AI VALUE MEASUREMENT

Measuring AI Value

A practical guide to baselines, KPIs and review cadence, so the return on each AI initiative can be seen, tested and managed.

Most AI initiatives are approved on expected benefits and then reviewed on activity: licences bought, pilots launched, people trained. The value only becomes visible when measures are set before launch, tied to a business outcome and owned by a named person.

01 Why AI value goes unmeasured

1 No baseline
Performance before launch was never recorded, so any improvement afterwards is an estimate that is easy to dispute.

2 Activity, not outcomes
Logins, prompts and pilots show use, not value. They are useful signals, but they are not results.

3 No owner
Nobody is accountable for the number, so it is not reviewed and nothing changes when it slips.

02 The measurement chain

Measure four layers. Each depends on the one before it.

LAYER 1	LAYER 2	LAYER 3	LAYER 4
Adoption	**Performance**	**Outcome**	**Value**
Is it being used as intended?	*Is the work better?*	*Did the business result move?*	*What is it worth, net of cost?*
Active users as a share of the target group. Share of eligible work that goes through the tool.	Cycle time, error and rework rate, first-contact resolution, throughput per person.	Cost per transaction, backlog, customer satisfaction, revenue per account.	Annual net benefit, payback period, return on investment.

Read the chain from left to right. Strong adoption with no change in performance is a signal to revisit the workflow, not to buy more licences.

03 Set the baseline before launch

1 Name the outcome	State the business result the initiative exists to move, and name the person accountable for it.
2 Choose few KPIs	Pick one or two measures for each layer of the chain. A short list gets reviewed; a long one gets ignored.
3 Record today	Measure current performance over a representative period, such as the last full quarter, using the same definitions you will use after launch.
4 Set the decision rule	Agree in advance what result means continue, adjust or stop, and by when.
5 Fix the data source	Confirm where each number comes from, who reports it and how often, before the first review is due.

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Choosing the right measures

04 Example KPIs by function

Starting points to adapt, not targets. Choose measures that fit your workflow and that you can track the same way before and after launch.

Function	Adoption signal	Performance KPI	Business outcome
Customer service	Share of inquiries handled with AI assistance	Average handling time; first-contact resolution	Cost per contact; customer satisfaction
Finance	Share of invoices processed without manual keying	Processing time per invoice; exception rate	Cost per invoice; days to close the month
Operations and supply chain	Share of planners using forecasts in decisions	Forecast accuracy; late schedule changes	Inventory carrying cost; on-time delivery
Human resources	Share of policy questions answered through self-service	Time to answer; time to fill roles	HR cost per employee; new-hire retention at 90 days
Sales and marketing	Share of proposals drafted with AI support	Proposal turnaround time; content production time	Win rate; cost per qualified lead
IT service desk	Share of tickets triaged automatically	Mean time to resolve; reopen rate	Cost per ticket; user satisfaction
Public sector and programs	Share of applications pre-screened with AI support	Processing time per application; error rate	Backlog size; service standard met
Legal and compliance	Share of standard contracts reviewed with AI support	Review time per contract; issues found at final review	External legal spend; contract cycle time

05 Guardrail metrics: measure what could get worse

Headline KPIs can improve while quality, experience or fairness slips. Track a guardrail for each risk and set a threshold that triggers a review, even when the headline numbers look strong.

Quality

Error rate in a sample checked by a person; rework; corrections after release.

Experience

Complaints, escalations to a person, and customer and employee satisfaction.

Fairness and compliance

Outcome differences across groups where relevant; policy exceptions; audit findings.

Cost to run

Usage-based fees, support effort and vendor costs as volume grows.

06 Common measurement traps

! Counting time saved as money saved

Hours saved are a benefit only when they are redeployed to valued work or remove a cost. Record where the time went.

! Comparing against a different period

Seasonality, staffing and volume changes can look like AI impact. Compare like for like, or use a comparison group.

! Leaving out the full cost

Include licences, usage fees, integration, support, training and the time of the people involved, not only the vendor invoice.

! Changing the definition midway

If a KPI definition changes, restate the baseline. Otherwise the trend reflects the change in definition, not the work.

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Reviewing and deciding

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07 Review cadence: 30, 60 and 90 days

30 days — ADOPTION

- Is the target group using it as intended?
- What is getting in the way of use?
- Are guardrail metrics within threshold?

DECIDE
Remove adoption barriers before judging results.

60 days — PERFORMANCE

- Are performance KPIs moving against the baseline?
- Is quality holding in checked samples?
- Where does the workflow still break?

DECIDE
Adjust the workflow, training or configuration.

90 days — VALUE

- Has the business outcome moved?
- What is the net value against the full cost?
- What would it take to scale?

DECIDE
Scale, adjust or stop, using the rule agreed before launch.

After 90 days, review quarterly alongside your other operating metrics.

08 Calculating net value

Annual benefit

(baseline cost per unit - new cost per unit) × annual volume + other measured benefits

Annual net value

annual benefit - annual run cost - build cost spread over its expected life

Count only benefits you can measure, or that the budget owner agrees are real. Revenue effects need the same baseline discipline as cost effects.

ILLUSTRATIVE FIGURES ONLY

Example: invoice processing

Baseline cost per invoice	**$12.00**
Cost per invoice after launch	**$7.50**
Annual volume	**40,000**
Annual benefit	**$180,000**
Annual run cost	**-$45,000**
Build cost of $60,000 over 3 years	**-$20,000**
Annual net value	**$115,000**

09 KPI definition card

Complete one card for each KPI before launch. Print this page, or copy the fields into your own tracker.

KPI name and layer		**Owner**	**Review frequency**
Definition and formula		**Data source and who reports it**	
Baseline value	**Baseline period**	**Target and date**	**Guardrail threshold**
Decision rule: continue, adjust or stop		**Notes**	

Want the measures built into the work?

Through AI Performance & Intelligence, ilene.ai sets baselines, builds the reporting and runs the 30, 60 and 90 day reviews with your team.

Book a strategy call

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