

THE FORMULA, OPENED UP

Every term itemized – then the math run to the end, so the ROI on the page is the ROI.

1 • POTENTIAL VALUE – what the initiative can earn (annual \$)

- Profit – Revenue lift
- Profit – Cost takeout
- Profit – Working capital (cash timing)
- ▲ Risk – Risk-cost avoidance
- Decision Velocity – faster, better decisions

COMMON MISTAKE Inflated potential to make the math work. Finance validates every line.

2 • ADOPTION REALITY – the multiplier almost nobody counts

- Adoption rate – % who actually use it (good: 85–95%)
- Workflow coverage – % of the process AI handles (good: 65–80%)
- Reuse credit – build you don’t repeat; credited inside True Cost

COMMON MISTAKE Assuming 100%. The pilot looked great; production never crosses 40%.

3 • TRUE COST – six items, three layers (Year 1 \$)

- Visible: Build · Run (cloud, tokens, licenses)
- Invisible: Change management · Governance
- Failure: Tech-debt · Incident reserve

COMMON MISTAKE Counting only build. The rest runs 2–3× build over three years.

RUN THE MATH · WORKED EXAMPLE

Potential Value	\$1.905M
× Adoption Reality (87% × 71%)	= \$1.177M realized
– True Cost (all six items)	– \$327K
= Net Value	= \$850K
÷ True Cost → ROI	\$850K ÷ \$327K = 260%

The dashboard number and the CFO’s arithmetic now match. That’s the point.