



Unlocking Value from AI:

Why Governance is the New Differentiator

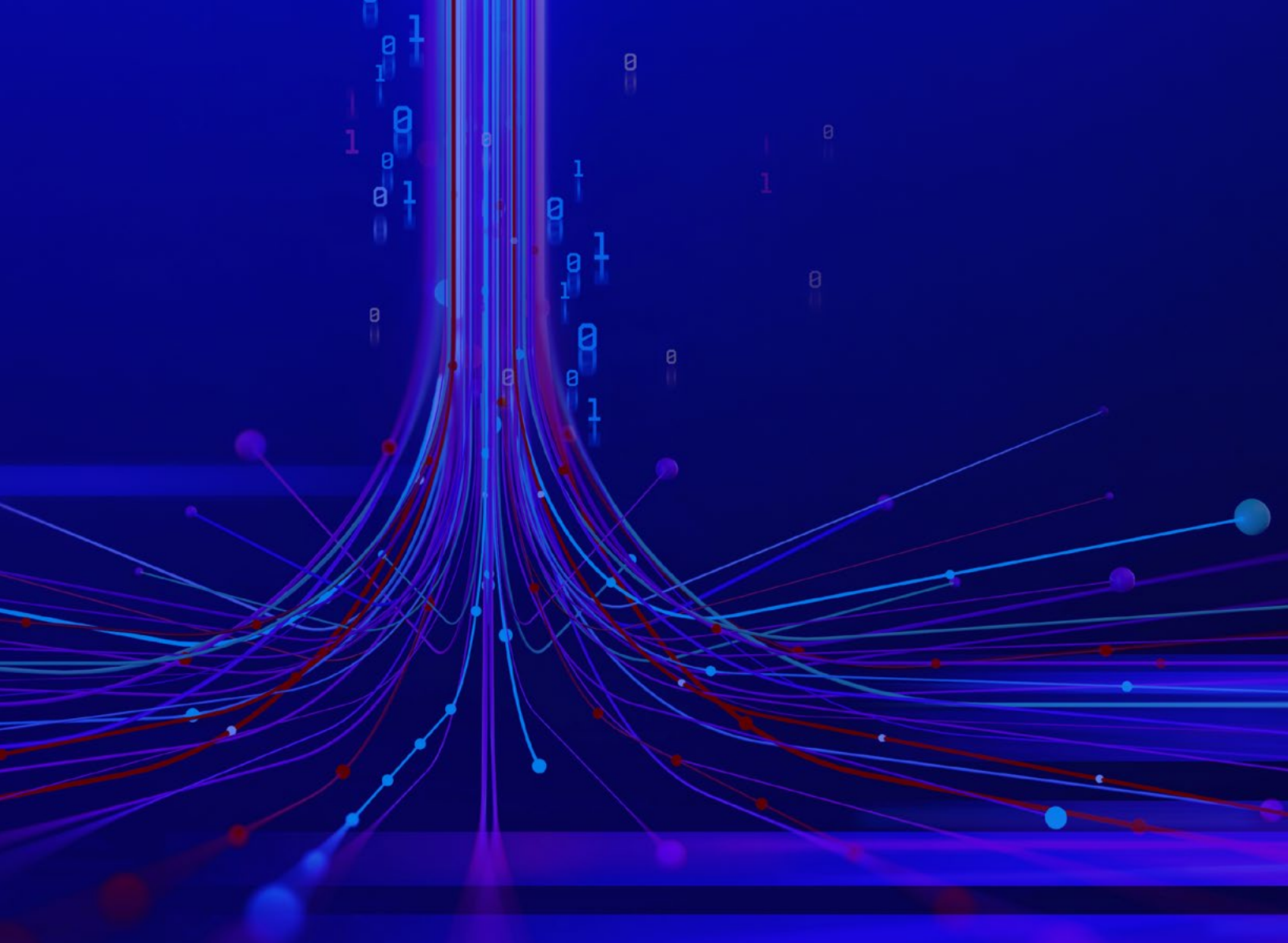


■ Unlocking Value from AI:

Why Governance is the New Differentiator

Organizations are pouring billions into artificial intelligence (AI), yet only a fraction see measurable return on investment (ROI). The paradox is that while AI has boundless potential for efficiency, growth, and risk reduction, scaling value depends on trust. Without governance, AI becomes a liability, creating risks, such as bias, security vulnerabilities, regulatory issues, and reputational damage, that erode trust and delay adoption.

AI's value is multidimensional, encompassing business value from cost reduction and revenue acceleration, operational value through process automation and productivity gains, and trust value built on transparency and accountability. A resilient AI system also reduces the likelihood of model failure, regulatory breaches, or reputational damage. You cannot maximize one dimension without ensuring governance in the others.



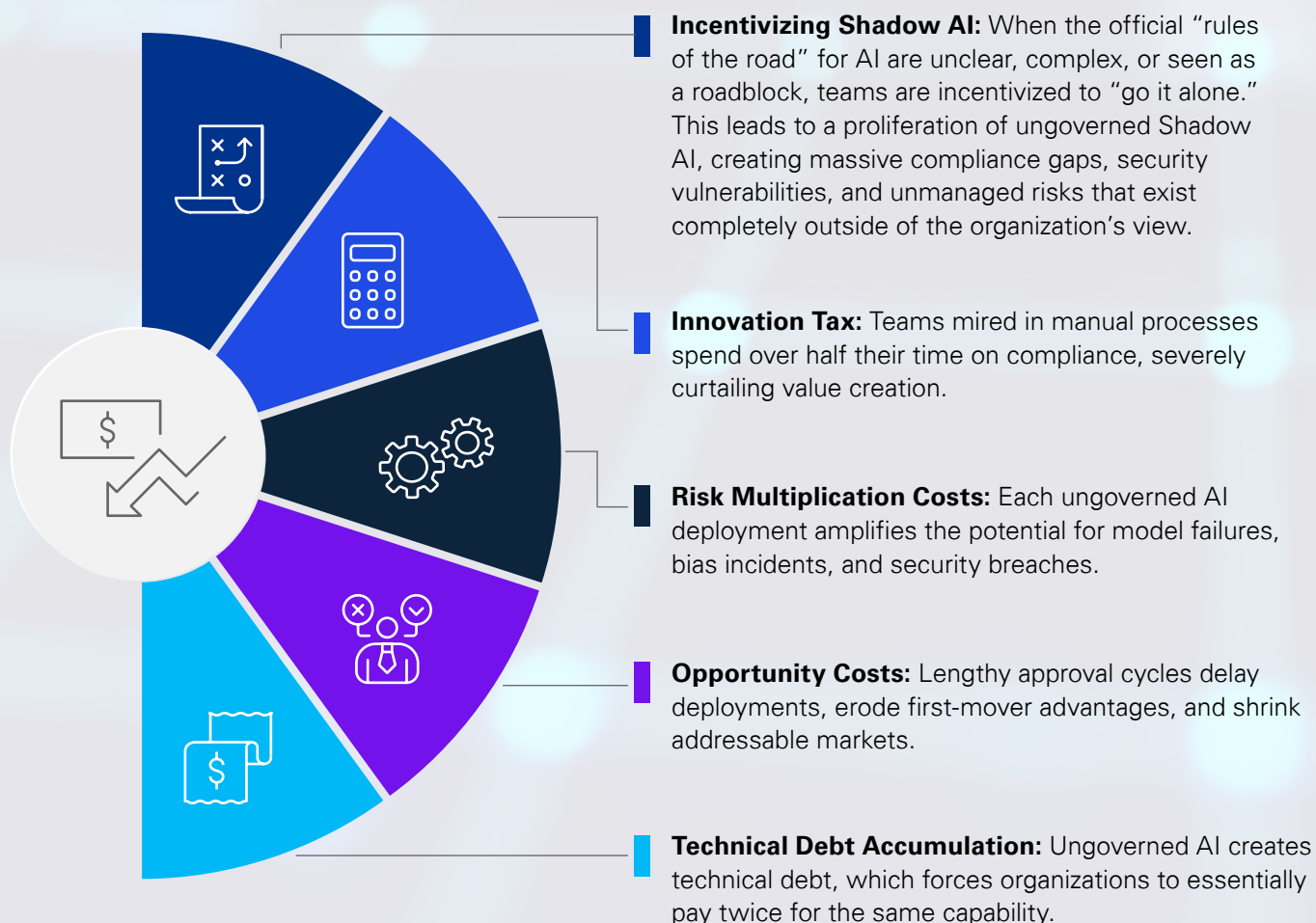
Governance isn't just risk mitigation; it accelerates safe adoption and provides the foundation organizations need to scale AI responsibly. Without it, common pitfalls emerge: models are built but never deployed due to perceived risk, shadow AI creates hidden compliance gaps, and a lack of monitoring allows drift and bias to accumulate. In fact, bridging this gap pays dividends, as organizations that are leaders in AI adoption are 28 percent more likely to achieve a higher-than-expected ROI from their AI investments.*

AI governance, when designed well, accelerates AI projects by providing clear guardrails and automated compliance. Think of governance as **"superhighways rather than speed bumps,"** enabling planned acceleration rather than anarchic experimentation. Clear governance frameworks eliminate the uncertainty and risk-driven delays that slow innovation in ungoverned environments.

*AI in Finance: US Report, KPMG LLP, December 2024 (internal report).

■ From Roadblock to Supercharger

Traditional thinking frames governance as an overhead—a necessary evil that adds cost without contributing to revenue. However, this view overlooks the significant hidden costs of ungoverned AI:



Beyond mitigating risk, AI governance is a proactive engine for revenue growth, offering tangible business advantages and unlocking new value streams:



Win in Regulated Markets

Governance acts as a license for your most valuable AI initiatives. By embedding automated compliance and transparent reporting from the start, you can accelerate regulatory approval for AI-powered products and services. This allows you to confidently launch high-margin offerings in sectors like finance and healthcare while your competitors are slowed by endless compliance speed bumps.



Accelerate “Time-to-Revenue” for New Innovations

Governance provides your innovation teams with a safe, preapproved “superhighway” for development. Instead of navigating complex, project-by-project risk reviews, they can build and deploy new AI capabilities with speed and confidence. This drastically shortens the cycle from idea to launch, allowing you to realize revenue from new innovations faster.



Build Trust and Increase Customer Value

In a skeptical market, trust is your most valuable asset. When you can prove your AI-driven services are fair, secure, and reliable, you build deep customer loyalty. This confidence not only reduces churn but also enables you to command premium pricing for your offerings, directly increasing customer lifetime value and wallet share.



Unlock High-Value Strategic Partnerships

Ecosystem growth depends on trust. Strong AI governance removes the primary barrier to high-value partnerships and data-sharing collaborations. By demonstrating your AI is secure and compliant, you become the preferred partner for joint ventures and codevelopment, opening new revenue streams and market opportunities that would otherwise be too risky to pursue.

■ Building a Governance-Led AI Value Engine

To realize these benefits, leading organizations are developing ROI models that capture the value of AI governance. These models consider operational efficiency gains, risk reduction value, revenue acceleration benefits, and strategic option value. Effective implementation requires strategic investment across platform, process, and expertise. A solution like IBM watsonx.governance operationalizes AI governance by providing a unified control plane for trusted AI.

Lifecycle Governance: It offers model registration, approvals, and lineage tracking.

Risk & Compliance Management:

It monitors and aligns AI with key regulations like the European Union (EU) AI Act and National Institute of Standards and Technology (NIST) AI Risk Management Framework.



Continuous Monitoring:

It detects drift, anomalies, and unapproved usage, including shadow AI.



Transparency and Explainability:

It automates model documentation, bias/fairness checks, and explainability reports.



Integration with Risk & Compliance Functions: It embeds AI controls into existing enterprise governance, risk, and compliance frameworks.





Watsonx.governance allows enterprises to embed governance in the AI workflow, turning governance and compliance into a competitive advantage.

Getting to value requires a governance-led AI value playbook:

1

Set the Value North Star: Define what value from AI means for your business (efficiency, resilience, revenue, customer experience).

4

Accelerate Adoption by Building Trust: Transparency enables faster approvals. Monitoring prevents costly rework. Clear accountability reassures regulators, boards, and customers.

2

Establish a Governance Framework Early: Align to emerging standards (e.g., NIST, EU AI Act) and integrate an enterprise solution like watsonx.governance to provide automated guardrails.

5

Measure and Communicate Value: Track AI ROI and governance ROI (reduced compliance cost, faster time-to-market, lower risk exposure).

3

Embed Governance into Operations: Make governance invisible by baking it into model development and deployment workflows.

Ultimately, AI without governance is innovation without trust. Governance isn't a brake; it's the accelerator for safe, responsible scaling. With a practical toolkit like IBM watsonx.governance, organizations can move beyond viewing governance as a compliance hurdle and begin using it as a strategic business enabler. The future of AI leadership belongs to those who treat governance as what it truly is: a primary driver of value.

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KPMG is the #1 ranked firm in the US for quality AI advice and implementation. We help leaders unlock competitive advantage through strategic AI and edge computing adoption, delivering tailored solutions that drive efficiency, innovation, and measurable business impact.

Contact us

Diana Griffin

Director Advisory- Cybersecurity & Tech Risk

E: dianagriffin@kpmg.com

Michael Isensee

Trusted AI US Tech Leader

E: misensee@kpmg.com

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