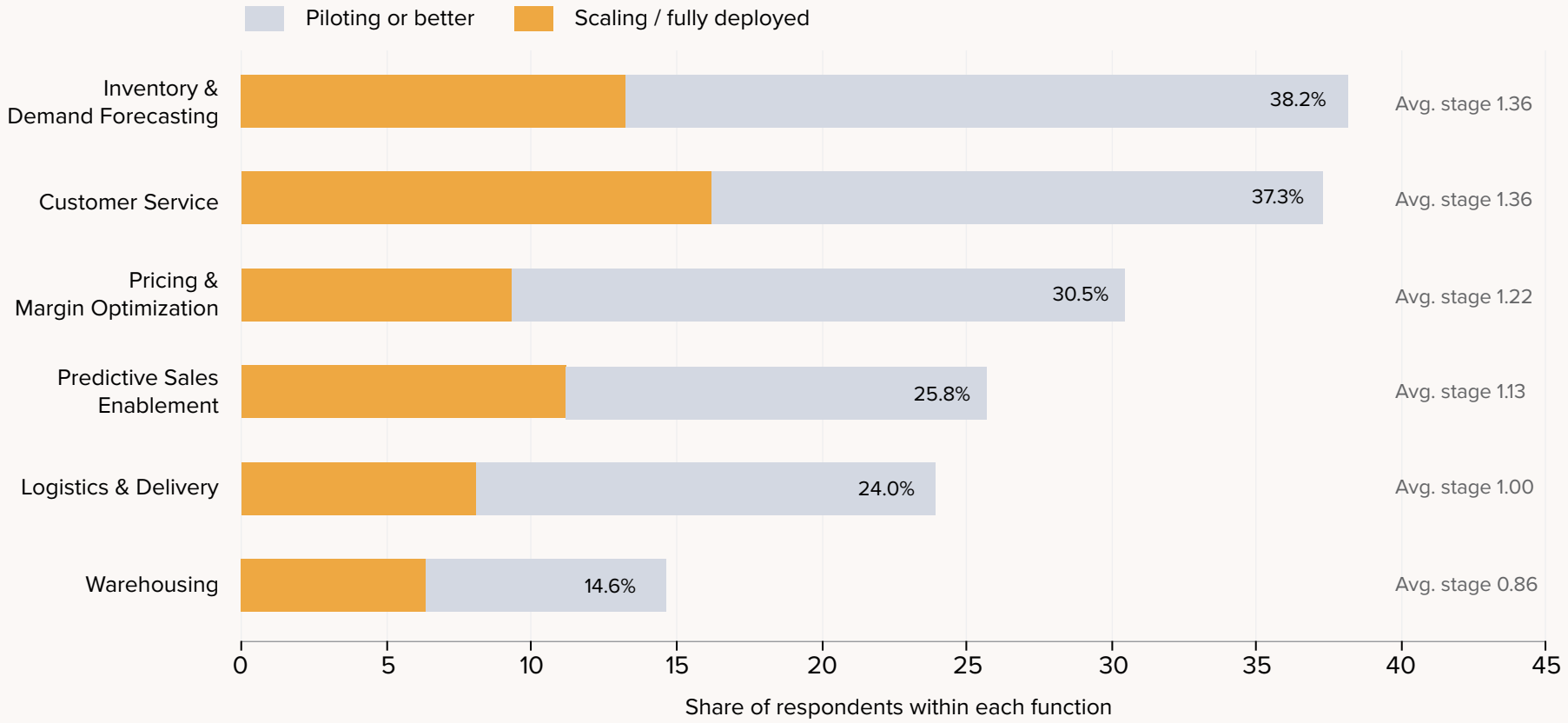
The headline is not that distributors lack AI activity. It is that adoption depth remains shallow. Scaling rates range from 6.4% to 16.3%, leaving substantial distance between today's experiments and AI embedded as a standard operating capability.

WHAT TO WATCH

- Whether piloting converts to scaling in the next annual index.
- Whether physical operations begin closing the gap with knowledge-work functions.
- Whether companies standardize reusable patterns instead of adding isolated tools.

ADOPTION BY FUNCTION

Where distributors are evaluating, piloting and scaling



Stage scale: 0 = not considering, 1 = evaluating, 2 = piloting, 3 = scaling, 4 = fully deployed. n=233.

Even the leading areas remain early: inventory forecasting and customer service have the strongest piloting signals, while customer service has the highest scaling/deployed rate at 16.3%. Warehousing is the least mature on every measure.

PATTERN 2

Back-office efficiency is the first major value pocket

AI is proving itself first where workflows are document-heavy, repetitive and easy to keep under human supervision.

Nearly half of respondents — 47.4% — rate AI's current effect on back-office efficiency as moderate or significant. The next-highest areas are forecast accuracy at 25.0%, gross margin at 24.4% and sales per rep at 23.1%. Warehouse efficiency is last at 13.5%.

Back office is a logical proving ground. Email, reporting, document handling, invoice workflows and administrative analysis produce high volumes of structured or semi-structured work. They also allow employees to review outputs before decisions reach customers or physical operations.

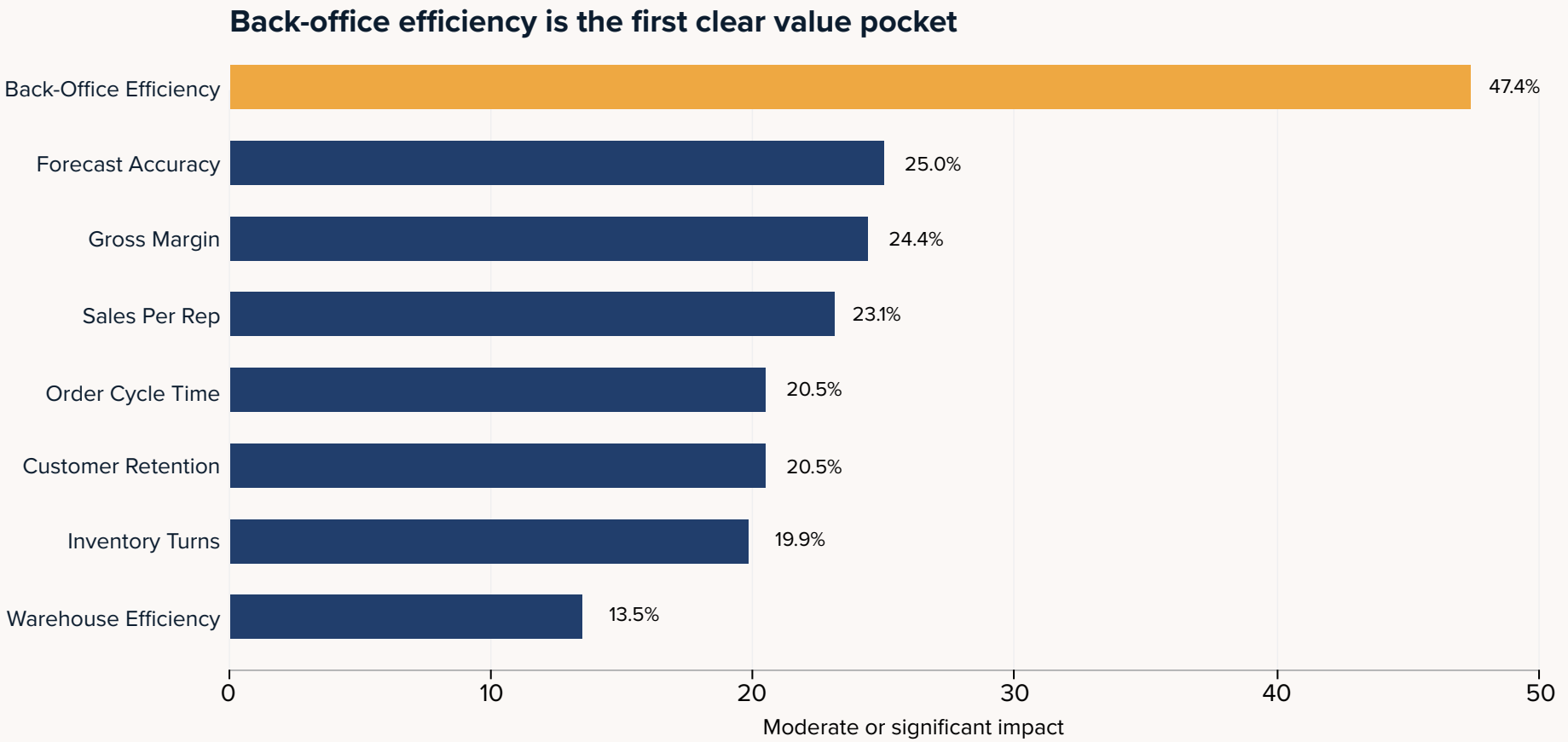
This should not be mistaken for the end state. Efficiency is the first rung on the value ladder. The larger strategic prize is using AI to improve margin, working capital, customer responsiveness and decision quality — areas where measurement is still developing.

WORKFORCE SIGNAL

Only 23.7% report workforce changes from AI. Early value may be appearing as time saved, capacity gained or avoided hiring before it appears as broad restructuring.

CURRENT BUSINESS IMPACT

Moderate and significant impact by application area



"Back-office impact" is the share rating AI's effect on back-office efficiency as moderate or significant.

The 22-point gap between back-office efficiency and the next-highest area is the report's clearest evidence that current ROI is concentrating in internal productivity rather than physical flow or customer economics.

Self-reported impact; not a hard-dollar ROI calculation.

PATTERN 3

The technology is moving faster than the institution

Governance, data readiness, integration, spending discipline and training will determine how much experimentation converts into scale.

THE FOUNDATION GAP

Adoption is moving faster than governance, data readiness, integration and workforce preparation.

32.2%

have formal governance in place

38.2% have none

39.4%

completed a data-asset inventory

22.6% in progress

50.0%

integrate AI with ERP

36.5% selected none

59.1%

spend < 5% of IT budget on AI/analytics

18.8% spend > 10%

56.5%

have trained 10% or fewer employees

13.8% trained > 50%

Only 32.2% have a formal AI policy or governance framework in place, while 38.2% have none. Data readiness is similarly divided: 39.4% have completed a formal inventory of data assets and 38.0% have not. ERP is the most common system integrated with AI tools, yet 36.5% selected no core-system integration at all.

The organizational investment is also modest. Nearly six in ten spend less than 5% of the IT budget on AI and analytics. More than half have trained 10% or fewer employees during the past year. These figures are consistent with a market experimenting through targeted tools rather than operating a broad enterprise capability.

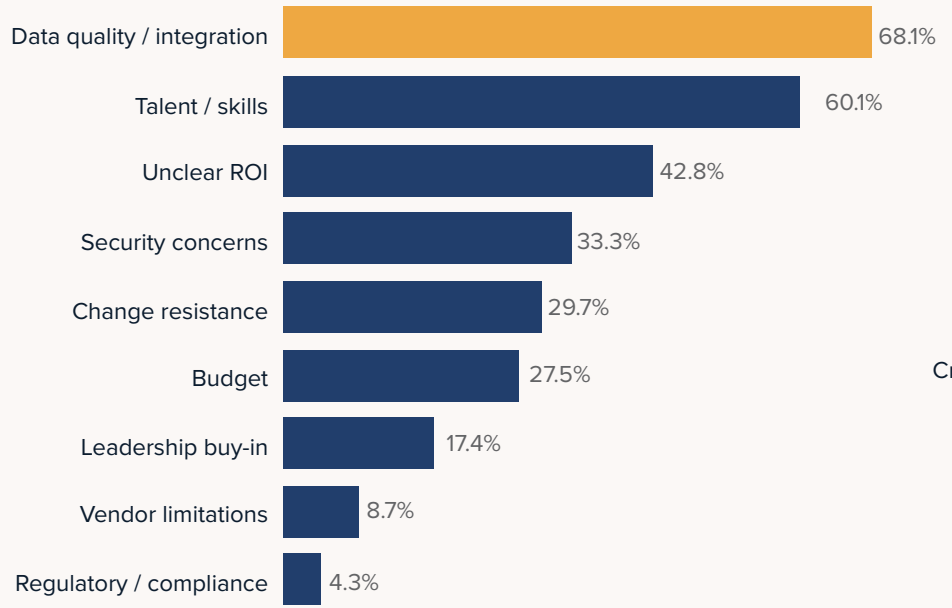
> "AI is not a product, it's a service."
>
> Kevin Samuelson, CEO, Infor

READINESS AND EXECUTION

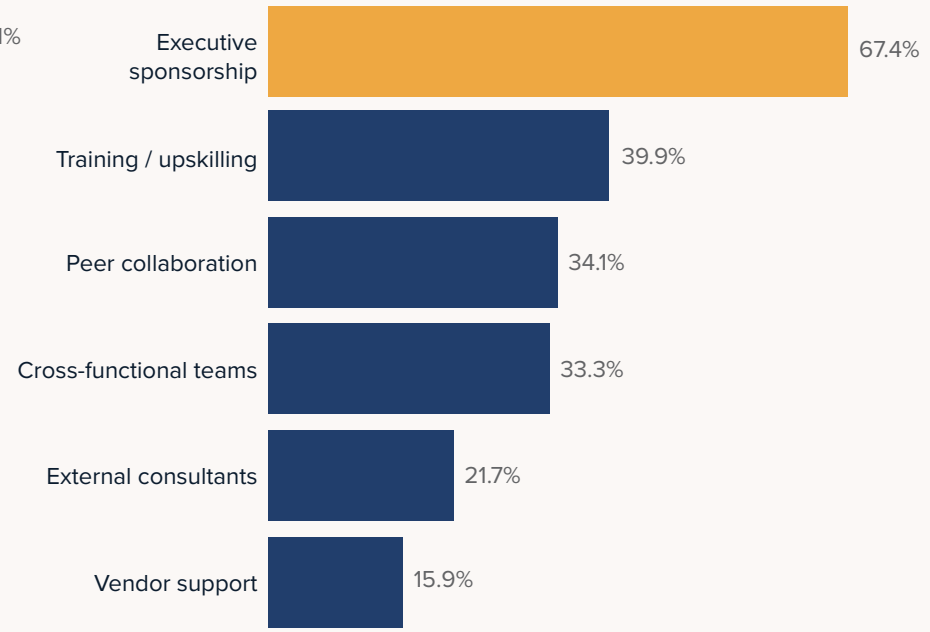
The leading constraints are data and talent — not budget

The constraint is not simply budget. It is organizational readiness.

Top-three barriers



Most helpful accelerators



Percentages reflect respondents selecting each item in the top three or as helpful.

Data quality and integration is the dominant barrier: 68.1% place it in their top three, including 45 respondents who rank it No. 1. Talent and skills follows at 60.1%. Budget ranks sixth at 27.5%, evidence that many organizations are constrained less by willingness to spend than by the ability to prepare data, choose the right process and lead adoption.

The strongest counterweight is executive sponsorship, cited by 67.4%. Training, peer collaboration and cross-functional teams form the next tier. ROI expectations are not uniform: 47.4% expect measurable impact within six months, while 52.6% expect seven months or longer. The market is learning to treat AI as a portfolio with different runways, not a single payback clock.

PATTERN 4

Scale is an advantage — but it is not the whole story

Large distributors lead on maturity, while targeted middle-market wins show that focus can partially offset resources.

The $1 billion-plus cohort is the unsurprising clear leader. Its average adoption stage is 1.74; 85.4% report at least one function at piloting or beyond; 58.3% have at least one scaling or deployed function; and 91.7% have governance in place or in progress. Nearly one-third of sufficient-data respondents in this band qualify for the advanced/scaling segment.

The under-$50 million group is earlier, but not absent: 51.4% have at least one function at piloting or beyond. The gap opens at scale, governance and measured impact. Only 19.4% have a scaling/deployed function, and 24.4% report moderate/significant back-office impact.

The middle market adds nuance. The $101 million–$250 million group reports 60.0% back-office impact despite a modest average stage, suggesting concentrated wins rather than broad rollout. The $500 million–$1 billion group posts the strongest back-office signal at 72.7% and the highest workforce-change signal at 54.5%, although the base is small.

THE INTERPRETATION

Access to AI is democratizing faster than the operating system required to scale it. Large firms benefit from integration capacity and governance; smaller firms can still win by focusing tightly and moving quickly.

REVENUE-SIZE RESULTS

A directional view of adoption, governance and impact

Revenue-size crosstab: scale improves the odds, but targeted wins appear in the middle market

	Avg. adoption stage	Any piloting+	Any scale+	Governance yes / progress	Back-office impact	Advance / scaling
$1M – $50M (n=83)	0.83	51.4%	19.4%	31.9%	24.4%	2.8%
$51M – $100M (n=34)	1.01	65.4%	19.2%	50.0%	35.3%	3.8%
$101M – $250M (n=41)	1.05	48.5%	15.2%	66.7%	60.0%	6.1%
$250M – $500M (n=48)	1.21	73.7%	36.8%	76.3%	54.8%	7.9%
$500M – $1B (n=25)	1.26	75.0%	37.5%	81.2%	72.7%	12.5%
$1B+ (n=71)	1.74	85.4%	58.3%	91.7%	62.5%	31.2%

Sector and revenue percentages use segment-specific question denominators. Interpret small-base impact measures directionally.

The gradient is strongest in scaling and advanced maturity. Back-office impact is less linear, reinforcing that a company does not need a broad enterprise program to produce a targeted win.

Metric denominators vary by question and segment.

PATTERN 5

AI adoption is becoming vertical before it becomes universal

Transaction patterns, product complexity, service models and delivery intensity shape where AI can create value.

Among the larger sector affiliations, Electrical/Data/Security has one of the strongest balanced profiles: average adoption stage of 1.33, 50.0% with at least one scaling/deployed function and 83.3% with governance in place or in progress. MRO/Industrial Supplies is closer to the overall market, but 42.1% of its barrier rankers place data quality and integration first.

Packaging/Paper, Grocery/Foodservice and Electronics show high signals on selected measures. Their smaller bases mean they should be treated as hypotheses for interviews and future research, not a vertical league table. The more useful question is why their operating models may make certain applications especially valuable.

As AI becomes embedded into ERP, inventory, pricing, customer and delivery workflows, generic capability will matter less than fit with a distributor's data, products and microvertical.

> "The context is king."
>
> Rick Rider, SVP of AI Innovation, Infor

Sector results are multi-select affiliations. A respondent may appear in more than one row, and several sector bases are small.

PRODUCT-SECTOR RESULTS

Directional signals by sector affiliation

Sector affiliation crosstab: vertical context changes the pattern of adoption

	Avg. adoption stage	Any scale+	Governance yes / progress	Back-office impact	Data barrier ranked #1
MRO / Industrial Supplies (n=44)	1.19	25.0%	63.9%	34.8%	42.1%
HVACR & Plumbing (n=37)	1.07	28.6%	60.7%	46.7%	38.5%
Electrical / Data Security (n=31)	1.33	50.0%	83.3%	45.5%	33.3%
Building Materials / Construction (n=23)	1.20	22.2%	66.7%	38.5%	50.0%
Packaging / Paper Supplies (n=15)	1.20	50.0%	80.0%	85.7%	42.9%
Grocery & Foodservice (n=15)	1.65	53.8%	46.2%	72.7%	20.0%
Electronics (n=14)	1.21	36.4%	90.9%	60.0%	20.0%
Fluid Power / Hose / Pumps (n=13)	1.24	25.0%	58.3%	50.0%	37.5%
Fasteners (n=13)	1.11	33.3%	66.7%	42.9%	14.3%
Consumer Products (n=11)	0.94	11.1%	55.6%	28.6%	33.3%

This question allowed multiple selections; sector rows are overlapping affiliations, not mutually exclusive verticals. Small-n results are hypotheses, not rankings.

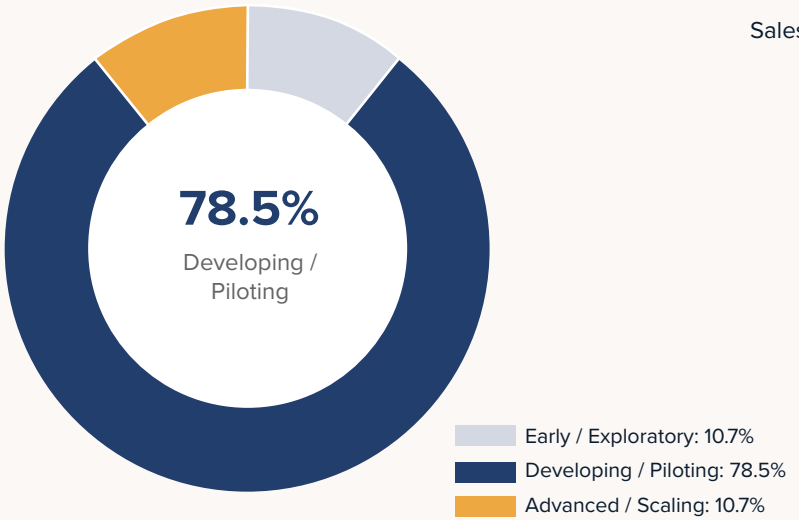
Electrical shows the strongest large-sector scaling signal; MRO and Building Materials surface a sharper data challenge; smaller delivery- and transaction-intensive sectors warrant follow-up rather than definitive conclusions.

Q2 sector affiliation. Rows overlap; metric denominators vary by question.

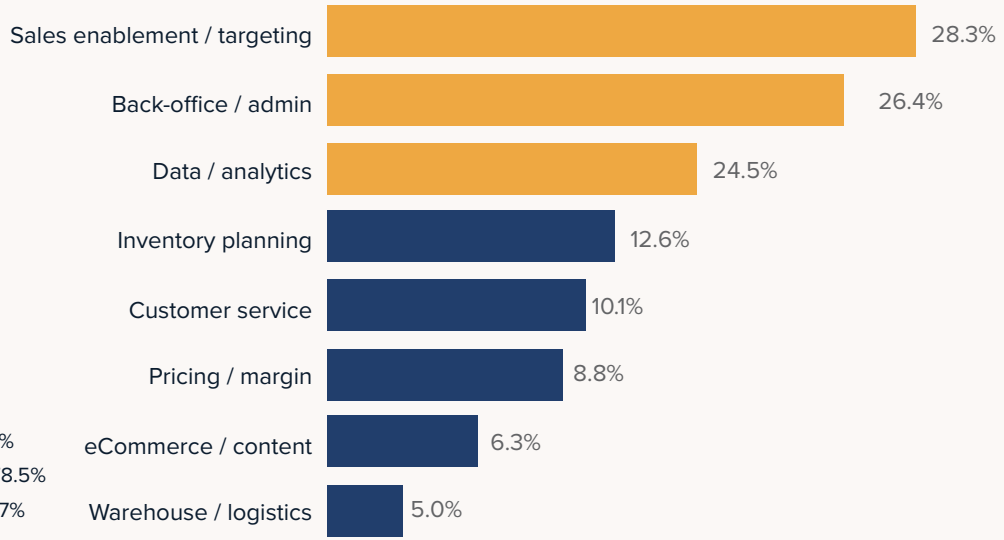
THE MATURITY CURVE

Most of the market is developing and piloting — not starting from zero, and not yet operating at scale

Derived maturity segmentation



Most common value-bearing use-case themes



Maturity shares exclude 69 respondents with insufficient data (sufficient-data base n=233). Qualitative themes may overlap; n=159 comments.

Of the distributor survey respondents, 78.5% fall into the developing/piloting segment; 10.7% are early/exploratory and 10.7% advanced/scaling. The advanced group is a useful signal of what is possible, but it remains a minority. The $1 billion-plus band accounts for most of the advanced cohort.

Open-ended answers reinforce the same picture. The most common value-bearing themes are sales enablement and customer targeting, back-office automation, data/reporting/analytics and inventory planning. These are applications with abundant information, recognizable workflows and outcomes that can be reviewed by people before organizations grant greater autonomy.

WHAT THE COMMENTS REVEAL

The biggest lesson is to put the process, data and people before the tool

Nearly half of the survey's 77 responses about failed or abandoned use cases effectively said "none," "not applicable" or "too early." Where genuine failure was described, the recurring issues were poor data, legacy-system compatibility, demand volatility, weak ROI, insufficient user adoption and projects that tried to automate a broken process.

That distinction matters. The market is not reporting a wave of model failures so much as a shortage of production experience. The operational risk is starting with a fashionable tool, then discovering that no one owns the workflow, the data is unreliable or employees have not been prepared to change how work gets done.

The advice from respondents is consistent: begin with a process problem, define the outcome, establish secure access, experiment with a small group and use early adopters to bring the organization along.

IN DISTRIBUTORS' OWN WORDS

"Get your data ready before you begin."

"Start with the process, then add AI."

"Control your data, experiment and share knowledge."

— Anonymous survey respondents

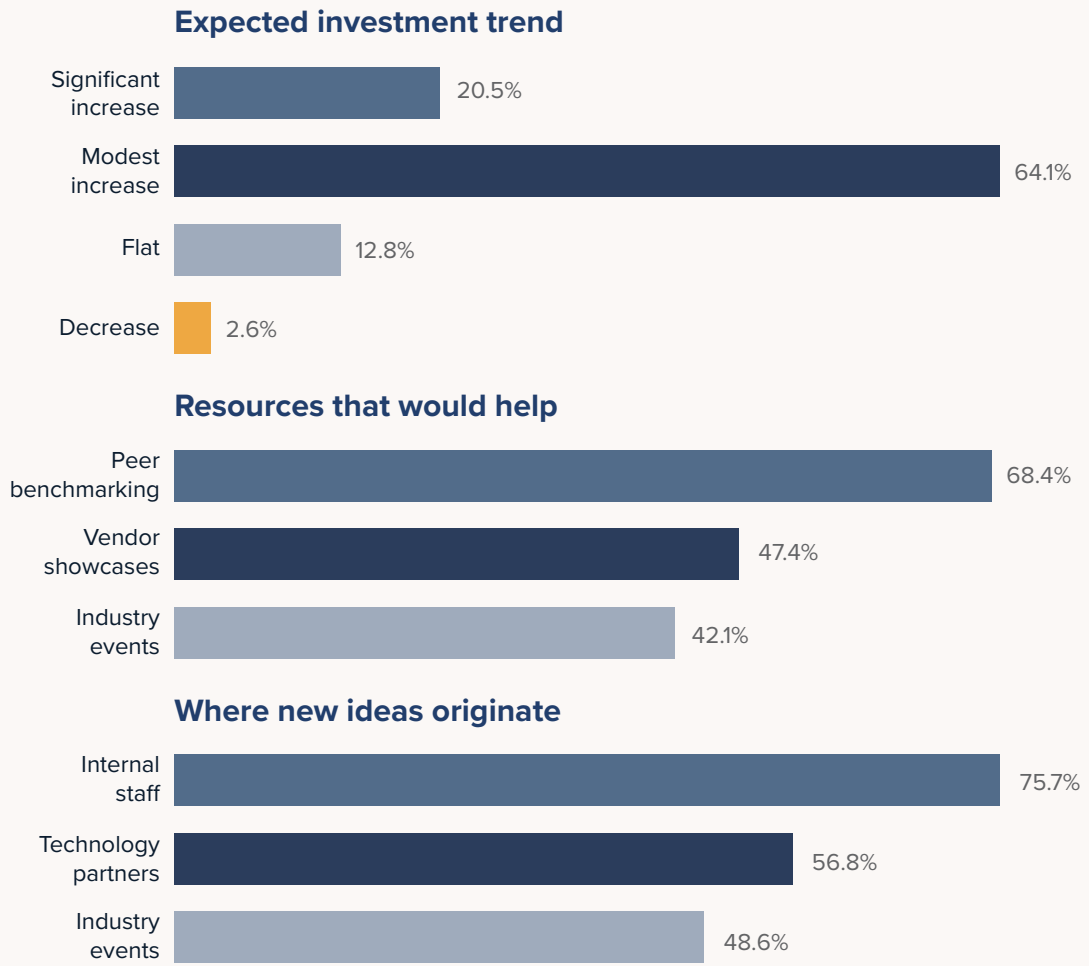
WHAT COMES NEXT

From isolated tools to governed, cross-system workflows

The optional outlook questions point toward more investment, more benchmarking and more internal experimentation

The optional forward-looking questions are small-base but consistent with the broader story. Among 39 respondents, 84.6% expect AI investment to increase during the next year. Peer benchmarking is the most requested external resource, while internal staff are the most common source of new ideas — a sign that useful applications are increasingly being discovered inside daily work.

Comments point toward sales agents, forecasting, pricing intelligence, AP/AR automation, eCommerce assistants, product enrichment and agents that connect ERP, CRM, WMS and TMS. The likely next phase is not simply more copilots. It is a move toward governed workflows that can diagnose a process, automate appropriate steps, measure the result and improve over time.



THE PATH TO SCALED VALUE

Five moves distribution executives can make now

- Diagnose before automating. Select a process with a clear owner, measurable friction and a realistic data path.
- Make readiness visible. Inventory critical data assets, establish governance and define what humans must review.
- Measure operational and economic value. Pair cycle time, quality or productivity with margin, working capital or revenue outcomes.
- Build a scaling system. Use cross-functional teams and reusable patterns so each pilot does not begin from zero.
- Train the organization, not only the technologists. Develop broad literacy, targeted power users and managers who can redesign work.

THE BASELINE IS SET

The 2026 market is neither purely experimental nor broadly scaled. It is a developing market with real pockets of value and a widening need for operating discipline.

The next annual Index should reveal whether evaluation converts into scaling, whether governance catches up, whether measurable impact extends beyond back office, and whether sector and size gaps widen or narrow.

That is the transition that will define distribution's next phase: not access to AI, but the ability to turn it into repeatable, governed value.

Methodology note: All 302 responses included. Question bases vary because later sections were optional. Sector affiliations overlap. The derived maturity segmentation is an analytical construct for this report, not an externally validated rating.



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FROM EXPERIMENTATION TO SCALED VALUE

The inaugural AI Adoption Index establishes the industry baseline.
The next chapter will be written by the distributors that build the discipline to scale.

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