

DECISION BRIEF

# Sovereign AI for the Mittelstand.

A concise brief for management and IT.

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## 01 — WHY NOW

### The AI reality in your company.

The question is no longer whether AI is being used in your company. It is being used — just in a form that is hard to oversee today. Three findings every management team should know:

#### 1. Adoption is already happening, often uncontrolled.

Recent studies show that 60 to 80 percent of employees in mid-sized European companies regularly use ChatGPT or comparable cloud AI services — typically without formal approval and without IT being aware. This is not misconduct; it is efficiency pressure. The tools are freely available, and the benefit is immediate.

The problem is not the use itself, but the lack of control: Which contract drafts are being uploaded? Which engineering data? Which personnel files? Almost no Mittelstand company can answer this question reliably today.

#### 2. The data outflow is real.

Every request to a cloud AI service transfers content to a provider outside the EU. Data that ends up in a cloud LLM prompt may feed into future training cycles, even when contractual assurances suggest otherwise. For trade secrets, engineering data, and customer data, this architecture is problematic — and it is increasingly becoming a compliance issue.

#### 3. Regulation is tightening.

The EU AI Act is coming into force in stages. GDPR interpretations are getting stricter. Major customers are adding explicit clauses on AI data processing to their supplier contracts. What was a grey area in 2024 will be a documentation requirement in 2026.

*Phase 2 of the AI journey — structured adoption — is not optional. The only question is whether you shape it actively, or react when an incident occurs.*

## 02 — WHAT LOKI IS

# A local AI assistant for company knowledge — and more.

LOKI is the AI platform from IGNAITE, built for the Mittelstand. Four properties distinguish LOKI from cloud AI services:

### Locally installed.

LOKI runs on hardware inside your network, behind your firewall. Your data does not leave the company. There is no transfer to cloud providers — not even for model inference.

### Works on your documents.

LOKI searches your documents, emails, protocols, and databases in natural language. Answers are based on your actual data — not on a generic knowledge base from the public internet.

### Answers with sources.

Every answer includes references to the underlying documents. Employees can trace where information comes from. Hallucinations are significantly reduced, and auditability is built in.

### Built on open-source models.

LOKI uses open-source language models, selected and locally deployed for your use case. There is no API dependency on OpenAI, Anthropic, or Google. If a provider changes or discontinues their model, you are not affected.

## 02 — WHAT LOKI IS

### More than a chatbot: LOKI takes action.

Unlike traditional chat assistants, LOKI is an agent system: it doesn't just answer questions — it takes action. The agent calls tools, combines them into multi-step responses, and decides on its own which steps a task requires. Today already — built on a LlamaIndex workflow engine. Four capabilities that are productively in use:

#### Live database access.

Any number of SQL databases can be connected per knowledge collection. LOKI automatically detects the schema, lists available tables, and executes queries. Example: “How many open orders do we have for customer Müller with delivery dates in November?” — LOKI finds the relevant database, writes the SQL query, executes it, and answers in natural language with sources.

#### Output generation.

LOKI doesn't just generate text in the answer — it produces ready-to-use Word and PowerPoint documents. “Create a summary of the last three meeting minutes as a Word document” — LOKI searches the protocols, summarizes them, writes a .docx file, and delivers the download link.

#### Human-in-the-loop for sensitive actions.

Tools can be configured with a confirmation step. Before LOKI executes an action that is irreversible or has effects beyond the knowledge base, the agent requests explicit approval from the employee. Which tools require confirmation is configured per use case.

#### Auditable agent runs.

Every step of an agent run — which tool was called, with which parameters, with which result — is logged. Not just the answer is traceable, but the entire path leading to it. For audits and compliance evidence, this is a fundamental difference from cloud chatbots, which operate as black boxes.

## 02 — WHAT LOKI IS

### Platform, not just a tool.

LOKI is both end product and platform. Mittelstand companies without their own AI development get a finished system with curated tools. Mittelstand companies with their own IT capabilities can build on LOKI as a platform — through the existing REST API, with their own tools and workflows.

### Today: API for custom development.

LOKI provides a complete REST API for document management, collections, chat histories, and database connections. Anyone wanting to build their own frontends, workflows, or integrations can do so today — the `loki-provider` library serves as a starting point. The embeddable chat widget shows how a third-party system integration can look.

### In development: What's coming next.

The following extensions are in pilot operation or under active development. They will be moved into productive use over the coming months:

- Skill marketplace: Curated workflow packages for typical Mittelstand use cases — delivery note checks, complaint handling, audit preparation. Skills are licensed and added to your LOKI instance with a single click.
- Proactive monitoring: Agents that monitor inboxes, key metrics, and contract deadlines in the background, and report on their own before something slips through.
- Compliance AI: An upstream layer that inspects every request for trade secrets, personal data, and confidential content — before it is processed.
- Skill SDK for customers: An official development interface that lets customers add their own tools and workflows to LOKI — without modifying the core code.

### Two paths, one starting point.

You don't have to choose between product and platform — the platform aspect opens up when you need it. If you start with the end product, you can add your own skills later. If you begin with custom development, you have full technical depth from day one. Which path fits you, we'll discuss in the initial conversation.

## 02 — WHAT LOKI IS

## Typical use cases.

Six scenarios from daily work — all with capabilities that are productively in use today.

- Knowledge access with sources: An employee searches for a decision made five years ago. LOKI finds the relevant email thread, meeting protocol, and engineering drawing — in seconds, with sources directly in the chat.
- Database live query in natural language: “How many open complaints do we currently have in the tooling division?” — LOKI accesses the connected ERP database, writes the SQL query, executes it, and answers with the concrete number. Without the employee needing to know SQL.
- Onboarding: A new hire learns company knowledge without interrupting colleagues for weeks. LOKI answers based on internal documentation — searching protocols, emails, technical drawings, contract archives.
- Report generation as Word document: “Create a status report on project X as a Word file — based on the last three meeting minutes and the current order status.” LOKI searches the sources, generates the document, and delivers it for download.
- Presentation from knowledge: “Create a PowerPoint presentation for the customer meeting — content: our previous projects with customer Müller.” LOKI searches email threads, project documents, and contract archives and produces the finished .pptx file.
- Audit preparation: A QA officer finds relevant process documents, past audit results, and corrective actions in one query rather than days of research.

## What LOKI does not replace.

LOKI is not a tool for general internet research, generic marketing copy, or code generation outside your business context. If your team uses ChatGPT for those tasks, they will still need a controlled path for them. LOKI makes your company’s knowledge and processes available — and does not replace employees, but takes over the routine work between their actual tasks.

### 03 — INVESTMENT

## What AI really costs you. Over five years.

Cloud AI is billed per user per month. Costs grow with every additional employee, every price round, and every contract renewal. IGNAITE is a one-time investment: hardware, setup, and the AI system are included in the starter package — followed by a manageable maintenance fee, independent of user count.

### Five standard configurations.

We offer LOKI in five sizes — from micro-enterprise to corporate subsidiary. Each package includes the standard configuration: hardware, installation, integration of standard data sources (SharePoint, Nextcloud, file shares, mail), employee training, the production-ready AI system, and three months of pilot support. Ongoing maintenance covers updates, model upkeep, support, and monitoring — independent of user count.

Package	Employees	Investment (one-time)	Maintenance (monthly)
S	up to 5	€ 9,900	€ 99
M	6 - 25	€ 19,000	€ 600
L	26 - 100	€ 34,000	€ 1,000
XL	101 - 250	€ 59,000	€ 1,500
Enterprise	250+	individual	individual

### Optional modules.

Beyond the standard configuration, we offer modules for specific requirements. They are discussed in the requirements workshop and only included when actually needed.

Module	Investment
ERP integration (SAP, Microsoft Dynamics, ProAlpha, etc.)	from € 4,000
CRM integration (Salesforce, HubSpot, custom systems)	from € 2,500
Custom readers (CAD formats, proprietary file types,	€ 2,500 - 6,000

OCR needs)	
High availability (second server node, fail-safe)	+ € 8,000 one-time, + € 400/month
Multi-site (multiple locations or plants)	from + € 6,000
Backup service (encrypted off-site backup)	+ € 200/month
Managed operations (full operation by IGNAITE)	+ € 500/month

Module investments scale with the size of your data landscape (number of sources, volume, complexity). The exact figure is determined in the requirements workshop, which lasts about 60 to 90 minutes.

### Example calculation: Mittelstand company with 50 employees.

A typical scenario for orientation — L package plus the two most common add-on modules:

Item	Investment
L package (standard)	€ 34,000
ERP integration (SAP)	€ 5,500
Custom reader for CAD files	€ 3,500
<b>Total one-time</b>	<b>€ 43,000</b>
Maintenance L package (monthly)	€ 1,000

### Five-year comparison, same scenario.

How the one-time investment evolves compared to cloud AI subscriptions:

Solution users)	(50	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Microsoft Copilot*	365	€ 18,000	€ 18,000	€ 18,000	€ 18,000	€ 18,000	€ 90,000
ChatGPT Enterprise		€ 27,600	€ 27,600	€ 27,600	€ 27,600	€ 27,600	€ 138,000
Anthropic Claude for Enterprise		€ 39,000	€ 39,000	€ 39,000	€ 39,000	€ 39,000	€ 195,000

<b>IGNAITE LOKI</b>	€	€	€	€	€	€
	<b>55,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>103,000</b>

Listed prices May 2026, rounded, excluding VAT. Sources: microsoft.com, openai.com, anthropic.com. IGNAITE figures: example scenario from the table above (€ 43,000 one-time + € 12,000/year maintenance). \* Microsoft Copilot requires M365 Business Premium or E3. Effective real-world cost includes the plan upgrade (~€ 30/user/month).

Against ChatGPT Enterprise and Anthropic Claude, LOKI is significantly cheaper over five years. Against Microsoft Copilot, the 5-year total is slightly higher in this size range — but the decisive difference is scaling: with IGNAITE, ongoing costs are independent of user count. If 50 users grow to 100 or 200, cloud costs double or quadruple — IGNAITE costs do not.

Beyond cost, there are non-monetary factors: Full data sovereignty, no vendor lock-in, documentable compliance. These values are not captured in a per-user calculation.

*Your individual quote with the exact figure is developed in a 60- to 90-minute requirements workshop. You don't enter the conversation without an estimate — you enter with a concrete starting figure and validate it.*

## 04 — COMPLIANCE & LIABILITY

### The legal dimension.

AI sovereignty is not primarily an IT issue. It concerns directors' liability, trade secret protection, and contractual obligations to customers. Four legal dimensions every management team should understand. The examples below cite German and EU law as illustration — equivalent rules apply across Austria, Switzerland, and the wider European Union.

#### Directors' liability.

In most European jurisdictions, managing directors are personally liable for upholding the duty of care of a prudent businessperson (e.g. § 43 GmbHG in Germany, § 25 GmbHG in Austria, comparable provisions in the Swiss Code of Obligations). This includes the controlled introduction of new technologies. Uncontrolled AI use — where employees transfer sensitive data to cloud services without policy — can constitute a breach of duty. D&O insurers have begun adding corresponding clauses to their policies.

A documented AI strategy with on-premises architecture is a direct safeguard for management.

#### Trade secret protection.

EU Directive 2016/943 — implemented across all EU member states (in Germany as GeschGehG) — requires “reasonable confidentiality measures” for trade secret protection. Concretely: To assert a trade secret in a dispute, you must demonstrate active protection. If engineering drawings or recipes are uploaded to ChatGPT without policy, this prerequisite may not be met — and the trade secret protection lapses.

For Mittelstand companies whose enterprise value rests substantially on protected know-how, this is a material risk dimension.

#### GDPR and EU AI Act.

The EU AI Act creates documentation requirements for certain AI applications starting 2025/2026, particularly in HR and recruitment. An on-premises solution makes meeting these requirements significantly easier, because the entire processing chain is documented and stays within the company.

GDPR generally prohibits transferring personal data to third countries without protection guarantees. Most cloud AI providers process data in the United States

— a practice that has been legally challenged since the Schrems II ruling, with the same legal implications across all EU member states.

### Supplier contracts with major customers.

Major corporations in automotive, pharmaceuticals, and technology increasingly require explicit clauses on AI data processing in their supplier contracts. A Mittelstand company that cannot demonstrate that its major customer's data does not flow into third-party AI systems risks losing supplier status.

### Auditability as an architectural property.

Every agent run in LOKI is logged — which tool was called, with which parameters, with which result. For audits and regulatory evidence, this means: not only the final answer is documented, but the entire processing path. Sensitive tools can additionally be configured with an employee confirmation step, which also appears in the log. Compliance documentation emerges in normal operation, without additional effort.

*An on-premises AI architecture solves these issues not just de facto, but documentably. That is a material difference in any dispute or audit.*

## 05 — IMPLEMENTATION

### What happens when you say yes.

A LOKI rollout is not a major project with consultant teams and 18-month timelines. Typical implementations span 3 to 6 weeks, depending on the complexity of your data landscape. The phases at a glance:

#### Week 1: Requirements workshop.

Joint identification of use cases and data sources. We analyze with you which documents, databases, and systems should be connected to LOKI, and prioritize the first productive use cases. Outcome: a concrete implementation plan with success criteria.

#### Weeks 2 – 3: Hardware setup and installation.

Server hardware delivery, installation in your network, initial configuration. We set up LOKI, deploy the language models, and connect the defined data sources. The hardware remains your property.

#### Weeks 3 – 5: Pilot operation with a selected user group.

First use cases go live. A selected pilot group (typically 5 – 10 employees) uses LOKI in their daily work and provides feedback. We make adjustments and expand the data base. The first measurable effects appear in this phase.

#### From week 6: Gradual rollout.

Expansion to the full workforce, integration of additional data sources, employee training. In parallel, ongoing operation begins with continuous support, model upkeep, and updates by IGNAITE.

#### Who does what.

- IGNAITE: Hardware selection and delivery, installation, model deployment, data integration, training, ongoing operations.
- Customer: An internal IT contact, a use case owner per area, provision of document sources.
- Joint: Requirements workshop, pilot phase, success measurement, and continuous improvement.

## 06 — WHAT YOU SHOULD KNOW

### Boundaries, joint effort, and additional services.

We describe openly the conditions of a LOKI rollout. Complete information is the foundation of a good decision — and we want you to know what you're committing to.

### Value grows with your data base.

LOKI answers based on your documents. The more structured and digitally available they are, the more precise the answers. If knowledge today is fragmented or paper-based, that's not a show-stopper: LOKI grows with you. You can continuously add data sources, supply additional documents, and extend integrations. Value increases with every step — a key difference from a cloud solution where the data base is static and control rests with a provider.

### A real investment, not a per-user subscription.

Unlike cloud AI, IGNAITE has no €30-per-user entry option. Hardware and setup are a real investment in the five-figure range. That investment pays off over time (see Section 03) and makes the solution your property, with full control. But it requires an upfront decision that a classic cloud model does not.

### IT co-responsibility — and how we relieve it.

LOKI runs in your network. That means co-responsibility from your IT for matters such as network connectivity, backups, and physical server security. We know that not every Mittelstand company has a fully staffed IT department — and we cover these areas on request:

- Backup service: Automated, encrypted backups of your LOKI knowledge base and configuration, optionally to redundant hardware or a second site.
- Redundancy and high availability: Second server node for fail-safe configurations, regular maintenance windows, proactive monitoring.
- Managed operations: We handle full operation, you focus on usage. No in-house AI competence required.

These services are optional and assembled per need — we discuss them in the initial conversation and include them in the individual quote.

## We are a young company.

IGNAITE was founded out of AI research. Our team has 20 people — specialists for every topic sovereign AI requires: from language processing to embedded systems. We are not a corporation with decades of history. But: Our models are open source and the hardware remains your property. Even in a hypothetical scenario without IGNAITE, you could continue to operate LOKI — no vendor lock-in. We're happy to discuss this question honestly and concretely in the initial conversation.

*We do not present these points as sales arguments, but as the foundation of an informed decision. They are part of any honest consultation.*

## 07 — FREQUENTLY ASKED QUESTIONS

### What managers typically ask.

A concise collection of the questions that come up most often in our initial conversations — with the answers we give.

#### Aren't we too small for our own AI?

With our S package, we specifically address micro-enterprises starting from one employee — typically high-value specialist teams with elevated data sovereignty requirements: law firms, tax advisors, architecture studios, medical practices, engineering offices. For € 9,900 one-time plus € 99/month maintenance, you get a complete LOKI installation on your own hardware. The investment threshold does not scale linearly with employee count — and every package includes hardware, setup, and the AI system.

#### We have no AI expertise in-house. Does this still work?

Yes. IGNAITE handles setup, model selection, maintenance, and support. Your IT does not need specific AI expertise — knowing your own infrastructure is enough. On request, we also handle backup, redundancy, and high availability as a managed service. End-user training is part of the implementation package.

#### We already use Microsoft Copilot. Do we need LOKI as well?

Microsoft Copilot and LOKI solve different problems. Copilot is specialized for Microsoft 365 content and uses cloud models. LOKI works on your entire data landscape — including outside Microsoft 365 — and guarantees full data sovereignty. For Mittelstand companies with relevant data outside SharePoint and unwilling to process in the cloud, LOKI is the structurally different answer.

#### How does LOKI differ from ChatGPT with Custom GPTs?

Custom GPTs are essentially chat interfaces with a custom system prompt and uploaded documents. They wait passively for questions and answer in a single step — on cloud servers. LOKI is a tool-calling agent: it accesses databases live, generates Word and PowerPoint documents, combines tools for multi-step tasks — on your hardware. On top of that come the structural differences: local processing instead of cloud, full data landscape access instead of upload limits, auditable agent runs instead of black box. If Custom GPTs are sufficient for your use case, you have a different problem to solve — but if you want to automate actions and use knowledge sovereignly, you need a different architecture.

## Can we extend LOKI ourselves?

Yes, via the REST API. LOKI already provides a complete API for documents, collections, databases, and chats. Anyone wanting to build their own frontends, workflows, or integrations can do so. An official skill SDK that lets tools and workflows be developed without modifying the core code is in planning. In the initial conversation, we'll happily discuss whether LOKI is more end product or platform starting point for you.

## What happens if IGNAITE no longer exists?

The solution runs on your hardware with open-source models whose licenses are perpetual. You could continue to operate LOKI without IGNAITE — provided you have AI expertise in-house or another service provider. That is the key difference from cloud solutions, which stand or fall with the provider.

## How quickly do we see results?

First productive use cases typically run after 3 to 6 weeks. LOKI delivers full value after 2 to 3 months, when employees have integrated it into their daily work. Success is measured against concrete metrics defined jointly in the requirements workshop — for example, search time for information, onboarding duration, service response times.

## What if our employees don't adopt LOKI?

Adoption is not a technical issue but an introduction issue. Our experience: Users adopt LOKI well when they see concrete use cases that ease their daily work. We start with a pilot group and concrete applications, not with top-down rollout. Training and continuous support are part of our package.

## 08 — SUMMARY

### In five sentences.

AI is already being used in your company — the question is whether controlled or uncontrolled.

LOKI is an on-premises alternative to cloud AI: local installation, work on your documents, answers with sources, no data outflow.

Over five years, the investment is economically comparable to or cheaper than cloud AI — with full data sovereignty and scaling independent of user count.

Compliance issues (directors' liability, trade secret protection, EU AI Act, supplier contracts) are substantially mitigated with a documented on-premises architecture.

Implementation in 3 to 6 weeks, optional managed services for backup, redundancy, and operations, no vendor lock-in.

### Next steps.

Three ways to engage with IGNAITE — depending on the right next step for your company today:

#### AI sovereignty self-check

A 2-minute orientation: In which phase of the AI journey is your company? Where are the gaps? Anonymous, no email required. Result as a PDF you can share directly.

*[ignaito.de/check](https://ignaito.de/check)*

#### 30-minute initial conversation

A concrete conversation with one of our specialists. We assess with you whether LOKI fits your company — no slides, no sales pressure. You receive an honest assessment and an impression of how we work.

*[ignaito.de](https://ignaito.de) — Book directly*

#### Direct contact

- Email: [info@ignaito.de](mailto:info@ignaito.de)
- Phone: +49 6782 8099290



- Address: ignite AI GmbH, Neubrücker Straße 9928, 55768 Hoppstädten-Weiersbach, Germany

*You don't have to decide today. But you should know today where your company stands.*