# AISWITCH Balanced Scorecards for Enterprise AI-automation Solutions

**Who should read this: End-user Leaders- AI users/ strategists/ digital business leaders/ service provider client partners/ AI-automation leaders**

Enterprise AI-automation leaders and end-users/ service providers/ business leaders who are planning to strategize, productionize and scale up adoption of AI-automation solutions.

## Why a generic, pre-validated business case framework for enterprise AI-automation solutions, is a must-have

Currently, as per a recent global AI-automation adoption survey involving 1000+ respondents, 45% senior tech executives are focussed on aligning tech initiatives to business goals, and 40% are focussed on tech-business partnership. Among these leaders, 48% tech leaders' vision in 3-5 years is to use tech for competitive differentiation for their company, and 41% want tech to drive business innovation. However, very few leaders can actually articulate the outcomes and business impacts of their innovative digital tech usage initiatives. For example, only 13% leaders could claim with confidence that their organizations' revenue grew at 30%+, due to net new tech innovations and projects.

A key challenge for most of the tech leaders is that – their teams often don't have people with business strategy background or training. The tech experts are geeks who can deliver features, functions, models built on petabytes of business data, within weeks or even days. But, when senior leaders ask them about the business impact of these models and systems on critical company performance and strategic parameters, the geeks may not have the training and capability to connect the dots between tech projects and business outcomes. This is where balanced scorecards come handy.

Balanced scorecards provide holistic, objective, data-driven, evidence-based approaches to build AI-automation business cases, given that AI-automation solutions are not cheap. Or rather, like everything else, cheap AI-automation solutions soon becomes a burden or NPA, instead of being a non-linear value enabler.

A lot of surveys and discussions by analyst and consulting firms show the following:

- More than 70% enterprise leaders across business and IT functions are struggling to define a measurable hence manageable target-state pre and post implementation of expensive AI-automation solutions, to intelligently automate workflows that consume costly manual labour but yields much lower response/ processing times and performance parameters, in comparison with bots or AI-based intelligent agents/ digital assistants.

- Given that the capex for AI tech-stacks and solutions is quite high, and the opex parameters don't have much historical or experiential benchmark data from industry peers, financially feasible business cases for complex AI-automation tech-stacks are nearly impossible propositions for 80%+ business leaders. Also, to stay technologically competitive w.r.t. peers, and to use latest algorithms, the compute and storage cost trade-off's often pose huge cost challenges. Think of the latest GPT-3 techniques from openAI- it can speed up NLU application performance exponentially, but the cost of compute is also no less hiked up.

- Another tough challenge in AI initiatives is to show a longer-term sustainable RoI, along with a reasonable <2-3 years break-even. Cost take-out due to manpower reduction is the only common metric, as it's comparatively the easiest to calculate, with the most direct impact, but it won't last beyond a year [Simple- e.g. we can't fire the same person every year, nor can we keep the take-out no.s steady]. Then what? Using only that metric, break-even's won't be in sight even in next 3-5 years, given the initial investments for good AI solutions are quite high- in terms of IP, efforts and time.

This is why, taking a comprehensive view of the 'impact on business outcomes' [and not just 'AI/automation tool output'] is a handy approach. Balanced scorecards, for years, have given us that balanced view of value across all relevant parameters that cover the interests of all key stakeholders.

## How to build balanced scorecards for AI-automation business cases

Here is one example balanced score-card. This should be build primarily from the perspective of the end-user organization that's investing in the AI tools and capabilities [so that they can show and tell the RoI on AI-automation investments, to their CFO, CSO and CEO teams].

### Financial [Client company's]

**Examples parameters [not an exhaustive list]:**

- % of manual efforts take-out [FTE-hours equivalent]
- Subsequent % reduction in per unit input costs of business processes/ services/ transactions/ customer interactions/others..
- % reduction of costs due to reduced manual errors [cost of quality]
- % impact on top-line parameters [indirect] due to X-times faster processing speed, response, TAT, TTM

### Customer [Client company's]

**Examples parameters [not an exhaustive list]:**

- Customer experience improved due to faster response, fulfilment, reduced queueing & waiting time- manifested in
  - % improvement in Csat [survey results]
  - NPS – reference-ability
  - Reduced customer churn [indirect]
  - Customer trust & loyalty [indirect- can be measured through feedback, surveys & existing customer data]

### Internal [Client company's]

Examples parameters [not an exhaustive list]:

- % improvement in relevant employee group productivity
- % improvement in Esat [surveys]
- % reduction in efforts[cost] of talent retention [indirect- correlated to Esat/ Emp experience]
- % reduction in training efforts[cost] [e.g. routine task training]

### Knowledge- learning & development [Client company's]

Examples parameters [not an exhaustive list]:

- % Improvement in quality of auditable data [automatons capture & record everything]
- % improvement in availability of quality data for analytics
- % improvement in structured decision accuracy [manual variations reduced]
- % improvement in quality of applicable knowledge items and fitment logic- esp. in machine learning

Savings on vendors'/ service providers' contract cost on existing SoW's or potential cost reductions by keeping contract costs same but scaling up volumes, are anyways already included in most outsourcing contracts these days, from all big providers that have automation capabilities at different levels of maturity.

Providers/ vendors that take a consultative partnering approach, beyond just successful tool implementations, can help their client organizations build these outcomes metrics and scorecards. Given that real success of AI & automation depends much more on the people-process-business outcomes and organizational change aspects rather than just technology, a comprehensive consultative approach will add significant value and trust in client-vendor relationships.

For example, first building a balanced scorecard with target metrics across the 4 dimensions, in collaboration with relevant client teams, will give both sides a comfort zone and transparency- in terms of how they will view and evaluate "success" in AI and automation investments. This will also facilitate the Pre and Post assessments of targeted outcomes, e.g. doing a variance analysis between targeted value vs. actuals achieved post 3-6 months running of the AI-automation initiatives.

For relatively more mature client-provider relationships that are built on gain-share models in pricing for example, this approach can bring in the much-needed transparency and consistency in metrics definitions and value and outcomes measurements.

One simple BSC example can be the most common use-case of automating SD L1 tickets and request fulfilment. Here it is-

**Financial**

**Use-case Example:**

- 70% automated L1 ticket handling: ~ 35-56% manual efforts/cost of tickets reduced [~50-80% of SD ticket costs – people- depending on cost locations]
- 30-50% reduction in service request fulfilment costs [same logic, SD L1]
- Minimum 30% reduction of costs of hops due to accurate allocation of tickets to right resources/skills / automated categorization

**Customer[in this case- Business Users- Internal Customers of IT SD and SO]**

**Use-case Example:**

- Customer experience improved due to faster response, fulfilment, reduced queueing & waiting time, QoS and service availability - manifested in
  - Target at least 10-20 % improvement in Csat [survey results]
  - Track NPS – reference-ability – target 50-70% to start with
  - 2-3 X improvement in MTTR on L1 tickets, due to 70% automation leading to minimal queueing & waiting time

**Internal [in this case- IT FTE's]**

Use-case Example:

- Target 30-50 % improvement in relevant IT productivity across support L1 [linked to Financials 1st two]
- 20-30 % improvement in Esat [surveys]
- 30-40 % reduction in training efforts[cost] [e.g. routine task training such as L1 ticket categorization and allocation]

**Knowledge- learning & development**

Use-case Example:

- 70 % Improvement in quality of auditable L1 ticket data [automatons capture & record everything]- straight linked to automation ratio
- Target 70% improvement in availability of quality data for analytics
- Target 30% improvement in structured decision accuracy at L1 [manual variations reduced]
- Target 70 % improvement in quality of applicable knowledge items and fitment logic- esp. in machine learning

From this example, some are tangible cost markers that can be used to calculate break-even and RoI, e.g. the ones in Financial dimension.

To state the obvious, none of these dimensional parameters are exhaustive and all-inclusive, but are primarily samplers and indicative examples. Each enterprise and their leaders can build their own financial value metrics, cost metrics and customer and internal value and knowledge value metrics, in alignment with their enterprise business and AI strategies and priorities, e.g. focus on profitability, market share, productivity, market expansion and so on.