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BUSINESS TECHNOLOGY CONSULTING

WHEN THE ROCKET LAUNCHES WITHOUT A LAUNCH PAD

Real-World Consequences of Deploying Transformative AI Without Enterprise Governance

A BTC Framework Analysis: AI Maturity Assessment, Portfolio Governance, Capabilities Roadmap, and Strategic PMO Management

Filed:
May 2026

Subject:
Chaac Pizza Northeast v. Pizza Hut / Yum! Brands

Damages Sought:
$100 Million+

Locations Affected:
111 Pizza Hut Restaurants, East Coast

Prepared by Business Technology Consulting (BTC) | May 2026

"Everyone wants an AI rocket. We build the launch pad."

Executive Summary

Industry Background: The Technology Arms Race

For two decades, Pizza Hut and Domino's competed as the dominant forces in U.S. pizza delivery. Through the 2010s, Domino's made a strategic pivot that redefined the category. It rebuilt itself as a technology company that happens to sell pizza. By investing relentlessly in digital ordering, GPS delivery tracking, AI-driven logistics, and its own delivery fleet, Domino's engineered a structural competitive advantage. The results were unambiguous: between 2010 and 2022, Domino's U.S. same-store sales grew at a compounding rate that vastly outpaced Pizza Hut, which ceded its position as the top U.S. pizza brand by 2017.

Pizza Hut, operating under parent company Yum! Brands, recognized the gap and responded with deliberate technology acquisition strategy. In 2021 alone, Yum! completed three AI-focused acquisitions: Kvantum (consumer analytics), Tictuk Technologies (omnichannel ordering), and the centerpiece — Dragontail Systems, an Australian AI platform specializing in kitchen flow optimization and delivery management. The Dragontail acquisition (A$93.5M), completed in September 2021, was publicly positioned as Pizza Hut's answer to Domino's operational technology edge. CEO David Gibbs called it a cornerstone of the company's competitive technology agenda.

The strategic logic was sound. The execution environment was not structurally prepared to support it.

The Lawsuit: When Strategy Meets Operations

In May 2026, Chaac Pizza Northeast, operator of 111 Pizza Hut locations from D.C. to New York, filed a $100 million lawsuit in Texas Business Court against Pizza Hut and Yum! Brands. Chaac was not a marginal operator. Before Dragontail's mandatory 2024 rollout, it was posting double-digit revenue growth and delivering more than 90% of orders within 30 minutes.

After the deployment,

- On-time delivery: dropped by 50%
- Average rack time: (period pizzas sat ready-to-pick-up) increased from <5 minutes to 20
- NYC same-store sales (Year-over year): dropped from +10.19% to -9.78%

The root cause: Dragontail's driver visibility feature gave DoorDash drivers real-time access to kitchen timing data. Drivers soon realized they can improve their own earnings by batching multiple orders into single pickup runs — waiting up to 15 minutes at the restaurant. Hot pizzas sat cooling while the AI system operated exactly as designed.

Pizza Hut replaced Chaac's individual DoorDash contracts with a national corporate agreement, simultaneously removing Chaac's ability to screen drivers, negotiate behavioral standards, or enforce performance requirements. When Chaac escalated these operational issues, the lawsuit alleged Pizza Hut failed to respond meaningfully and continued to mandate use of the system.

This is not an isolated anecdote. Pizza Hut's U.S. same-store sales fell 5% in 2025 and declined a further 4% in Q1 2026 — the brand's tenth consecutive quarterly decline. Yum! Brands announced the closure of 250 Pizza Hut locations in H1 2026, and the brand has been under

strategic review since November 2025. While these declines cannot be attributed solely to Dragontail, they illustrate the broader operating pressures surrounding the deployment period.

What This Paper Delivers

The Dragontail case is not a technology failure. It is a governed AI infrastructure failure, and it was entirely preventable. This white paper uses BTC's proprietary frameworks to reconstruct what should have happened and what still needs to happen:

- Section 1 / The Dragontail Story: A factual timeline from acquisition to litigation, including the operational failure mechanism and the franchise system dynamics that amplified harm.
- Section 2 / BTC AI Maturity Assessment: A seven-domain assessment against BTC's AI Maturity Matrix, identifying the Maturity Constraint Line that made a successful mandatory rollout impossible with the actual Current vs. Target scores BTC's diagnostic process would have produced from their comprehensive Assessment spanning seven AI domains across 29 AI capabilities.
- Section 3 / BTC AI Portfolio Framework: How BTC's portfolio quadrant model would have classified and sequenced this initiative — and why Dragontail was deployed as Forced Execution when it needed Governed Phased Scaling.
- Section 4 / BTC AI Capabilities Roadmap: The three-phase, gated roadmap BTC would have developed — the path that would have safely delivered Dragontail as a competitive advantage instead of a $100 million liability.
- Section 5 / Strategic PMO Design: The governance authority model that should have governed this deployment, including the Leadership Override Protocol that creates documented accountability when executives proceed over objection.

BTC Core Positioning

Yum! Brands had the rocket. Dragontail was technically functional. The strategic thesis was correct. What was missing was the launch pad — the governed organizational infrastructure that determines whether an AI initiative delivers value or liability.

Dragontail may have been technically ready. The enterprise surrounding it was not. BTC builds the launch pad that closes that gap.

This white paper does not attempt to determine *any* legal liability.

Section 1: The Dragontail Story — A Timeline of What Happened

1.1 The Acquisition (2021)

Dragontail Systems had demonstrated real-world effectiveness in nearly 1,500 Pizza Hut restaurants across 10+ countries before Yum! acquired it. The platform's core capability — sequencing kitchen production and dispatching drivers at the optimal moment to minimize delivery time — had measurable ROI in markets where Pizza Hut controlled or had contractual leverage over its delivery workforce. The acquisition was strategically rational.

What appears to have been under-modeled in the U.S. operating environment was a critical condition: a large portion of U.S. Pizza Hut franchisees, particularly in dense urban markets, did not employ their own drivers. They depended entirely on third-party platforms, primarily DoorDash, over which they had limited behavioral leverage. Dragontail had been built and validated in a different ecosystem.

1.2 The Promise vs. The Architecture

Dragontail's driver visibility feature was designed to improve coordination: drivers receive real-time signals about kitchen status, so they arrive precisely when orders are ready, eliminating idle restaurant wait time and hot-holding degradation. In a controlled driver environment, this worked flawlessly. In a DoorDash-dependent environment with a national corporate contract that removed franchisee driver-screening rights, it created a predictable incentive misalignment.

DoorDash drivers, compensated per delivery, discovered that Dragontail's transparency allowed them to time arrivals to coincide with the completion of multiple nearby orders — batching pickups for efficiency. This was individually rational. For franchisees like Chaac, it was operationally catastrophic.

Metric	Before Mandate	After Mandate
On-time delivery (< 30 min)	> 90% of orders	~50% of orders
Average rack time	< 5 minutes	Up to 20 minutes
NYC YoY revenue growth	+10.19%	-9.78%
Driver wait behavior	Dispatched on order completion	Batching; up to 15-min wait
Driver screening ability	Chaac-controlled via DoorDash	Removed — national contract
Training provided	N/A (pre-rollout)	Alleged inadequate / absent

1.3 The Escalation Failure

The lawsuit alleges that Chaac raised these operational issues to Pizza Hut on multiple occasions following the deployment. The lawsuit alleges the response was inadequate. Pizza Hut continued to mandate use of the system, provided no meaningful remediation, and offered no rollback or suspension option. With no governance mechanism to compel a review — no performance SLA,

no escalation protocol, no rollback clause in the franchise agreement — the legal path became the only remaining option.

The Chaac case is a $100 million illustration of what BTC calls a governance vacuum: an AI deployment that proceeded with technical capability but without the organizational infrastructure to manage, monitor, or course-correct the initiative when real-world performance diverged from projected outcomes.

Section 2: BTC AI Maturity Assessment

BTC's AI Maturity Matrix evaluates organizations across seven domains spanning 29 distinct AI capabilities. The assessment process is rigorous by design: 12 to 13 structured questions per domain, each scored at one of five maturity levels adjusted by a conditional validation modifier.

The result is not a general impression of organizational AI readiness, but a capability-level diagnostic that identifies exactly where an organization can and cannot sustain a given AI initiative.

The Maturity Constraint Line is BTC's core planning instrument: an organization's AI portfolio is constrained by its lowest-scoring domains, regardless of strength elsewhere. A Level 4 engineering capability does not compensate for Level 1 change readiness. The following assessment reflects what BTC's diagnostic process would have produced for Yum! Brands / Pizza Hut prior to the Dragontail mandatory rollout.

(Note: BTC's methodology does not claim retrospective certainty. These scores represent a reconstructed maturity profile based on public reporting, deployment patterns, and allegations contained within the litigation record.)

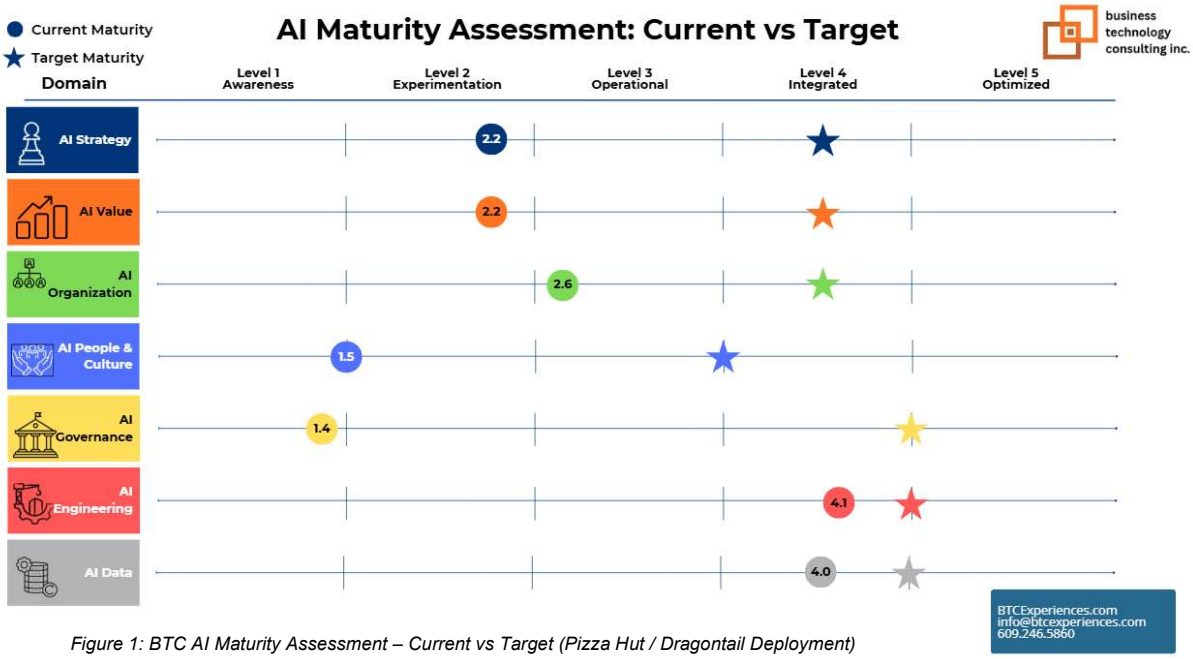


Figure 1: BTC AI Maturity Assessment – Current vs Target (Pizza Hut / Dragontail Deployment)

2.1 Assessment Results Summary

Each domain score below represents the output of BTC's structured assessment process: 12-13 questions per domain probing maturity across 29 AI capabilities. Current scores reflect organizational state at time of the Assessment with target scores representing the minimum capability threshold for a safe, governed mandatory rollout of a system like Dragontail.

Domain	Current	Target Level	Critical Gap Identified
AI Strategy	***2.2***	Level 4	Corporate strategy defined; franchise-operator strategy absent. No franchise-level AI roadmap, no operating model differentiation by deployment context.

AI Value	***2.2***	Level 4	Value case built on brand-level KPIs. Franchisee-specific P&L impact modeling never conducted. No value attribution framework at unit economics level.
AI Organization	***2.6***	Level 4	AI ownership concentrated at Yum! corporate. No franchise-facing governance structure, no designated change champions, no escalation path for operators.
AI People & Culture	***1.5***	Level 3	Operator training alleged inadequate pre-rollout. No change readiness assessment. No franchisee communication protocol or adoption support infrastructure.
AI Governance	***1.4***	Level 4	No performance SLAs, no rollback mechanism, no franchisee escalation rights, no review triggers. Mandate-and-monitor model with no recourse architecture.
AI Engineering	**4.1**	Level 4+	Platform technically functional. Kitchen flow and driver visibility operational. Incentive architecture validation against DoorDash-dependent markets absent.
AI Data	**4.0**	Level 4+	Real-time kitchen and delivery data operational. Third-party behavioral data (DoorDash driver incentives) not modeled in deployment design.

BTC Maturity Constraint Line — Key Finding

The Dragontail deployment attempted a Level 4 strategic outcome on a foundation constrained by Level 1.4 AI Governance and Level 1.5 AI People & Culture.

In BTC's framework, the Maturity Constraint Line sits at the weakest domain. AI Engineering at 4.1 and AI Data at 4.0 are genuine strengths but are irrelevant when the governance and change infrastructure cannot support them.

Mandatory deployment should not have been authorized until both AI Governance and AI People & Culture reached Level 3 minimum. Neither condition was met.

2.2 The Two Domains That Determined Everything

AI Governance (1.4 – Critical Failure)

A score of 1.4 in *AI Governance* means the organization has awareness of governance needs but no operational governance infrastructure. In a franchise system deploying a mandatory AI

platform, this is not a gap. It's an exposure. There were no performance SLAs defining acceptable delivery metric ranges, no automatic review triggers at degradation thresholds, no rollback protocol activatable by franchisee-documented evidence of harm, and no franchisee escalation rights embedded in the franchise agreement. When Chaac's performance collapsed, there was no governance mechanism to compel a response.

AI People & Culture (1.5 – Critical Failure)

A score of 1.5 reflects early-stage awareness with no operational change management capability. The lawsuit's allegation that training was inadequate before deployment is consistent with this score. In a franchise system with 111 diverse restaurant locations across five markets, effective change enablement requires structured operator training programs with defined proficiency standards, dedicated support infrastructure, feedback loops, and market-level change champions. None of this was present. The system was technically deployed; the organization was not prepared to operate it.

AI Engineering (4.1) and AI Data (4.0) – Strength Misapplied

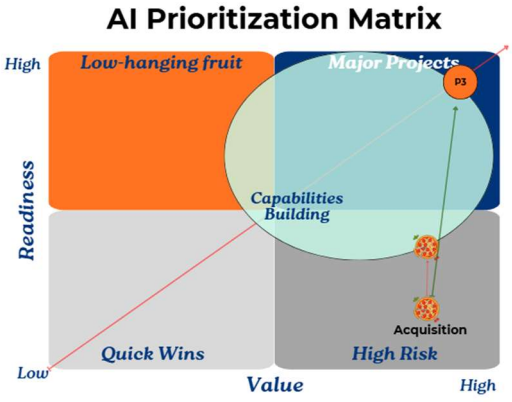
The near-target scores in Engineering and Data confirm what BTC's framework predicts: technical capability in the absence of organizational governance is not an asset — it is an amplifier. Dragontail worked as engineered. It produced real-time kitchen data, dispatched drivers efficiently, and sequenced orders correctly. The problem was that this technical precision operated inside a governance vacuum, and its outputs were exploited by a third-party ecosystem (DoorDash drivers) that no one had modeled, governed, or contractually constrained.

Section 3: BTC AI Portfolio Framework — How This Should Have Been Sequenced

BTC's AI Portfolio Framework maps an organization's AI initiatives against two axes — strategic value and organizational readiness — to classify each initiative into one of four quadrants and sequence deployment accordingly. The governing principle: you are not sequencing projects. You are sequencing capabilities through projects. An initiative that skips capability sequencing does not accelerate value creation — it creates liability. Dragontail deployment was a Forced Execution initiative — high strategic value, low organizational readiness — rather than a Governed Phased Scale initiative that it should have been.

3.1 Portfolio Progression

BTC's AI Prioritization Matrix maps initiatives against two axes — strategic Value and organizational Readiness - producing four quadrants that determine not whether an initiative should proceed, but how. For Dragontail, the quadrant at acquisition was never the problem. The quadrant at mandatory deployment was.



The BTC-prescribed path runs through **Capabilities Building** — the transitional zone where Assessment findings drive deliberate organizational investment: governance design, vendor contract renegotiation, operator training infrastructure, performance monitoring architecture. Readiness climbs. Value improves. The initiative earns its way into the **Major Projects** quadrant — High Value / High Readiness — before mandatory deployment is authorized. P3 in the illustration represents that earned arrival: the point at which governed, system-wide rollout is not just strategically justified but organizationally supported.

Yum! appears to have compressed or underinvested in the Capabilities Building phase. The three AI platforms acquired in 2021, Dragontail, Kvantum, and Tictuk, were integrated technically and deployed with minimal enterprise governance design. The readiness work that belongs between Acquisition and Major Projects was largely absent. The result was a mandatory rollout executed from the High Risk quadrant — the organizational equivalent of launching from the wrong pad.

The scored progression below makes this concrete:

Milestone	Period	Value	Readiness	Quadrant
BTC | P1 Assessment	**Q4 2021-Q2 2022**	8	2	High Risk: gaps documented, no deployment
BTC | P2 Structuring	**Q3 2022-Q2 2023**	8	5	Capabilities Building: governance, contracts, training
BTC | P3 Execution	**Q3 2023-Q1 2024**	9	7	Major Projects: tiered rollout, monitoring live
BTC | End State	**Q2-Q4 2024**	9	9	Major Projects: full deployment, full governance

Yum! | Acquisition	**Q3 2021**	8	2	High Risk: no governance design initiated
Yum! | Integration	**Q4 2021-Q3 2023**	8	4	High Risk: technical progress, readiness stalled
Yum! | Mandatory Rollout	**Q1-Q2 2024**	8	4	High Risk: deployed without crossing threshold
Yum! | Post-Deployment	**Q3 2024-2025**	4	3	Value Erosion: performance collapse, lawsuit filed

The last row is the critical one. When an initiative is forced from High Risk directly into system-wide deployment, the quadrant does not upgrade — it degrades. Both value and readiness declined post-deployment as operator confidence collapsed, support never arrived, and the technology that was supposed to recover Pizza Hut's competitive position accelerated its decline instead.

Yum! moved readiness approximately 2 points over three years of integration work. BTC's three-phase framework moves readiness from 2 to 9 over the same timeframe through structured gates and deliberate capability sequencing while also improving Value. Both paths occupy the same calendar. The difference is entirely in what the organization chose to build during that time — and what it chose to skip.

3.2 The Shadow AI Risk That Nobody Named

BTC's portfolio analysis identifies a specific failure mode present in the Dragontail case: Shadow AI Risk. This is not the familiar concept of employees using unauthorized AI tools. Shadow AI Risk occurs when an authorized AI deployment transfers operational leverage to uncontrolled third-party actors through its data architecture with no corresponding governance design.

Dragontail's driver visibility feature was a textbook example. By exposing real-time kitchen timing data to DoorDash drivers, the system transferred scheduling control from the restaurant operator to the driver network. The drivers violated no rule. The system never controlled this risk and the driver ecosystem adapted rationally to the incentive and visibility environment the system created. This behavioral adaptation appears not to have been modeled into deployment design.

A BTC Portfolio's embedded Risk Management controls would have flagged this as a pre-deployment operational and ecosystem risk, formally documented as an open risk item requiring remediation prior to mandatory rollout authorization. That documentation would have included at least two mitigation options submitted to leadership for a decision: contractual safeguards embedding driver behavioral standards and batching limits into the national DoorDash agreement, or technical safeguards implementing dynamic visibility controls to constrain driver wait-time optimization behavior. The Strategic PMO would have accompanied that submission with a documented impact assessment — the most probable operational and financial consequence if the risk was accepted without remediation.

Leadership then has a decision to make. Some organizations approve the remediation request. Others approve it with modifications. Some deny it outright. All three outcomes are legitimate — but none of them are free. A denial does not close the risk. It transfers ownership of the consequence.

This is where pre-approved Risk Triggers become non-negotiable. Before any deployment proceeds over an unresolved risk, BTC's framework requires that the Risk Response be documented and formally accepted in advance: the specific threshold that constitutes a trigger

event, the escalation path, and the pre-authorized action — phased deployment, operational safeguards, or rollout suspension — that activates automatically when that threshold is crossed. When the trigger fires, there is no deliberation. There is only execution of the plan that was already approved.

Most risks are identified before they become issues. Some, despite rigorous preparation, surface as unforeseen circumstances with consequences that could not have been fully anticipated. The difference between a manageable incident and a $100 million lawsuit is not whether every risk was predicted — it is whether the response was documented before anyone needed it.

Section 4: BTC AI Capabilities Roadmap — The Path That Should Have Been Taken

BTC's Capabilities Roadmap sequences organizational capability development in three phases: Assessment, Structuring, and Execution — each with defined deliverables and governance gates that must be cleared before the next phase is authorized. The roadmap does not begin with technology deployment. It begins with the organizational capabilities required to sustain the deployment.

Under a BTC-designed roadmap beginning at Dragontail's acquisition in late 2021, the Chaac mandatory rollout would have occurred in late 2024 or 2025 — into governance infrastructure, trained operators, and a vendor contract architecture specifically designed for DoorDash-dependent urban markets. The delay: 6-12 months but with compounding value. The cost potentially avoid: $100M+ in litigation.

Phase 1 – Assessment
Q4 2021 – Q2 2022

Franchise Segmentation: Map all franchise groups by operating model — own fleet vs. third-party dependent, market density, DoorDash dependency ratio, current delivery baseline.

Maturity Baseline: Seven-domain AI Maturity Matrix assessment for Yum! corporate and representative franchise operators, including high-dependency urban groups.

Incentive Architecture Mapping: Model how driver visibility changes DoorDash driver behavior under gig-economy incentive structures. Identify risk thresholds and mitigation options.

Governance Gap Analysis: Document the absence of AI deployment SLAs, rollback mechanisms, and franchisee escalation rights in existing franchise agreement templates.

Gate Criterion: No mandatory rollout authorization until Maturity Assessment complete, Governance Gap Analysis remediated, and Incentive Architecture risks documented with mitigation plan.

Phase 2 – Structuring
Q3 2022 – Q2 2023

Franchise AI Governance Model: Design and ratify franchise-specific deployment SLAs, performance review triggers, rollback protocols, and franchisee escalation rights.

DoorDash Contract Renegotiation: Embed driver behavioral standards, batching time limits, and order priority rules into the national DoorDash agreement.

Operator Training Infrastructure: Build structured Dragontail training program with defined proficiency standards. Pilot with five volunteer franchise operators. Build support desk and escalation channels.

Target Operating Model (TOM): Define revised roles, KPI frameworks, and governance accountabilities for franchisees operating in an AI-enabled delivery environment.

Gate Criterion: Pilot results reviewed. Governance model ratified and embedded in agreements. Training pass rates meet threshold. DoorDash contract renegotiation complete or risk formally accepted.

Phase 3 – Execution
Q3 2023 – Q4 2024

Risk-Segmented Rollout: Deploy mandatory adoption by franchise tier. Tier 1 (own fleet) first. Tier 3 (fully third-party dependent, high-volume urban) last, after Tier 1 and 2 learnings captured.

Performance Monitoring: Real-time delivery metrics dashboard by franchisee and market. Automated alert at 10% degradation, mandatory review at 20%, automatic deployment pause at 30%.

PMO Governance Cadence: Monthly franchise operator steering committee, quarterly portfolio review, annual AI Maturity reassessment.

AI FinOps Reporting: Monthly franchisee-level P&L impact reporting against pre-deployment baseline. Negative variance triggers value remediation review.

Gate Criterion: 90-day post-deployment performance review before next-tier activation. No tier activation if prior tier shows net negative P&L impact without approved remediation plan.

Under this roadmap, the Chaac deployment would not have been a 2024 event. It would have been a late 2024 or 2025 deployment — into a governance infrastructure, a trained operator base, and a DoorDash contract architecture that had been specifically engineered to make the technology work in their operating environment.

The cost of the additional 12-18 months of phased preparation: approximately $2-5 million in consulting, training, governance design, and contract negotiation. The cost avoided: $100 million in litigation, brand damage, and 250 location closures whose causation is at least partially traceable to operator confidence collapse.

The Capabilities Roadmap defines what to build. The Strategic PMO governs whether it gets built — and what happens when leadership decides it doesn't have to be.

Section 5: The Strategic PMO — Governance Authority, Not Project Tracking

The Dragontail deployment's PMO failure was not administrative. It was architectural. A conventional PMO tracking timelines and budgets cannot govern a mandatory AI deployment across a franchise system with 111 locations, third-party vendor dependencies, and performance sensitivities that corporate KPIs do not capture. BTC designs PMO structures as governance authorities — with chartered decision rights, documented escalation thresholds, and the structural independence to create formal records when leadership proceeds over objection.

5.1 What the Dragontail PMO Likely Looked Like

The failure pattern indicates a PMO operating as deployment management, not governance authority: scope authority limited to corporate rollout coordination; risk framing focused on technical integration, not ecosystem incentive misalignment; success metrics defined as deployment completion and go-live dates; no franchisee-level performance monitoring; no formal escalation path from operator distress signals to governance review.

This PMO profile can execute a rollout. It cannot prevent a $100 million lawsuit — because it has no mechanism to create the documented record that either forces course correction or establishes explicit risk acceptance.

5.2 BTC Strategic PMO Design

PMO Function	BTC Strategic PMO Design for Dragontail
Charter & Authority	Explicit authority over deployment tier sequencing, tier activation, and rollback initiation. Leadership overrides require a signed Risk Acceptance Document.
Stakeholder Governance	Franchise Operator Steering Committee with formal seat at PMO table. Franchisee issues logged, triaged, and responded to within defined SLA.
Risk Registry	Ecosystem risk register alongside technical risk register. Includes third-party behavioral risk (DoorDash incentives), governance gaps, and change readiness status by tier.
Go/No-Go Governance	Tier activation requires attestation from Change Readiness Lead, Governance Lead, and Franchise Relations Lead — not Technology Lead alone.
Performance Monitoring	Real-time delivery dashboard by franchisee and market. Automated alert at 10% degradation. Mandatory review at 20%. Auto deployment pause at 30%.
Issue Resolution SLA	Franchisee issues: acknowledged 24 hrs, triaged 72 hrs, resolved or escalated 14 days. Unresolved by 30 days triggers Governance Board review.

AI FinOps Reporting	Monthly franchisee-level P&L impact vs. pre-deployment baseline. Negative variance triggers value remediation review.

5.3 The Leadership Override Protocol

BTC acknowledges a fundamental organizational reality: a PMO cannot prevent a leadership decision to proceed. Yum! Brands had invested $70 million in Dragontail, publicly committed to it as a competitive differentiator, and faced board-level pressure to demonstrate technology ROI. The organizational pressure to deploy was real.

What a BTC-designed PMO creates is not a veto — it is a documented record. When leadership proceeds over PMO objections, BTC's Leadership Override Protocol requires:

- A Risk Acceptance Document signed by the Executive Sponsor, explicitly acknowledging each unresolved risk identified by the PMO
- A Franchisee Notification Protocol informing affected operators that deployment is proceeding with identified risks not yet remediated, and defining their rights
- An Accelerated Remediation Timeline committing to resolution of identified risks within 90 days, with board-level accountability
- An Enhanced Monitoring Regime with more aggressive performance thresholds and faster escalation triggers to compensate for absent governance infrastructure

A PMO that is overridden and leaves no paper trail **protects no one.**

The PMO as Last Line of Defense

A PMO that documents every unresolved risk, every escalated distress signal, and every leadership override creates the conditions for either course correction — or for demonstrating organizational good faith when course correction was refused.

In the Dragontail case, there is no evidence of this documentation. The lawsuit is filling that governance void.

Section 6: What Governed Execution Would Have Prevented

6.1 Five Governance Failures — Each Preventable

Failure Mode	What Happened	BTC Prevention Mechanism
Skipped Maturity Gate	Deployed Level 4 strategic initiative into Level 1-2 organizational readiness	AI Maturity Matrix gates; Maturity Constraint Line blocking criterion
Incentive Blindness	Driver visibility feature transferred operational control to DoorDash drivers	Incentive Architecture Mapping in Phase 1 Assessment; Shadow AI Risk framework
Training Theater	Training described as inadequate; operators left to manage system without support	Change Enablement Infrastructure as Phase 2 deliverable; training pass-rate gate
Governance Vacuum	No SLA, no rollback mechanism, no escalation path for franchisee distress	Franchise AI Governance Model in Phase 2; Performance Monitoring with auto-triggers
PMO Without Authority	Deployment management without governance authority; issues not documented or escalated	Strategic PMO with chartered decision rights; Leadership Override Protocol

6.2 The Governance Dividend

Cost Category	Actual vs. Recommended
Litigation exposure	$100M+ lawsuit (Chaac); potential class exposure from other franchisees
Brand damage	10th consecutive quarterly decline; strategic review; 250 location closures
Technology investment unrecovered	~$70M acquisition cost with contested ROI
BTC Assessment & Governance Design	Estimated $1.5M – $2.5M for full franchise AI governance framework
Phased Rollout Extension	Estimated $500K – $1M in extended pilot and sequencing management
DoorDash Contract Renegotiation	Legal and negotiation cost estimated $200K – $500K
Training Infrastructure Build	Estimated $750K – $1.5M for structured franchise operator program
Total BTC Governance Investment	~$3M – $5.5M — against $100M+ in avoided litigation

Cost estimates are directional and based on BTC implementation assumptions for comparable enterprise governance programs.

Approximately $3M–$5.5M in BTC governance investment may have materially reduced exposure for Yum! Brands to $100M+ in litigation exposure, brand damage, and a strategic review of one of the world's most recognized restaurant brands. That is not a consulting fee. That is a capital allocation decision.

6.3 The Governance Lesson

Pizza Hut had the rocket. Dragontail was technically functional — the kitchen optimization logic worked, the AI sequencing worked, and the driver visibility feature worked exactly as designed. What failed was everything that was supposed to make the rocket launch in the right direction: the governance infrastructure, the organizational readiness, the incentive architecture, the training foundation, and a PMO with the authority to say "not yet."

The Dragontail case will be studied not because the technology failed but because the organization was never built to receive it. That is a governance lesson, not a technology lesson. And the precision with which it illustrates the cost of the missing layer is, for BTC, both a cautionary tale and a proof of concept.

BTC does not build AI systems. Organizations have vendors, products, and platforms for that. BTC builds the launch pad — the governed infrastructure that determines whether an AI initiative delivers its promised value or generates consequences that no technical capability can undo.

Conclusion: The $100 Million Lesson

Yum! Brands made a sound strategic bet. The competitive pressure from Domino's was real. The Dragontail technology was functional. The goal of using AI to orchestrate kitchen production and delivery at scale was correct. None of that was the mistake.

The mistake was treating a governed organizational transformation as a technology deployment. Dragontail required not just a working platform but a franchise governance model, a DoorDash contract renegotiation, an operator change management program, a performance monitoring infrastructure, and a PMO with the authority to gate deployment until these conditions were met. The public record and allegations suggest these supporting structures were either absent, incomplete, or insufficiently embedded. The technology was mandated into an organizational environment that had not been prepared to receive it.

The BTC AI Maturity Assessment would have surfaced a Governance score of 1.4 and a People & Culture score of 1.5 — both far below the Level 3 minimum threshold for a governed mandatory rollout. The AI Portfolio Framework would have classified the deployment as Forced Execution and recommended Explore-phase piloting. The Capabilities Roadmap would have sequenced 12-18 months of governance and training infrastructure development before mandatory rollout. The Strategic PMO would have created a documented record of every unresolved risk and every franchisee distress signal.

The total cost of this infrastructure: approximately $3-5 million. The cost of the absence: a $100 million lawsuit, 250 location closures, and a brand-in-strategic review after ten consecutive quarters of same-store sales decline.

"Everyone wants an AI rocket.

We build the launch pad."

Business Technology Consulting | AI Strategy & Organizational Consulting

About BTC

Business Technology Consulting (BTC) is an AI strategy and organizational consulting firm specializing in helping enterprises build the governed infrastructure required to sustain and scale AI initiatives. BTC's proprietary AI Maturity Matrix, Portfolio Framework, and Capabilities Roadmap methodology are designed to prevent the governance failures that turn AI investments into operational liabilities.

BTC does not build AI systems. We build the launch pad and the organization capable of flying it.

Appendix A – Public Sources

- Business Insider lawsuit reporting
- Yum acquisition announcements
- DoorDash / Dragontail articles
- Yum earnings / same-store sales
- Franchisee litigation references