

In-house variant	Outcome 2	Development Proposal	Marketing Proposal	Dev + Mkt
Price per lead	\$40	\$40	\$40	\$40
Direct visitors	7,000	7,000	7,000	7,000
Microsite visitors	400,000	400,000	800,000	800,000
Conversion rate	8%	8%	8%	8%
Indirect visitors	32,000	32,000	64,000	64,000
Total visitors per month	39,000	39,000	71,000	71,000
Conversion to lead	18%	18%	18%	18%
Number of leads	7,020	7,020	12,780	12,780
Revenue per month	\$280,800	\$280,800	\$511,200	\$511,200
cost of distribution	\$10,530	\$10,530	\$19,170	\$19,170
cost of print	\$28,080	\$28,080	\$51,120	\$51,120
cost of site maintenance	\$15,000	\$15,000	\$15,000	\$15,000
cost of site hosting	\$40,000	\$40,000	\$40,000	\$40,000
cost of marketing	\$60,000	\$60,000	\$210,000	\$210,000
Total cost per month	\$153,610	\$153,610	\$335,290	\$335,290
Net income per month	\$127,190	\$127,190	\$175,910	\$175,910
Annual net income	\$1,526,280	\$1,526,280	\$2,110,920	\$2,110,920
Early stage investment				
Development	\$320,000	\$670,000	\$320,000	\$670,000
infrastructure, s/w licenses	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000
Total Investment	\$2,420,000	\$2,770,000	\$2,420,000	\$2,770,000
Annual net cash flow	-\$893,720	-\$1,243,720	-\$309,080	-\$659,080
ROI	-36.9%	-44.9%	-12.8%	-23.8%
End year disposal of assets	\$980,000	\$980,000	\$980,000	\$980,000
Annual net cash flow (+ disposal)	\$86,280	-\$263,720	\$670,920	\$320,920
ROI (+ disposal)	3.6%	-9.5%	27.7%	11.6%

Since outcome 2 is happening, we will use this as the base case and add the impacts from the proposals. The first thing to notice is that the development proposal doesn't make the case better but instead it makes the finances worse. Why? Because the cost is already sunk and spending money on refactoring doesn't improve the financial case as there is nothing to be recovered through code efficiency. The only possible saving grace would be through releasing some hardware to