THE INTERTWINED FUTURE: WHY VALUE AND GOVERNANCE MUST ALIGN

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Introduction

Value management is an active process of maximizing the value of an organization. 'Value' in business today extends much beyond the financial gains and encompasses the comprehensive set of advantages that stakeholders experience day-to-day. The pursuit of maximum value naturally drives a desire for businesses to move fast. However, this inherent momentum invariably clashes with the need to mitigate potential risks, creating a built-in tension that can slow down advancement.

Managing value is a systemic approach of understanding, planning, optimizing, and delivering the business needs to drive profit, increase revenue, reduce costs, and improve the experience for the stakeholders of an organization. In the era of AI, value extends to the capability of the organization to eliminate the possible chances of risks.

> **Value = f(Increase Profit, Increase Revenue, Reduce Cost, Improve Customer Experience, Improve Employee Experience, Reduce Risk)**

While working with a client in the BFSI sector, we have witnessed executives eager to capitalize on AI's vast value potential, are often hindered by the limited understanding of clear objectives, a strategic roadmap, accessible benchmarking data, and a comprehensive risk management framework. Being lost in the ocean of hype AI, modern businesses are finding it increasingly difficult to navigate and extract the correct value from their AI transformations.

## IBM's watsonx.governance® integrated into Infosys Value Management (IVM)

Infosys Value Management (IVM) is an AI-driven platform designed to maximize the full potential of an organization and drive long-term value creation of business transformation programs by bringing Visibility, Traceability, and Accountability to the programs. With its identify-design-realize methodology, this powerful accelerator helps clients identify the potential of business transformations, identify AI initiatives that can boost the business performance in terms of revenue, profit and costs and build industry leaders. Not only are the initiatives identified but they are also tracked in real time to achieve the set business goals, providing organizations with a clear direction for their investment strategies.

At the heart of value management lies the Organization Performance Quotient (OPQ) which helps calculate performance metrics of the organizations, benchmark them against the peers and industry leaders, and compare the pre-AI and post-AI phases of the businesses. But performance metrics need to be augmented with risk metrics of the AI initiatives for holistic value creation.

In turn, ensuring minimal risk in AI initiatives helps companies reduce unanticipated costs related to fines, reputation, etc. Structured governance of AI initiatives therefore becomes crucial in reducing these cost and reputational impacts. To cater to this, we have IBM's watsonx.governance® integrated into IVM. watsonx.governance helps organizations implement and monitor AI governance policies and procedures against the selected mandates like the EU AI Act, PDPDA, CCPA, DPDPA, and so on, ensuring that AI is used ethically and responsibly. It categorizes use cases basis the risks and tests the explainability, transparency, and other responsible AI aspects of the AI model.

Kip Yego
Program Director
IBM Data & AI Product Marketing
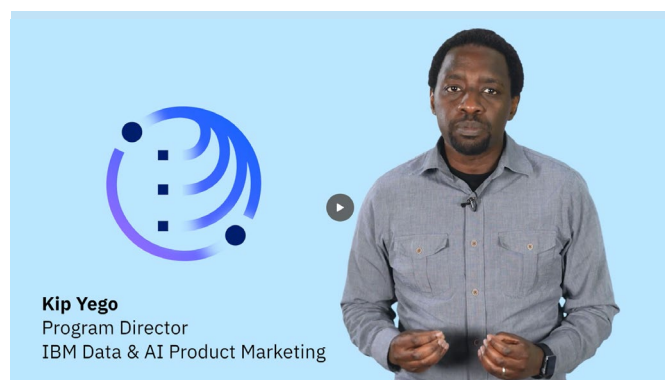
This unified platform creates a central hub for achieving successful AI transformations across all industries while alsoensures End-to-end regulatory alignment. Let us see how this offer was brought to action for one of our clients.

The solution helped build an organization's vision towards risk-free superior experience

We harnessed the dual strength of the solution to revolutionize the claim settlement process for the client. IVM assessed and analyzed the claim settlement process for the organization and identified the laggard performance metrics that needed an uplift.

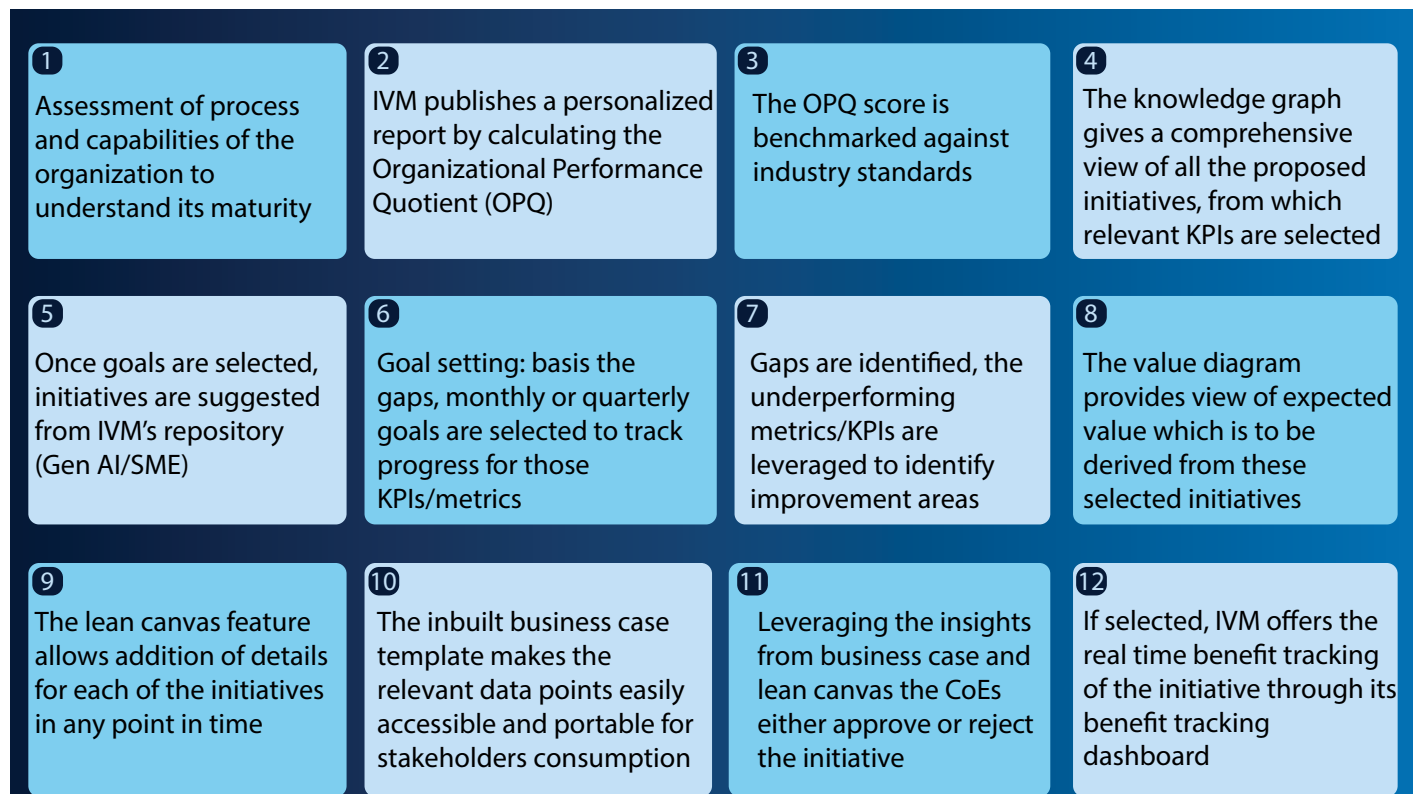|			
1 Assessment of process and capabilities of the organization to understand its maturity	**2** IVM publishes a personalized report by calculating the Organizational Performance Quotient (OPQ)	**3** The OPQ score is benchmarked against industry standards	**4** The knowledge graph gives a comprehensive view of all the proposed initiatives, from which relevant KPIs are selected
5 Once goals are selected, initiatives are suggested from IVM's repository (Gen AI/SME)	**6** Goal setting: basis the gaps, monthly or quarterly goals are selected to track progress for those KPIs/metrics	**7** Gaps are identified, the underperforming metrics/KPIs are leveraged to identify improvement areas	**8** The value diagram provides view of expected value which is to be derived from these selected initiatives
9 The lean canvas feature allows addition of details for each of the initiatives in any point in time	**10** The inbuilt business case template makes the relevant data points easily accessible and portable for stakeholders consumption	**11** Leveraging the insights from business case and lean canvas the CoEs either approve or reject the initiative	**12** If selected, IVM offers the real time benefit tracking of the initiative through its benefit tracking dashboard

Figure 1 : Transformation approach towards claim settlement process

Each of the KPIs was benchmarked against industry best through IVM's knowledge repository and it was identified that the Turnaround time (TAT) for settlement was too high for the client. IVM recommended that the TAT could be reduced by implementing an AI agent that can summarize claims and generate next steps for remediation, generative AI led claim information extraction and using predictive models for determining the likelihood of false claims. IVM generated business cases for these initiatives and forwarded all information on the AI use cases to the governance flow in IBM watsonx.governance® so that the business stakeholders can make a go/no-go decision based on risk levels.

To establish governance, IBM watsonx.governance® helped in configuring the EU AI Act and End-to-end regulatory alignment, in the platform to ensure that the use cases adhere to it. The platform curated a questionnaire for the business stakeholders to take.

Based on the responses, IBM watsonx.governance® calculated the risk levels. The risk levels of the models, AI Agents were found to be "High". As per the process set in the platform, the ethical compliance team and legal team reviewed the use cases and as per the recommendations of the platform, created guidelines for the models, AI Agents to be developed. The developers utilized the guidelines to create specific models, AI Agents and tools that minimize risks related to bias, hallucination, etc. The models, AI Agents were then evaluated with a test dataset across specific metrics like Rouge, BLEU, text quality, etc.
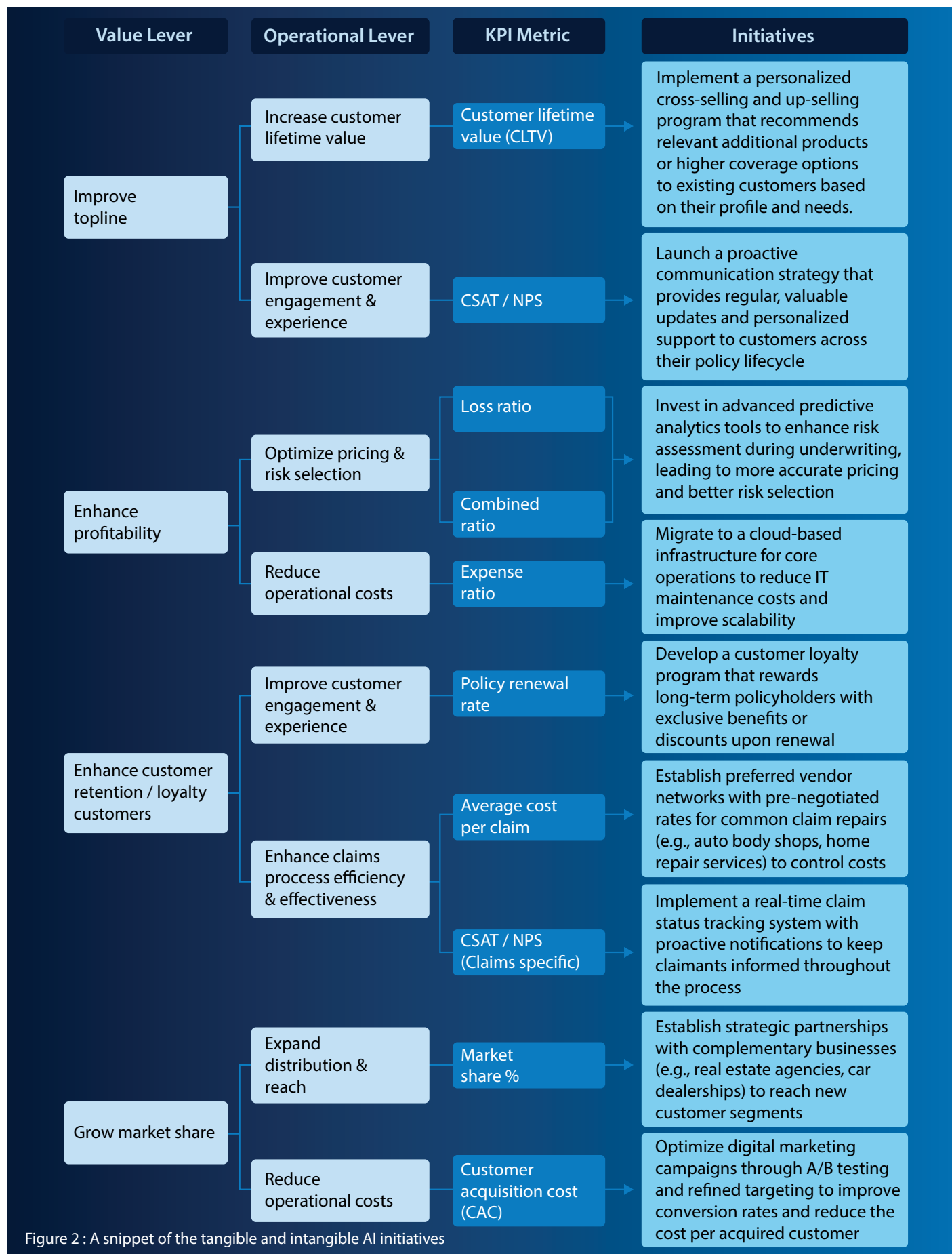
Post production, the real-time benefit tracking module of IVM, tracked the tangible and intangible gains of the implemented AI use cases by calculating the TAT of the settlement process and its impact on the value levers like cost reduction, and profit maximization. With our experience in responsible AI we are committed to adhere to standards of ISO 42001, EU AI Act and NIST in our AI solutions.

*ROUGE (Recall-Oriented Understudy for Gisting Evaluation): A metric used to measure how similar a system-generated summary or translation is to a human reference summary. It does this by counting overlapping n-grams (word sequences), sequences, and word pairs between texts. Mostly used in text summarization tasks.

**BLEU (Bilingual Evaluation Understudy):

This metric checks the similarity between machine-generated text (like translations) and human reference texts, using n-gram precision (how many matching word groups are found). Higher BLEU scores mean closer matches to human-level output. It's widely used for evaluating machine translation and AI-generated content.

Value Lever	Operational Lever	KPI Metric	Initiatives
Improve topline	Increase customer lifetime value	Customer lifetime value (CLTV)	Implement a personalized cross-selling and up-selling program that recommends relevant additional products or higher coverage options to existing customers based on their profile and needs.
	Improve customer engagement & experience	CSAT / NPS	Launch a proactive communication strategy that provides regular, valuable updates and personalized support to customers across their policy lifecycle
Enhance profitability	Optimize pricing & risk selection	Loss ratio / Combined ratio	Invest in advanced predictive analytics tools to enhance risk assessment during underwriting, leading to more accurate pricing and better risk selection
	Reduce operational costs	Expense ratio	Migrate to a cloud-based infrastructure for core operations to reduce IT maintenance costs and improve scalability
Enhance customer retention / loyalty customers	Improve customer engagement & experience	Policy renewal rate	Develop a customer loyalty program that rewards long-term policyholders with exclusive benefits or discounts upon renewal
	Enhance claims proccess efficiency & effectiveness	Average cost per claim	Establish preferred vendor networks with pre-negotiated rates for common claim repairs (e.g., auto body shops, home repair services) to control costs
		CSAT / NPS (Claims specific)	Implement a real-time claim status tracking system with proactive notifications to keep claimants informed throughout the process
Grow market share	Expand distribution & reach	Market share %	Establish strategic partnerships with complementary businesses (e.g., real estate agencies, car dealerships) to reach new customer segments
	Reduce operational costs	Customer acquisition cost (CAC)	Optimize digital marketing campaigns through A/B testing and refined targeting to improve conversion rates and reduce the cost per acquired customer

Figure 2 : A snippet of the tangible and intangible AI initiatives

Conclusion

This holistic approach, combining responsible AI governance with proactive value management, is crucial for all organizations seeking not only streamline operations but also to consistently deliver and improve the overall value proposition of their processes.

The era of siloed governance and value management must come to an end with IVM and IBM watsonx.governance®. For a resilient and sustainable future, industries must urgently recognize their interdependence and adopt a holistic strategy before the window for effective change closes.

Leaders thoughts on the impact of collaboration

With IBM and Infosys coming together, this accelerator built with IBM watsonx.governance® will help clients identify the potential of business transformations, identify AI initiatives in the risk free and compliant way that can boost the business performance. This integrated approach blending responsible AI governance with proactive value management is essential for organizations aiming to streamline operations with AI Agents while consistently enhancing the value of their processes in a compliant and risk-free manner.

Soumitra Limaye, Director, WW Ecosystem Engineering Leader,
Client Engineering, IBM

This huge collaboration of IBM and Infosys will enable organizations take the necessary steps to create value through AI and avoid risks. Infosys value management(IVM), from Infosys Consulting will provide the necessary business accountability, transparency and visibility for the organizations undergoing AI transformation in their processes. While value will be efficiently managed by IVM, the risk components will also be handled in this integrated approach effectively giving an end-to-end solution to businesses.

Saibal Samaddar
Head AIX-ATC India

IBM and Infosys are taking a big leap towards value creation and risk management. This will be a one stop solution for organizations who are seeking to build AI for mankind.

Tanushree Halder
Principal Consultant, AIX-ATC India

About the contributors

Supriya Pandey
Business Consultant, Infosys Consulting

Supriya Pandey is an experienced anthropologist and researcher with a passion for leveraging qualitative research methodologies and behavioral understanding to drive successful AI Transformation initiatives. Demonstrating exceptional academic prowess, she was a dual university gold medalist at both the undergraduate and postgraduate levels, further recognized by the American Anthropological Association with their esteemed Outstanding Undergraduate Student Award.

At Infosys consulting she has been instrumental in driving AI adoption and change management and also has published whitepapers and PoV around different customer centric frameworks for improving adoption and consumer experience on Gen AI solutions.

Vinod Krishna Adharapurapu
Business Consultant, Infosys Consulting

Vinod is a skilled UX Designer with a passion for creating intuitive and user-centered designs.He has experience in healthcare app design, strategic board game development, and service design for real estate and infrastructure. He has also explored the future of design through speculative design workshops and immersive experiences. His passion for design thinking enables him to collaborate effectively with clients and foster innovation.

At Infosys Consulting, Vinod leverages his expertise in UX and service design to help clients innovate their products and services. He applies design thinking principles to collaborate with clients, crafting user-centered strategies that solve complex business problems.

For more information, contact askus@infosys.com

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