Accelerating the value of AI in education

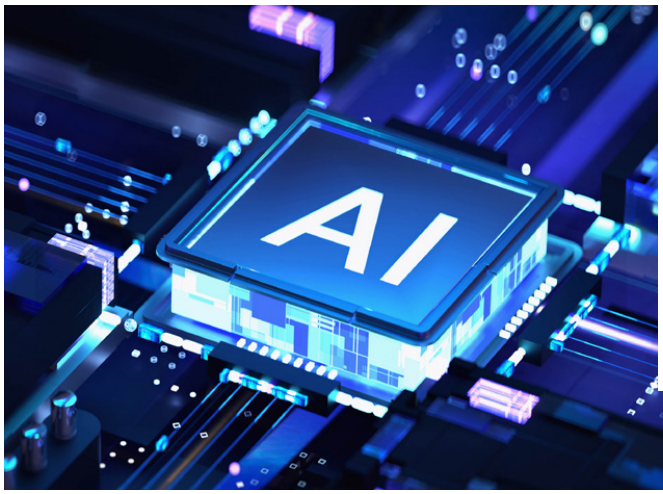
AI value starts with a clear strategic vision, not a "field-of-dreams" approach

When you step outside the box of the AI features that are incorporated in existing enterprise solutions, implementing AI, and AI agentic systems in particular, can get very complicated very quickly. In our KPMG Q3 2025 Quarterly Pulse Survey, nearly three-quarters of respondents said they were struggling with the intricacies of deploying AI agents at scale.

What's perhaps more challenging than implementing the technology, however, is realizing demonstrable value from it.

Clearly, AI is not a solution in search of a problem. KPMG LLP (KPMG) estimates that agentic AI will be key to unlocking a staggering $3 trillion in corporate productivity annually.[1] There are a great number of potential applications for educational institutions, including effectiveness in enrollment, improving student success, enhancing instruction, reducing administrative burden, and accelerating research, to name just a few.

And yet, many organizations are struggling to realize value from their AI investments. What's the key to breaking through this impediment?



A solid AI foundation is necessary but not sufficient.

It's increasingly rare to find an educational institution that hasn't already established policies and risk and governance frameworks that define, for example, where AI can and can't be used, what parameters define its ethical use, what models can be trusted, how data sources are evaluated, and how potential biases or unethical uses are identified. Although this foundation is necessary to realize value from AI, it's far from sufficient.

Many educational institutions have taken a field-of-dreams approach to AI, the assumption that if you build the right foundation and provide access to AI solutions, your students, faculty, and administrators will find ways to use it and become efficient in their respective roles. That may be true in some limited cases. AI is so new that having faculty, staff, and students experiment with it may indeed produce new and innovative use cases that do deliver value. But as any research institution will tell you, return on investment (ROI) and value realization typically aren't a high priority for experimentation.

Returns on AI investments demand structure and stakeholder feedback loops, not simply putting tools in users' hands and hoping for the best. We find that this undirected, technology-first application of AI is very often the root cause of not realizing value from AI projects. Rather than starting with AI's incredible capabilities and then searching for applications, the key is to start with a critical business objective and work backward to identify opportunities for AI to drive better, faster outcomes.

[1] "The Agentic AI Advantage: Unlocking the next level of AI value," KPMG, June 2025

Putting AI into the proper perspective

While AI is revolutionizing how organizations are achieving their mission (including our own teams here at KPMG), its implementation and application follow the same principles as any other capability; it's simply another technology tool in the transformation toolbox. If there's one thing we've learned over the last two decades, it's that ROI doesn't come from deploying technology, no matter how revolutionary or powerful it is. It comes from coordinated organizational transformations bridging people, process, policy, and data, enabled by that technology, to advance the organization's goals more effectively or efficiently.

AI presents an opportunity to reduce process debt: the inefficient, outdated, or redundant processes that have accumulated over time. Many of these processes were built on legacy technology that, in some cases, was already obsolete at the time of implementation. Many process inefficiencies continue to exist to this day for no other reason than "because that's how it's always been done."

Importantly, by itself, AI doesn't eliminate or necessarily automate away process debt. AI is not a replacement for transformation. Rather, AI is the catalyst for reexamining the processes and their contribution to advancing a strategic goal. There's no value in using AI to automate or enhance a process that doesn't support a clear business objective. In such cases, AI would simply help you fail faster and more efficiently.

Netflix, for example, didn't take advantage of the internet to make the process of renting DVDs more efficient, but instead used the technology to reimagine its operating model. Its strategic business objective wasn't to deliver DVDs. That was simply a tactic using the technology that was available at the time (DVDs) to achieve its business objective, which was to provide consumers with fast and easy access to a wide range of high-quality entertainment.

We see similar examples in education. Western Governors University (WGU), for example, was founded when the internet made the possibility of an "anywhere, anytime" education a reality. But its vision was more than simply delivering traditional, lecture-based learning over the internet. WGU founders recognized that technology could be used to fundamentally change the way college students learn. Its goal was to develop a competency-based education model, which measures skills and learning over time spent in a classroom, and then it leveraged the internet to achieve that goal.[2]

As you seek to create value, you similarly must start with a clear business objective in mind, and then work backward from it, determining how AI and other technologies, and the organizational transformations that go along with them, can best advance that objective.

[2] "Past, present, and future of online education," Western Governors University (WGU), January 21, 2020.

Identifying opportunities for value creation

Let's put this in the context of the student lifecycle, starting from the very beginning: enrollment, including marketing to attract students and the application and financial aid processes.

Consider, for example, the increasing strategic importance of student recruitment. As institutions face the impending "demographic cliff," competition for students, even at highly selective institutions, is increasing. A strategic objective, therefore, is to attract and secure commitments from the most desirable students.

Working backward from that objective, begin by pinpointing the key moments in the student journey that matter most to improve success. Students often struggle with application complexity, with multiple portals, essay requirements, deadlines, and the pressure to stand out. Financial aid uncertainty can add to the stress. And making what is one of the most significant commitments in a young adult's life by selecting a school can be overwhelming. What are the key moments in the application and acceptance process, and will students find them friendly and inviting or intimidating? With even a modest volume of applications, admissions counselors can't personally engage with each prospective student, yet personalization would likely significantly improve enrollment.

The next step, therefore, is to identify any friction or pain points that are impediments to successfully achieving the desired experience. Might students find it challenging to learn about your school, or to apply or accept admission offers, or to identify the financial aid options that may be available to them? As the pool of potential students shrinks and competition for the most desirable students increases, every part of the process becomes increasingly critical as a differentiator for your institution.

At this point, you can identify where AI can be used to help reduce friction, eliminate pain points, and enhance the admissions experience to help achieve the desired goal. For example, an AI agent can answer student questions about the institution, the application and acceptance process, student life including course selection processes, and so on. An AI agent can also provide personalized financial aid recommendations and help enable fair and efficient distribution of aid.

Additionally, AI can help admissions counselors identify students who may be most desirable for direct admissions programs or to pursue with additional outreach and personal engagement based on their interactions with the system.

Opportunities across the entire student journey

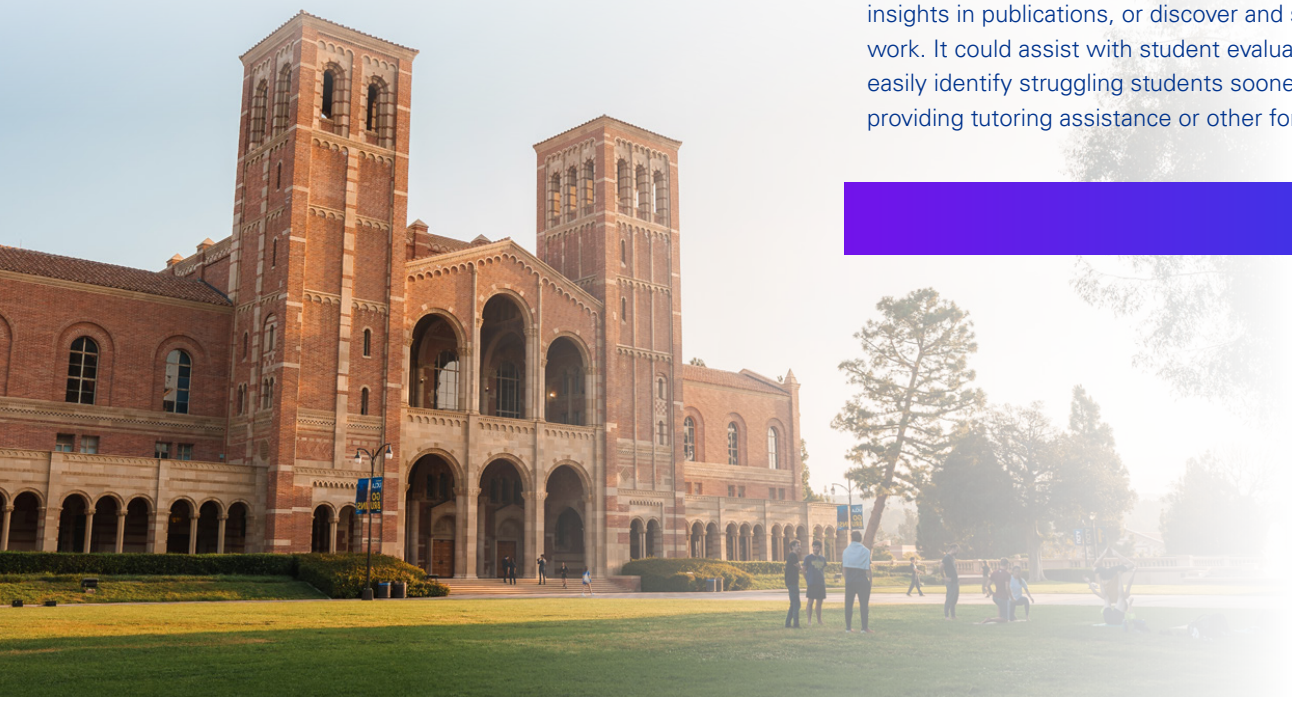
You can imagine repeating this process across the rest of the student journey:

- **Course registration**, including course planning and selection, degree requirement auditing, and schedule adjustments.
- **Learning and student life**, the core of the student experience, including the classroom and study experiences, assignment submissions, testing, grading, advising, changes, and student progression, social activities, and friendship development.
- **Transition to postgraduate life**, including graduation eligibility, transfers and graduate school support, alignment to employer needs, and job placement assistance.
- **Alumni**, including continuous learning opportunities, community development, and donor outreach.

At each phase, by first clearly defining the strategic objectives, then the key moments, then the friction or pain points, you can then consider how AI (or other technologies) along with the requisite operating model changes can help you advance those objectives more efficiently and effectively, or in other words, generate value. You can also more easily identify, measure and quantify business outcomes and ROI for future investment decisions.

You can then repeat this same exercise across the lifecycles of other stakeholders, including:

- **Administrators**, where AI can simplify and automate many of the more mundane, rote, or administrative tasks involved in institutional operations, including those within student services, HR, IT services, accounting and finance, and procurement.
- **Faculty**, where AI can help clarify and enhance course materials, help researchers better communicate key insights in publications, or discover and summarize related work. It could assist with student evaluations and help more easily identify struggling students sooner, automatically providing tutoring assistance or other forms of support.



Three approaches to generating AI value, even on a limited budget

Investments in AI, particularly agentic systems, can be quite substantial and realistically out of the reach of many colleges and universities. Moreover, AI cannot replace the heavy lifting of comprehensive business and digital transformation. If you are already struggling to upgrade your legacy systems, AI will not be your savior.

That doesn't mean, however, that there aren't opportunities for institutions operating with limited budgets to find value in AI. If you prioritize these opportunities based on complexity, risk, and value, you'll likely find at the top of the list many that require no custom work at all.

Your path will depend on where you are with other digital transformation efforts.

01 Leverage AI capabilities in your existing enterprise platforms.

If your institution is already making investments in enterprise resource planning (ERP), customer relation management (CRM), student information systems (SIS), or learning management systems (LMS), for example, the fastest, easiest, and most cost-effective way to introduce AI is to take advantage of the AI capabilities embedded in those modern cloud-based systems.

These platform-native AI and GenAI features typically can be activated incrementally with existing data access and identity controls, but you'll still need to make sure that high-quality and trusted data is available for AI to use. Benchmarks already exist to quantify the workforce roles and expected AI efficiencies, which help with establishing ROI expectations to justify investments up front.

With this option, the focus will be less on the technology and more on defining new business processes with AI in the middle and human in the loop. Instead of broad AI strategies, start with narrow, high-impact use cases that address a few key pain points identified in lifecycle assessments. Although by now many education stakeholders, particularly students, may be quite experienced using AI in some form, these pilot projects can also help your organization become accustomed to the operating model transformations and change management processes that accompany the technology deployments. You can identify, share, and enable use case adoption across the institution, which enables additional efficiencies while reinforcing the continuous learning organizational habits that are required for absorbing the increased pace of AI innovations.

02 Implement AI-specific point solutions.

If your institution isn't already engaged in broad technology-powered transformation efforts with out-of-the-box AI features that you can leverage, there are other low-hanging-fruit options. Here, however, in addition to the greater emphasis on technology deployment, you'll also need to be more focused on identifying the specific challenges to address and on the requisite workforce transformations required to achieve the desired outcome. You'll need to anticipate the new capabilities you'll need from your workforce and develop reskilling or upskilling plans for employees.

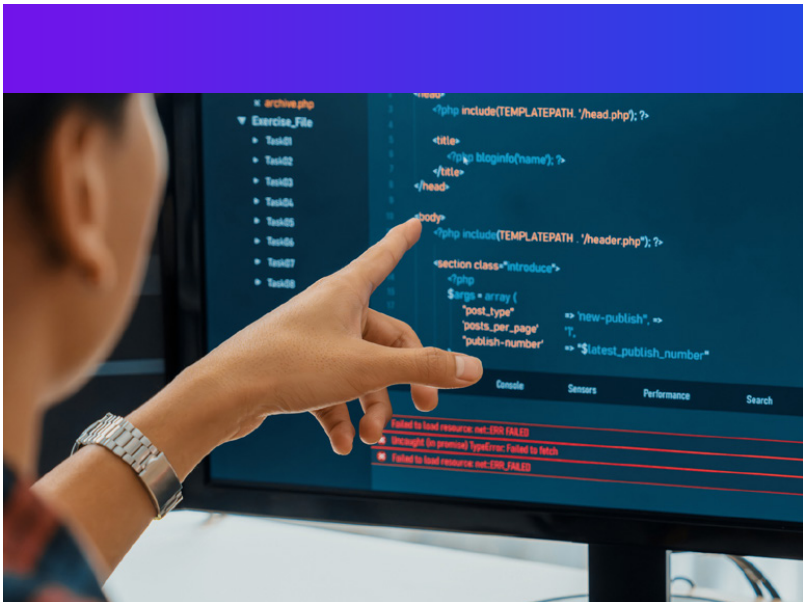
For example, robotic process automation (RPA), which has long been used to handle repetitive manual tasks, has become much more powerful with the introduction of AI. RPA has historically been limited to highly structured tasks given its reliance on rigid rules. But AI-powered RPA agents can understand context, make decisions, and adapt automatically to new tasks or circumstances, unlocking a range of new use cases.

The growing adoption of the model context protocol (MCP) is facilitating this advance by providing a standardized way to connect AI models to different data sources and software tools. As the backend systems behind the interfaces that RPA bots crawl are increasingly being integrated with large language models (LLMs), AI-powered RPA agents use MCP to access this knowledge and expand their capabilities.

Easy-to-implement, off-the-shelf tools now embed AI models for smart form extraction, summarization, and email interpretation. Start by focusing on simple service requests, internal approvals, or document handling workflows that can reduce staff burden and improve turnaround. This provides a foundation for future AI-assisted process reengineering with low initial risk.

Even if you're already using a large-scale LLM for certain tasks, you may find that small AI agents or copilots tailored to a single domain can be easy to implement and highly effective. Domain-specific models can be less computationally intensive, and they lower hallucination risks associated with general-purpose models.[3]

Consider using open-source agent frameworks, such as LangChain or CrewAI, or vendor-specific options to build agents tied to a single system or dataset. Focus on agents that assist with basic but time-consuming tasks such as form completion, document review, or internal help desk support. These can be sandboxed for risk control, deployed iteratively, and integrated into familiar interfaces such as Microsoft Teams, Slack, or existing service portals.



[3] "3 Bold and Actionable Predictions for the Future of GenAI," Arun Chandrasekaran, Gartner, April 12, 2024.

03 Consider managed services or shared-services consortiums.

Finally, consider collaborating with other departments or even other institutions. A shared-services model implemented through a consortium of institutions can help distribute the costs of large-scale AI deployments across multiple entities. The Collaborative on Information Technology Management (CITM), an initiative of the Association of Jesuit Colleges and Universities, is one such example, built on the premise that "Jesuit institutions face common challenges and opportunities: therefore, CITM members routinely share information and leading practices across institutional boundaries."[4]

Another similar option is to take advantage of AI-powered managed services. Historically, managed services have enabled organizations to offload routine, nondifferentiating functions: less expensive bodies handling mundane, back-office tasks. But today's managed services are something entirely different.

This new generation of managed services is often called "managed services 2.0," "everything-as-a-service (XaaS)," or even "services-as-software" due to their heavy reliance on AI and automation rather than people. They can help to accelerate time-to-value for AI in much the same way that a software-as-a-service (SaaS) solution can give you access to leading software capabilities without prohibitive up-front capital investments. The entry cost to acquire these capabilities is significantly lower than building an internal capability with fewer long-term commitment requirements. Given the amount of new business model experimentation occurring in the commercial sector, there are great opportunities to coexperiment with the private sector to learn and refine possible future operating models.

Indeed, the SaaS model foreshadowed this transformation in managed services. The key difference is that while SaaS delivers business software, these next-gen managed services deliver *business outcomes*. Instead of uptime, service level agreements (SLAs) are based on these outcomes.

The key difference is that while SaaS delivers business software, these next-gen managed services deliver *business outcomes*.

[4] "Collaborative on Information Technology Management (CITM)," Association of Jesuit Colleges and Universities.

How KPMG can help

KPMG LLP has the experience, resources, methodologies, and commitment required to help address the complex challenges facing educational institutions today.

Our mission is to help colleges and universities thrive in the face of change, continuing to effectively serve the needs of society, strengthen their financial viability, enhance their brand, and improve the student, parent, faculty, and staff experience. We do this by helping institutions implement holistic, forward-looking strategies with the necessary people, process, and technology transformations to help them achieve new levels of excellence.

We're experienced, nimble, and flexible. We understand the unique issues, pressures, and challenges educational institutions face on the journey to AI adoption. We'll meet you where you are on that journey and help advance your progress with no agenda other than to see you succeed. We'll help you leverage the investments you've already made to help maximize their value.

We offer clarity and insight. As a trusted advisor, we can help you make sense of everything going on in the highly dynamic world of AI that can impact your mission, from regulatory mandates and governance to emerging technologies. We can help align your efforts with leading practices from the private and public sectors, moving you forward with confidence and conviction.

We see the big picture. We can help you anticipate and adapt to the wide-ranging impacts AI can have on your organization, including budgets and financial controls, business processes and operating models, and employee growth and retention. We can help you understand your data, including where it comes from, what controls are required, how to help maximize the value locked in it, and how to share that value across organizations. We can help you harness the power of AI ethically and responsibly with trusted AI principles and governance models for managing risk.

We can help you from strategy through implementation. Unlike business-only consultancies, our more than 15,000 technology professionals have the resources, skills, and experience, battle-tested tools and solutions, and close alignment with leading technology providers to help you achieve your vision, quickly, efficiently, and reliably. And unlike technology-only firms, we have the business credentials, subject matter professionals, and public sector experience to help you deliver measurable business results.

Contact us

Quimby Kaizer
Principal, Advisory
KPMG LLP
571-544-5224
qkaizer@KPMG.com

Saravanan Subbarayan
Managing Director, Advisory
KPMG LLP
443-846-3925
ssubbarayan@kpmg.com

Talk to us about how we can help your AI projects succeed—even the small ones.

---

read.kpmg.us/modgov

KPMG

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us: **kpmg.com**