Microsoft

AI ROI Report: Making the Case for Artificial Intelligence in Transforming Public Services (PS)

Return on Investment (ROI) discussion in PS

aka.ms/psairoi

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Overview

01 AI is transforming our lives

02 Why AI adoption is necessary in Public Sector

03 AI offers measurable Return on Investment

04 How deliver to AI ROI and drive long term transformation

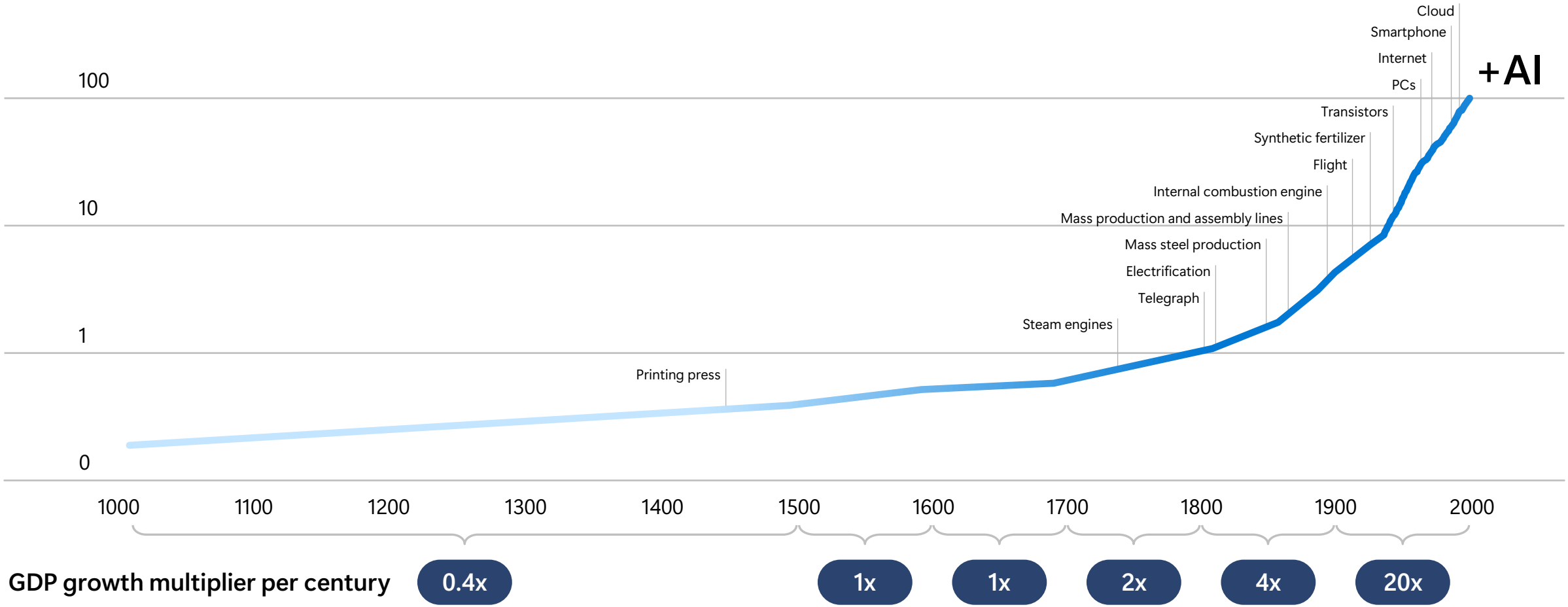
05 Q&A

06 Resources

Technology drives GDP growth, the pace is accelerating

Global GDP and technological revolutions

Real GDP in trillions of 2011 GK$, logarithmic scale



Source: Maddison Project, Ourworldindata

Leaders recognize the need for AI adoption

70+	Countries have published National AI policies & strategies[1]
76%	Of knowledge workers use AI at work. 46% started <6 months ago[2]
85%	Constituents expect digital government services to match or exceed those offered by the private sector.[3]
79%	Leaders agree their organization needs to adopt AI to stay competitive[1]
3.7x	Return on investment from every $1 an organization invests in GenAI[4]

1. OECD
2. Work Trends Index
3. Accenture survey
4. 2024 GenAI opportunity study

Current Public Sector Challenges

Budget pressures and scrutiny are **growing**

Citizen expectations are **rising**

Legacy systems are **limiting**

Workforce gaps and burnout are **expanding**

Expectations from Public Sector professionals

Accountability:

Need to deliver **measurable results**

Equity:

Need to **improve outcomes** for all

Efficiency:

Need to **stretch every dollar**

Engagement:

Need to **attract & retain talent**

AI can help

	Customer Service	Operations	Compliance	Employee productivity	HR
Challenge	City was looking for in a new and innovative way to enhance the overall tourist experience and increase tourism	Institute wanted to personalize education for students, save time on tedious tasks and boost teachers' creativity	UK MOD DE&S contended difficult and time-consuming efforts to find critical up-to-date compliance information	Reducing the workload and time back for educators to reduce attrition and risk of teacher burnout	Borough was grappling with increased service demands while revenue was declining
Solution	Built VisitMadridGPT with Azure OpenAI Service to provide accurate, real-time info. Helps the City analyze conversations to better understand tourist needs	Developed TECgpt, a genAI-powered ecosystem designed to enhance both academic and administrative processes for students and faculty	Leveraged an MoD Cloud hosted, defence data-trained large language model (LLM) chatbot to enable essential procurement decisions	Deployed M365 Copilot to improve productivity and give teachers time to inspire and nurture the next generation	Streamlined back-office processes, reduced workload, improved services with Copilot
ROI/Impact	**95+ Languages supported**, Improving global reach High user engagement, avg. session 4 mins 18 secs Improved operational insights	**Repurposed 10 FTEs** by fully automating student registration 24/7 immediate personalized tutoring	**24/7 access to critical compliance information** via the AI chatbot, DE&S was able to reduce risk, support informed decision-making	**9.3 hours saved per week per teacher** – 3.3 hours on curriculum planning; 2.8 hours on content search; 3.2 hours on admin tasks	**30% reduction in new-hire onboarding time** 57% of users enjoyed their work more with Copilot Substantial cost savings through process automation
	Watch the video	Read more	Read more	Read more	Watch the video

Return on Investment discussion could help make the case

Return on Investment (ROI) = Total Benefits/Total Cost...*a simple equation but a nuanced evaluation*

A holistic ROI calculation accounts for

Investments such as hardware, licenses, talent etc.

And weighs it relative to,

Operational outcomes such as cost savings, faster processes, fraud and waste reduction, productivity increases

Mission impact improved trust, greater access, transparency

Strategic transformation improved decision making, data maturity, innovation culture, employee satisfaction

	Hard	Soft
Returns	• Time savings • Cost savings • Productivity increases • Fraud and waste reduction	• Improved decision making • Better constituent experience • Improved employee engagement • Agility
Investments	• Resources • Licenses • Data • Compute and storage	• Subject Matter Experts • Technology skilling

Source: *Defining and measuring return on investment for AI: PwC*

ROI across organization layers

Organizational Value

Organizational Transformation

- Generate synergies between departments; measured as expanding equity and access to services, cost reduction and fraud & waste reduction

3.7x Return[1]

Departmental Value

Departmental Value

- Usage in role-based processes; measured as KPIs

Software developers

55%[2]

Faster coding for software developers

Customer Service

12%

Faster resolution of customer issues

Individual Value

Jobs to be done or tasks to be addressed

- Inspire quick wins; measured as usage and time savings with goals to improve job effectiveness and work capacity

Meetings efficacy

3.8x[3]

Faster at catching up on missed meetings

Personal productivity

70%[3]

Copilot users said they were more productive

[1] *IDC InfoBrief: sponsored by Microsoft, 2024 Business Opportunity of AI, IDC# US52699124, November 2024*
[2] *GitHub Next, Research: quantifying GitHub Copilot's impact on developer productivity and happiness, September 2022*
[3] *Microsoft Work Trend Index Report, What Can Copilot's Earliest Users Teach Us About Generative AI at Work?, November 2023*

But there are blockers to making strategic investments in AI...

Budget cycles where short-term gains are prioritized over long-term value

Procurement rules focus on lowest upfront cost, capital vs. operating expenses

Talent shortages limit ability to innovate & adapt new technology

Change management effort seems daunting when viewed in its entirety

How Public Sector leaders are prioritizing with limited resources

Start with **high-impact, low-cost** projects to build trust and demonstrate value

Identify **shared services, interagency** scenarios to share costs and drive long term transformation

Establish **payment schedules tied to multi-year delivery** and impact

Reframe decisions with **full picture** evaluation – initial investment, operational benefits, long term returns

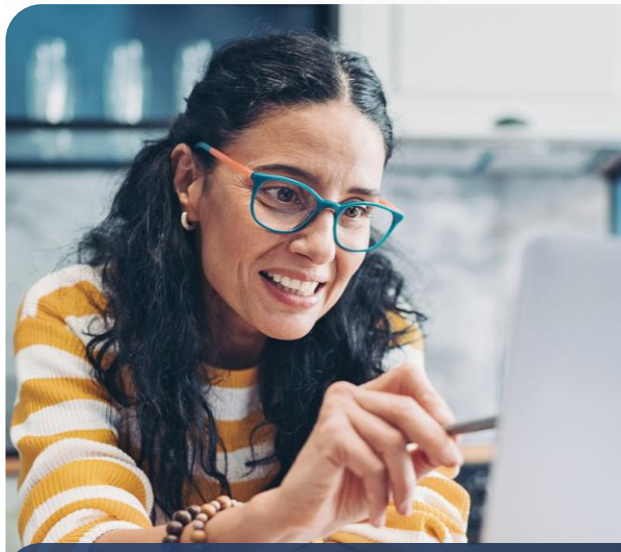
High impact, lower cost investments that build trust, develop skills, and encourage AI adoption

98%

reduction in admin tasks from meetings

2 years

of typical learning time reduced to just six weeks



£5.3M

Annual efficiency for 2000 use

Follow up with longer term transformation projects

	Procurement	Property Registration	Security	Accelerated insights	Process efficiency
Challenge	DEWA wanted to enable employees to generate documents easily and swiftly by entering minimal information	Manual processing of property transactions left some Greek citizens waiting months or years to legally own their property	Government of Albania experienced a sophisticated cyberattack that disrupted critical public services	Natural England wanted reduce time-consuming work of mapping damage to focus restoration work of England's peatlands	Torrens University identified key inefficiencies in its LMS and wanted more intuitive navigation and multimedia interaction
Solution	Developed Business Requirement Document (BRD) Generator AI algorithm, trained on 500 billion parameters with Azure Open AI services	Built a system using Azure OpenAI Service to that read and categorize property contracts, apply legal rules, and provide assessments for approval	Utilized AI-powered MS' Security solutions, to prevent further damage, and successfully recovered operations within three days	Developed AI models using Defra's Data Analytics and Science Hub (DASH) platform, built on Microsoft Azure and Azure Databricks, to map damage	Developed a genAI model to analyze over 1,200 courses and 60,000 web pages. Reorganised the existing content, focusing on user-preferred layouts
ROI/Impact	Reduced document creation **time from weeks to a day** including reviews	Property transaction **assessments take less than 10 minutes** **Reduced costs** from 15 euros **to 0.11 euros** per assessment.	Incident response time was **reduced by 70%,** Threat detection **accuracy increased by 40%,** significantly enhancing cybersecurity defenses	**Saved £6 million** over ten years Enabling analysts to think in new ways Accelerating restoration efforts	**Saved 20,000 hours** and **A$2.4M** in time and resources
	Read more	Read more	Watch the video	Read more	Read more

The most expensive thing to do is to do nothing

Explore and prioritize

Define your strategy

Design your solution

Prove feasibility & value

...take the next step with aka.ms/AIStrategyRoadmap

Microsoft

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DANK U WEL GRACIAS TAK TERIMA KASIH 谢谢

KIITOS TEŞEKKÜRLER

БЛАГОДАРЯ **THANK YOU** GRAZIE

DZIĘKUJĘ СПАСИБО

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Additional information

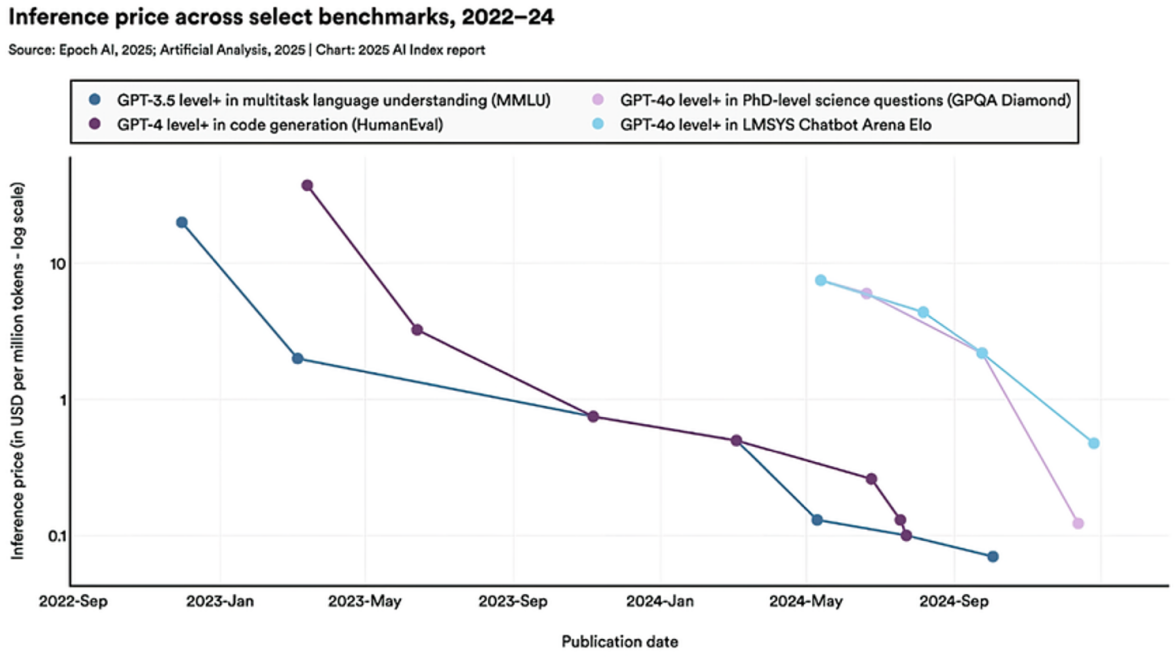
AI Skilling Resources

Source	Resource Link
Public Sector Center of Expertise and Digital Skills	Microsoft Public Sector Center of Expertise
LinkedIn and other Learning Collections	Public Sector Center for Digital Skills
Generative AI for Public Sector	Enhance public sector services with generative AI
Security for Public Sector	Foundations of a modern public sector security operations center
AI skilling – getting started	AI Skills – Training and Resources
AI Technical skilling resources	AI learning hub – Start your AI learning journey and build practical AI skills
Microsoft Learn for Educators (MSLE) AI Skilling	MSLE Program – Applied AI Skills for Teaching & Learning AI Skilling Bootcamps for Educators

Additional Resources

Description	Resource Link
Microsoft AI solutions	Artificial Intelligence Solutions | Microsoft AI
How to procure AI?	IDC, "Moving from Why AI to How to AI – A Playbook for Governments Procuring AI and GenAI," November 2024
Top five AI trends	IDC's 2024 AI opportunity study: Top five AI trends to watch – The Official Microsoft Blog
Measuring AI's impact on your business	Introducing Copilot Analytics to measure AI impact on your business | Microsoft Community Hub
AI use cases across industries	How Copilots are helping customers and partners drive pragmatic innovation to achieve business results that matter – The Official Microsoft Blog
Microsoft point of view – Industry Blogs	• Defence & Intelligence • Education • Government
Find more public sector customer success stories	• Defence & Intelligence • Government • Primary & Secondary Education • Higher Education

AI Costs have fallen dramatically in a short period



Hardware costs are down, hardware performance is up, and energy efficiency is up. That means inference costs, or the expense of querying a trained model, are falling dramatically.

The report notes that the blue line represents a drop from $20 per million tokens to $0.07 per million tokens – **a more than 280-fold reduction in approximately 18 months.**

the pink line shows a drop from $15 to $0.12 in less than a year's time – **a 125-fold reduction in even lesser time**.

Depending on the task, LLM inference prices have fallen anywhere from 9 to 900 times per year.

AI Index 2025: State of AI in 10 Charts | Stanford HAI
The State of AI 2025: 12 Eye-Opening Graphs – IEEE Spectrum

Key considerations that impact ROI calculation for a project

- What are the **objectives** for the project?
- Which **KPIs** will you use to measure success?
- What is the current **baseline** for KPIs?
- What **specific scenario** are you developing this solution for?
- Will you **buy, customize or build** the solution?
- What are the estimated **costs** to implement and maintain?
- What are the estimated **savings and benefits**?
- What **time frame** will you use to measure ROI?

Common Pitfalls when deciding

Uncertainty of Benefits

Accurately estimating the benefits of AI can be challenging due to the evolving nature of technology and the potential for unforeseen outcomes

Computing ROI Based on a Single Point in Time

AI projects often have long-term benefits that may not be fully realized in the short term

According to a Nov 2024 IDC Study, organizations realize value in 14 months

Treating Each AI Project Individually

AI projects can have synergistic effects and evaluating them in isolation may underestimate their overall impact on the business

The AI adoption approach

Business Strategy

Organization & Culture

Data Governance

Partner

AI Governance

aka.ms/AIStrategyRoadmap