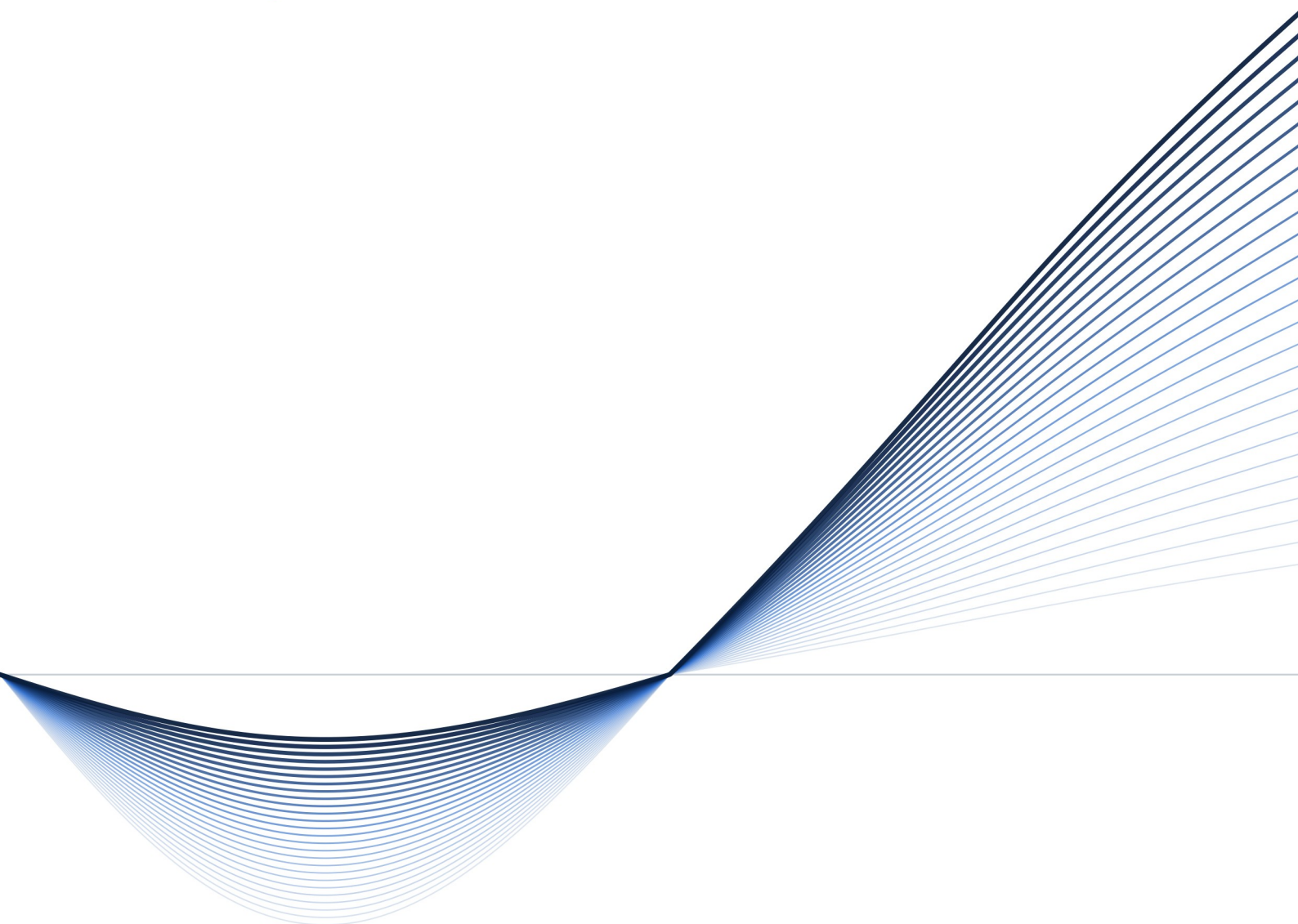


The AI Implementation J-Curve

The Challenge and the Economic Model



David Solomon

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Almost every company now uses AI; far fewer can see it in their profit. The difference is not the technology but the choices management makes – where to start, how to redesign the work, and how to steer each implementation along the J-curve.

88%

of respondents report regular AI use in at least one business function (McKinsey, 2025)

39%

of respondents report any effect of AI on operating profit, EBIT (McKinsey, 2025)

~95%

of organisations studied could point to no measurable return on generative AI (MIT NANDA, 2025)

THE REALITY

Introduction

Within three years, artificial intelligence has moved from the laboratory to the centre of the business agenda.

Almost every large company now uses it: in McKinsey's 2025 global survey, 88% of respondents reported regular AI use in at least one business function. Behind this near-universal adoption, however, lies a far more modest economic reality. Only 39% of respondents reported any effect on operating profit (EBIT), and most of them said AI accounts for less than 5% of their organisation's EBIT. MIT's NANDA initiative (2025) reached an even starker conclusion: despite \$30–40 billion of enterprise spending on generative AI, about 95% of the organisations it studied could point to no measurable return.

The reality is that, to remain relevant in a changing market, organisations must commit to AI before they can reliably measure what it will return. Costs are certain and immediate; benefits are uncertain, delayed and dispersed. The same decision can therefore end in either of two business results: a positive return on investment or a negative one.

The question management must ask is simple: how can we minimise the risk and maximise the return? Answering it requires three steps. First, we need to understand the reasons for the gap between adoption and value. Second, we need to agree on a structural model for ROI analysis, grounded in the J-curve that characterises AI implementations. Third, on that basis, we need to build a rigorous ROI model and apply it accurately across different use cases. The sections that follow take these steps in turn.

The research points to four recurring reasons why returns are hard to achieve and hard to see:

1. **Time saved is not money saved.** Productivity gains stay invisible in the P&L unless freed capacity is redeployed or removed.
2. **Benefits are dispersed and lagged.** They spread across departments and appear quarters after costs are booked.
3. **Attribution is weak.** Without a baseline and a control group, improvements cannot be separated from other factors.
4. **The J-curve.** Early quarters often show a dip, because the organisation invests in processes, skills and data before it harvests (Brynjolfsson, Rock and Syverson, 2021).

Behind these reasons stand the characteristics of each implementation, which determine whether it succeeds. They are set out in the next section, followed by the J-curve and the economic model.

THE REASONS FOR THE GAP

What determines the outcome

The same models and tools are available to every company. The gap is created by the choices companies make about where to apply AI and how. Four reasons stand out.

1. Choosing where to start

The leaders concentrate on the areas of highest value, where the probability of a positive financial return

within a relatively short time is high: processes with a short line of sight to the P&L, such as sales, customer service and operations. BCG (2026) finds that leading companies start with strategic clarity on where AI creates value and apply it in high-value areas, reshaping workflows end to end.

2. Redesigning the work, not adding a tool

Value appears when the process is rebuilt around AI. In McKinsey's 2025 survey, high performers – about 6% of respondents – were nearly three times as likely as others to have fundamentally redesigned their workflows, while horizontal tools such as chatbots and copilots help people work faster but rarely change the P&L (McKinsey, 2026).

3. Focus instead of scattered pilots

Laggards spread their budgets across many small pilots that never scale. BCG (2025) found that 60% of companies reported little or no value despite substantial investment, while the leaders focused on reshaping core workflows, where most of the value lies.

4. Measuring value in money

Freed time that is not redeployed never reaches the P&L, and benefits that are not measured against a baseline cannot be proven. McKinsey (2026) argues that AI impact is measurable when it is managed like any capital investment: value defined up front, attribution by A/B test or staggered rollout, and funding released through stage gates.

“

The gap between companies is the gap between these two curves.

— THE J-CURVE APPROACH

READING THE CURVE

The J-curve approach

All four reasons shape the same curve. A well-chosen, well-designed implementation has a shallower, shorter dip and a steeper recovery; it turns positive quickly, and its returns finance longer-horizon projects. A poorly chosen implementation has a long, deep dip with a flat slope.

Most implementations pass through an initial dip, although some yield benefits almost immediately; and

not every implementation comes out of it. The difference between a sustained loss and profitability is set by three parameters: the **depth of the dip** – how much is invested and lost before benefits begin; the **length of the dip** – how long it takes for ongoing benefits to exceed ongoing costs, which marks the low point of the curve; and the **slope of growth** – how fast value accumulates after the low point.

Two moments should not be confused: the point at which ongoing benefits overtake ongoing costs, and the later payback point, at which cumulative benefits recover the full investment.

EXHIBIT 1

The depth of the dip and the slope of growth decide whether AI pays off



Source: Illustrative; SOLOMON ROI Model

THE ECONOMIC MODEL

The SOLOMON ROI Model

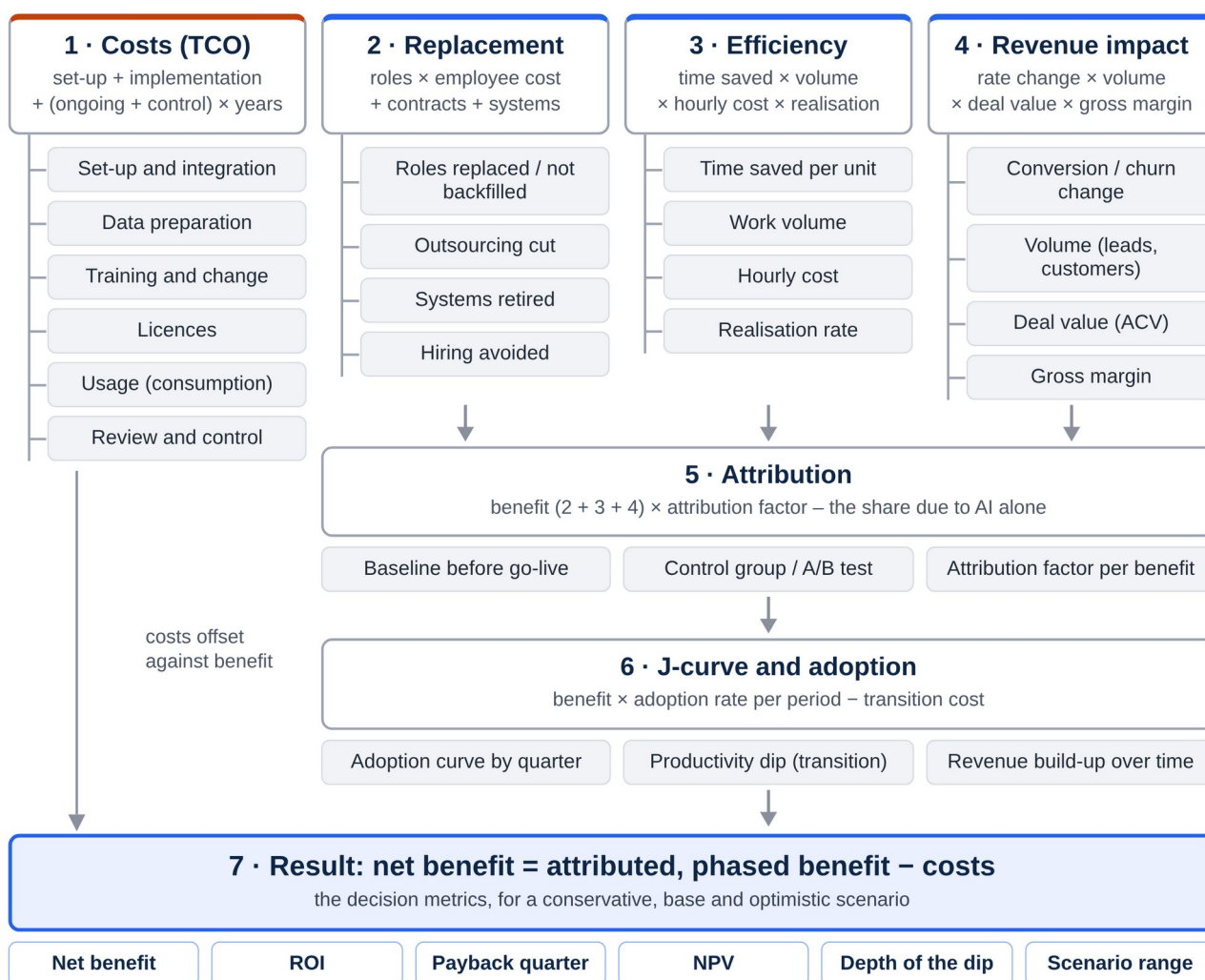
The SOLOMON ROI Model is a schematic framework, not a fixed formula. Its seven blocks define what must be calculated; the content of each block is configured for every use case according to its characteristics, business domain and sector. The diagram below shows the full structure from which each case is built.

The complex case – customer satisfaction:

improved satisfaction is not money in itself. To feed block 4, build a translation model from the organisation's own data: compare churn and purchase volume of satisfied versus dissatisfied customers, and estimate how much profit one point of improvement in the score could be worth. Such a comparison shows a correlation, not proof that raising the score will produce the same additional profit; the link should be validated with a controlled test before it is counted. The result is always shown as a range, because each link in the chain adds uncertainty.

EXHIBIT 2

The SOLOMON ROI Model: seven blocks, each broken into its components



Source: Solomon Capital Group

ONE CASE OF MANY

From model to practice

The SOLOMON ROI Model is applied case by case, across sectors and business functions. The case that follows is one example: an AI implementation in the sales and marketing function of a B2B SaaS company. It was chosen because it shows all seven blocks at work and a J-curve with a clear dip and recovery.

→ [Exhibit 3 overleaf: LOGIC plc – the case on one page](#)

EXHIBIT 3 Implementation case: LOGIC plc – AI in sales and marketing

LOGIC plc: AI in sales and marketing pays back in Q6

One of a series of implementation cases analysed with the SOLOMON ROI Model

Annual revenue

\$60M

Revenue from SaaS

85%

Employees

320

Salespeople + marketing

24 + 12**STARTING POINT**

24 salespeople handled about 500 leads each a year, converting 4.0% into 480 new customers, at an acquisition cost of \$14,500 per customer and \$480k a year of agency spend. Management asked whether AI in sales and marketing would pay back, and when.

WHAT WAS DONE

1. AI lead scoring, qualification and follow-up in the CRM, with lead routing redesigned around it.
2. AI content generation and personalisation, replacing half of agency output.
3. Baseline, A/B control group and quarterly benefit reviews built in from day one.

BEFORE AND AFTER (annual, full adoption)

Measure	Before	After	Change
Salespeople	24	21	-12%
Leads per salesperson	500	571	+14%
Conversion rate	4.0%	4.4%	+10%
New customers per year	480	528	+10%
Marketing team (FTE)	12	10	-17%
Agency spend (\$)	\$480,000	\$240,000	-50%
CAC (\$)	\$14,500	\$12,216	-16%

RESULTS · THREE YEARS, BASE SCENARIO

Net benefit

\$2.25M

ROI

175%

NPV

\$1.76M

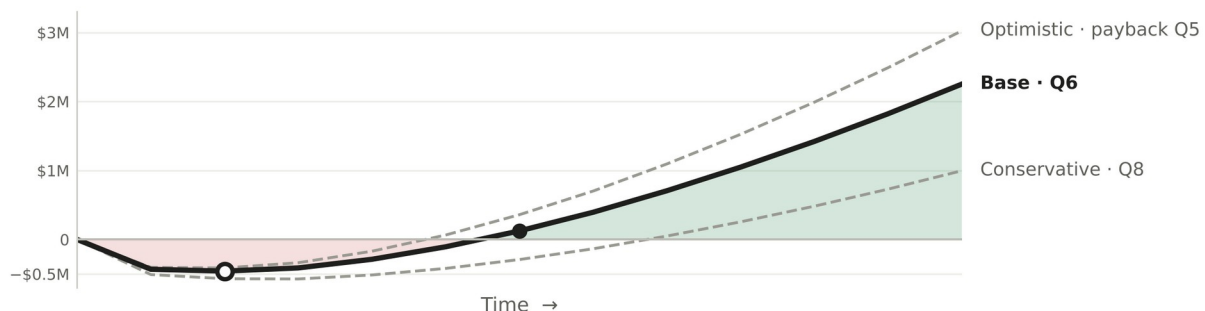
Depth of the dip

-\$458k (Q2)

Payback

Q6

THE J-CURVE · cumulative net value · red = loss, green = profit · ○ lowest point ● payback

**WHAT THE CASE SHOWS**■ **The starting point decided the curve.**

A short line of sight to the P&L: roles not backfilled on attrition and half of agency spend financed the dip within 6 quarters.

■ **Redesign, not tools, created the value.**

The gain came from changing lead routing and roles. Time saved alone contributed only \$0.22M over three years; replacement contributed \$1.93M.

■ **Revenue drives the slope.**

Higher conversion adds recurring revenue that compounds quarter after quarter – \$1.39M of gross profit in three years, and CAC down 16%.

■ **The decision is robust; the timing must be managed.**

Payback falls between Q5 and Q8; adoption speed and a proven conversion uplift must be monitored.

Source: Composite case; company name and figures are illustrative. Full calculation in the accompanying Excel model.

IMPLICATIONS FOR MANAGEMENT

Summary: a strategic decision that cannot be avoided

Artificial intelligence confronts management with a decision that is neither simple nor optional.

It is not simple, because the returns are uncertain, delayed and unevenly distributed: most organisations still cannot point to a measurable effect on profit, and most implementations pass through a costly dip before they recover. It is not optional, because competitors are moving, the leaders are pulling ahead, and an organisation that waits risks losing relevance in a market that is being reshaped around it.

When a decision is both difficult and unavoidable, the quality of the analysis behind it becomes the decisive factor. The evidence in this paper points in one direction: the gap between companies that create value from AI and those that do not is created by management choices – above all, the choice of where

to start. The leaders concentrate on the segments of highest value, where the probability of a positive return within a relatively short time is high, and they redesign the work around the technology rather than adding a tool to it.

The J-curve gives management a common language for this choice, and the SOLOMON ROI Model turns it into numbers. Applied case by case, it identifies the processes that matter most, quantifies the depth of the dip, its length and the slope of recovery, and measures the result incrementally against what would have happened without AI. The LOGIC plc case shows what this discipline delivers: a clear decision, a known payback point and the variables management must monitor.

AI is therefore not a technology project but a strategic management task. Organisations that analyse each implementation with professional rigour, prioritise the segments that create value and steer them along the J-curve will invest with confidence, stop early what does not work, and move through the curve faster than their competitors. In the reality of AI, that capability is itself a competitive advantage.



AI is not a technology project but a strategic management task.

— DAVID SOLOMON · SOLOMON CAPITAL GROUP

How the SOLOMON ROI Model is applied

- **Map** – identify candidate processes and rank them by value and line of sight to the P&L.
- **Configure** – build the model for the top cases from the organisation's own data, block by block.
- **Decide** – present each case as a J-curve with payback, NPV and conservative, base and optimistic scenarios.
- **Govern** – track adoption, attribution and costs in quarterly reviews; scale, adjust or stop.

Deliverables: a ranked AI investment plan, a configurable Excel model and a one-page case for each priority implementation.

SOLOMON CAPITAL GROUP

About the author

David Solomon is Founder and Executive Chairman of Solomon Capital Group, a cross-border business advisory and investment banking firm operating from Tel Aviv, London, Dubai and New York. He has more than 25 years of experience in corporate finance, business strategy and global capital markets, and has advised more than 600 companies and financial institutions, from international corporations and leading Israeli companies to public-sector organisations. His work spans investment banking, M&A, IPOs, valuation and the economic implications of AI.

His most recent book, *Decoupling Intelligence: A Strategic Imperative for the New AI Economy*, develops the strategic thinking behind this paper; his earlier books include *From Seed to IPO* and *Biomedical: From Research to Market*. He founded or led B-Plan, 4Hightech and Micromedic Technologies, which was listed on the Tel Aviv Stock Exchange, and lectures in academic and executive programmes.

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