Return on Investment (ROI) Analysis

**Team Name:** Perfectly Unbalanced

**Team members:**

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**Group number:** 4

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# Car Rental Company – Cost Estimate in Dollars

Team Structure:

* 1 project manager
* 4 developers

Daily assumed cost is $1,500 per person

Cost per day: **$7,500**

Total number of team days to produce the end product:

* 54 days

Estimated cost of Development:

* 54 x $7,500 = **$405,000**

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| Overhead Tasks and Costs | | | |
| Task Description | **Time** | **Team Members** | **Total Cost** |
| Designing the look and feel of the website | 2 weeks | 3 User Interface designers | $45,000 |
| System testing | 2 weeks | 3 testers | $45,000 |
| Total overhead costs: | | | **$90,000** |

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| Additional Costs | |
| Description | **Cost** |
| Documentation | $10,000 |
| Communication | $80,000 |
| Hardware | $300,000 |
| Operational Expenses | $100,000 |
| Total: | **$490,000** |

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| Estimation Cost Summary | |
| Description | **Cost** |
| Development | $405,000 |
| Overheads | $90,000 |
| Documentation | $10,000 |
| Communication | $80,000 |
| Hardware | $300,000 |
| Total cost to Develop & Deploy: | **$885,000** |
| Operational Expenses | $100,000 |
| Net Total: | **$985,000** |

Cost estimation based on 20% sensitivity:

* Approximate minimum cost: **$788,000**
* Likely cost: **$985,000**
* Approximate maximum cost: **$1,182,000**

ROI = Net Profit / Total Investment \* 100

The return on investment (ROI) is calculated using the above formula. Net Profit is derived from the average yearly car rentals based on similar organizations, which is 8,000 rentals per year, and at an average cost of $200 per rental.

Net Profit = 8,000 \* $200

Net Profit = $1,600,000

ROI = $1,600,000 / $985,000 \* 100

ROI = **162%**