

The Business Goal of Using AI

Core principle:

The goal of AI in business is not simply to “use AI.” The real goal is to create measurable business value, to do the same work faster, cheaper, better, and at greater scale while improving decision-making and customer experience.

1. Business Goals

- Reduce operating costs by automating repetitive administrative and service work.
- Increase revenue through better sales targeting, pricing, cross-selling, and customer retention.
- Improve productivity so employees accomplish more without proportionally increasing headcount.
- Improve customer service through faster responses, 24/7 support, and personalized communication.
- Improve forecasting for demand, inventory, purchasing, staffing, and cash flow.
- Reduce errors and risk, especially in orders, contracts, compliance, and data processing.
- Turn company data into usable organizational knowledge.

2. What the Business Needs

- Data: clean customer, product, sales, inventory, financial, and operational data.
- Technology: AI platforms, APIs, cloud infrastructure, ERP/CRM integration, and security.
- People: AI skills, employee training, process redesign, and AI governance.
- Implementation: developers or consultants, workflow automation, testing, and systems integration.

3. Commodity-Oriented Businesses

- Procurement: analyze supplier pricing, lead times, MOQ, freight costs, reliability, and commodity prices.
- Inventory: forecast SKU demand, stock-out probability, excess inventory, reorder points, and safety stock.
- Sales: identify declining customers, likely recorders, cross-selling opportunities, churn risk, unusual demand, and pricing opportunities.
- The key economic benefits are often margin improvement, working-capital reduction, better purchasing, and improved customer retention.

4. Service-Oriented Businesses

- AI can become a productivity multiplier by reading customer requests, researching answers, drafting responses, updating CRM records, and routing work.

- The objective is not necessarily to eliminate employees. It can allow one employee to serve substantially more customers while maintaining quality.

5. Integration Is Critical

- AI creates greater value when it connects ERP, CRM, email, documents, websites, inventory, accounting, and customer data.
- A typical architecture is ERP + CRM + Email + Documents + Inventory + Accounting → Data/Knowledge Layer → AI Models → AI Agents/Automation → Employees and Customers.
- AI should be integrated into business processes rather than operated only as a standalone chatbot.

6. Illustrative Investment Framework

- Phase 1 — \$25K–\$100K: AI foundation, including subscriptions, security, training, data assessment, and 5–10 high-value pilot use cases.
- Phase 2 — \$100K–\$300K: process automation across customer service, quoting, order processing, purchasing, AP/AR, reporting, sales intelligence, and document processing.
- Phase 3 — \$300K–\$1M+: deeper enterprise integration across ERP, CRM, EDI, inventory, financial systems, customer portals, forecasting, and AI agents.
- These figures are illustrative; actual investment depends heavily on company size, complexity, existing IT infrastructure, and the quality of existing data.

7. Measuring ROI

- Every AI project should have a measurable business case.
- Annual economic benefit – annual AI operating cost – implementation cost = AI ROI.
- For example, if an AI initiative costs \$150K to implement and \$50K per year to operate, while generating \$700K in annual benefits, the approximate first-year economic benefit is \$500K.
- AI investment should be justified by measurable outcomes, not by the fact that competitors are adopting AI.

8. Strategic Summary

- For a commodity business: lower cost + better inventory + better purchasing + better pricing + better customer retention.
- For a service business: more revenue per employee + faster service + higher quality + greater scalability.
- For a company combining products and services: AI can become an AI-enabled operating system in which employees spend less time searching for information and

performing repetitive transactions, and more time making decisions, serving customers, and creating value.

Conclusion

AI should convert information, data, and human expertise into scalable productivity and better decisions. The strongest AI strategy starts with business problems, identifies measurable economic benefits, and then selects the technology needed to achieve them.