The AI Value Curve — Methodology Review

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Document control

Field	Value
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Status	Independent source review — not an external audit
Publication type	Proprietary bottom-up task economics opportunity analysis
Source policy	Original public material only; no Dodone adaptation
Full source links	See section 14

Executive summary

McKinsey describes a proprietary model comparing fully loaded human labour costs with the cost of AI-enabled task execution, including tokens and human review or rework. The unit of analysis is a region-by-industry-by-occupation combination. Its published results identify an estimated global annual economic opportunity from applying generative AI to parts of existing work.

Scope: Identify occupation, industry and region combinations in which generative AI-assisted work is economically attractive.

Important: This paper documents published source material only. A missing equation or input is reported as not available in the reviewed sources; no substitute model or artificial worked example has been created.

1. Purpose and scope

Identify occupation, industry and region combinations in which generative AI-assisted work is economically attractive. This paper is an independent explanatory analysis of published methodology; it is not endorsed by the originating publisher.

2. Counterfactual and baseline

The baseline is the hourly human labour cost of performing potentially automatable work without the generative-AI workflow. The alternative includes the complete AI-enabled work cost at acceptable quality, including retained human verification and rework.

3. Published model inputs and variables

- 831 Standard Occupational Classification occupations combined with industry and geographic segments.
- Hourly loaded labour compensation, including wages, employer benefits and overhead.
- Effective generative-AI automatable share by occupation.
- Productive annual working hours and employment volume.
- Token costs and non-token human review, risk and rework costs.
- Region-adjusted wage levels; global model prices in the version described.

4. Cost methodology

AI cost includes tokens and non-token oversight or rework costs. The paper explicitly distinguishes the net AI economics from conventional labour cost and excludes comparisons against other automation technologies such as RPA or IVR.

5. Benefit and value methodology

For each occupation the published method compares loaded labour cost per automatable hour with AI-enabled cost per hour. That difference is multiplied by effective automatable hours; occupation-level values are added to industry and regional pools.

6. Published formulas and calculation logic

- Published relationship in words: net value pool per occupation = net savings per automatable hour multiplied by effective automatable hours.
- Effective automatable hours derive from occupied workforce, productive hours and the effective automatable share attributable to generative AI.
- Hourly roll-ups use effective-automatable-hours weighting; value pools are summed.
- Exact proprietary transformations, occupational datasets and parameter values are not fully published.

7. Publisher-reported worked examples or results

McKinsey reports an approximately $2.5 trillion annual global opportunity across selected sectors, occupations and regions. This is the publisher's aggregate opportunity estimate, not a cash ROI for one company.

8. Sensitivity, attribution and uncertainty

The analysis includes an AI-cost sensitivity at increases of 30% or more. It reports separate positive-value pools and net pools that offset gains with economically unattractive occupations. McKinsey acknowledges uncertainty in input assumptions.

9. Author-scope qualifications and methodological limitations

- Opportunity cost comparison, not realised enterprise cash ROI.
- Automatable work is not the same as workforce redundancies or redeployment value.
- Published analysis holds automatable shares and productive hours constant across countries.
- The underlying analytical tool is proprietary.

10. Independent reproducibility assessment

Partial at the logic level. The article gives the aggregation chain, but not enough source data or proprietary transformations to reproduce its full global result independently.

11. Public-information gap register

Information unavailable or incomplete	Source review status
Complete occupational input table and proprietary task parameters: not publicly disclosed in reviewed article.	Not publicly available / insufficiently specified in reviewed source
Executable algorithm or code: not publicly disclosed.	Not publicly available / insufficiently specified in reviewed source
Company-specific implementation and time-to-value assumptions: not fully specified.	Not publicly available / insufficiently specified in reviewed source

12. Independent reviewer observations

These observations address verifiability and scope; they are not additions to the publisher's financial method.

Confirm each numerical claim against the original publication before relying on it for an investment decision. Do not treat conceptual frameworks or opportunity estimates as if they were a reproducible company-level ROI algorithm.

Do not fill source gaps using assumed discount rates, value multipliers, proprietary weights, industry benchmarks, model code or synthetic test fixtures. An independent audit of calculations is possible only where sufficient primary data and methodology are disclosed.

13. Audit and publication checklist

- Primary publisher and publication dates have been identified.
- Source-specific equations are separated from descriptive process narratives.
- All author-reported numerical examples are identified as publisher examples.
- Unavailable parameters and proprietary elements are explicitly marked.
- No Dodone adaptations or fabricated examples have been introduced.
- Claims of complete numerical reproducibility are limited to publicly verifiable material.

14. Original source links and attribution

The following are the original publisher resources reviewed. Each link is clickable in the PDF and editable Word file.

S1 — The AI value curve: The economics of applying AI to existing work — https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-ai-value-curve-the-economics-of-applying-ai-to-existing-work

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