Economic Feasibility

Costs	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Total
Salaries	60	60	60	0	0	0	180
H/W & S/W	50	0	0	0	0	0	50
Training	10	0	0	0	0	0	10
Support & maintenance	5	5	5	5	5	5	30
Total Costs	125	65	65	65	5	5	270
Benefits							
Increase # of students	0	0	0	0	2000	2000	4000
Decrease costs	0	0	0	0	15	15	30
Total benefits	0	0	0	0	2015	2015	4030
NCF	(125)	(65)	(65)	(65)	2010	2010	3760
CNCF	(125)	(190)	(255)	(320)	1690	3700	7460

Numbers are in thousands of DHS
NCF: Net Cash Flow
CNCF: Cumulative Net Cash Flow
One period corresponds to one month
H/w and S/w correspond to Hardware and Software respectively

The return on investment (ROI):

$$ROI = \frac{\text{Total Benefits} - \text{Total Costs}}{\text{Total Costs}}$$

$$= \frac{4030-270}{270} = 13.926\%$$

The break -even point (BEP):

$$BEP = \frac{\text{period.net cash flow} - \text{Cumulative net cash flow}}{\text{Period. Net cash flow}}$$

$$= \frac{2010-1690}{2010} = .1592 = 15.92\%$$

$0.1592*1*30 = 4.776 \approx 5$ days

So the Project will take 4 months and 5 days.

Conclusion: The ROI is good for this software and the BEP is reasonable, so the risk is low.