

Velo Improved Integrated Information System
Feasibility Assessment

Job Consumers

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- Business Need:

Velo needs an updated information system to help improve the operational inefficiencies and aid in increasing the profitability of the business.

- Business Value:

New streamlined efficiency and operations while reducing manual tasks. This will create a gain in profitability while creating better inventory, service, and reports.

- Scope Statement:

By implementing newer streamlined technology, this new information system will need to accommodate Velo's needs. Firstly we need to review our business processes in order to ensure better efficiency. We then improve within the business:

- Increased inventory size and control
- Reduce manual tasks
- Better decision making

- Technical Feasibilities:

Addressing risks and technical issues on the business challenges

Technical risk	Difficulty	How to Address
Technology requirements	Low	We compare the built system to the current system requirements to stay on task.
General IT infrastructure and Complexity	Medium	We can choose what parts to implement first before implementing other parts of the system.
Project Compatibility	Low	If a problem were to arise, It would likely just take an expert adjusting or updating the system to fix it.
Project Size	Medium	Ensuring there are tasks and goals will keep the project on track.

- Economic Feasibilities:

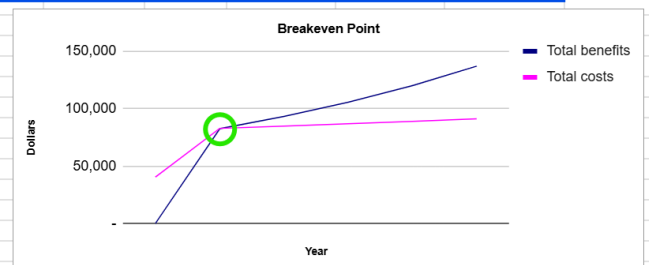
Velo can afford this system, and the benefits outweigh the cost with a return on investment of **13.33%**.

The company will break even right around the **2 year** mark. Because they already have a facility with administrative space, there's no added costs for the office space. However, we suggest hiring an additional full time administrative manager, whose tasks will include a variety of areas from website management to information system administration. This could potentially be reduced to a part time position depending on Velo's needs after one year.

In addition, the CRM system is an additional income stream from improved customer service.

Here is a snapshot of the finished calculations for ROI, NPV, and BEP.

Total operational costs	4,700	82,750	84,753	86,816	88,943	91,134	222,303
Total costs	40,425	82,750	84,753	86,816	88,943	91,134	474,821
Net benefits	(40,425)	(250)	8,373	18,700	31,062	45,851	63,310
Return on Investment							13.33%
NPV of Net benefits (@ 5% discount rate)							\$42,442.71
NOTES: Assumptions							
Annual Projected Sales Revenue Growth--Bike Sales	20%						
Annual Website suppliers link fees	5%						
Projected annual salary adjustment %	3%						
Anticipated annual lease increase	5%						
Advertising fee(s) annual increase	5%						
Annual Project Sales Revenue Growth--Repair Services	7%						



This proposal in the end has a **low** economic risk, with plenty of room for small unexpected costs. Most of the costs are one-time upfront purchasing costs. The administrative manager is the only **wildcard**, depending on the workload that's required. If the workload is too much, hiring an additional part time staff should solve the problem with minimal cost. If the workload is less than expected, reducing the role to part time as listed earlier would greatly reduce costs.

- Organizational Feasibilities:

With a greater streamline of updated information systems (Infrastructure, Compatibility, and Size), the system will be accessible and accepted into further

operations of the organization. The purpose of this system is to further advance current systems with additional features, helping further detail business decision making:

<u>Stakeholders of Organizational Feasibilities</u>				
Role	Stakeholder	Difficulty	How to Address	Likelihood of adopting new system
Project Champion	Gina Lomax	Low	Motivation and Assurance	Embraced for the position
Senior Management	Job Consumer, Project Management	Medium	Training and Organization	This system is outputted by the Project Management
Users	Velo employees	Medium	Training and Encouragement	Difficulty to adapt

Comments:

Any large, unexpected costs could significantly impact the business, including additional branches of requirements or sudden changes to the profitability of Velo; however, based on past history and the standard scope of requirements, Velo is in a period of growth and isn't requesting anything in their system that hasn't been done before, so we estimate the risk of this is very low.