

The CFO's Guide to AI Security Budgeting

Map your AI risk exposure to appropriate security spend

1. Why AI Security Is Now a CFO Issue

AI security has crossed from a technical concern into a financial one. The economics are no longer abstract: the average cost of a data breach reached roughly \$4.9M in IBM's 2025 study, and AI introduces new categories of loss — model-failure liability, regulatory exposure under CCPA and a wave of emerging state AI laws, and rising cyber-insurance premiums that increasingly price in an organization's AI posture.

- Data breach average cost: roughly \$4.9M (IBM, 2025)
- AI model-failure liability as models drive real decisions
- Regulatory fine exposure (CCPA and emerging state AI laws)
- Cyber-insurance premium impact tied to security posture

2. The 3-Tier Investment Framework

DSE structures AI security spend into three tiers so the investment scales with your risk and revenue rather than guesswork.

Tier	Price	What's included	Best fit
Beachhead	Private written proposal	Quick AI security scan; 1–2 critical findings surfaced and explained.	Companies under \$10M revenue in early AI adoption.
Anchor	Private written proposal	Full AI security assessment; compliance gap analysis; remediation roadmap.	\$10M–\$100M revenue in a regulated industry.
Moat	Private written proposal	Comprehensive AI governance and security program; board-level reporting.	\$100M+ revenue in finserv, healthcare, or similarly regulated sectors.

3. How to Calculate Your AI Risk Exposure

A useful first-order estimate of expected exposure uses a simple heuristic:

Estimated Exposure = Revenue × Breach Probability × AI Dependency Factor

Breach Probability is your annual likelihood of a material incident; AI Dependency Factor (0–1) scales for how central AI is to revenue and decisions.

Worked example: a \$25M business with a 10% annual breach probability and an AI Dependency Factor of 0.4 has an estimated exposure of $\$25\text{M} \times 0.10 \times 0.40 = \1.0M . That figure is the order-of-magnitude number to weigh security spend against — not a precise actuarial value.

Estimate your own exposure:

Revenue	Breach Probability	AI Dependency Factor	Estimated Exposure

4. What to Put in the Budget Line Item

Make the spend legible to the board and easy to defend at renewal:

- Name it explicitly: "AI Security & Governance," not a line buried in general IT.
- Split recurring from one-time: assessment is one-time; monitoring and advisory are recurring.
- Slot it under risk management or technology risk, not discretionary IT spend.
- Tell the board the why: tie the number to estimated exposure and regulatory obligations, not to fear.

thedataexperts.us/ai-security-assessment-cost