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Unlock the True Potential of Generative AI



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Agenda



Understanding the Cost Dynamics of GenAI



Building a Strong Business Case for GenAI Investments



Maximizing Productivity Gains with GenAI



Budgeting for GenAI in 2025

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Understanding the Cost Dynamics of GenAI

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Cost is one of the greatest threats to AI and GenAI's success.

More than half of the organizations are abandoning their efforts due to missteps in estimating and calculating costs.

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Cost estimates can go awry by 500%-1000%.

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Three business case patterns

Defend

…task specific improvement to maintain competitive parity

Copilot, Gemini, Apple Intelligence

Incrementalism
Marginal gains
Micro-innovations

Individual

Extend

…an existing process for differentiation

GenAI in customer service to recommend upsell

Growth in market size, reach, revenue or profitability

Process

Upend

…to create new products, markets and core processes

Pharmaceutical drug discovery

Change the business model and competition

Business Model

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Wildly different cost ranges

Defend

Copilot, Gemini, Apple Intelligence

$500 per worker

Extend

GenAI in customer service to recommend upsell

$250K ~ $5M

Upend

Pharmaceutical drug discovery

$20M ~ $250M+

Per use case per annum, excluding data transformation

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Key Cost Factors of GenAI

Infra	Models	Data	App dev	Users	Inference	Tokens
Infrastructure	Model creation	Your data	Custom app build	No. of users	Prompt input and answer output	Price per token
	Model tuning	Vendor/ public data	Integration	Per user license	No. of iterations to answer	

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Defend

Infra	Models	Data	App dev	Users	Inference	Tokens
Infrastructure	Model creation	Your data	Custom app build	No. of users	Prompt input and answer output	Price per token
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Tech vendor responsible for costs

Enterprise responsible for costs

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Extend

Infra	Models	Data	App dev	Users	Inference	Tokens
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Tech vendor responsible for costs

Enterprise responsible for costs

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Upend

Infra	Models	Data	App dev	Users	Inference	Tokens
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Tech vendor responsible for costs

Enterprise responsible for costs

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5 Cost Factors Are Very Volatile

Additive

Infra



Infrastructure

Models



Model creation

Model tuning

Data



Your data

Vendor/ public data

App dev



Custom app build

Integration

Multiplicative

Users



No. of users

Per user license

Inference



Prompt input and answer output

(x)

No. of iterations to answer

Tokens



Price per token

Can blow your budget by 5x — 10x

Relatively predictable costs

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Building a Strong Business Case for GenAI Investments

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Completely different currencies of value

Defend

…task specific improvement to maintain competitive parity

Return on Employee

Extend

…an existing process for differentiation

Return on Investment

Upend

…to create new products, markets and core processes

Return on the Future

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Defend – Stop chasing financial return

Benefits

3%	Daily time savings
$48k	Average US annual salary
$1.4k	Time value saved
$1.1k	Left after 20% productivity leak
$380	Value with 33% harvesting ratio

Cost

$30	Per person per month
$360	Per person per year
7%	Assumed WACC / Hurdle Rate
$385	Savings required to break even

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Defend – Return on Employee

14 minutes

Is the average time savings per person per day for Copilot as reported by Microsoft

36 minutes

Is the daily time savings in an eight-hour day

***Feel* more productive**

Workers ***perceive*** a significant boost in productivity

Employee Perception of Effectiveness and Wellbeing

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Extend – Productivity ROI Example



24% Customer service productivity increase

$34k Average US customer service annual salary

$8.2k Time value saved

$6.5k Left after 20% productivity leak

$4.5k Value with 70% harvesting ratio



500 Customer service agents

$1.5k Build cost per user

$2k Recurring cost per user

$2.5k Average annual cost over three years

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Upend – Return on the future

Several initiatives

Not one initiative, but several simultaneous initiatives

Long time horizon

Not all initiatives will be done in parallel, and will require time to innovate (i.e. fail and try again)

Door Opener

GenAI may be a ‘throw-away’ technology to make new discoveries, and significant investment is required after GenAI

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Upend – Chemical and Materials Case Study

Benefits

180 New material compounds discovered

$1.5m Average value of each new material compound

$270m Total value

Cost

$20m Bespoke model build

$70m Additional R&D after material compound discovery

$90m Total Cost

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Maximizing Productivity Gains with GenAI

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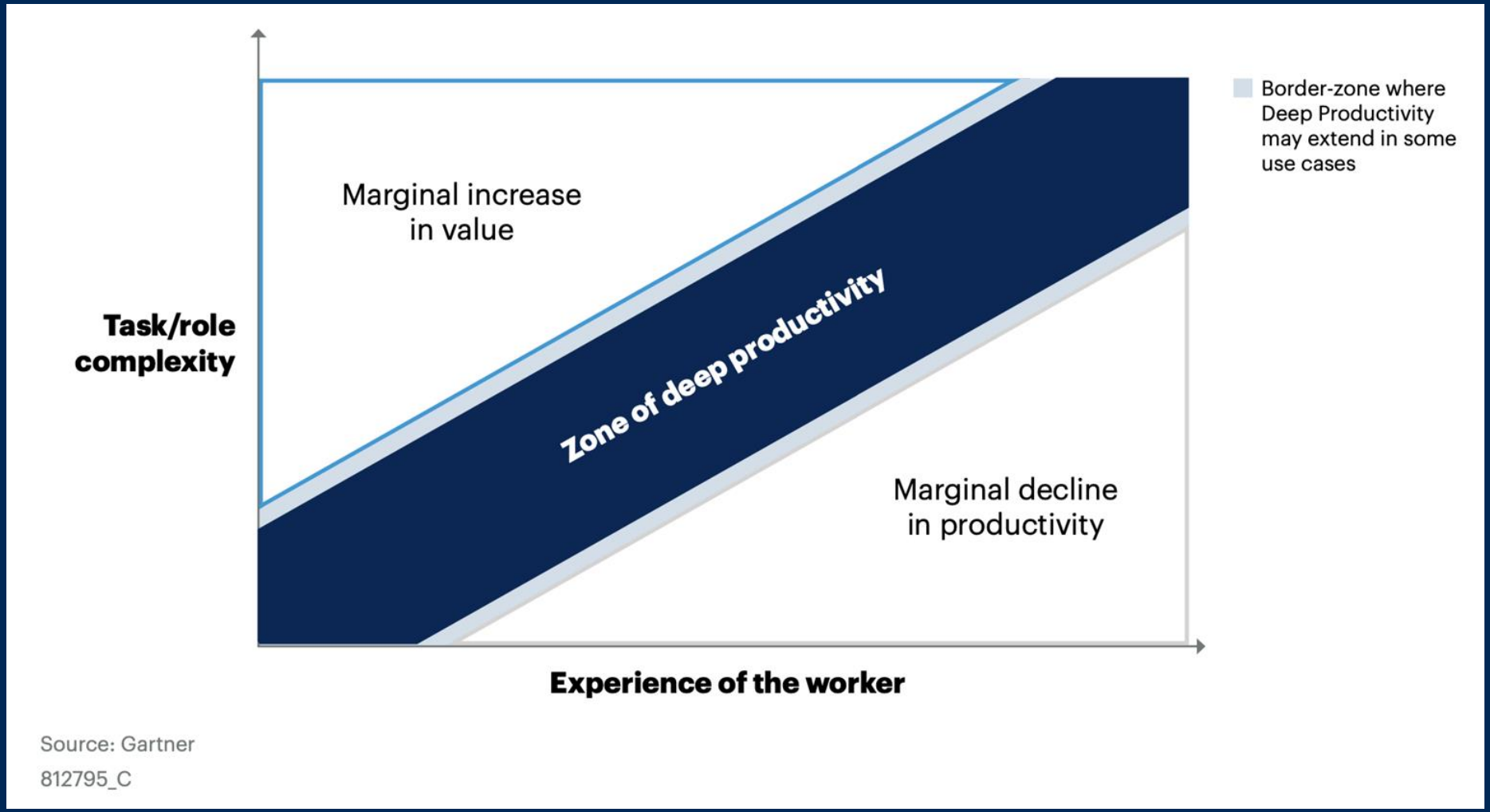
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‘Productivity’ isn’t always about ‘faster’

1. Productivity is increasing the speed of a worker to complete a task
2. Productivity is increasing the quality of prioritization so workers complete the highest-value tasks
3. Productivity is increasing the alignment of work so that a chain of tasks is completed faster
4. Productivity is the result of employee and team effectiveness and impact through technology

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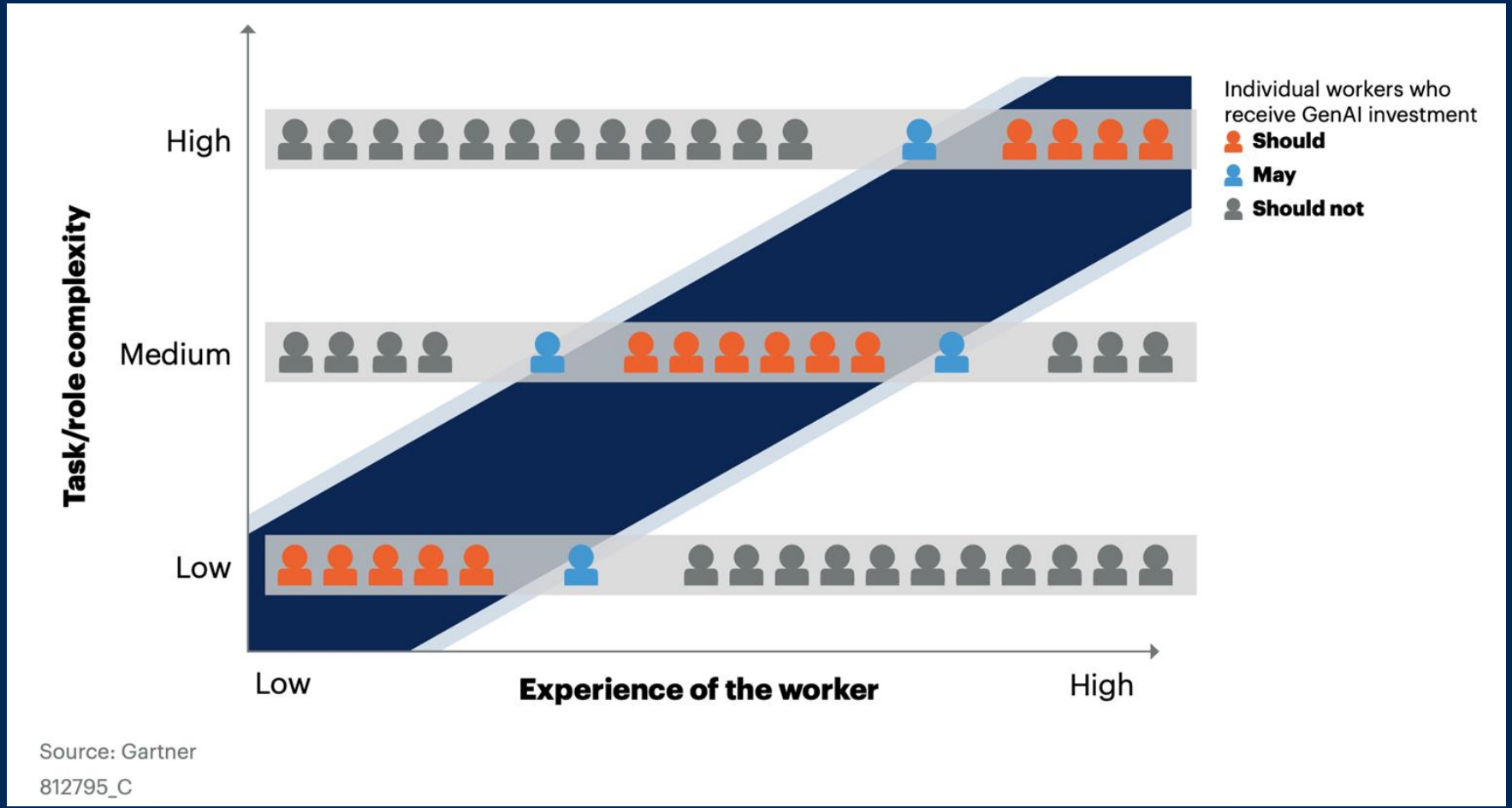
Deep Productivity Matrix



Source: Gartner
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Where to Deploy GenAI to Realize Productivity Gains



Source: Gartner
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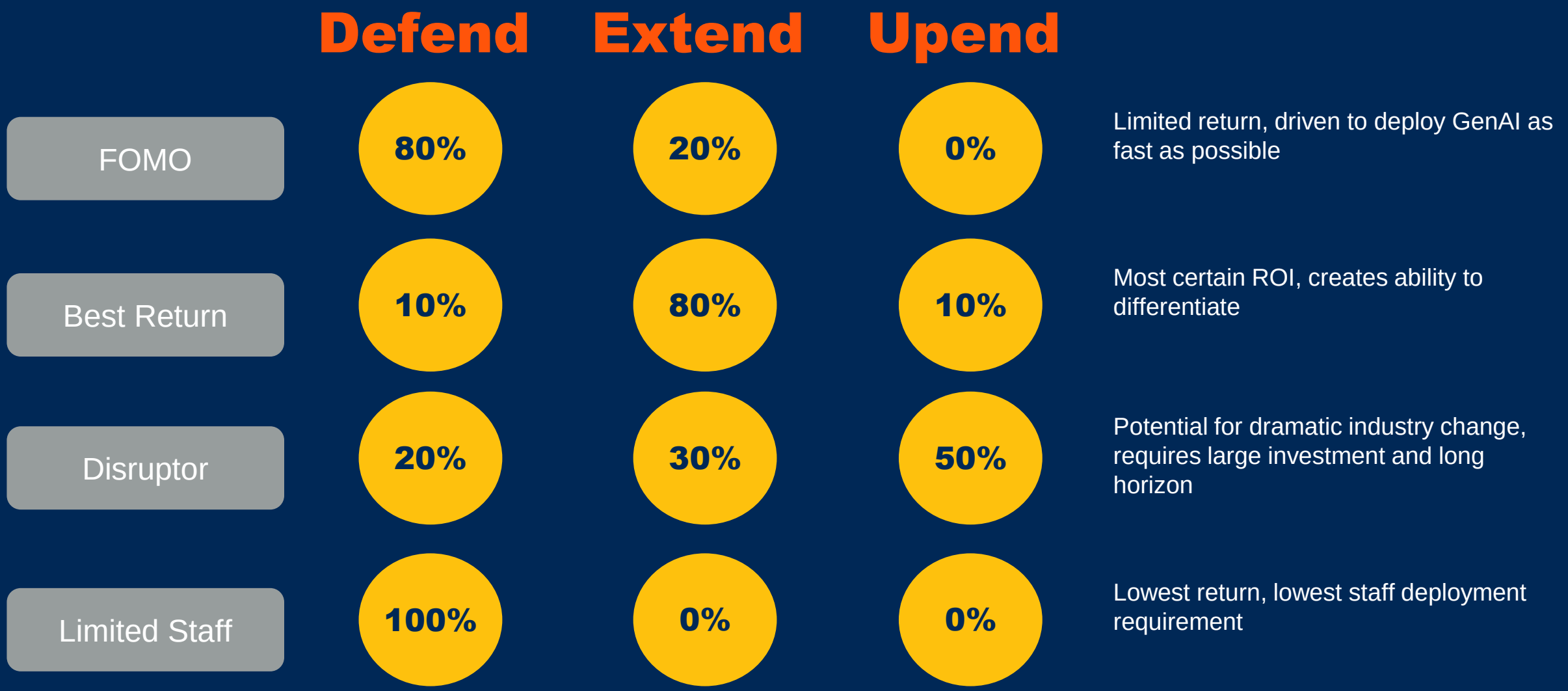
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Budgeting for GenAI in 2025

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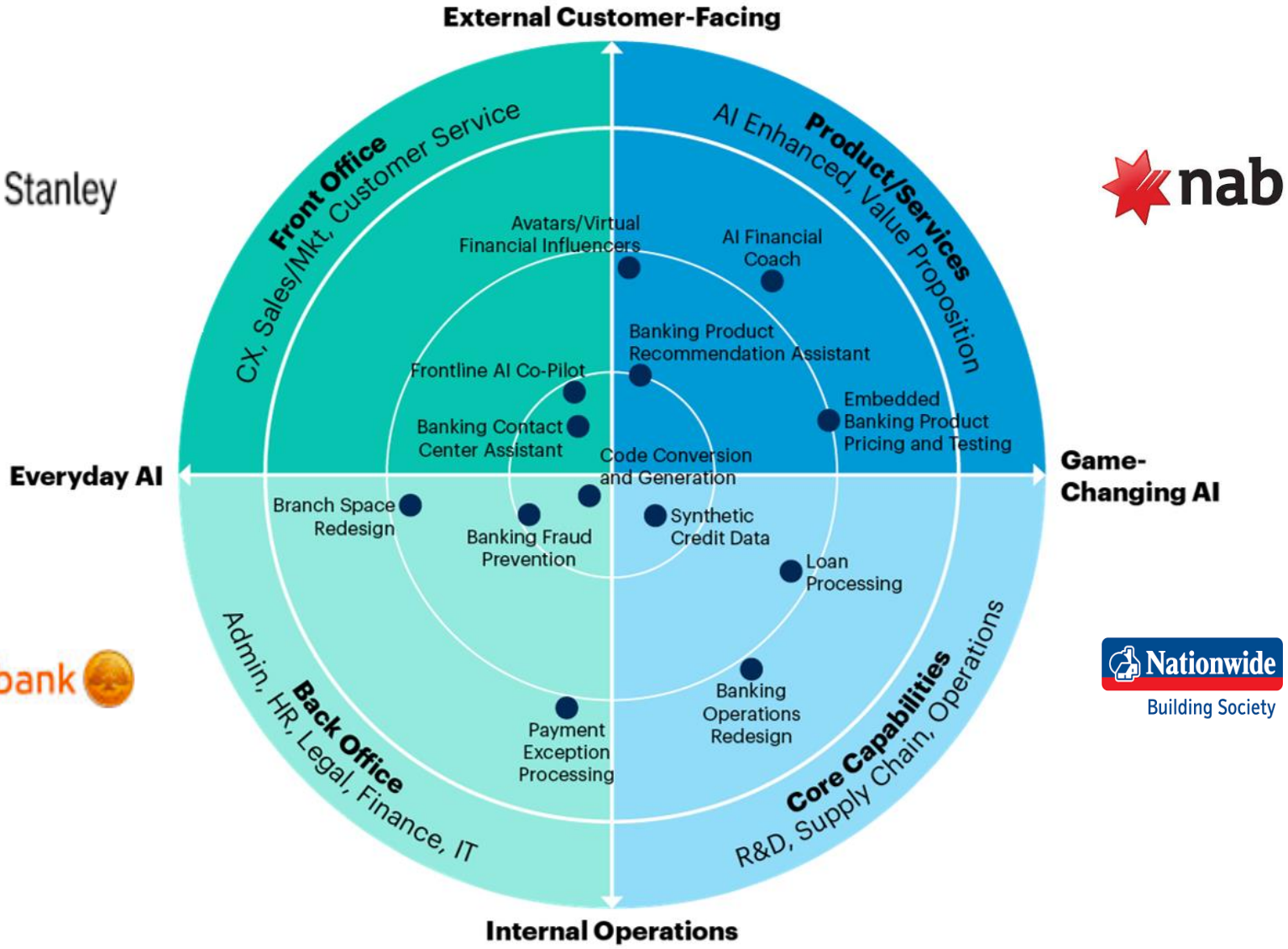
Different Portfolios, Different Results



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Gen AI Use Cases in Financial Services



Morgan Stanley

nab

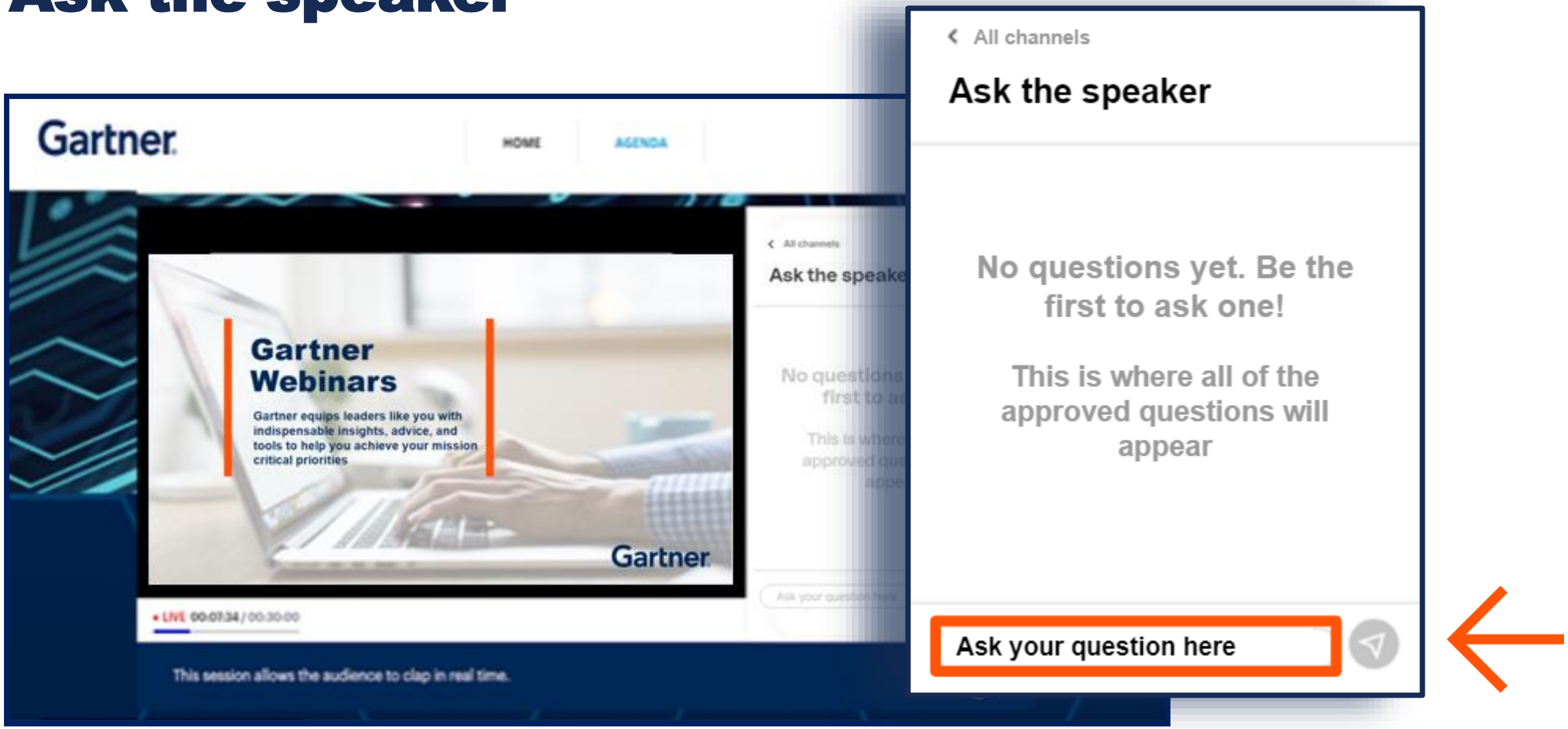
Swedbank

Nationwide Building Society

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Ask the speaker



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Strategic Planning Essentials

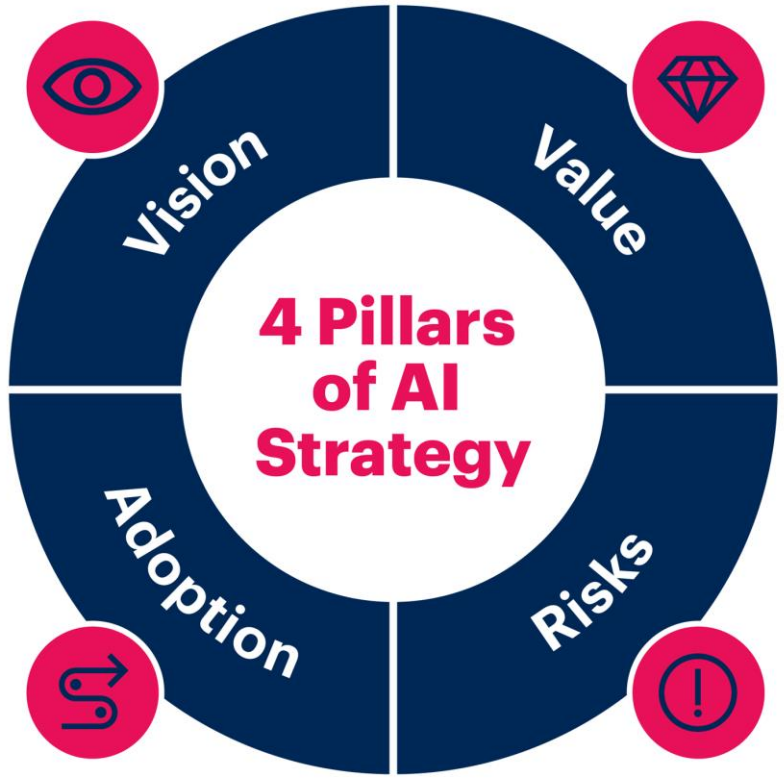
How to avoid 7 costly planning mistakes — featuring a one-page template to communicate your plan

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GenAI Planning Workbook

For more AI impact, fortify four key pillars of your AI strategy: Vision, value-realization, risk and adoption plans.



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Leadership Vision for 2024

Top 3 Strategic Priorities for 2024

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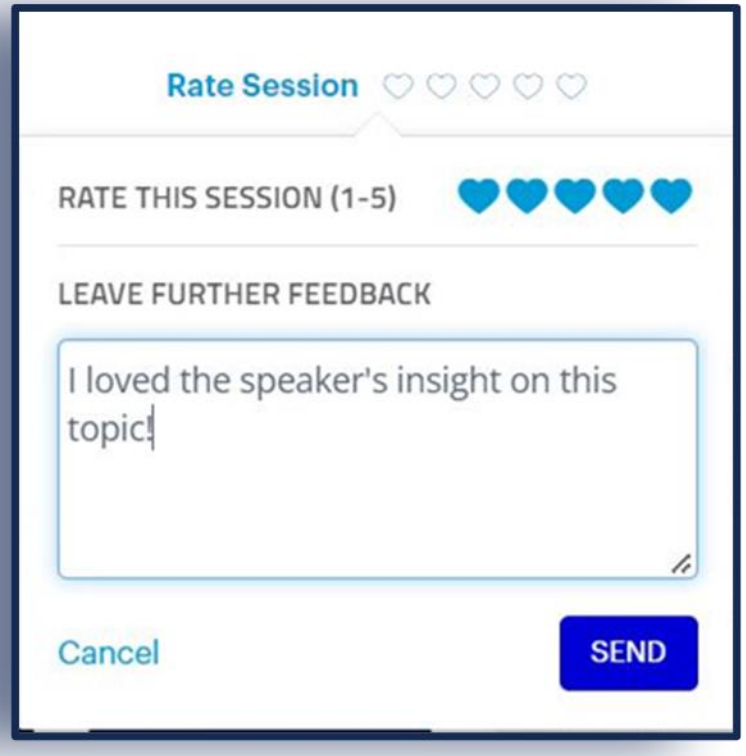
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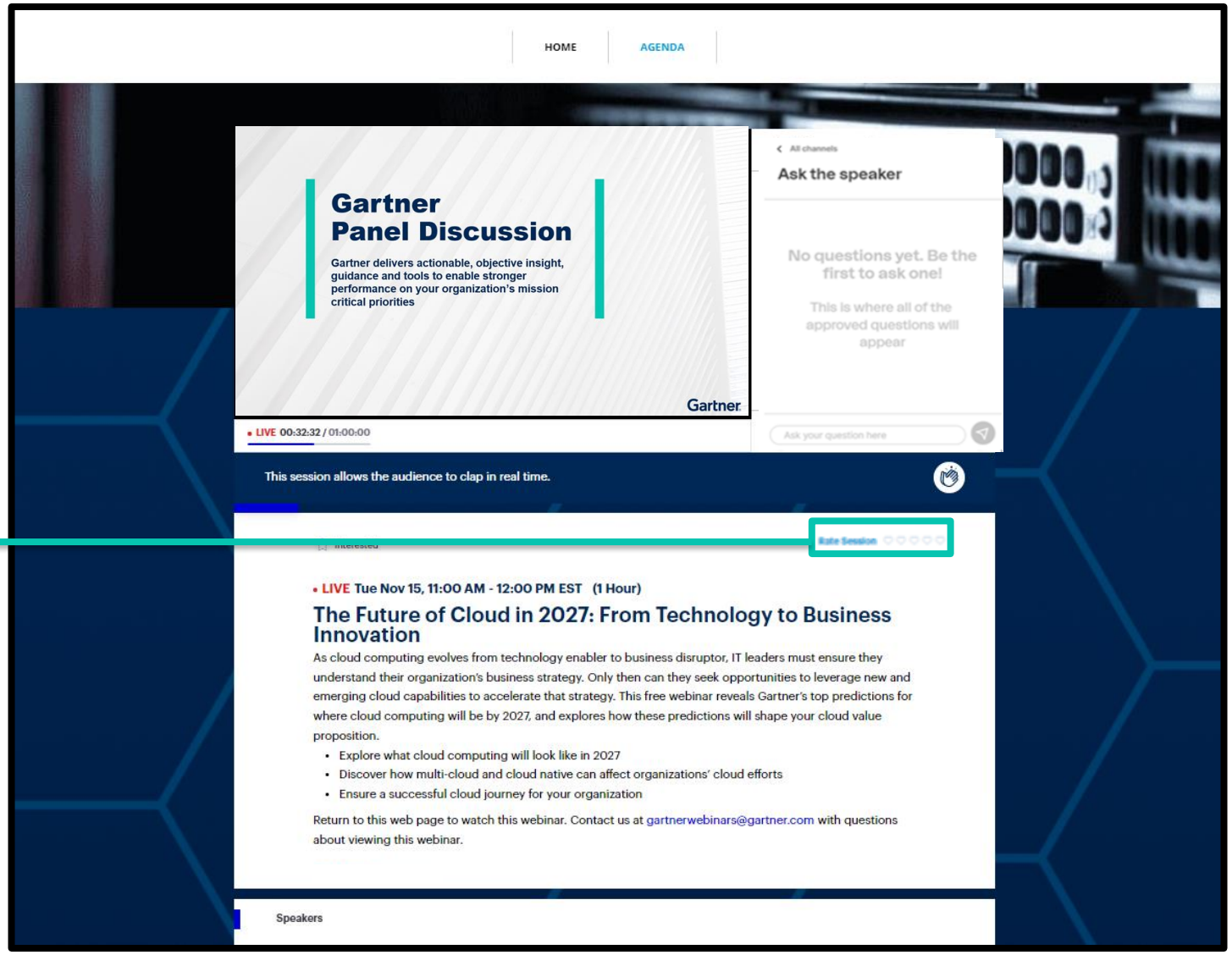


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