**CBA (COST-BENEFITS ANALYSIS)**

| **COST** | **YEAR 0** | **YEAR 1** | **YEAR 2** | **YEAR 3** | **YEAR 4** | **YEAR 5** |
| --- | --- | --- | --- | --- | --- | --- |
| **DEVELOPMENT COST** | | | | | | |
| HARDWARE | 30,000 |  |  |  |  |  |
| SOFTWARE | 20,000 |  |  |  |  |  |
| CONSULTANT FEES | 15,000 |  |  |  |  |  |
| STAFF  TRAINING | 10,000 |  |  |  |  |  |
| **TOTAL DEVELOPMENT** | **75,000** |  |  |  |  |  |
| **OPERATIONAL COST** | | | | | | |
| CLOUD LICENSES |  | 5,000 | 5,250 | 5,513 | 5,789 | 6,078 |
| IT SUPPORT & MAINTENANCES |  | 10,000 | 10,500 | 11,025 | 11,576 | 12,154 |
| SUPPLIES  COST |  | 3,000 | 3,150 | 3,308 | 3,473 | 3,647 |
| **TOTAL** |  | **18,000** | **18,900** | **19,846** | **20,838** | **21,879** |
| **TOTAL**  **PRESENT VALUE** |  | **17,100** | **16,245** | **15,433** | **14,661** | **13,928** |
| **ACCUMULATED COST** |  | **92,100** | **108,345** | **123,778** | **138,439** | **152,367** |

Discount rate = 5%

| **BENEFITS** | **YEAR 0** | **YEAR 1** | **YEAR 2** | **YEAR 3** | **YEAR 4** | **YEAR 5** |
| --- | --- | --- | --- | --- | --- | --- |
| OPERATIONAL  GAINS |  | 30,000 | 31,800 | 33,708 | 35,730 | 37,874 |
| INCREASED BOOKING |  | 17,000 | 18,020 | 19,101 | 20,247 | 21,462 |
| CUSTOMER LOYALTY |  | 10,000 | 10,600 | 11,236 | 11,910 | 12,625 |
| **TOTAL BENEFITS** |  | **57,000** | **60,420** | **64,045** | **67,887** | **71,961** |
| **PRESENT VALUE (5% DISCOUNT)** |  | **54,150** | **57,399** | **60,843** | **64,493** | **68,363** |
| **ACCUMULATED BENEFITS (PV)** |  | **54,150** | **111,549** | **172,392** | **238,885** | **305,248** |
| **GAIN/LOSS** |  | **(37,950)** | **3,204** | **48,614** | **114,554** | **152,881** |
| **PROFITABILITY INDEX** | **152,881 / 75,000 = 2.04** | | | | | |

Operational costs annual increase = 5%

Operational gains and benefits annual increase 6%