


Economic :

Estimated Costs	
Software	RM 10.000
Hardware	RM 5.000
Software <u>license fee</u> (annual)	RM 2.500
Maintenance cost (annual)	RM 4.000

Assumptions	
Annual change in production cost	10%
Annual change in benefits	4% 
Discount rate	5%
Sensitivity factor (cost)	1.1

Estimated Benefits	
Quantifiable benefits (annual)	RM 25.000

Cost Benefits Analysis (CBA) Table :

Costs	Year 0	Year 1	Year 2	Year 3
Development Costs - Software - Hardware	- RM 11.000 - RM 5.500			
Total	RM 16.500			
Production Costs - Software <u>license</u> fee - Maintenance		- RM 2.750 - RM 4.400	- RM 3.250 - RM 4.840	- RM 3.327 - RM 5.324
Annual Prod.Costs (Present Value)		- RM 7.150 - RM 6.810	- RM 8.090 - RM 7.337	- RM 8.651 - RM 7.473
Accumulated Costs		- RM 23.310	- RM 30.647	- RM 38.120
Benefits	Year 0	Year 1	Year 2	Year 3
Reduced Inventory Costs (Present Value)		- RM 25.000 - RM 23.810	- RM 26.000 - RM 23.582	- RM 27.040 - RM 23.323
Accumulated Benefits (Present Value)		- RM 23.810	- RM 47.932	- RM 70.715
Gain or Loss		- RM 500	- RM 17.285	- RM 32.595
Profitability Index	1.97			