

VALUE METHOD BRIEF

How cb5 calculates the value of an AI opportunity, and what the numbers do and don't mean

For finance leads · Prepared by: cb5

This brief is for the CFO or finance lead who will check the numbers in a Blueprint readout. It sets out the formulas cb5 uses, the inputs behind them, why they are conservative, and what cb5 does not claim. The same method runs the Blueprint workbook, the Hours Back Calculator and the pilot measurement plan, so a modeled figure and a measured one can be compared line by line.

1. The formulas

Loaded hourly rate	= Annual salary × 1.3 ÷ 2,080 (unless you provide your own rate)
Annual hours	= People × Hours per person per week × Working weeks (48)
Annual cost	= Annual hours × Loaded hourly rate
Annual value	= Annual cost × Capture % + Other hard savings per year
Net annual value	= Annual value – Annual run cost (licenses, support)
Payback (months)	= One-time cost ÷ (Net annual value ÷ 12)
3-year ROI	= (3 × Net annual value – One-time cost) ÷ One-time cost

Term	What it means
Loaded hourly rate	Salary plus 30% for benefits and overhead, over 2,080 paid hours. Your finance team can replace it with its own rate
Working weeks	48, to allow for leave and holidays
Capture %	The share of the baseline time the solution is assumed to take off people's plates. Set by AI pattern [section 2]
Annual cost × Capture %	Capacity value: hours freed up, valued at the loaded rate
Other hard savings	Cash that stops leaving the business, provable from records: overtime, temp or contractor spend, late fees, early-pay discounts, licenses retired
Annual run cost	What it costs each year to keep the solution running: licenses, platform consumption and support
One-time cost	The pilot or build fee, plus your team's own build and setup time where it is significant, plus any one-time cost to scale
Payback	Months of net annual value needed to recover the one-time cost. Simple payback, not discounted
3-year ROI	Net gain over three years as a share of the one-time cost. Not discounted, and it assumes run cost and value stay flat. Apply your own discount rate if you prefer an NPV view

2. Why the numbers are conservative

- **Capture % defaults by pattern, never above 60%.** Copilot Assist 20%; Knowledge Agent 40%; Document Intelligence 60%; Workflow Automation 50%; Classification & Triage 50%; Generative Drafting 40%; Summarization & Synthesis 50%; Analytics

8 Narrative Reporting 50%; Agentic Process 40%. A higher figure is used only with measured evidence, and the reason is written down.

- **Hours are rounded down.** Observed time (shadowing, time study, system data) is preferred over what people estimate.
- **You validate the baseline.** Every top-10 opportunity's people, hours, volumes and rates are reviewed and agreed by the business unit's own champion before the readout. Every figure in the report traces to a row in the workbook, with its source recorded (interview, shadowing, time study, system data).
- **One pattern per opportunity.** Where a pain needs two patterns, it is valued once, on the pattern that delivers most of the value.
- **An hour is counted once.** Hours already in capacity value are not counted again as hard savings (for example, overtime avoided on the same hours).
- **Soft benefits stay out of the number.** Faster service, fewer errors and better employee experience are reported in their own units and never added to annual value.

3. Capacity value is not cash

Capacity value is the cost of the time freed up. It does not reduce spend on its own. It turns into a budget saving only where the business avoids spend it would otherwise incur: overtime, temporary staff, contractors, or a planned hire for growing volume. cb5 frames it as hours redeployed to work you choose, such as backlog, growth or faster service, and asks the sponsor at the start of a pilot what the hours will go to.

The readout shows **capacity value and hard savings in separate columns**, and annual value as their sum. If you want a cash-only view, use the hard savings column alone.

4. Worked example (illustrative, not a benchmark)

An accounts payable team keys invoices by hand. The numbers are made up to show the arithmetic.

Input	Value
People doing the work	10
Hours per person per week on manual entry	6
Salary	\$72,000
Pattern	Document Intelligence (default capture 60%)
Other hard savings	\$0 (none evidenced yet)
Annual run cost (licenses, support)	\$6,000
One-time cost to build (illustrative)	\$50,000

Loaded hourly rate	= \$72,000 × 1.3 ÷ 2,080	= \$45.00
Annual hours	= 10 × 6 × 48	= 2,880 hours
Annual cost	= 2,880 × \$45	= \$129,600
Capacity value	= \$129,600 × 60%	= \$77,760
Annual value	= \$77,760 + \$0 hard savings	= \$77,760
Net annual value	= \$77,760 – \$6,000	= \$71,760
Payback	= \$50,000 ÷ (\$71,760 ÷ 12)	
	= \$50,000 ÷ \$5,980	= 8.36, reported as 8.4 months

$$\begin{aligned}
 \text{3-year ROI} &= (3 \times \$71,760 - \$50,000) \div \$50,000 \\
 &= \$165,280 \div \$50,000 = 330.6\%, \text{ reported as } 330\%
 \end{aligned}$$

In this example all \$77,760 is capacity value: about 1,728 hours a year ($2,880 \times 60\%$) that the team can redeploy. None of it is a cash saving unless it avoids spend. In a first meeting, before run cost is known, the same opportunity shows a payback of about 7.7 months ($\$50,000 \div (\$77,760 \div 12)$); the Blueprint subtracts run cost, which is why its payback is longer.

5. How the Pilot measures realized value

The Blueprint figure is a model. The Pilot produces the evidence.

1. **Baseline first.** Time per item (or hours per person per week) is measured over 2 weeks before go-live, with the same data source and definitions that will be used afterward. System data is preferred over self-reporting.
2. **Measure for 30 days from go-live.** The first week is tracked but reported separately if learning time distorts it.
3. **Measured capture %** = (baseline time per item – pilot time per item) ÷ baseline time per item. It replaces the default in the same formulas.
4. **Three figures, side by side:** realized value for the pilot group, projected value at scale, and the original Blueprint model.
5. **Headline stays at the default.** If measured capture % is higher than the pattern default, both are shown, and the headline uses the default until a second measurement period confirms the higher figure.
6. **Team averages only.** No individual performance is measured or reported.

Results are reported as measured, whether above or below the target.

6. What cb5 does not claim

- **No guarantee.** Values are estimates from your data and cb5's observation. Success criteria are targets used to measure a pilot, agreed with you, not promises.
- **No headcount case.** cb5 does not convert hours into roles removed. Capacity is described as hours redeployed.
- **No benchmarks.** cb5 does not quote industry averages or other customers' results. Every figure comes from your own baseline.
- **No assumed adoption in a measured result.** Modeled annual value assumes steady use by the people counted. The pilot measures actual adoption, and realized value reflects it.
- **No double counting** of hours as both capacity value and hard savings, and no soft benefits in the total.

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