Rebuilt ROI Model for a Meeting-Governance SaaS

Japan-context, assumption-explicit, and corrected after critical review

Prepared for internal pricing and business-model evaluation

Executive conclusion

- The earlier reasoning had the right instinct but overstated how much of the total leave-loss pool this product could realistically capture.
- For non-work-related sickness leave in Japan, the company does not automatically keep paying full salary. The hard cash floor is therefore much lower than many startup-style ROI arguments assume.
- Using the 2024 national average annual salary of JPY 4.78 million as a neutral baseline, the strict employer-cash floor for a company averaging 30 employees on leave in a month is about JPY 20.2 million per year, or JPY 1.68 million per month.
- Using a broader but still disciplined operational-economic model, the same company lands around JPY 8.1 million to JPY 17.1 million per month, with a base case of about JPY 10.6 million per month.
- However, a meetings-first governance product cannot realistically claim all of that pool. Once addressability, visibility, intervention uptake, and real effect size are applied, the directly monetizable leave-related savings become much smaller.
- Bottom line: high monthly pricing is hard to justify on leave-cost reduction alone. Multi-million monthly pricing becomes more plausible only if the product is sold as broader governance / employee-relations / compliance infrastructure, not as a narrow leave-reduction tool.

1. What was wrong with the earlier model

The earlier pass was directionally useful, but it was not pricing-grade. The main issues were:

1. It treated too much of the total leave-loss pool as if it were directly addressable by a meetings-governance product.
2. It used scenario inputs that were transparent but still assumption-based, not customer-validated.
3. It risked partial overlap between pre-leave productivity loss, replacement cost, ramp cost, and attrition cost.
4. It modeled gross savings but did not explicitly subtract internal operating burden created by the product itself.
5. It did not isolate the most important commercial filter: the addressable share of loss that is actually caused by meeting-visible interaction patterns.

The repaired model below fixes those issues by separating: (i) direct employer cash cost, (ii) broader operational-economic cost, and (iii) the much smaller fraction of that cost that a meetings-first product can realistically influence.

2. Modeling guardrails

- This document does not assume that the product can eliminate leave cost.

- This document does not assume that all mental-health leave is caused by manager pressure or meeting-visible power dynamics.
- This document does not automatically treat absent salary as employer loss in Japan.
- This document tries to avoid double counting by focusing on incremental cost buckets.
- All scenario values are explicit assumptions. They are useful for internal strategy; they are not evidence of measured customer impact.

3. Official anchors used in the model

Anchor	Working value	Why it matters
Average annual salary (all employees, 2024)	JPY 4.78 million	Neutral baseline salary
Average annual salary (regular employees, 2024)	JPY 5.449 million	Useful sensitivity check
Average annual salary (information / communications, 2024)	JPY 6.595 million	Higher-paid knowledge-work sensitivity
Tokyo health insurance rate (2026)	9.85% total	Employer half used in model
Employees' pension rate	18.3% total	Employer half used in model
Employer-side social insurance share used here	14.075%	4.925% + 9.15%
Sickness allowance rule	about 2/3 of pay, up to 1 year 6 months, subject to wage-payment conditions	Why full-salary leave is not a safe default assumption

Important institutional point: for non-work-related illness or injury, a Japanese employer does not automatically bear the full salary cost throughout leave. The conservative baseline is therefore employer social insurance plus any actual top-up or replacement cost, not full salary as a default.

4. The corrected model

There are three valuation lenses.

6. Strict employer-cash lens: what the company definitely pays, or very plausibly pays, during leave.
7. Operational-economic lens: broader incremental cost to the enterprise, including replacement, pre-leave degradation, return ramp, expected attrition, and admin burden.
8. Product-capture lens: the share of the operational-economic pool that a meetings-first product can actually see, influence, and convert into lower cost.

4.1 Strict employer-cash lens

For a non-work-related leave case with no wage top-up, the narrow floor is:

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Direct employer cost per case = monthly salary × leave months × employer social insurance rate
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Using annual salary S and average monthly stock N of employees on leave:

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Annual strict floor = N × S × employer social insurance rate
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With N = 30, S = JPY 4.78 million, and employer social insurance = 14.075%, the result is about JPY 20.2 million per year.

4.2 Operational-economic lens

To avoid double counting, this model uses incremental buckets rather than a vague “salary lost” number.

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Per-case cost C = Pre + LeaveDirect + Replacement + Ramp + Attrition + Admin
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Where:

- Pre = pre-leave degraded output before formal leave
- LeaveDirect = wage top-up if any + employer social insurance during leave
- Replacement = temp cost, overtime premium, or other incremental labor spend to maintain output
- Ramp = post-return reduced effectiveness during reintegration
- Attrition = expected quit / replacement cost weighted by probability
- Admin = HR, manager, occupational-health, and case-coordination burden

Annual loss with an average monthly leave stock N is then:

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Incident cases per year I = 12N / average leave duration
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Annual loss L = I × C
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5. Scenario assumptions used for the worked example

Scenario	Pre months	Pre loss	Leave months	Top-up	Replacement rate	Ramp months	Ramp loss	Quit prob.	Admin
Conservative	2	15%	3	0%	20%	1	15%	10%	0.10m
Base	3	25%	6	0%	35%	2	20%	15%	0.20m
Aggressive	4	35%	9	10%	60%	3	30%	25%	0.30m

These assumptions are deliberately explicit. They are not “true” in a universal sense. They are a disciplined internal modeling set designed to show what has to be believed in order for pricing arguments to work.

6. Worked example: company averaging 30 employees on leave in a month

Baseline salary used first: national average annual salary of JPY 4.78 million.

Scenario	Per-case cost	Incident cases / year	Annual loss	Monthly equivalent
Conservative	JPY 0.81m	120	JPY 96.7m	JPY 8.1m
Base	JPY 2.12m	60	JPY 127.1m	JPY 10.6m
Aggressive	JPY 5.13m	40	JPY 205.1m	JPY 17.1m

Base-case reading: around JPY 127.1 million per year, or JPY 10.6 million per month, before any claim about what the product can actually change.

6.1 Salary sensitivity

Because most buckets scale with compensation, the model should be stress-tested against higher-paid workforces.

Salary baseline	Base-case per-case cost	Annual loss	Monthly equivalent
All employees avg (4.78m)	JPY 2.12m	JPY 127.1m	JPY 10.6m
Regular employees avg (5.449m)	JPY 2.39m	JPY 143.2m	JPY 11.9m

Salary baseline	Base-case per-case cost	Annual loss	Monthly equivalent
Info/communications avg (6.595m)	JPY 2.85m	JPY 170.8m	JPY 14.2m

This is why knowledge-work-heavy firms can support a larger loss pool than national-average labor economics would suggest. But the addressability problem still remains.

7. The crucial correction: product capture is only a fraction of the loss pool

A meetings-governance product does not capture the full operational-economic loss pool. A more honest product-value equation is:

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Net savings = L × A × C × I × E − B − SaaS price
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- L = total operational-economic loss pool
- A = addressable share: the portion actually caused by meeting-visible interaction patterns
- C = coverage: the portion the product actually sees
- I = intervention uptake: the portion where humans actually act
- E = effect size: how much cost is reduced when intervention happens
- B = internal operating burden caused by the system itself

The missing variable in the earlier model was A, the addressable share. That omission made the product look more powerful than it really is.

7.1 Illustrative product-capture scenarios applied to the base loss pool

Scenario	A	C	I	E	Total reduction	Annual gross savings
Strict	15%	60%	30%	20%	0.54%	JPY 0.69m
Mid	25%	70%	40%	25%	1.75%	JPY 2.22m
Upper	40%	80%	50%	30%	4.80%	JPY 6.10m

Applied to the base annual loss pool of JPY 127.1 million, these scenarios imply gross annual leave-related savings of only about JPY 0.69m to JPY 6.10m before subtracting internal operating burden or SaaS price.

8. Pricing implications

If the product is sold on leave-cost reduction alone, break-even demands become harsh very quickly.

Monthly SaaS price	Annual SaaS price	Required reduction of total base loss pool
JPY 3m / month	JPY 36m / year	28.3%
JPY 5m / month	JPY 60m / year	47.2%
JPY 10m / month	JPY 120m / year	94.4%

That table is deliberately brutal. A meetings-first product is unlikely to reduce twenty to ninety percent of the total leave-related loss pool. Therefore high monthly pricing is difficult to defend if the buyer conversation is framed only as “we reduce mental-health leave cost.”

A more defensible commercial logic is:

- Pilot / narrow deployment pricing can be defended against a leave-cost story if the customer has a visibly severe problem and the price is modest.

- Enterprise-scale pricing requires broader value buckets: manager correction, employee-relations visibility, better case structuring, faster triage, compliance / governance value, and reduced escalation drag.
- In other words, the product should not be sold as a narrow absenteeism-reduction app. It should be sold as governance infrastructure with leave reduction as one measurable downstream benefit.

9. What this means for your original intuition

- Your instinct to compare software price against avoided organizational loss was correct.
- The raw "30 leave cases therefore huge savings" logic was too coarse.
- The repaired math shows that the total loss pool can indeed be large.
- The repaired math also shows that the product can probably only capture a limited fraction of that pool if it remains meetings-first.
- Therefore, very high monthly pricing is not impossible, but it cannot be defended by leave-cost reduction alone.

10. Recommended decision rule

For internal business planning, use this rule of thumb:

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Do not set enterprise pricing from the total leave-loss pool. Set it from the realistically captured loss pool after addressability, visibility, intervention, and effect-size discounts.
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Then add a second, separate value stack for governance / compliance / employee-relations value. Keep those two stories distinct. Do not mash them into one inflated ROI number.

11. Source notes

Official references used for the anchor assumptions:

- National Tax Agency (Japan), 2024 private-sector salary statistics: average annual salary 4.78m; regular employees 5.449m; information / communications 6.595m.
- NTA release page: https://www.nta.go.jp/publication/statistics/kokuzeicho/minkan/gaiyou/2024.htm
- NTA PDF release summary: https://www.nta.go.jp/information/release/kokuzeicho/2025/minkan_2025/pdf/01.pdf
- Japan Pension Service: employees' pension contribution rate fixed at 18.3%, shared equally by employer and employee.
- JPS page: https://www.nenkin.go.jp/service/kounen/hokenryo/hoshu/20150515-01.html
- Japan Pension Service rate table page: https://www.nenkin.go.jp/service/kounen/hokenryo/ryogaku/ryogakuhyo/index.html
- Japan Health Insurance Association (Tokyo branch): 2026 health insurance rate 9.85% for Tokyo.
- Tokyo branch notice: https://www.kyoukaikenpo.or.jp/shibu/tokyo/public_relations/e-mail_magazine/473.html
- Tokyo rate PDF: https://www.kyoukaikenpo.or.jp/shibu/tokyo/assets/20260116005.pdf
- Japan Health Insurance Association: sickness allowance rules; about two-thirds of pay; up to 1 year 6 months; adjusted when wages are paid.
- Main page: https://www.kyoukaikenpo.or.jp/benefit/injury_and_sickness_allowance/index.html
- Example explanatory PDF: https://www.kyoukaikenpo.or.jp/shibu/ishikawa/assets/48_sogo_syoute2412.pdf

- MHLW mental-health leave Q&A noting social-insurance handling during leave: https://kokoro.mhlw.go.jp/mental-health-qa/mh-qa003/

This document is designed for internal strategy and pricing discussion. It is not legal advice, labor-law advice, or a substitute for customer-specific data.