



OK, think about this for a second.

The Australian AI market, it's really taking off, isn't it?

Growing at almost 15% every single year leading up to 2026.

Yeah, that's a huge wave and you know, smack bang in the middle of it are Australia's micro businesses.

Exactly.

Those small players, the 98% of companies that are well the engine room of the economy, they could gain so much from AI.

That 98% figure, it's pretty striking.

It just highlights how how widespread the impact could be if we get the AI solutions right for them.

Totally.

But look, here's something we've been digging into, looking through market reports, chatting with owners.

A lot of these smaller businesses are, well, hitting a wall with the current AI tools hitting a.

Wall how?

We've started calling it AI amnesia.

You know, imagine trying to chat with someone and they just keep forgetting what you said like 2 minutes ago.

OK yeah.

Or if every single app you used had zero clue what you're doing in the other ones.

It's that kind of frustration that keeps popping up.

Right.

So it makes you wonder, doesn't it, if these tools can't actually remember the context?

Are they really saving time for these really busy micro business owners?

Or is it just another thing to manage?

That's exactly the question.

So yeah, that's our focus for this deep dive.

We want to unpack a strategy for a new kind of AI, one built specifically for Aussie micro businesses that actually tackles this whole memory problem head on.

Sounds interesting.

Yeah.

So whether you're maybe trying to get your head around a new industry trend or prepping for a big meeting, or maybe you're just curious about what's next in AI, we reckon this deep dive will have some pretty valuable insights for you.

And.

We've looked at a fair bit of material, haven't we?

Growth projections, adoption trends, what the current tools do well and not so well.

We have and look thinking bigger picture, sorting out this AI amnesia thing.

You could seriously unlock productivity, couldn't it?

Maybe even drive some real innovation in that whole micro business sector.

Definitely a big potential upside there.

OK, let's get under the hood a bit.

This Australian AI market growth nearly 15% annually.

It's not just happening randomly, is.

It no.

There's some specific things pushing it.

Right, like the launch of TikTok shop here in Australia expected in 2025.

That's probably going to push a lot of small businesses towards needing smarter, AI driven marketing, wouldn't you think?

Absolutely.

And then you've got this other pressure point content creation fatigue.

Yes, saw that figure.

Over half of marketers reporting burnout this year.

That's well, that's huge.

It is, and it screams.

Need AI help here, doesn't it?

Shows that tools to ease that content burden are becoming, well, almost essential.

So you've got this market hunger for growth, but also these real operational strains coming together.

Yeah.

It's a bit of a perfect storm really creates fertile ground for AI tools that can genuinely solve those specific problems.

And, you know, it feels like there's this AI divide opening up, big companies are jumping in, But micro businesses, again, that huge 98%, they seem to be lagging behind a bit.

That makes sense, doesn't it?

Yeah, bigger companies usually have more resources, more tech expertise, sure.

But it also means there's this massive untapped market just sort of waiting for the right key, the right kind of AI solution.

Yeah, absolutely.

Because these micro businesses, they are starting to see the potential.

They get how AI could automate the boring repetitive stuff, you know?

Free up their.

Time exactly.

And give them better insights into their customers.

Make things run smoother and, you know, crucially, help keep costs down.

And the range of uses is just massive, isn't it?

Customer support, writing blog posts, social media, even stuff like bookkeeping, basic graphic design, managing projects.

Oh, and tackling the e-mail avalanche.

Definitely e-mail.

So the possibilities are really quite vast for many of them.

It's moving beyond nice to have and becoming pretty essential to just compete and grow sustainably.

Yeah, I can be like a force multiplier, right?

Letting small teams punch above their weight?

Thought on, but oh, it's not all smooth sailing, is it?

There are some pretty significant roadblocks stopping these businesses from really diving into AI.

Right.

And understanding these challenges is absolutely critical if we want to figure out what kind of solution will actually work for them.

It's not just about the tech itself.

No, it's about the practical hurdles.

Like for starters it seems many just don't have a clear plan for AI.

It's all a bit piece meal.

Ad hoc, yeah.

And get this, something like 63% of business leaders apparently don't even really know how their teams are.

We're using AI tools right now.

Wow 63%.

That lack of visibility makes it incredibly hard to build on any successes or even manage the risks.

You end up with fragmented efforts, maybe wasted money.

And Speaking of risks, data privacy and compliance, that's a massive 1, isn't it?

Huge, especially here in Australia with the privacy.

Act yeah.

And the OAIC, the Information Commissioner, has been pretty clear, warning businesses about just, you know, dumping personal customer data into public AI tools.

And we've seen examples, haven't we?

Some platforms where it's not totally clear how data is shared, or even cases of data getting mixed up between users.

That's terrifying for a small business.

Definitely a red flag.

These are real worries.

Micro businesses handle sensitive stuff, client details, a breach or getting on the wrong side

of the regulations that could be devastating financially and for their reputation.

It's a serious hurdle navigating all that.

And the problems keep coming.

Skills and talent shortage, That's another big one.

The AI literacy gap.

Yeah, reports say 42% of Aussie businesses rate their AI literacy as low, and almost half haven't done any AI training for their staff.

That's a major bottleneck, isn't it?

If your team doesn't understand the tools or even see where they could be used, you're not going to get much value.

Training is key.

Then there's the money.

Always the money.

For small businesses, budgets are tight and there's this huge uncertainty about whether AI will actually pay off.

That ROI question.

Exactly.

Apparently, a staggering 93% of businesses say they can't really measure the return on their AI investments effectively.

93% yeah, that stat just jumps out.

It really hammers home why you need clear, measurable benefits.

If they can't see it impacting the bottom line, it's a tough sell.

Yeah, hard to justify the spend and then the tech side itself getting new AI tools to actually talk to the systems they already use.

Integration headaches.

Seems like it 88% report having challenges there.

They need stuff that just fits in easily without needing a massive IT project.

Absolutely, ease of integration is critical.

They usually don't have dedicated IT teams for complex setups.

It needs to be more like a plug and play.

And finally, there's just this sort of underlying skepticism, isn't there?

Worries about AI reliability.

The hallucinations issue.

Right where the AI just makes stuff up.

That's a real concern.

Plus ethical questions about how some models are trained.

Trust is fundamental here.

If owners think AI is unpredictable or might give them dodgy information, they won't rely on it for anything important.

Transparency and accuracy are vital to build that trust.

OK.

So massive potential in the Aussie micro business space for AI, but also a pretty daunting list of real world challenges holding them back.

Exactly.

Which brings us to the current tools available.

What's actually out there for them, right?

Now right the competitive landscape, what are their options?

There's quite a mix, isn't there?

You got your general purpose LLM's the big names everyone knows.

Yeah, like chat, Gmak, Claude, AI, Google, Gemini.

Lots of them have free versions or reasonably priced subscriptions.

Maybe around 3035 Aussie dollars a month for the pro versions.

Something like that, Yeah, quite accessible upfront cost wise.

Then you have a whole bunch of more specialized tools.

But like for content creation, right?

Jasper AI copy AI write, Sonic ad, creative AI, heaps of them aiming to help with marketing copy and blog posts and things.

Exactly, and they target different needs, writing marketing stuff, automating some customer chats, that sort of thing.

The low initial cost makes them quite appealing at first glance.

And it's not just content there are tools for like general automation, productivity boosters, Zapier, Notion AI, Trello integrations.

Even AI in financial tools like Ana Money or Intuit QuickBooks.

So yeah, on the surface it looks like there's an app for almost everything.

Seems that way.

But, and this is the crucial bit, while these tools do offer some useful things, they also come with some pretty serious drawbacks, especially when you look at them through the eyes of a micro business facing those challenges we just talked about.

And those drawbacks loop right back to those core pain points, don't they?

Especially this whole memory and context thing.

That seems to be the absolute killer weakness.

Even the latest models, the fancy ones like ChatGPT 3.5, they still struggle to really hold on to detailed context over a longer chat.

Right?

There's still a limit to how much they can process and remember in one go.

That's right, the context window limit.

It's an architectural thing.

And users report it all the time.

The AI just forgets what you were talking about earlier.

You constantly have to remind it, bring it back up to speed.

Which completely undermines the efficiency promise, doesn't it?

If you're trying to use it for a complex ongoing project, that lack of persistent memory just kills the workflow.

You have to keep jumping in and.

It's not just within one chat either.

The context doesn't magically flow between different AI tools a business might be using.

No, they operate in silos.

Yeah, so you end up manually copying and pasting re explaining things to different tools.

It's completely fragmented.

That lack of a unified memory layer just creates a clunky, inefficient experience.

Imagine telling 5 different AI tools the same project details over and over.

Defeats the purpose of automation.

Then there's the cost.

When you need more than just one person using it.

That initial monthly fee looks OK for one user.

But the per user pricing can ramp up fast, even for a tiny team.

Yeah, we've seen examples of some enterprise AI platforms costing like 10s of thousands a year.

Even the more affordable ones start adding up significantly as a micro business grows.

Maybe just a few staff.

That per seat model is a real barrier for businesses on tight budgets.

They need something that scales affordably with them.

And let's be honest, some of these tools are pretty fiddly to use, aren't they?

Especially if you're not super techie.

Steep learning curve sometimes.

Yeah, if you're constantly battling with prompts, trying to get the right output, fixing mistakes, it can feel like more work, not less.

Ease of use is just so important for adoption, particularly for owners who are already wearing multiple hats.

If it's clunky or confusing, they're just not going to bother investing the time.

And we keep coming back to it.

But those data privacy and compliance worries are huge with public tools.

Absolutely.

Handling sensitive business info on platforms where data practices aren't crystal clear?

That's a big risk.

Plus the accuracy issues, those hallucinations, they really damage trust, don't they?

If you can't rely on the output.

Exactly, that lack of trust, plus the compliance headaches, plus the difficulty proving the ROI we talked about that 93%, it all builds up into a major barrier.

Micro businesses need guarantees on security, reliability and compliance with Aussie laws.

OK, so definite unmet need.

Current tools offer bits and pieces, but that core memory context problem causes real headaches and inefficiency.

So what's the fix?

What's the strategy for an AI tool that actually nails it for this market?

Right.

Well, we think the answer lies in what we're calling a memory first differentiation strategy.

OK, memory first.

Tell me more.

It's about tackling that AI amnesia and context fragmentation head on.

The goal is to create an AI experience that's way more seamless, more personalized, and that genuinely learns and adapts over time for these Aussie micro businesses.

Sounds like exactly what's needed.

So technically, how would that actually work?

What's under the bonnet?

OK so the cortex stack would revolve around 2 main things, something called the model context protocol, MCP and multi LLM orchestration.

Right MCT and Multi LLM break that down a bit.

Think of MCP as like a universal language, an open standard that lets different AI models, business tools, data sources all talk to each other securely and efficiently.

Two way St.

OK, so instead of needing like a separate connection between every single tool and every AI model.

Which is a nightmare to manage, yeah.

They all just talk through this one common protocol like a universal adapter.

Exactly, you've got it.

Much simpler integration.

MCP allows for fetching data in real time, managing that persistent memory we need and coordinating actions across different apps.

It could support multiple projects, remote access, core memory, stuff like storing, retrieving, updating info.

OK, that makes sense.

And the multi LLM orchestration part.

That means the system isn't locked into just one AI brain.

It can intelligently route different tasks to the best LLM for that specific job.

So like use one model that's great at creative writing for marketing copy.

Precisely.

And maybe another that excels at analyzing financial numbers, or one that's better for coding tasks if needed.

But to the user, it just feels like one smooth unified tool.

They don't need to know which engine is running.

That's the idea.

Get the best of all worlds behind a single interface.

Smart routing, optimizing for accuracy, cost, speed, whatever the priority is for that task.

Clever.

So where does the actual memory part come in to fix the amnesia?

That's the third key piece, a unified persistent memory layer.

This would be kind of inspired by concepts like the Open Memory MCP server idea.

Crucially, it would prioritize local data storage.

For privacy.

Exactly, for better privacy and control, it would be designed to selectively remember the important stuff, connect related ideas or concepts, and pull up the right details quickly using tags or similar methods.

So it's more than just remembering keywords, it understands the links between bits of info over time.

That's the goal.

It could even distinguish between different types of memory, like factual learnings versus specific experiences or interactions, to give the AI much richer context.

It's a big step beyond current limitations.

OK, that sounds like it genuinely tackles that AI amnesia issue.

We think so, but the real magic happens when you build on that memory foundation.

It enables something even more powerful, agentic workflows.

Agentic workflows, meaning the AI can actually.

Do stuff exactly AI that can proactively take on complex tasks, often from start to finish, with minimal human hand holding.

OK, now you're talking.

That sounds really powerful for a time.

Poor micro business owner.

Give me some real world examples.

How would that play out day-to-day?

OK, imagine a small business, maybe a consultancy or a trade business dealing with heaps of unstructured stuff.

PDF invoices, scan contracts, customer emails, web feedback, forms, supplier documents.

Yeah, the usual paper trail or digital equivalent.

Right, this kind of AI agent could automatically extract the key information from all of that using tech like OCR to read scan docs and LP to understand the language pattern matching.

So pull out invoice amounts, due dates, customer names, contract clauses.

Precisely.

And then it could process that info, maybe generate financial summaries, automatically streamline how they onboard a new client, check documents for compliance points, even scan websites for market trends or competitor info.

All automated.

Wow.

That alone would save a huge amount of admin time and manual data entry drudgery.

What else?

It could also get really proactive with task management and workflow automation, right?

Think about it.

Automatically scheduling appointments based on your calendar and emails, drafting and sending out standard invoices, tracking expenses from receipts, monitoring project milestones, and flagging delays.

Even like reordering supplies when stock gets low.

Potentially, yeah, if it's connected to inventory data.

So you're looking at much faster invoice payments, maybe real time alerts if a project's hitting a bottleneck.

It becomes less of a tool you query and more of a digital assistant actively helping run the business.

OK.

That's a significant shift, moving beyond just answering questions to actually managing and doing tasks.

That's the eugenic part.

And then there's compliance.

Huge.

Stressor.

How could it help there?

The AI could constantly monitor transactions and processes against relevant regulations, flag potential risks, maybe an unusual transaction or a process step missed.

It could even adapt as regulations change.

So helping Aussie businesses navigate things like data protection rules, financial reporting standards.

Exactly.

Ensuring data is encrypted properly, access is controlled, keeping audit trails, taking some of that compliance burden off their shoulders without needing a dedicated expert in house.

Right.

So it's intelligent, remembers context and it's proactively helpful taking on critical but often time sucking tasks.

OK.

That pins compelling picture, but how do you make sure it lands well specifically in the Australian market?

Good question.

Tailoring is key.

You need to hit several points.

First, the user experience UX.

It absolutely has to be dead simple.

No complex dashboards and jargon.

None of that intuitive, maybe a no code or low code interface.

Think pre built templates for common Aussie business tasks.

BAS prep, staff onboarding checklist, whatever AI suggestions guiding the user.

Make it feel easy, not intimidating.

Makes total sense.

Needs to fit right into how they already operate then.

That crucial quantifiable ROI, we talked about the 93% struggling to measure it, yeah.

Got to solve that.

So building clear tracking of key performance indicators, KPI's, how much time is saved on invoicing, Have cost for admin gone down?

Are marketing conversion rates improving?

Present that data clearly, maybe on a simple dashboard.

And maybe use Aussie.

Case studies show real results from similar businesses here.

Definitely real, relatable success stories are powerful for building trust and proving value in their specific context.

OK, UX, clear ROI, what else for the Aussie focus?

Robust data privacy and compliance framed for Australia.

Given the concerns and the Privacy Act, this is nonnegotiable.

So going beyond just saying it's private, yes.

Offer options like private AI deployments, data stays on their premises or in a secure private Australian cloud instance.

Strong end to end encryption, Strict access controls, Full audit trails.

And be explicit about data usage.

Absolutely a crystal clear policy.

We do not train our AI models on your business data.

That builds huge trust.

That no model training promise, Yeah, I can see that being a massive selling point.

It really is.

Yeah.

And one last thing, maybe a bit softer but still important gamification to drive adoption.

Gamification like points and badges for using the AI.

Exactly.

Award points for completing AI driven actions, Maybe badges for mastering certain workflows, perhaps leaderboards for team usage.

Fun challenges to encourage exploring features or improving data quality fed to the AI.

That's a clever way to make it feel less like a chore and more engaging, maybe even a bit fun.

Reduce the intimidation factor.

Precisely.

Make it interactive.

Encourage regular use.

Help users build good habits with a tool.

OK, so wrapping this up, this whole memory first strategy tailored for Australia with simple UX, clear ROI, strong privacy, maybe even some gamification.

It really feels like it directly tackles those core problems holding micro businesses back from AI, right?

Now that's the core idea.

By fixing the AI amnesia, giving them that unified context, unlocking powerful automation, wrapping it in robust Aussie specific privacy and actually showing the value, this kind of tool could genuinely become indispensable for them.

It could dominate that segment of the market.

So for you listening, here's something to chew on.

Picture an AI assistant that truly gets your business context, remembers everything important, learns continuously, and proactively takes tasks off your plate.

How could that fundamentally change your daily grind or the way businesses you know operate?

Think about those specific nagging tasks or challenges you face.

Where could an AI that actually remembers and acts be a complete game changer, allowing even the smallest Aussie businesses to, you know, really punch above their weight?

It also makes you wonder, doesn't it, If the AI handles more of the routine operational stuff, what new strategic directions?

What bigger picture thinking could that free up for entrepreneurs?

What could they focus on next?

Yeah, it really highlights the potential for AI when it's designed thoughtfully with the specific needs and worries of microbusinesses at its heart, to truly empower them and level

the playing field.

And that, I reckon, is a pretty exciting outlook for the Australian economy.