



WASHINGTON | CORE

Building AI Where It Matters Most

**—Milwaukee's Problem-First
Approach to Manufacturing—**

July 2026



Source: Biz Times³

Milwaukee, Wisconsin's largest city, has long been known for its breweries, cheese production, and manufacturing base. Now, it is gaining recognition for applying AI to solve real-world manufacturing challenges. Located on the western shore of Lake Michigan, about an hour north of Chicago, the city is demonstrating how manufacturers can use AI to improve productivity and competitiveness.

Washington CORE spoke with Sanjay Mohan, Executive Director of AI Strategy at the MKE Tech Hub Coalition, about AI adoption among small and medium-sized manufacturers.

Manufacturing Renaissance Through AI

"The real challenge isn't building algorithms, but figuring out how to use them," Mohan explains. "While Silicon Valley excels at developing the technology itself, we are focused on implementing and leveraging AI in industries such as manufacturing, healthcare, and financial services."

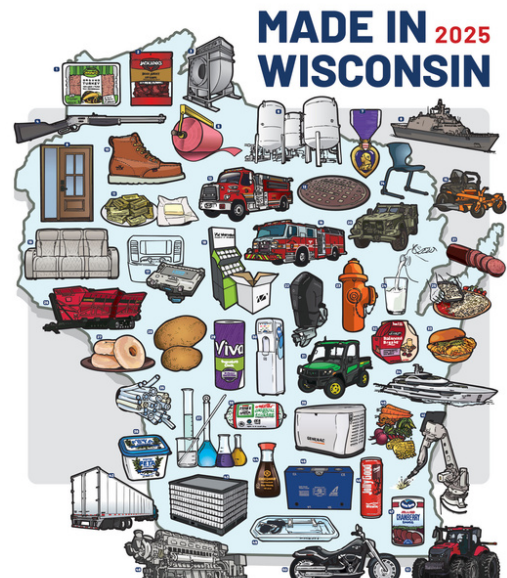
According to Mohan, Milwaukee is not trying to compete with Silicon Valley in developing the next generation of AI models. Instead, it is focused on helping companies apply AI to solve operational challenges and improve competitiveness. This philosophy reflects Milwaukee's manufacturing heritage and the practical mindset that has long defined the region.

Wisconsin is home to approximately 9,400 manufacturers, 99% of which generate less than \$100 million in annual revenue. These small and mid-sized companies play a critical role in industrial supply chains but are often overlooked by technology providers focused on larger enterprises.

Many of these companies lack the in-house expertise and financial resources needed to experiment with emerging technologies.

To help bridge that gap, the MKE Tech Hub Coalition launched the Synapse program in March 2025² to help manufacturers identify, evaluate, and adopt AI solutions. Established in 2019 by six major Wisconsin companies, the non-profit MKE Tech Hub serves as a convener among manufacturers, technology providers, educational institutions, and government partners to accelerate technology adoption and workforce development across the state.

Mohan emphasizes, "Focus on the problem, not the technology." In some cases, AI may be the best solution. In others, a non-AI approach may produce a better outcome.



Source: Wisconsin Manufacturers & Commerce (WMC)¹

The goal is not to deploy AI for its own sake, but to improve business performance and competitiveness.

That philosophy is particularly relevant as nearly one-quarter of Wisconsin's manufacturing workforce approaches retirement age, increasing pressure to preserve institutional knowledge and improve productivity. According to Mohan, manufacturers have embraced this approach more quickly than many expected. Rather than asking whether they should adopt AI, many are asking, "Where do we start?" Synapse was designed to answer that question by providing a roadmap for modernization while minimizing unnecessary technology spending.

For Milwaukee, AI is not the destination—it is a tool to help manufacturers operate more efficiently, remain competitive, and prepare for the future.

Applying AI to Manufacturing's Biggest Challenges

Much of Wisconsin's manufacturing sector consists of small and mid-sized suppliers serving larger companies such as Rockwell Automation, Johnson Controls, and Komatsu. Instead of producing their own branded products, many operate as custom manufacturers, producing specialized parts and equipment to customer specifications.

According to Mohan, Milwaukee's manufacturers often face three common challenges: responding quickly to customer requests for quotations (RFQs), preventing unexpected equipment failures, and modernizing aging machinery that lacks digital monitoring capabilities.

These are precisely the kinds of operational problems where AI can deliver measurable business value. AI can analyze engineering drawings and specifications to accelerate RFQ processing, while machine-learning models detect early signs of equipment failure before costly breakdowns occur. Even legacy machinery can be retrofitted with sensors, enabling manufacturers to collect operational data and identify production inefficiencies without replacing expensive equipment.

While much of the public discussion around AI centers on generative AI, Mohan argues that manufacturers stand to benefit most from more established machine-learning applications. "The true value of AI lies not in generative AI, but in the application of traditional machine learning," he says. These technologies deliver immediate value because they address the day-to-day operational challenges manufacturers face.

Synapse Workshop



Source: Biz Times⁴

Microsoft's Vote of Confidence

Milwaukee's growing reputation for practical AI adoption has attracted Microsoft's attention, further accelerating the region's efforts to bring AI into manufacturing. In June 2025, Microsoft partnered with the University of Wisconsin–Milwaukee (UWM), the Wisconsin Economic Development Corporation (WEDC), and venture capital firm TitledTownTech to establish the AI Co-Innovation Lab within UWM's Connected Systems Institute.⁵ The facility is the only one of Microsoft's seven global AI labs dedicated specifically to manufacturing.

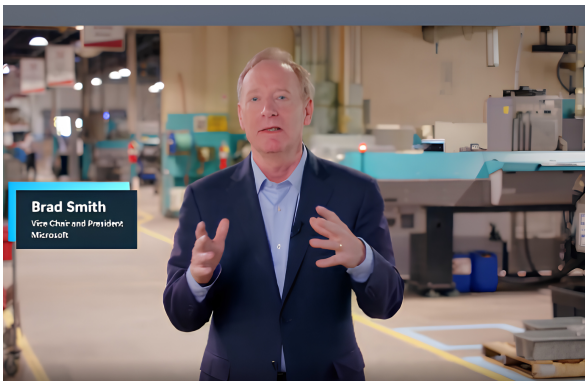
Located within the Connected Systems Institute, the lab enables companies to work directly with Microsoft engineers to develop and test AI solutions. As of March 2026, the lab had collaborated with more than 60 companies, developed over 40 prototypes, and explored more than 200 use cases.

Like Milwaukee's AI approach, the lab emphasizes practical business outcomes over technology for its own sake. Rather than replacing workers, the goal is to automate routine tasks and allow employees to focus on higher-value work.

Manufacturers are already seeing measurable results. Husco International, a manufacturer of automotive and construction equipment components, used AI to automate supplier quality management processes, reducing a workflow that once took 24 weeks to approximately one week.

Wiscon Products, an 81-year-old precision machining company serving the aerospace, automotive, and construction industries, implemented an AI-powered system that analyzes customer drawings and recommends tools and components, significantly reducing the time required to complete a previously manual process.⁶

Microsoft President Brad Smith at Wiscon Products (September 2025)



Source: LinkedIn⁷

Microsoft has noted the success of companies such as Wiscon Products. During a September 2025 visit, Microsoft President Brad Smith praised the company, stating, "Companies like this are exactly the kind of businesses we at Microsoft want to support."

For Milwaukee, the lab validates the region's manufacturing expertise and problem-first approach to AI—demonstrating that a manufacturing-centered innovation ecosystem can attract global technology leaders.

The Next Challenge: Scaling Innovation

While Milwaukee has made significant progress in helping manufacturers adopt AI, Mohan acknowledges that translating innovation into large-scale business growth remains a challenge.

One of the biggest barriers is access to capital. While early-stage funding is limited, startups often face even greater difficulty securing the growth capital needed to scale after commercialization. Compared with larger innovation hubs, relatively few companies in the region have achieved unicorn-scale valuations, major acquisitions, or public offerings. According to Mohan, the lack of these success stories has slowed the development of a self-reinforcing investment cycle, in which experienced founders and investors reinvest their capital and expertise into the next generation of startups.

To address this challenge, MKE Tech Hub launched the Smart Capital initiative in April 2026. Mohan notes that many financial institutions have been reluctant to finance software and AI investments because they are difficult to evaluate using traditional lending models. Smart Capital works with community banks and economic development organizations to connect technology investments with measurable business outcomes, helping reduce risk for both lenders and manufacturers.

The region is also working to strengthen the commercialization of technologies emerging from local universities and research institutions. For Milwaukee, the next stage of growth will depend not only on helping companies adopt AI, but also on creating an ecosystem where innovative companies can scale successfully.

A Collaborative Culture that Values Long-Term Employment



Source: Shutterstock¹⁰

Milwaukee's Appeal

Milwaukee's appeal extends beyond its manufacturing base. According to Mohan, the region benefits from a combination of affordability, workforce stability, and a collaborative culture that values long-term employment and community investment.

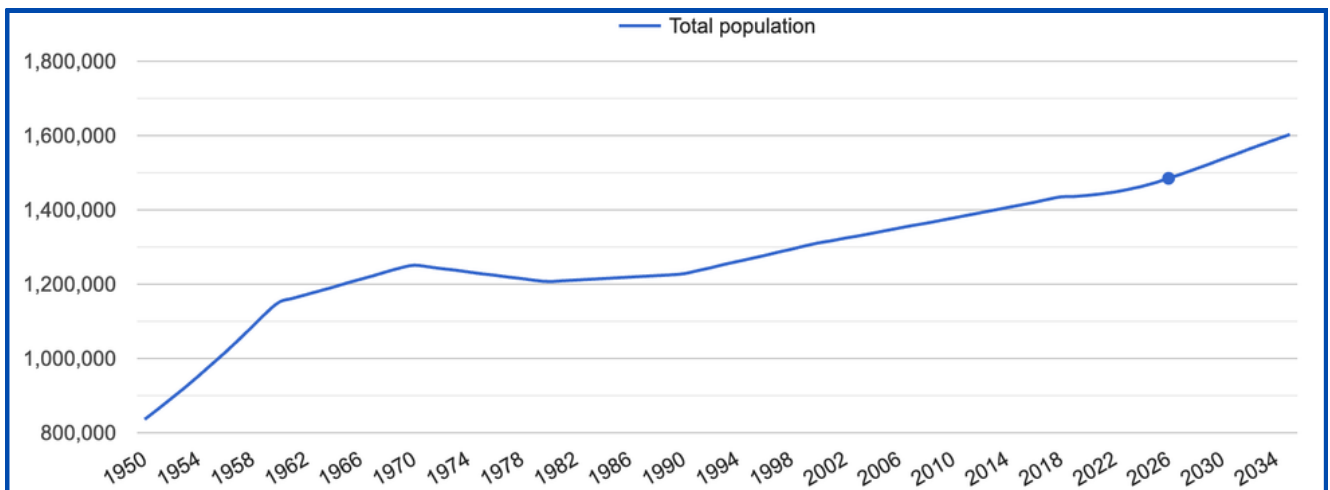
Compared with many major technology hubs, both the cost of living and the cost of launching pilot projects remain relatively low, making it easier for companies to attract talent and test new ideas. Mohan noted that the health technology company he previously founded was able to recruit employees from markets including Dallas, Austin, and Colorado.

The region's ability to retain talent further strengthens this advantage. According to Mohan, Milwaukee has seen strong talent retention, with many people who relocate to the region choosing to stay. Combined with steady population growth—the metropolitan area's population reached approximately 1.485 million in 2026, almost a one percent increase from the previous year —⁸ these trends suggest Milwaukee continues to attract and retain residents. Many major employers also report exceptionally low turnover rates, helping preserve institutional knowledge and build long-term workforce capacity.

For Mohan, these qualities provide the foundation for Milwaukee's next phase of growth. He envisions Milwaukee as a "poster child" for pragmatic AI adoption, demonstrating how emerging technologies can strengthen local industries, improve productivity, create new opportunities for workers, and help communities adapt to technological change.

While Silicon Valley continues to push the boundaries of AI development, Milwaukee is asking a different question: How can AI solve real problems for real industries? As AI reshapes the global economy, Milwaukee's experience suggests that the future of innovation will belong not only to those who create new technologies, but also to those who apply them where they matter most.

Milwaukee Urban Area Population Graph



Source: Population Stat⁹

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About the Interviewee

Sanjay Mohan

Executive Director of AI Strategy, MKE Tech Hub Coalition

Sanjay Mohan is Executive Director of AI Strategy at the MKE Tech Hub Coalition and CEO of Confluence Partners, a management consulting firm focused on growth strategy and AI transformation for mid-market companies. At MKE Tech Hub, he leads Synapse — a statewide initiative helping Wisconsin's mid-market manufacturers navigate AI adoption through a vendor-neutral, problem-first methodology. Working with partners including the Wisconsin Manufacturing Extension Partnership and UW-Stout's Manufacturing Outreach Center, Sanjay is building the infrastructure to connect thousands of manufacturers with practical AI strategies tailored to their scale and business realities.



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Folake Amoda is a research analyst and project coordinator at Washington CORE. Her role encompasses an extensive array of research topics, ranging from decarbonization business strategies and environmental policies in major economies to wastewater technologies, nuclear emergency responses, ESG financing, costly cell and gene therapy treatments, and emerging information and communication technologies. Employing a multifaceted approach, she conducts comprehensive literature reviews and interview-based research, alongside insightful case studies, across these domains. Folake holds a BA in International Affairs from the University of Georgia.

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