

A woman with blonde hair, wearing a colorful floral top, is sitting at a dark wooden desk in a clothing boutique. She is smiling at the camera with her hands clasped. In front of her is a silver Dell laptop. To her left, a rack of various clothing items is visible. Behind her, a mannequin wearing a white top and a black choker stands near a large window. The background shows more of the boutique's interior, including a red sofa and a person in the distance.

DELLTechnologies

From survival to scalable growth: A new operating model for retail SMBs

How growing retailers evolve their operations to stay resilient today and ready for what comes next.

intel

 **Windows 11**

Executive overview

This white paper examines the operating model retail small and midsize businesses (SMBs) are working toward, why achieving it has historically been difficult, why IT modernization can no longer be deferred, and how integration is enabling measurable progress. It highlights practical AI use cases already delivering value in retail environments today and outlines how Dell Technologies — working alongside partners such as Intel and Microsoft — helps retail SMBs modernize in a way that is secure, scalable and aligned to real-world store operations.

Introduction

Retail SMBs are the backbone of local economies and are often growing, multi-location organizations. They operate under thin margins, rising customer expectations and growing security risk. In this environment, survival is an achievement.

These organizations' priorities are practical: improving efficiency, moving faster and delivering better customer experiences in ways that support strategic goals and accelerate growth. Reaching those goals depends on having the right technology in place.

When technology works as intended, it delivers real-time insight, embeds security into daily operations and automates routine work so teams can focus on customers instead of systems. For years, however, these capabilities were largely out of reach for growing retailers, reserved instead for enterprises with large IT teams and budgets.

That reality is changing.

Advances in devices, IoT, AI-enabled computing and integrated infrastructure are making enterprise-grade capabilities accessible at SMB scale, without the overhead that once accompanied them. What now limits progress is not ambition, but environments built on aging infrastructure and fragmented systems that were never designed to support modern, AI-enabled workloads.

Many retail organizations are approaching technology adoption with urgency and caution. Seventy-five percent report the need to remain budget-conscious when pursuing AI use cases, reflecting limited tolerance for missteps.¹ At the same time, momentum is building. Fifty-seven percent of retail SMBs are already investing in AI software applications and SaaS solutions, signaling a shift from exploration toward execution.²



The market is moving forward carefully. Growing retailers are prioritizing technologies that deliver measurable returns without adding operational burden, with increased operational efficiency emerging as the top AI benefit — cited by 55% of retail SMBs.³ Rather than layering on isolated tools, they are beginning to adopt a more deliberate, strategic view of technology adoption, favoring solutions designed to scale cohesively across the customer lifecycle.

Together, these trends point to a clear shift: retail organizations are moving away from incremental technology decisions toward more integrated approaches that support performance, security and manageability as they grow.

The ideal state: How retail SMBs want to operate

In the ideal operating model, retail SMBs connect physical and digital channels in ways that feel natural to customers and manageable for staff. Inventory, promotions, staffing and customer engagement are no longer treated as separate functions. Instead, they are viewed together, allowing leaders to make decisions based on current conditions rather than delayed reports or instinct alone.

Day to day, this model reduces friction. Store associates spend less time on a screen waiting on systems or reconciling information and more time engaging with customers, moving product and keeping operations running smoothly across the store floor, checkout and online channels. That same operational clarity becomes even more important as retail SMBs extend beyond the store itself. As growing retailers expand ecommerce through marketplaces, third-party fulfillment and crowdsourced delivery, intelligence helps align inventory, pricing and customer experience across in-store systems and external platforms that retailers don't directly manage.

These priorities are already shaping how retail organizations approach technology investment. Improving the online shopping experience for customers and increasing profit margins through smarter operations are now the leading drivers for AI adoption. The focus is not experimentation, but impact.

Retail organizations consistently express interest in three AI application areas: autonomous customer service agents; autonomous IT and security operations; and automated research, reasoning and analysis. Each targets work that is repetitive, time-sensitive or difficult to scale with limited staff.

Importantly, these use cases cut across systems, devices and workflows. Their effectiveness depends less on standalone tools and more on how well the underlying IT environment supports integration, manageability and trust — an issue that becomes central as organizations move from experimentation toward execution.



Security and privacy are integral to this operating model. Personalization and omnichannel engagement must be delivered responsibly, without introducing new risk or operational burden. Achieving this balance requires intelligence that operates in real time, close to customer interactions and in a way that fits the constraints retail SMBs face today.

For growing retailers, this state enables outcomes that matter most:

- Sustainable growth without operational disruption.
- Time savings that return focus to customers and the store floor.
- Faster, better-informed decisions across locations and channels.
- Resilient security that protects both revenue and trust.
- Predictable ROI.

Barriers limiting retail SMB progress

Many retail organizations have invested where they could, often incrementally and under pressure. But the pace of change has outstripped those investments.

Technical debt has accumulated. Architectures built for simpler operations are now stretched beyond their limits.

These challenges rarely appear as a single, visible failure. They show up in everyday operations. Costs creep upward, decisions take longer and risk becomes harder to manage. IT teams spend more time keeping systems running than enabling the business.

The following barriers illustrate how these pressures take hold inside resource-constrained retail environments.

Cost pressures are amplified by fragmented IT environments

Aging devices, underpowered systems and fragmented tools often introduce hidden costs over time through lost productivity, increased support needs and constrained flexibility. This cost drag is reflected in measurable productivity losses and higher support demands in legacy environments, where older devices and fragmented management models increase the operational cost of day-to-day work.



Executive takeaway: The retail ideal

- Insight replaces guesswork.
- Security supports operations rather than slowing them.
- Technology enables business while fading into the background.
- Growth becomes repeatable.

Disconnected data prevents timely, informed decisions

Retail operations generate continuous, enormous volumes of data across point-of-sale systems, inventory platforms, workforce scheduling and customer interactions. When this data lives across disconnected systems or must be processed elsewhere, insight arrives too late to be useful. Leaders are forced to rely on experience and instinct at moments when precision matters most.

Rising cyber risk without embedded IT resilience

Cyberthreats are now a near-constant reality. In the past year, 83% of businesses have experienced a cyberattack, and retail remains a frequent target.⁴ Security threats have grown more sophisticated while downtime and breaches carry far greater cost. For many growing retailers, budget and procurement constraints mean security is added after deployment rather than built in, increasing exposure across endpoints, point-of-sale systems and connected devices. The results are greater exposure, longer recovery times and increased operational disruption when incidents occur.

Operational strain in lean IT environments

Most retail organizations operate with minimal IT staffing, often a single individual or a small external team. As IT environments grow more complex, routine tasks such as provisioning, patching and troubleshooting consume more time and attention. These activities become points of failure, pulling focus away from store operations and customer-facing priorities.

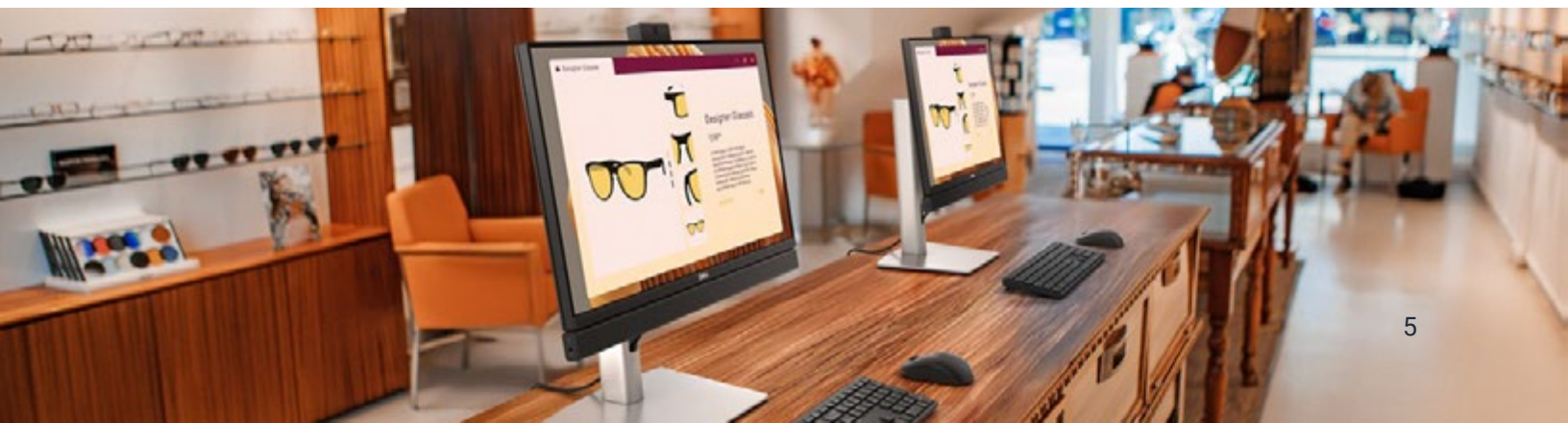
Workforce constraints slow effective technology adoption

High turnover, limited training windows and constant operational demands leave little room for prolonged technology transitions. When new systems feel disruptive rather than supportive, adoption stalls. Value is delayed, and confidence in future initiatives erodes.



Executive takeaway: Why progress stalls

- Fragmented systems delay insight and response.
- Reactive security increases risk.
- Complex environments outpace the capacity of lean IT teams.
- Cost pressure magnifies the impact of every decision.



Why IT modernization can no longer be deferred

Many growing retailers are competing in markets shaped by enterprise-scale expectations while still relying on technology built for a different era. These environments were designed for slower cycles, fewer channels and more manual oversight. They are now being asked to support a retail model that is faster, more connected and far less forgiving.

Customers move fluidly between physical and digital channels. Inventory accuracy, fulfillment speed and service consistency are judged as a single experience. Meanwhile, labor shortages, inflation and supply volatility have removed the buffer that once allowed inefficiencies to go unnoticed. When systems falter, the impact is immediate. Delays disrupt operations, downtime erodes trust, and, adding further pressure, small missteps carry outsized financial consequences.

Retail SMBs recognize that these demands cannot be met with existing architectures. As AI adoption moves from experimentation toward execution, 88% of SMBs agree that maturing AI initiatives will require more private, on-premises, or edge infrastructure to meet compliance, cost predictability, and performance requirements.⁵ This signals a broader shift in how retailers think about infrastructure — not as a future concern, but as a present constraint on growth.

As a result, postponing modernization has become increasingly costly. Legacy environments require greater effort just to maintain baseline performance. As complexity grows, limited IT teams spend more time stabilizing systems and less time supporting the business.

Delay also compounds risk. Systems grow more intertwined, dependencies multiply and each postponed decision makes future change more expensive and more disruptive. What once felt like a temporary workaround gradually constrains how the business can operate.

At the same time, organizations that have begun modernizing are seeing measurable returns without needing a full transformation. Value is being realized incrementally, from endpoint refresh to operational improvements at the edge. This reinforces an important shift in thinking. Modernization doesn't require starting over. It does mean starting deliberately, building momentum from the current state and allowing progress to compound over time.



Executive takeaway: Why modernization can't wait

- Customer expectations now span channels, not systems.
- Operational buffers have narrowed.
- Accumulated technical debt compounds over time.
- Legacy environments were not designed for modern retail.
- Delaying modernization entrenches technical debt.

Why retail SMBs should prioritize IT integration over IT accumulation

Retail SMBs are reaching the limits of what incremental technology decisions can deliver. Adding more tools to an already sprawling environment creates friction, not momentum. Competing in modern retail now requires a shift in how technology is acquired, organized and managed.

Integration as the enabler of practical AI adoption

AI delivers value only when it fits into everyday operations. A unified IT environment allows intelligence to be embedded directly into retail workflows instead of standing apart as a separate initiative. This makes it possible to apply AI deliberately, tied to clear operational goals rather than experimentation.

This distinction matters because many retailers are operating under growing constraints. Seventy-five percent of retail respondents say budget shapes how they pursue AI initiatives, limiting tolerance for redundant tools or experimental architectures.⁶ At the same time, more than 33% cite concerns about over-automation or lack of trust in AI.⁷ Together, these signals point to a simple reality: retail SMBs need technology that inspires confidence and control, not additional complexity.

Early AI use exposes the limits of incremental adoption

Some retail teams are already applying AI to data analysis and reporting, research and information gathering, and IT and security operations. These activities cut across devices, applications and workflows. In environments assembled tool by tool, they are difficult to support consistently.

Interest in autonomous IT and cybersecurity makes the challenge even clearer. Intelligence can't operate reliably when systems don't work together. Disconnected environments limit how far AI can be trusted or scaled.



Executive takeaway: Integration as a growth enabler

- Accumulated solutions increase cost, risk and delay.
- Integrated foundations simplify IT landscapes.
- Security by design supports continuity and resilience.
- Enterprise-grade capability becomes sustainable at SMB scale.

Executing modern retail operations through integrated, AI-enabled systems

Integration starts at the endpoint. Devices that can securely support AI workloads and run modern applications locally remove friction instead of adding to it. When performance, security and manageability are built in, endpoints become assets rather than constraints.

In practice, this means retail signals such as transactions, inventory movement and workforce activity can be analyzed locally, allowing teams to respond faster and act with greater confidence. Customer engagement and inventory accuracy increase. Reliance on centralized systems declines.

Security also shifts. When protection is built into devices and operating systems, it becomes proactive. Risk is reduced without slowing operations, and security moves from a source of uncertainty to a stabilizing factor.

Manageability follows the same pattern. Integrated provisioning, updates and lifecycle management reduce the load on small IT teams. Routine tasks become predictable, freeing time and attention for higher-value work.

Advances in AI-capable computing now make this approach accessible without specialized infrastructure or dedicated data science teams. Retail SMBs can apply intelligence where it matters, using the same environment that supports daily operations.

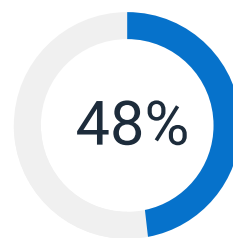
The result is an IT environment that stays out of the way. Insight arrives when it's needed. Leaders retain visibility and control as the business grows.

Where AI delivers a measurable advantage in retail

Retail organizations that are most effectively incorporating AI are applying intelligence where it directly improves decision-making speed, operational confidence and customer outcomes. In practice, this means using AI in the flow of daily work rather than treating it as a separate innovation effort.

Today, employees already rely on AI for data analysis and reporting (56%), research and information gathering (52%), and IT and security operations (52%).⁸ These uses reflect a pragmatic mindset: retail teams are prioritizing speed, early issue detection and reduced uncertainty as data volumes grow and operations span more locations and channels.

When retail SMBs assess where AI delivers the strongest return, several use cases consistently emerge. Each addresses a core retail challenge tied directly to revenue, cost control or customer experience.



of SMBs have invested in AI PCs or plan to do so in the next 2–3 years.⁹

Use case: Personalized engagement across in-store and digital touchpoints

Retail organizations now operate in environments where customer interactions move continuously between physical stores and digital channels. Pricing, promotions, availability and service consistency must be managed as a single system, not as separate touchpoints.

To meet this expectation, retailers are using AI to analyze customer profiles, in-cart behavior, inventory levels and demand signals as interactions occur. Recommendations, offers and promotions adjust in real time based on what's available and where the customer is engaging.

Dell Technologies supports this model by enabling intelligence to operate closer to where customer interactions occur. AI-ready PCs and edge platforms, built on Intel® processors, allow customer, inventory and promotional data to be processed locally. This reduces latency while maintaining security and responsiveness across kiosks, digital signage, associate-assisted selling and online channels. Retailers using newer Dell devices with Windows 11 report up to a 46% improvement in productivity, enabling faster engagement without increasing operational burden.¹⁰

Use case: Loss prevention and transaction security at checkout

Shrinkage and fraud remain persistent challenges for retail SMBs, particularly at self-checkout and point of sale. These environments require heightened vigilance without introducing friction that slows legitimate transactions.

Retailers are using edge-based computer vision and real-time analytics to detect suspicious behavior, identify fraud patterns and prevent theft as it happens. AI supports faster recognition of anomalies while allowing transactions to proceed normally for customers.

Dell Technologies enables these capabilities through secure-by-design devices and Zero Trust architectures that protect sensitive data throughout deployment and operation. Retailers using Windows 11 Pro on Dell PCs report 58% fewer security incidents compared to legacy environments, reducing risk while preserving a smooth checkout experience.¹¹



Use case: Inventory optimization and demand forecasting

Inventory accuracy directly impacts profitability, especially in environments with limited margin for error. Overstocking ties up capital, while stockouts erode customer trust.

Retailers are applying AI-driven demand forecasting to analyze purchase trends, seasonal patterns and supply constraints. These models help reduce out-of-stocks and over-ordering by improving visibility into future demand. Digital twins extend this capability by simulating inventory scenarios across stores and warehouses, helping retailers balance supply and improve cash flow.

Dell Technologies supports this use case through edge-based inferencing and scalable infrastructure that unifies data across the shopper journey. By processing insights closer to where inventory decisions are made, retailers gain faster, more accurate forecasts without disrupting day-to-day operations.

Use case: Workforce productivity and store operations

Frontline employees depend on reliable, responsive tools throughout the workday. Slow systems, manual workarounds, and device downtime directly affect service quality and morale.

Retail organizations are using AI-assisted task automation to support scheduling, replenishment and routine operational tasks. This reduces manual effort and allows associates to focus on customer engagement rather than administrative work.

Other features such as connected provisioning and Windows Autopilot allow new devices to be deployed quickly across locations, while AI-assisted power management supports multi-day battery life for mobile associates.

Performance gains at the device level often translate into even greater improvements at the workflow level. As compute-intensive tasks complete faster and systems respond more consistently, employees experience fewer interruptions, less task switching and smoother end-to-end processes. In retail environments, these effects compound across daily workflows, helping explain why improvements in workload performance can result in even larger gains in human productivity. Retailers report up to 50% faster workflows on average.¹² This reflects the compounding impact of reduced latency, improved system responsiveness and fewer interruptions across multi-step retail processes.

Use case: IT scalability and operational continuity

As retail organizations expand across stores, digital channels, and fulfillment partners, consistent IT deployment and management become essential. Lean IT teams must support growth without adding operational strain.

Retailers are adopting centralized, automated deployment models to reduce manual effort and improve consistency across locations. Dell Technologies enables centralized, Zero Touch deployment across locations using Dell NativeEdge, allowing infrastructure and applications to be deployed in under one minute.¹³

For IT teams with limited capacity, this level of automation supports growth without increasing support burden. Retailers using Windows 11 Pro with Dell Technologies manageability tools report up to an 80% reduction in helpdesk calls, allowing teams to focus on business priorities rather than device maintenance.¹⁴

Why Dell Technologies is uniquely positioned to support retail SMB modernization

Translating an integrated IT strategy into day-to-day retail operations requires more than alignment on principles. It requires technology that can be deployed quickly, secured by default and sustained by lean teams across distributed environments. Dell Technologies is designed to meet these execution requirements at scale, supporting modernization without increasing operational burden.

AI-ready endpoints built for modern retail workflows

Retail work increasingly happens at the edge of the business — on the store floor, at checkout and alongside customers. Dell Technologies AI-ready PCs, powered by Intel® Core™ Ultra processors with built-in AI acceleration, enable intelligence to run directly at the point of interaction. This allows real-time analytics, personalized engagement and loss prevention to occur locally on the device, supporting seamless customer experiences without relying on centralized processing.

Tasks such as real-time analytics, personalized engagement and AI-assisted operations can run locally instead of waiting on centralized systems. Processing intelligence closer to transactions reduces latency and keeps experiences responsive across both physical and digital touchpoints.

Hardware-based protections and Windows 11 security features reinforce this model. Sensitive data can be processed locally while maintaining a strong security posture, without adding complexity for lean IT teams that already manage more than they should.



Consistent AI operations at the edge

Retail environments extend well beyond endpoints. Loss prevention systems, inventory analytics and in-store intelligence must operate consistently across locations. Dell Technologies NativeEdge addresses this challenge by providing centralized orchestration for edge infrastructure and applications.

Retail SMBs can deploy and manage AI-enabled workloads across stores with far less manual effort. Governance stays intact as environments scale.

Organizations using Dell NativeEdge achieved up to 68% time savings by automating edge application orchestration, demonstrating the operational impact of reducing manual edge management.¹⁵ This approach aligns with hybrid and edge models that allow retailers to maintain consistent management and place workloads where they make the most sense — whether in the cloud, on premises or at the store edge.

Simplified deployment and lifecycle management for lean IT teams

For growing retailers, manageability often determines whether modernization succeeds or stalls. Dell Technologies simplifies deployment and lifecycle operations through Zero Touch provisioning, centralized management and integrated lifecycle services, underpinned by hardware-enabled management and security capabilities such as the Intel® vPro® platform. Windows 11 Pro further reinforces this foundation with secure-by-default protections and modern endpoint management designed for distributed, frontline retail environments.

Together, these capabilities allow small IT teams to deploy, update and secure device fleets efficiently across multiple retail locations without relying on manual setup or constant intervention. Updates stay consistent. Security remains enforced. Uptime improves.

The impact shows up quickly. SMBs using Windows 11 Pro devices with Dell PCs report a 250% ROI compared to legacy systems, reinforcing that modern endpoints can deliver measurable value without long payback periods or additional overhead.¹⁶

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Designed to work as a system, not a collection of tools

What distinguishes Dell Technologies is not any single capability. It's how those capabilities work together. Security is built into the platform. Manageability is embedded into the lifecycle. AI-enabled functions run on the same infrastructure that supports everyday retail operations.

This coherence allows retail SMBs to modernize from their current state, adopt AI where it delivers clear business value and scale without losing control. In modeled retail environments, this approach has delivered up to a 71% ROI over three years, reinforcing the link between architectural cohesion and measurable business outcomes.¹⁸



Dell Technologies is the power behind retail SMB progress

Growing retailers are entering a new phase of possibility. The ambition to operate with insight, resilience and precision has always been there. What's changed is the technology that makes it attainable.

Dell Technologies plays a defining role in this shift. By delivering integrated, AI-ready platforms and services purpose-built for lean IT environments, Dell Technologies empowers retail SMBs to modernize on their own terms, advancing at the pace of the business. Dell Technologies powers progress.



To learn more, visit Dell.com/Industries

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