

## AI Strategy Framework

First, understand the project's **strategic rationale**. How does the opportunity fit into your company or department's overall goals and strategic plan? Decide whether this is a revenue-increasing or a cost-cutting measure. How might this change the products and services that your company offers? Will it open new business opportunities? Typically, opportunities are judged against a mid- to long-term time horizon.

Next, consider the **opportunity size**. Is the opportunity big enough to warrant an AI solution, or can your employees or an older technology adequately solve the problem? Conversely, even if this specific opportunity can be solved more cheaply or easily with human power for now, can an AI-based solution be leveraged for similar tasks in the future?

Then, consider the **investment level** required. How much time and money will you need to allocate towards the problem? Don't forget to include internal costs. For example, even if an external vendor implements a solution, you will still incur internal management costs.

While the next factor, the **return on investment (ROI)**, is never certain, you should estimate an upper and lower bound and a likelihood of success. Understand your break-even number. Don't forget to include internal costs for project management and opportunity costs in your evaluation.

The fifth factor to consider is **risk**. What is the likelihood that this project will succeed and deliver on the projected ROI? Does this project seem like a sure bet, or is it a moonshot opportunity? Set the performance level that a new technology needs to achieve in order to be deemed

successful. Also consider the industry risk of your competitors adopting AI for a core function. Would you lose your competitive advantage if you failed to take action?

**Timeline** is the next factor to consider. Most AI projects require at least a few months of investment before producing positive results for your business. During this period of time, you should constantly be optimizing and testing your technology. A project that will take years to complete should set interim milestones to measure progress.

Finally, have other business **stakeholders bought in**? Most projects will require an interdepartmental effort to gather data, train systems, launch new products, and maintain performance.