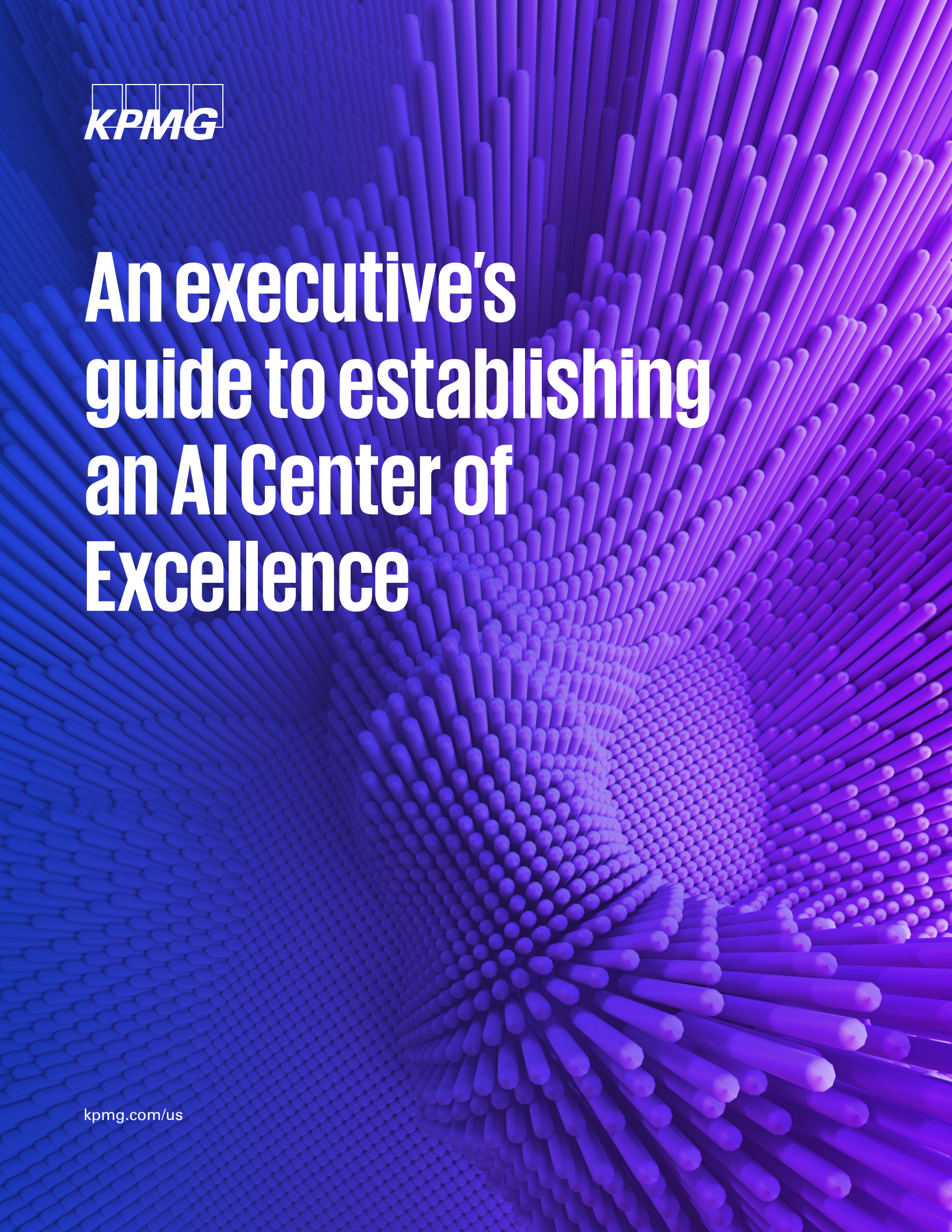

KPMG

An executive's guide to establishing an AI Center of Excellence

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Through conversations with executives, KPMG LLP understands how essential artificial intelligence (AI) and automation tools are to creating a competitive advantage. Organizations are increasingly looking to leverage these technologies to drive efficiency, innovation, and growth. Despite the eagerness of executives to financially support initiatives in these domains, many organizations find themselves at a crossroads, due to limited visibility and expertise in evaluating potential returns and identifying, assessing, and mitigating AI risks to obtain intended results. This gap between ambition and capability underscores the critical need for a structured approach to realizing the potential of AI and automation effectively.

97% of leaders are investing in generative AI (GenAI) over the next 12 months, with 43 percent of leaders saying organizations plan to invest $100 million or more.

Source: KPMG LLP, "KPMG GenAI Study: The Path to sustainable returns," March 2024.

Introducing the AI and Automation Center of Excellence (CoE), which represents a strategic investment for the future. This is a dedicated group within the organization tasked with bridging the gap between high-level executive support and the technical expertise required to bring AI and automation (AI&A) initiatives to fruition. The group is empowered by a framework that standardizes the evaluation process by clearly defining the methods used to identify, review, and prioritize use cases. It also helps address AI risks such as algorithmic fairness, data integrity, privacy, security, transparency, reliability, and risk accountability. By effectively engaging engineering teams across the organization using this framework, enterprises can better understand how technical potential turns into business value.

This guide will provide senior managers, directors, and executives with a thorough outline for creating an AI&A CoE within their organizations. It will not only outline the foundational elements of setting up a CoE but also provide a roadmap for operationalizing it effectively using templates and workflows designed and previously implemented by KPMG teams. Our goal is to equip decision-makers with the knowledge and tools necessary to help navigate the complexities of AI&A, fostering an environment of innovation and sustained growth.

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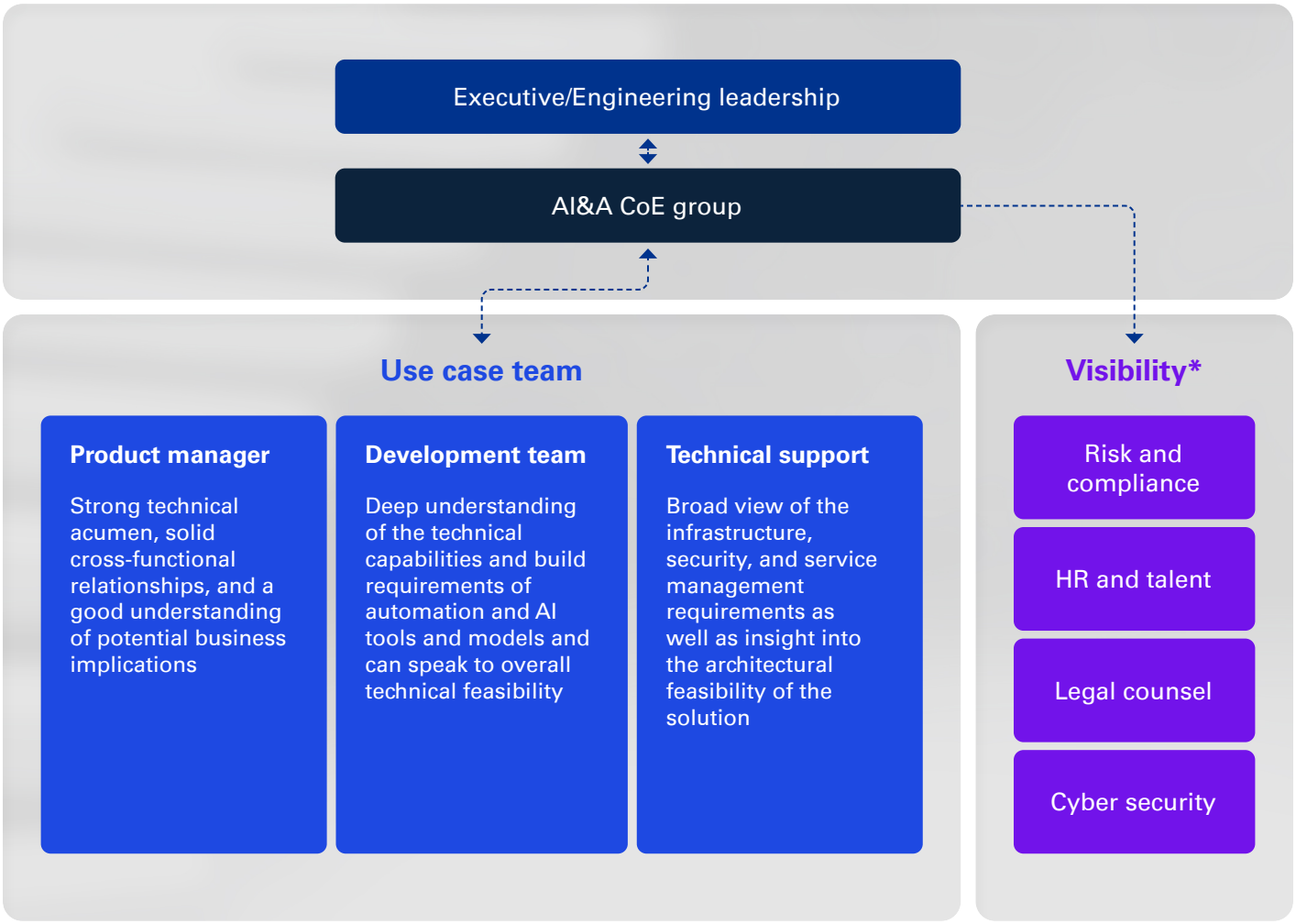
Establishing an AI&A CoE

An organization should focus on leveraging their existing roles and responsibilities to develop their AI and Automation Team. Product and project managers with strong relationships with both business and technical stakeholders are often a good fit. Including the appropriate people is also highly dependent on the department that the organization aims to support. By defining and documenting the roles and responsibilities of the CoE team, the organization can ensure that the CoE operates effectively and efficiently and delivers value and impact to the business.

Generally, the CoE will be structured as follows:

Leadership and oversight



*The stakeholder groups that should be informed during identification and prioritization will vary depending on the industry, line of business, and the breadth of teams that the CoE solicits use cases from.

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AI&A CoE framework

Once the team is established and roles and responsibilities are determined, focus can turn to setting up a framework. The framework is a systematic approach to identifying and prioritizing business use cases. The framework functions like a funnel—where all use cases are collected and standardized mechanisms can be leveraged to help identify and promote the development of those that have a greater level of perceived value. In addition to helping the team prioritize their work, the framework also provides a structured approach to managing the development process. By breaking the process down into manageable stages, the team can track their progress and ensure that all necessary steps are completed. This helps to ensure that the final product meets the needs of the business and delivers the desired value.

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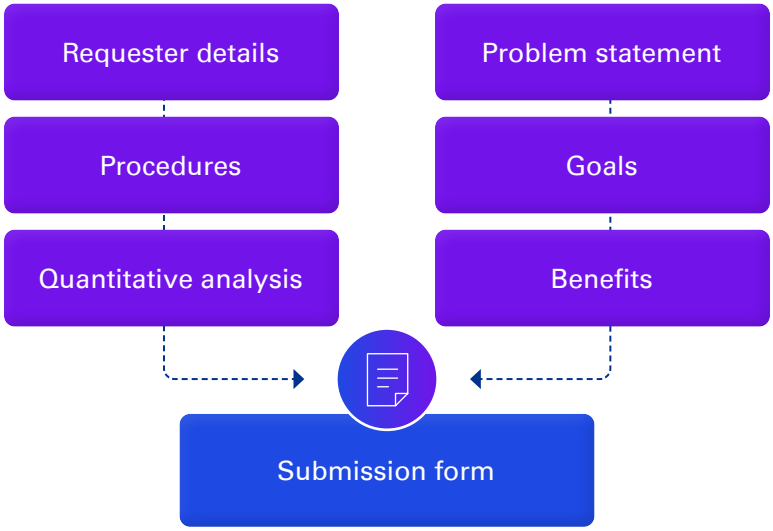
AI&A CoE framework (continued)

We will explore each phase in more detail and highlight the procedures that can be implemented and artifacts that can be leveraged to fully operationalize the framework.

1 Evaluate and classify

In this stage, users within the organization identify and submit prospective processes, policy, or technology change ideas from within their team. The AI&A CoE will work with the submitter of the idea to capture process information and additional details in a benefits tracker and teams can begin filing out a **business case assessment.**



2 Investigate and recommend

The AI&A CoE will work with members of the individual use case team to gather additional process information and opportunity-specific details required for building the solution. The team can begin consolidating use cases and populating detailed templates with the details that have been provided.

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AI&A CoE framework (continued)

3 Review and confirm opportunities

At this stage, the AI&A CoE can begin to review and evaluate use cases based on **complexity and value criteria.** Ideas are ranked from "Low" to "High" on criteria such as data requirements, legal and compliance risk, technical feasibility, efficiency impact, business impact, and strategic alignment.

Project complexity

Low	Data requirements	High
Low	Legal and compliance risks	High
Low	Technical feasibility	High

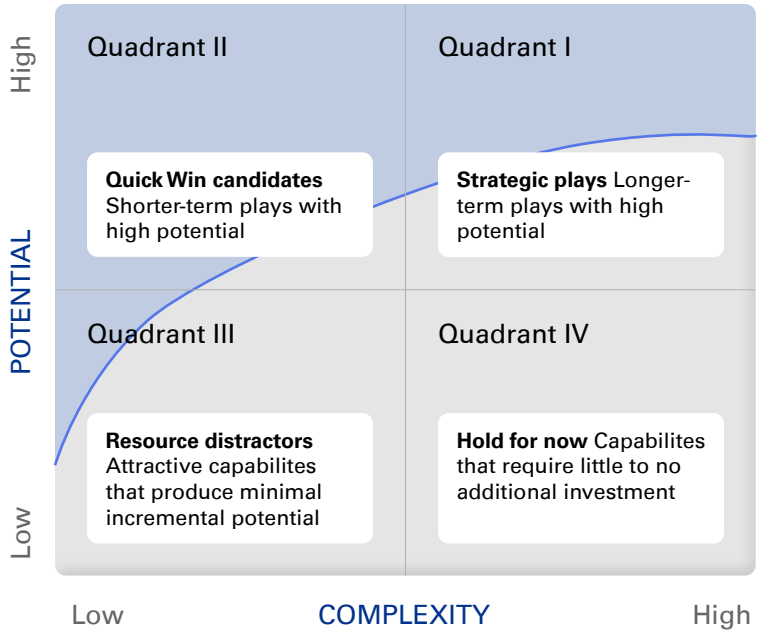
Project value scores

Low	Efficiency impact	High
Low	Business impact	High
Low	Strategic alignment	High

4 Prioritize opportunities

In the next step, the AI&A CoE will meet with engineering leadership to review the list of approved ideas through the lens of the **potential and complexity quadrant**. Stakeholders should read and review where the use cases fall in the quadrant and determine a list of prioritized use cases:

- High potential/High complexity—Strategic plays
- High potential/Low complexity—Quick wins
- Low potential/High complexity—Hold for now
- Low potential/Low complexity—Resource distractors.



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5 Build, implement, and maintain

In the final stage, the approved ideas should be aligned against existing business priorities and project funding should be secured. The AI&A CoE, along with the relevant stakeholders and engineering teams, will create a thorough project plan for the development and implementation of the AI solution based on the set timelines from the previous phases. They must also establish a Responsible, Accountable, Consulted, and Informed (RACI) matrix, and agree on reporting metrics and cadence to help ensure the success of the project.

Moving forward

Effectively managing AI and automation use cases goes beyond the stages of identification and review. These enhancements will follow the same lifecycle as many other technical projects requiring mechanisms to enforce appropriate design, build, implementation, and operation. When the time comes for your organization to take that next step, KPMG has designed proprietary tools and templates to help empower your team through those phases.

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