



WHITEPAPER

How Grizzly AI Can Generate 500% Plus Return on Investment (ROI) for Your Business

Extraordinarily high returns can be earned by employing Grizzly AI to improve your knowledge workers' productivity. Time 'released' by knowledge workers reducing routine work and getting faster and higher quality work outputs has a very high potential return.

Introduction

In this whitepaper, we introduce the concept of return on investment and how that applies to AI. The calculations needed to evaluate those returns are considered in the light of both accounting and valuation concepts.

How is return on investment (ROI) usually measured?

Consider a simple example of a one-year term bank deposit. Assume \$1,000 is placed on deposit at an interest rate of 5%. At the end of the year, the depositor receives \$1,050.

This means that the return is \$50 and the investment is \$1,000, so the return on investment, or its usual acronym, ROI, is 5%, or \$50 divided by \$1,000.

Well understood return on investment concepts include rental income on investment property and dividends received from share investments.

Internal corporate return on investment usually focuses on new investment initiatives, expansion of markets and acquisition of other companies, for example.

The primary idea is that: if we make this expenditure in time, dollars and effort, what return will we get?

Not all returns are measured in dollar terms, of course, while risk and time period are vital factors as well.

How can the return on investment with Grizzly AI be measured?

The answer, quite simply, lies in the value of enabling knowledge workers to achieve more work in less time.

Any time 'released' from the use of Grizzly AI has a value. The value gain to the business will depend upon how that time is used.

The investment sum, in this case, is the monthly cost of a Grizzly AI licence.

While the results will always be dependent upon the particular use case, returns exceeding 500% can readily be achieved from an investment in Grizzly AI.

For simplicity, the return on investment calculations in the return on investment model described further below relate all parameters to one working, or productive, day.

Any time released to a knowledge worker from the use of Grizzly AI, by removing routine work or performing complex tasks faster, may be used to create additional value.

What is the opportunity cost of knowledge workers?

Any time released to a knowledge worker from the use of Grizzly AI, by removing routine work or performing complex tasks faster, may be used to create additional value.

For example, a billable knowledge worker could turbocharge the value creation of that released time by potentially billing higher revenue.

However, if the time released is squandered by not adding much more value, the returns will not be high.

The value of the time released by using Grizzly AI can be considered to be the opportunity cost of the productivity gains, the value of which will depend upon how that additional time is deployed.

How to get started with the Grizzly AI – Return on Investment Calculator

To understand the output of the simplistic version of the return on investment calculator, it is necessary to consider some of the elements that are involved in determining the returns from the use of Grizzly AI by knowledge workers.

Details of these elements follow below and describe the inputs required and the return on investment outputs from the [Grizzly AI – Return on Investment Calculator](#).

What are knowledge worker direct costs?

The first step in the model is to calculate an individual’s direct cost of employment.

Typically, a knowledge worker’s direct cost to a business is a combination of salary, benefits, bonus, laptop or other IT equipment, cellphone and SaaS or other per user licence costs.

This is the value that is entered into the model.

What are ‘avoidable costs’?

The above direct knowledge worker costs are usually easily identified and could be considered to be ‘avoidable costs’.

That is, if one additional knowledge worker of this particular capability were hired, what would be the incremental direct cost to the business?

What are knowledge worker indirect costs?

Indirect measurable costs are more problematic when determining a knowledge worker’s cost.

While they are not included in the ROI model analysis for the purposes of simplicity, they are very real and should not be ignored.

Estimates of the cost of disruption, from knowledge worker turnover, for example, are also difficult to make, although a more advanced version of the model allows a separate evaluation of them.

1) Measurable indirect costs

Measurable indirect costs include recruitment, training and supervision costs, together with office space occupied and a share of administration costs.

Typically, a business will spread these general indirect cost overheads like ‘warm butter over hot toast’ among different business units until their identity and relevance to any decision-making is obliterated.

Because it is difficult to measure many of these indirect costs meaningfully by each knowledge worker, they are excluded from the analysis.

As a result, the return on investment generated from using Grizzly AI will be much higher than that stated by the model.

2) Cost of disruption from knowledge worker turnover

A much more elusive, but very real indirect cost of knowledge workers, well understood by all business leaders, lies in the cost of disruption from knowledge worker turnover. The costs of disruption from staff turnover include the following:

- cost of their breaking relationships with customers and suppliers
- loss of institutional knowledge

- opportunity cost of lost revenue or value creation
- time taken to replace and train replacements to the same standard

While the cost of disruption from the turnover of knowledge workers may seem to be ephemeral to the casual observer, they can be very high in many cases.

The financial analysis in the advanced Grizzly AI – Return on Investment Calculator allows consideration of these indirect costs with a separate estimate and ROI calculation.

How to calculate a knowledge worker’s direct cost, per productive hour

The return on investment model uses the cost of a knowledge worker’s direct cost, per productive hour, as a proxy for that person’s value to the business.

This number will almost always be much lower than the actual value created by that knowledge worker. Otherwise, of course, there would be zero profit margin earned by that person.

Once again, the model understates the real return from using Grizzly AI.

The knowledge worker’s direct cost, per productive hour, is calculated from the following input data.

While the cost of disruption from the turnover of knowledge workers may seem to be ephemeral to the casual observer, they can be very high in many cases.

1) Annual working weeks

Knowledge workers do not work for a full year. Statutory holidays, annual leave, sick leave, and training time are likely to exceed seven weeks, at least.

This means that knowledge workers are available for a maximum of 45 working weeks per annum.

2) Productive hours per day

Formal working hours in a day do not reflect the number of productive hours worked per day.

Each working day is typically fragmented by endless meetings and answering emails, telephone calls, together with lunch and tea or coffee breaks.

Social chatter, although valuable in many respects, is also a productivity killer.

3) Realistic productive hours per day

A possible starting estimate may be seven productive hours per working day.

However, experienced business leaders know that, for most knowledge workers, seven productive hours per working day is a heroic assumption.

If such high productivity rates were consistently achieved, business profitability would be much higher.

Of course, there are many professional knowledge workers who work productive days well in excess of seven hours.

Users may enter their own data input assumptions about annual working weeks and productive hours worked per day into the model calculator to test this sensitivity.

To calculate a knowledge worker's direct cost of a productive hour, enter the data determined above into the Grizzly AI – Return on Investment Calculator model, as follows:

- Knowledge worker direct costs
- Annual working weeks
- Working days per week
- Daily productive hours

The Grizzly AI – Return on Investment Calculator model will calculate the knowledge worker's cost to the business of one productive hour.

It should be noted that the simplistic model's ROI output is based on the knowledge worker's direct cost as a proxy for their value to the business, the productivity gains generated and the cost of a Grizzly AI licence.

Accordingly, variations in the number of working weeks, working days per week and daily productive hours days do not alter the ROI.

The simplistic model provides outputs of productive hours gained per day, week and year. This allows the user to value that time, especially if it were billable.

How to calculate the cost of a Grizzly AI licence, per working day

The cost of a Grizzly AI licence in the financial model is calculated on a per working day basis for the following reasons:

- Knowledge worker productivity only comes from a working day
- The Grizzly AI licence cost matches the same working day
- The Grizzly AI licence is paid for once per day, not by per productive hour
- All incremental productivity value gains relate to only one cost per day

The Starter, or entry-level Grizzly AI licence, is priced at USD\$19 per user, per month. The Professional licence is priced at USD\$29 per user, per month.

As Grizzly AI has a global user base, pricing per licence follows the conventional SaaS pricing model of being expressed in USD.

The Grizzly AI – Return on Investment Calculator model requires a selection of the relevant licence, priced in USD.

By entering a conversion factor for the exchange rate between the USD and the currency of choice, all Grizzly AI licences are priced in that currency.

The model calculates the Grizzly AI licence cost, expressed in that required currency, as a licence cost per user, per working day, to determine ROI.

How to estimate knowledge worker productivity and other value gains

The next stage of calculating the return on investment from using Grizzly AI is to estimate the likely productivity gains.

There are four estimates to consider.

However, the simplistic Grizzly AI – Return on Investment Calculator only uses the first one. A more advanced model considers all elements.

The four estimates follow:

- **Estimate the percentage increase in productivity, per productive hour**
The simplistic version of the Grizzly AI – Return on Investment Calculator model requires an estimate of the percentage increase in productivity that a knowledge worker would gain from using Grizzly AI.

It is important to test the sensitivity of the model’s ROI outputs under alternative increases in productivity gain assumptions.
- **Estimate the added value multiplier**
The more advanced model requires an estimate of the value that would be added by the knowledge worker in the incremental time generated by Grizzly AI, over and above the direct cost ‘recovered’ by the AI.

This relates to the opportunity cost discussed above.

The advanced model calculates the additional value created from the improved productivity, expressed as a percentage of the calculated knowledge worker cost per hour.

The rationale here is that, if a knowledge worker's time spent doing routine work is released, it can be applied during much more valuable work.

- **Estimate the value of improved knowledge worker retention**

The third estimate, for the advanced model, relates to the key intangible benefit of improving the knowledge worker's level of job satisfaction, as routine or 'drudge' work is removed from their daily tasks.

This will likely lead to an increase in the propensity of the individual to be retained within the business.

As a firm's most valuable knowledge workers are likely to have attributes of curiosity, inquiring minds and a willingness to test and try new ways of

doing things, providing access to generative AI may have a turbo-boosting impact on their job satisfaction.

Their experiments and leadership influence within a firm's team of knowledge workers will also likely ensure a high rate of adoption of AI technology and the development of new profitable processes and outcomes.

This value is also expressed as a percentage of the calculated knowledge worker cost per hour.

- **Estimate the added value from billable time**

If the knowledge worker is a billable resource, an estimate of the proportion of the productive time released that would likely be billable is made.

That knowledge worker's billable rate is multiplied by that time to more accurately measure the ROI for a billable knowledge worker.

A key assumption of the return on investment model, as noted above, is that the knowledge worker will actually continue to work at the same pace and not simply work fewer productive hours, while still producing the same volume of work output that would otherwise have been produced.

How to be “roughly right, and not precisely wrong”

Whenever data assumption inputs are fed into a financial model, caution must always be applied when interpreting the results.

The Brief Guide to Data Input for the Grizzly AI - Return on Investment Calculator document contains details of the different data inputs for the simplistic model version of the model.

Only some of the following variables apply to the simplistic model.

1) Daily productive hours

The inherent difficulty in precisely measuring the number of productive hours per day alone is problematic.

All knowledge workers vary considerably in their productivity throughout the day, let alone over weeks and years.

The value generated per hour also depends upon many variables.

Hence, the return on investment model uses the knowledge worker’ direct cost as a proxy for that value.

2) Daily productivity gains

Once again, this can only be a ‘guesstimate’ without careful testing.

3) Additional value created

If the knowledge worker can bill his or her additional productive time released, measurement is easier. This added value will have a large positive impact on the return on investment from using Grizzly AI.

4) Value of improved knowledge worker retention

This benefit is virtually impossible to measure precisely.

That is, the model is set up for users to try many scenarios of reasonable data assumptions. This will provide a range of outcomes for consideration.

If users try too hard to be precise, they can be sure that the outputs will be precisely wrong.

If users make reasonable assumptions, as rough as they may be, the outputs will be roughly right and more valid for consideration.

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Example outputs from the return on investment calculator model

The simplistic Grizzly AI – Return on Investment Calculator model provides ROI and productive hours gained outputs for the first two of the above elements.

Two examples follow.

1) Moderate knowledge worker direct cost

Assume that a knowledge worker has an annual direct cost of, say, \$80,000. Further assume that there are 45 productive weeks worked per year with seven productive hours per day.

By using the entry-level Grizzly AI licence at USD\$19 (converted at .60) per user, per month, and gaining a 3% increase in productivity during the day, or an extra 13 minutes in total of productive time per day, the knowledge worker would generate a return on investment from using Grizzly AI of **532%**.

Gaining a productivity gain of just 1% per working day, would generate a return on investment of **111%**.

These results assume that there are no value gains from more profitable work or billable work completed during the released time.

The results also assume that there are no value gains from improved retention of knowledge workers within the business.

2) Higher knowledge worker direct cost

Similarly, assume a knowledge worker with an annual direct cost of, say, \$125,000 works 45 productive weeks per year with seven productive hours per day.

Using the Professional Grizzly AI licence at USD\$29 (converted at .60) per user, per month, would, by improving productivity by 3% per day, or an extra 20 minutes of productive time per day, generate a return on investment from using Grizzly AI of **547%**.

Gaining a productivity gain of just 1% per working day, would generate a return on investment of **116%**.

These results assume that there are no value gains from more profitable work or billable work completed during the released time.

The results also assume that there are no value gains from improved retention of knowledge workers within the business.

It is important to test the sensitivity of the model's ROI outputs under alternative increases in productivity gain assumptions.

Advanced Return on Investment Decision Model

A more advanced ROI financial model is available for a more sophisticated analysis.

This version explicitly considers the following:

- Estimates of value added from the time released
- Estimates of value from the reduced risk of knowledge worker turnover
- Impact of changes in billing revenue
- Refined opportunity cost analysis
- Multiple knowledge worker segments, rather than just individuals
- Measures cash flow benefits, rather than just percentage returns on investment
- Measures the effect of any initial integration or software customisation required

Conclusion

It is hard to imagine any other knowledge worker investment that could generate such high returns, at such a low level of risk.

The imperative is to act now and harness the power of Grizzly AI to benefit from exceptional returns with an investment in generative AI.

How to get started with Grizzly AI

The founders of Grizzly AI have built a safe-for-work access path for risk-averse enterprises to leverage the amazing power of generative AI.

Grizzly AI's software connects to OpenAI's large language model (LLM), GPT-4, via an application programming interface (API).

This allows the Grizzly AI software to deliver exceptional added value to the power of GPT-4, while controlling security for the firm.

- Security guardrails in Grizzly AI prevent any company data or AI outcomes from being used to train GPT-4.
- Grizzly AI is a safe, low-touch, easy-to-use entry point for companies of any size to build a force multiplier for the power of generative AI.
- The software just works 'right-out-of-the-box'. No integration time delays. No cost to implement. No training needed with its exceptional intuitive user interaction.
- Outstanding usability and user experience.
- Exciting near-term product development roadmap to further boost your knowledge workers' productivity and profitability.
- Affordable licence fees, given the very high potential return on investment from using Grizzly AI.
- Free seven-day trial to test it all

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