DOCUMENT 1 OF 2 · 12 PAGES

AI Business-Case Template

Stakeholder-ready business case for an AI initiative — problem, alternatives, costs, benefits, ROI / NPV / IRR, sensitivity, risk and named sponsor sign-off.

Audience · Sponsor, finance, product owner, programme owner, board investment committee
Companion documents · AI ROI / TCO / Sensitivity Workbook
Use as · Audit-grade artefact requiring named human sign-off
Version · v1.0 · 2026-05

§ 1

Problem statement & strategic fit

Field	Detail
Problem (one sentence)	
Population / scope	Customers · employees · assets · transactions affected per year
Current state & pain	Quantified ($, time, error-rate, NPS, regulatory exposure)
Why now	External / internal trigger
Strategic objective served	Named in current strategy doc
If we do nothing	Counterfactual cost over 3 years

> **Sponsor test.** If the sponsor cannot finish the sentence "This matters because…" in < 30 seconds, the problem is not yet ready for a business case.

§ 2

Solution & alternatives

Option	Description	Time to value	Risk profile	Why chosen / rejected
O0 · Do nothing	Maintain current state	—	Lost-opportunity cost	
O1 · Process / policy change (no tech)				
O2 · Classical analytics / automation				
O3 · AI / ML (this proposal)				Chosen
O4 · Buy (vendor)				

Alternatives must be analysed even if rejected. A business case without a credible non-AI alternative is incomplete.

§ 3

Costs (3-year)

Build costs (one-time)

Category	Year 0	Notes
People (design, data, ML, platform, validation)		Internal + external
Data preparation & lineage		Source readiness, schema, DQ
Compute & infrastructure (build phase)		Training, eval, shadow
Tooling / licences		Feature store, registry, vendor APIs
Security & privacy		Pen-test, DPIA, BAA / DPA
Change management & training		Operators, sponsors, comms

Run costs (recurring)

Category	Year 1	Year 2	Year 3
Inference & storage			
Vendor / API spend			
Monitoring & on-call			
Re-training & data refresh			
Annual validation & audit			
HITL operator capacity			

§ 4

Benefits (3-year)

Benefit class	Driver	Year 1	Year 2	Year 3	Realisation owner
Revenue uplift	e.g. conversion, AOV, retention				
Cost avoidance	e.g. labour hours, error rate, fraud loss				
Risk reduction	e.g. expected loss · regulatory fine probability × magnitude				
Speed / cycle time	e.g. throughput uplift, time-to-decision				
Quality / NPS	e.g. CSAT, error rate, complaint volume				
Capacity unlocked	e.g. analyst hours redeployed				

Benefit hygiene. Every benefit row needs an owner who will be measured on realisation; numbers without an owner default to zero in audit.

§ 5

Financial summary · ROI / NPV / IRR / payback

Metric	Year 0	Year 1	Year 2	Year 3	3-yr
Cash inflow (benefit)					
Cash outflow (build + run)					
Net cash flow					
Cumulative net cash flow					
Discounted net cash flow (WACC ___ %)					

NPV	IRR	PAYBACK	ROI (3-YR)
__	__%	__ mo	__%

§ 6

Sensitivity & scenario analysis

Single-factor sensitivity

Factor	Low	Base	High	NPV @ low	NPV @ base	NPV @ high
Adoption (% of population)						
Lift (% improvement on metric)						
Unit cost						
Vendor / API price						
Time-to-launch						

Scenarios

Scenario	Composition	NPV	Probability (subjective)
Base	All factors at base		
Stretch	Adoption high + lift high		
Conservative	Adoption low + lift low		
Downside	Adoption low + lift low + vendor +25%		

§ 7

Risks & mitigations (business-case angle)

Risk	Likelihood	Impact	Mitigation	Residual
Benefit realisation lower than modelled	Medium	High	Gated funding; G2 reconciliation	Low
Cost-to-run higher than modelled	Medium	Medium	Unit-economics monitor from G1	Low
Vendor price increase	Medium	Medium	Multi-vendor optionality; ceiling clause	Low
Regulatory change	Low	High	EU AI Act / sector mapping in scope from G0	Medium
Adverse incident	Low	High	Incident runbook (companion sector pack)	Low
Brand / trust event	Low	High	Comms playbook; HITL contract	Low

§ 8

Funding & gating model

Rather than approve the entire 3-year envelope at once, fund the next gate. The total envelope is indicative; commitment is gate-by-gate.

Gate	Funded by this approval	Re-decision at
G0 → G1	Pilot budget	G1 review
G1 → G2	Limited-prod build + first 6 mo run	G2 review
G2 → GA	Full rollout + annual run	G3 annual

Decision note. Gate-by-gate funding is the single best protection against sunk-cost bias. Make this explicit in the funding paper to the investment committee.

§ 9

KPIs & realisation plan

KPI	Baseline	Target Y1	Y2	Y3	Owner	Source of truth
Primary metric (defined in pilot)					Product owner	Holdout / analytics
Cost per decision					Finance	Finance ledger + telemetry
HITL operator throughput					Operations	Workflow tool
Adverse-incident rate					Risk	Incident system
Customer / employee NPS					CX / HR	Survey

§ 10

Strategic-alignment one-pager

Why this matters

[Strategic objective + customer/operator pain]

What we will build

[Solution shape + boundary]

What it costs

Build · Run (Y1–3) · Total NPV

What it returns

NPV · IRR · payback · key benefits

What could go wrong

Top 3 risks with mitigation

What we are asking

Funding for next gate + names of decision-makers

§ 11

Funding ask

Field	Detail
Funding requested	$ for next gate window
Period covered	Months
Decision required by	Date
Decision-makers	Named
If declined	Consequence to current state and to dependent initiatives

§ 12

Sign-off & attestation

Sign-off block

Role	Name	Date	Signature
Programme sponsor			
Product owner			
Finance / FP&A			
Model risk			
Privacy / DPO			
Investment committee chair			

The business case is re-affirmed at every gate (companion gating workbook). Realisation is reconciled to this document at every annual review.