

The Strategic Shift: The Rise of AI-Enabled Insourcing

AI alters the “make-or-buy” calculus, enabling organizations to insource functions, retain proprietary knowledge, and capture efficiency gains previously lost to external vendors.

THE VALUE PROPOSITION

**40% to 60%
Reduction in
Vendor Spending**

Firms replace high agency retainers with smaller, AI-augmented internal teams.

**50%
Faster
Operational
Cycle Times**

Insourcing eliminates communication overhead, allowing internal teams to respond rapidly to market changes.

**Retention of
Proprietary
Knowledge**

Internal teams build unique, differentiated workflows instead of using commoditized services shared with competitors.

**Marketing
Production**



\$800,000

Agency

\$300,000

In-house

**Legal
Contract
Review**



5-Day
Turnaround

Under 2-Day
Turnaround

**Software
Development**



Standard
Velocity

30–50%

Productivity
Gain

STRATEGIC IMPLEMENTATION



**Conduct Strategic
Capability Audits**

Prioritize functions with high transaction volumes and mature AI tool availability for initial pilots.

**Execute
Phased
Transitions**



Use hybrid operating periods to gradually reduce vendor scope while building internal capacity.



**Prioritize AI
Literacy over
Tool Access**

Success requires training staff in prompt engineering and workflow redesign, not just software procurement.