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# How to Quantify AI Savings Before You Build

> Organizations should quantify AI savings before building by establishing operational baselines, mapping value levers, applying adoption and risk adjustments, and separating hard-dollar savings from capacity, cost avoidance, quality, revenue, and experience benefits.

## AI savings should be quantified before a transformation build begins, not after the pilot ends.

This sounds obvious, but many organizations still begin with a tool, a demo, or a use case list and only later ask how the investment will pay back. That sequence creates inflated expectations and weak executive sponsorship. For many organizations, the better path is to build the business case from operational facts.

## The first step is to establish the baseline.

Leaders need to know all the data points that describe the baseline of organizational operations. This can include the current volume, labor cost, vendor cost, average handle time, rework rate, transfer rate, cycle time, quality defect rate, escalation volume, appeal volume, overtime, abandonment, customer/member/provider satisfaction, and compliance burden associated with the workflow. If the baseline cannot be measured, savings cannot be trusted.

## The second step is to map the value levers.

AI savings generally come from six categories:

- **Labor productivity:** reducing time spent on documentation, research, routing, summarization, and repetitive inquiry handling.
- **Capacity creation:** freeing staff to absorb growth, improve quality, or handle complex work without proportional hiring.
- **Vendor cost optimization:** reducing outsourced volume, improving service-level performance, or renegotiating around better operating data.
- **Administrative waste reduction:** eliminating manual work, duplicate touches, and avoidable rework.
- **Cost and quality impact:** improving appropriate utilization, outreach, documentation, and service/care gap closure.
- **Revenue and retention impact:** improving enrollment support, broker/employer service, customer/member experience, and quality-related performance.

## The third step is to separate value types.

Hard-dollar savings are budget reductions that can be captured. Productivity value creates capacity but may not immediately reduce expense. Cost avoidance prevents future hiring, overtime, vendor expansion, or technology remediation. Quality and revenue benefits may be meaningful but should be modeled differently than expense reduction.

## The fourth step is to use a simple, auditable formula.

For a contact center workflow, annual labor opportunity may be estimated as annual contact volume multiplied by minutes saved per contact, multiplied by fully loaded cost per minute, multiplied by adoption rate, minus implementation and operating costs. For a rework process, the formula may be volume multiplied by defect rate multiplied by cost per rework event. For a vendor workflow, the formula may be outsourced volume multiplied by reducible unit cost or avoidable escalation cost. The point is not to create a perfect model, but rather to make assumptions visible.

## The fifth step is to risk-adjust the case.

Not every identified dollar will be captured. Adoption may be slower than expected. Model performance may require more human review. Compliance requirements may limit automation. System integration may take longer. Data quality may constrain accuracy. Vendor contracts may prevent immediate savings. A credible business case includes conservative, expected, and upside scenarios.

## The sixth step is to include implementation cost.

AI is not free after licensing. Plans should account for software, integration, data preparation, workflow redesign, security review, legal/compliance review, model governance, change management, training, prompt/content management, human-in-the-loop review, monitoring, quality assurance, and ongoing optimization. Many AI business cases fail because they count the benefit but undercount the operating model required to capture it.

## The seventh step is to create decision gates.

Before funding a build, leaders should define what must be true at each stage. Is the baseline validated? Is the workflow mapped? Is the knowledge source governed? Are decision rights clear? Is there a human review process? Is the integration path realistic? Is there a measurement plan? Is there a named owner for capturing the value?

## A strong AI savings model should make the CFO more confident and the operator more practical.

It should show where value will come from, how it will be measured, what assumptions need validation, what risks could reduce capture, and what must change operationally. AI value is not proven by a demo. It is proven by a measured change in the economics of work.

## Request an AI Savings Business Case Workshop

> AI value is not proven by a demo. It is proven by a measured change in the economics of work.

> Industry savings estimates create the thesis. Internal baselines create the business case.

> Do not build the AI business case from vendor claims. Build it from process volume, cost, time, quality, and adoption assumptions.

## Article Sources


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