

Driving Business Outcomes with AI

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Achieving Business Value in the AI Era

There is a transformative power in artificial intelligence (AI) and generative AI (gen AI), and its impact has been reshaping the landscape of business operations and strategy. The importance of understanding the business value organizations can derive from AI cannot be overstated, especially for those keen on harnessing AI to drive and maintain a competitive edge in an increasingly digital marketplace.

For a business to be competitive, there needs to be strategic alignment with business objectives to create a sustainable competitive advantage. With the rapid adoption of AI across various business functions, as highlighted by the significant increase in organizations incorporating AI, from 55% in 2023 to 72% in 2024,¹ it's evident that AI is no longer an optional investment but a necessary tool for innovation and growth.

Achieving successful outcomes requires a well-defined plan and a systematic process. A key component of any plan is identifying well-defined goals. Organizations should take measured steps to ensure the long-term sustainability and growth that AI can facilitate. It is important to avoid hasty decisions driven by the fear of missing out.

As global business leaders shape their AI strategies to ensure their enterprises are poised for the AI era, it is

also important to learn and understand best practices from other leaders to determine a successful approach. This Harvard Business Review Analytic Services paper, which is sponsored by Wipro FullStride Cloud, addresses the critical challenges that organizations face in implementing AI technologies, such as the difficulty in estimating and demonstrating AI value. By providing insights and real examples on how executives at other organizations have overcome obstacles of their own, the document equips chief information officers and other executives with the knowledge to navigate the complexities of AI adoption, ensuring that their investments are strategic and effective.

AI is expected to grow at an annual rate of 36.6% from 2023 to 2030, according to a report by San Francisco-based Grand View Research. This level of investment necessitates strategic vision and proper integration in business operations. For organizations to measure effectiveness and achieve long-term success, there needs to be a detailed examination of the steps these organizations are taking to assess desired outcomes and determine the applicability of AI technologies.

We hope you use this report to learn how to navigate the challenges and seize the opportunities that AI presents for creating unparalleled business value.



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¹ McKinsey & Co., "The State of AI in Early 2024: Gen AI Adoption Spikes and Starts to Generate Value," May 30, 2024.
<https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai>.

Driving Business Outcomes with AI

Artificial intelligence (AI) and generative AI (gen AI) have the capacity to improve businesses everywhere. These technologies can help deliver personalized experiences to customers, optimize internal processes, streamline operations, foster innovation, improve employee productivity, and more.

THESE POTENTIAL BENEFITS are clear to organizations today, with adoption of AI increasing dramatically over the past year. In 2024, 72% of organizations reported adopting AI in at least one business function, up from 55% in 2023, according to a survey by New York-based consultancy McKinsey & Co.¹ **FIGURE 1** The use of gen AI in organizations has skyrocketed, too: In 2023, 33% of organizations reported using it in at least one business function; that number jumped 32 percentage points to 65% in 2024, the same survey finds.

As AI and gen AI find their way into organizations, however, those organizations face the challenge of identifying the areas in which the technologies hold the most potential to drive business outcomes. This challenge stems from a variety of factors, including complex needs across business functions, benefits that

are not immediately clear or easy to quantify, and the lack of an overall AI strategy. Nearly half of organizations today (49%) say that estimating and demonstrating AI value is a top barrier to implementing AI techniques, according to a March 2024 survey by Stamford, Conn.-based consultancy Gartner Inc.²

Failure to align AI strategy with business outcomes can undermine the success of implementations, leading to wasted resources and missed business opportunities.

“If you don’t approach AI in an organized way, you’re going to stumble,” says Moran Cerf, professor of neuroscience and business and director of the Center for Advanced Technology and Human Performance at Columbia University. “AI is unlike any technology that’s existed. You need starting points and you need boundaries. Otherwise, you’re going to spend a

HIGHLIGHTS

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Taking measured steps to align adoption with outcomes ensures that organizations are considering a number of important factors, such as identifying the right use cases, evaluating their data availability and quality, and assessing the talent needed to support AI.

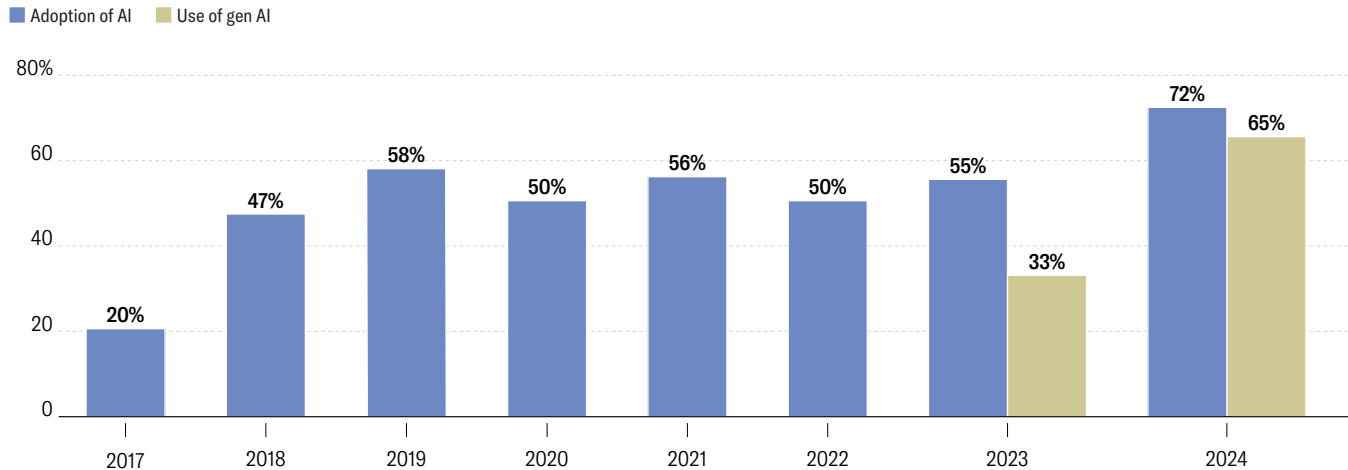
Due to rounding, some figures in this report may not add up to 100%.

FIGURE 1

Artificial Intelligence Adoption Skyrockets

Significantly more organizations have adopted AI and gen AI over the past year

Percentage of organizations that have adopted AI and gen AI in at least one business function



Base: 1,363 respondents.

Source: McKinsey & Co. survey, March 2024

lot of time and money adapting to it, and the result could be costly mistakes.”

The fundamental novelty of AI—particularly recent advancements in generative AI—lies in its ability to process and generate information in ways that were previously beyond the reach of traditional software. As a result, aligning use of the technology with business outcomes requires novel strategies and processes. This report will examine these issues, including the challenges organizations are facing, the steps they are taking to address them, and the value they see in turning to partners for assistance, and then provide guidance for AI adoption.

Aligning Artificial Intelligence

When OpenAI released ChatGPT in November 2022, it raised a flurry of questions surrounding gen AI at many organizations, including First Horizon Bank, based in Memphis, Tenn.

“It created a lot of attention, from top executives all the way down the organization asking what this is, what it’s applicability is, and what we were doing,” says Mohan Sankararaman, First Horizon’s chief information officer (CIO). “Then you read about what other companies are doing,

how they’re hiring this many AI engineers, and what apps they’re launching. This creates a lot of pressure—if you don’t do something, if you don’t say something, if you don’t think about AI, the worry is that you’re going to be left out.”

That pressure is common among other organizations, too. Ganesh Ramakrishnan, global CIO at employment agency ManpowerGroup Inc., headquartered in Milwaukee, says the stakes are high for organizations embarking on an AI journey. “There’s a tremendous amount of money at stake, and companies and boards feel pressured to show how they’re using AI,” he says.

The fear of falling behind is valid. A January 2024 McKinsey report finds that companies that have leading digital and AI capabilities outperform laggards by two to six times on total shareholder return across every sector.³ But just as worrisome is the potential for error or failure if organizations do not take a measured approach, Columbia University’s Cerf asserts.

“Many companies fall victim to the shiny-object syndrome, in which they hear that this new technology is a big thing and they want it, but they don’t really think about whether they actually need it, where they need it, or how much money to spend on it,” he says. “This is a big challenge. When you stumble into it, you’re going to spend

“Many ask, ‘Do you want to use AI?’ rather than focusing on the real question: ‘What business problem are we solving with AI?’ AI isn’t strategy; it’s an enabler. And that’s what businesses need to remember.”

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more time and more money, and you’re more likely to have bad outcomes.”

As leaders seek to translate overwhelming AI curiosity into value-adding AI investments, they are finding that aligning AI strategy with business outcomes ensures that the development, implementation, and use of AI directly support and advance the specific goals of an organization. Taking measured steps to align adoption with outcomes ensures that organizations are considering a number of important factors, such as identifying the right use cases, evaluating their data availability and quality, and assessing the talent needed to support AI.

“There’s a tendency to treat AI as a stand-alone strategy,” ManpowerGroup’s Ramakrishnan says. “Many ask, ‘Do you want to use AI?’ rather than focusing on the real question: ‘What business problem are we solving with AI?’ AI isn’t strategy; it’s an enabler. And that’s what businesses need to remember.”

How to Prioritize AI Use Cases

Payments network Visa Inc., based in San Francisco, has used AI technology in varying capacities and applications inside its organization for more than 30 years, says Sam Hamilton, the company’s senior vice president of data and AI.

When OpenAI launched its large language model, Visa developed a private version of OpenAI called Visa Secure ChatGPT, hosted in Visa’s secure cloud, and held a hackathon—a collaborative event open to all employees where people work together to develop a prototype in a short period of time.

The interest—and impact—were huge. More than 6,000 employees participated in the hackathon and generated more than 2,000 ideas. Managing these ideas was an exercise in balancing innovation and business strategy, Hamilton says. “We needed to approach this in a way in which we weren’t discouraging the innovation but at the same time had to align these ideas with our business strategy.”

This process reflected the organization’s approach to assessing where AI holds the most potential to drive the best business outcomes. Visa considers three categories for potential use cases: whether they detect and/or prevent fraud; whether they create a better experience for the issuers, merchants, acquirers, customers, and other participants in its ecosystem; and whether the technology enhances productivity. These categories tie directly to its business strategy but are not easily measured in terms of enhanced revenue or earnings, with the possible exception of productivity.

The main ROI of its monetary investment in AI is protecting Visa’s ecosystem and transactions from fraud risk, Hamilton says. “The other piece is that the value comes from the experiences we’re providing.”

Developing a framework to assess where AI holds the most potential has also been a key to success at Cloud Software Group Inc., an enterprise software company headquartered in Fort Lauderdale, Fla. Mahesh Dixit, vice president of business applications, says his organization defined its AI strategy based on two overall potential benefits: efficiency and growth. “Essentially, if it’s helping us do our jobs better or adds revenue, we are interested,” he says.

But that’s only the go-ahead for deeper analysis. Cloud Software Group then turns to champions across business units to act as the gatekeepers for ideas based on problems their business units want to solve. The company uses three criteria similar to Visa’s to vet potential use cases: “Efficiency, or will it help us do things better; can it improve my customer experience; and finally, will it add additional growth or revenue to our company,” Dixit says. “If at least two of these criteria are met, then we move forward.”

Next, the gatekeepers consider factors such as whether the proposed application of AI is within budget, whether they have enough data for the AI, and how to measure the outcome of the project. After that step, key stakeholders from infrastructure, data, legal, compliance, and security vet the ideas to ensure they have the proper data and security measures and other proper protections in place before piloting it. These processes have enabled Cloud Software Group to

effectively vet AI use cases and focus on ones they're confident can drive value.

An AI Use Case Taxonomy

Developing frameworks and processes to assess AI's potential isn't necessarily a one-size-fits-all approach. Cerf describes another model he says can help organizations better understand the scope, intention, and potential value of certain use cases. He calls it the "3 A's": automate, accelerate, and augment.

"Automate," he explains, is the "cheap and easy" project that is likely a quick win, such as an automated customer service call center. "These projects are ones you can do in a short amount of time, not spend a ton of money on, and they will be successful. This is for companies that want to do AI but don't want to take a huge risk."

"Automate" projects aim to improve productivity with little human assistance. Research shows why many of these projects are considered quick wins: According to a January 2024 report by McKinsey, gen AI and other technologies have the potential to automate work activities that absorb 60% to 70% of employees' time today.⁴

In the "accelerate" category are AI projects that boost efficiency, Cerf says. "This is where you take something you can do yourself—like spending hours reading emails or papers—and use AI to create a summary you can read in just five minutes. It's not automating you, but you can do your job a little faster thanks to the AI."

"Augment" projects are loftier, with a higher potential for failure. These projects might involve, for example, an AI tool that listens during customer service calls and actively suggests to agents solutions and products in real time based on the conversation. It takes considerable time and money to train the AI to understand language and your company's solutions, Cerf says. These variables can make success difficult to achieve in today's iteration of AI, but if the training is successful, the payoff could be significant.

Cerf says that the number of use cases organizations choose to assign to each category depends on several considerations, but primarily budget. "When you choose AI projects, you should have one in each bucket but spend most of your money on things that give you quick ROIs, even if they aren't as sexy," he says. "The third category is the sexy one, but the riskiest. It's good to have at least one from the 'augment' bucket because it's something that will keep your skills sharp and up to date."

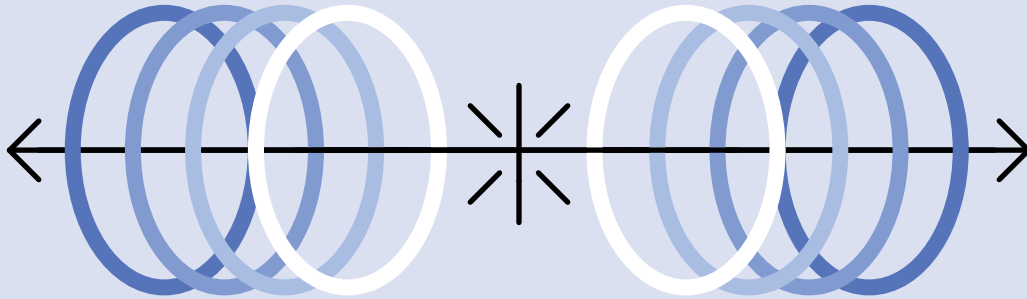
The Importance of Revenue Metrics

Businesses are betting big on AI and gen AI, and for good reason. More than half (54%) of leaders expect AI and gen AI to deliver cost savings in 2024, with roughly half anticipating cost savings in excess of 10%, according to a January 2024 report from the Boston-based consultancy Boston Consulting Group Inc.⁵

The potential ROI of AI should be determined by the business objectives and outcomes that organizations outline in assessing which use cases to pursue, says Mary Purk, AI advisor and cofounder and former executive director of AI at the University of Pennsylvania's Wharton School. "Before you even begin investing in AI ecosystems, you want to have a good idea of how these tools and models are impacting your operating processes. Determine that you will be able to measure the cost savings and new revenue streams to calculate the ROI and extracted value," she says.

At Cloud Software Group, leaders focus on revenue first. "That's the best case, of course. But if it's not helping us improve revenue, does it make us more productive? Because that can help save costs. If not, is it helping us cut costs? Can I run the same thing with fewer people because I have AI? Those are the other yardsticks we measure against," Dixit says. It also considers whether the application of AI eases the workload burden on business teams.

Assessing the ROI of AI can be tricky, particularly in these early and constantly changing days of AI and gen AI, Dixit



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Mohan Sankararaman, First Horizon Bank’s chief information officer

admits. And First Horizon’s Sankararaman notes that not every AI project will have a financial dimension, particularly when customer experience is the main objective. “Sometimes I may be able to put a dollar value on it, sometimes I may not be able to, but having that superb experience where we can make a difference is a big deal,” he notes.

At Visa, which uses AI for fraud detection and prevention, there is no hard-and-fast rule on calculating ROI, Hamilton explains. “When it comes to these things, our appetite is not pure on dollar ROI because we need to be trusted, and so we go all in when it comes to that,” he says. “When we’re talking about the ROI of creating an experience, the value is measured not just on the revenue dollar but [also on] the value you’re bringing in and new experiences you’re creating.” Productivity, he concedes, is a little easier to measure.

It’s important, AI advisor Purk says, to work with vendors on establishing key performance indicators. Some of these measurements, such as productivity, are likely already tracked within their suite of tools. “This can be a good start to be able to say that yes, AI is clearly making us more productive and it was a good investment,” she says.

The Value of Partnering on AI Roadmaps

Given the challenge of linking AI to outcomes and the complexity of the technology, companies need the right talent and skills to navigate strategy, foster innovation, and maximize their investment. Hiring or developing talent with this background, however, is not easy for many organizations—about 39% say the biggest barrier to benefiting from AI is a lack of skills, a September 2023 report from Boston-based consultancy Bain & Co. Inc. finds.⁶

When First Horizon began exploring gen AI, it soon realized that it did not have the knowledge necessary to guide it from strategy through implementation. “We had people trying to figure out what the technology meant for us, and everyone was spending time learning. But we quickly

realized that we didn’t have all the expertise and that we were better off bringing in some external help,” Sankararaman says. “We needed a partnership that had thought through AI and could help us figure out what it is, how we should apply it, what its limitations are, and what we should be concerned about.”

First Horizon partnered with a consulting company to help it navigate those concerns. This partnership, Sankararaman says, was critical in helping the organization move forward with AI in a timely manner and shore up its strategy. “We didn’t want to waste another two years learning something on our own, because that could become an opportunity cost,” he says. “They came in and taught us to crawl so that we could walk on our own. Eventually, we’ll be able to run.”

For some companies, particularly those without considerable budgets, partnerships are a good alternative to hiring AI talent, says Purk. The key is knowing exactly what you want to get from the partnership.

“You want to be very purposeful with external resources. Do you need help brainstorming the art of the possible with AI? [With knowing] how to develop your AI strategy? Need to better understand your infrastructure and infrastructure needs? Great, bring them in,” she says. “But you need to be in the driver’s seat to ensure you’re working toward the solution specific to your business needs so when you take ownership of the AI development process you can build internal expertise.”

Building internal expertise in AI along the way is critical because you don’t want to rely on partnerships to drive AI initiatives forever, Sankararaman adds. “Learning is important. You can’t lean on a partner forever. You still want to invest in your own talent and let them kick the tires on AI so you can eventually stand and walk on your own.”

Taking Action

As organizations continue to explore AI and gen AI and determine where these technologies hold the most potential, they should keep several recommendations in mind.

→ **Slow down.** Avoid knee-jerk reactions to the pressure to participate, which can position organizations poorly in succeeding with these technologies, Hamilton says. This caution also means being wary of AI and gen AI hype before making significant investments, Sankararaman says.

“You don’t want to get too excited and start spending money in an unwise way. If you’re a small or midsize business, learn as much as you can right now and see where it goes,” Sankararaman says. “Let the dust settle, and in the meantime, groom your bench strength and run some experiments so you know what might work and what might not work. Spend time building some good use cases and putting business cases behind them. Then you’ll have all the ingredients for when it’s time to put that money to good use and have a good business outcome.”

→ **Ensure leadership has a baseline understanding.** For leaders to understand the best use cases for AI in their organization, they need a foundation in the basic workings of AI and gen AI, Purk says. “Leaders need to know how this technology works and the benefits and drawbacks. They need to understand how AI will tie into their operating models, and in order to do that they need to have a very good understanding of their strategic mission, goals, and objectives over the next 18 to 24 months,” she says. “They need to know how they and their competitors can be transformed by these technologies. And when working with vendors, they have to know what they actually need. Vendors can offer you all the bells and whistles, but maybe you don’t need them. There’s a lot of noise to sift through.”

First Horizon held a computer-based corporate training on AI that all employees—including leadership—could complete at their leisure, Sankararaman says. The goal was for employees to have an awareness of what AI and gen AI are. “The purpose behind the training was not to make everyone

an AI expert, but to give everyone context so [they] could have an intelligent conversation about AI,” he says.

→ **Start with the business problem.** AI use cases must always align with a business problem, Ramakrishnan says. “There is no reason to [use] AI just for the sake of it,” he says. “At ManpowerGroup, we don’t fund AI itself—we fund the business problems or opportunities we are addressing. If AI can contribute, we’ll leverage it.”

→ **Embrace failure.** Failures will be a constant in every AI and gen AI implementation, Purk says. This reality should not be a deterrent. “There has to be the mindset that failures will happen and you say, ‘Okay, cut the cord. We need to move on to the next project,’” she says. “It’s okay to fail. If a project fails, you learn from it.”

AI, Ramakrishnan adds, is an iterative process. “Getting it right takes time, and even after launch, you’ll continue refining [it],” he says. “It’s an evolving process, and that’s okay. Keep refining until it’s right or recognize when to move on.”

→ **Consider future business outcomes.** AI and gen AI are changing so rapidly that today’s iterations of the technologies won’t be what businesses are using in the near future, Cerf says. “What we have right now is clunky. We love it; we’re very impressed by it. But it’s not how AI will look in a very short time,” he says. “If you’re short-sighted and just trying to catch up, you’ll miss the fact that you’re trying to build the best horse when behind the scenes they’re preparing to build race cars.”

With that in mind, companies should think about what their business could look like 12 months from now and consider the business outcomes they’d like to achieve, Purk advises. “What will your relationships with your customers look like? What will your customers be expecting of you? Do they have a need that doesn’t exist yet? Those are the questions you should be thinking about in terms of business outcomes you should explore for the future,” she says. “AI has the potential to do more than we can realistically imagine right now.”

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Sam Hamilton, senior vice president of data and AI, Visa Inc.

Conclusion

The ability of AI and gen AI to process and generate information in ways that weren’t before possible requires organizations to take new approaches and strategies in aligning these technologies with business outcomes, even if the results aren’t easy to measure. Doing so ensures that the development, implementation, and use of AI directly support and advance the specific goals of an organization. To do otherwise jeopardizes the investment. To help navigate this challenge, organizations may find partnerships beneficial.

But while productivity or revenue gains may justify the investment, if they can be measured, so might more

intangible business benefits such as customer or employee experience, which may only indirectly promote efficiency and growth. Other important considerations are cost, data, and infrastructure requirements and whether the business has the necessary skills and expertise to support the technology. Choosing quick-win projects tied to achievable business outcomes may be the place to start.

“There is a learning curve with AI,” Purk says. “You need to think hard about the right use cases and funnel through them. You need to learn the process. You’ll learn to iterate, and you’ll get faster with it. It’s important to start, so start somewhere. The potential of these technologies is huge.”

Endnotes

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