

Case: Comparative TCO

Maria is figuring out whether to purchase a computer system or to subscribe it from cloud.

The following gives her the breakdown in case of purchasing the system:

She figures that she has to make 40,000 in initial hardware acquisition; 30,000 for software purchase; 25,000 for training her staff; there is an upgradation cost of 12,000 after five years of operations. In addition, she estimates that she needs to add two people per year each costing an addition licence fee of 3000.

The other option is subscription which has the following cost components:

Per year licence fee 4,100

After two terms the fee increases by 20%

Data migration cost during initial setup 7,000

Customization cost during initial setup 9,000

Installation charge 4000

Show the comparative TCO for ten years using Excel