# Costs/benefits/ROI This chapter will show the cost, benefits, and how long it would take for Plaintech to get its investment back. The requirements for this project are specified and matched with the products and service needed. Using this information, a cost estimation is drawn up. The virtualization project will attract new customers. An estimation of the new customer base and the type of products that they require is used to calculate the prices that Plaintech can ask for its products. Total gains – total costs divided by total costs will show the return on investment of this project. It should be noted that all prices are excluding value added taxes. Labor costs do come with an income tax of 35%.

# Cost

The Plaintech virtualization project is divided in to several costs. The rate ITopia charges per hour is €83,42 (Table 1).

  
 Table 1. Hour rates

To realize project Virtualization Plaintech needs to invest € 23.509,95. These cost include a new Dell server, project initiation document, technical design, functional design, implementation plan and installation hours for server setup. It should be noted that ITopia reserves a small amount of hours for technical difficulties(Table 2).

  
 Table 2. Costs

# Benefits

After looking at the competition, Plaintech faces on the virtual environment market, ITopia developed three distinctly different products(Table 3). The virtualization project of Plaintech will attract new customers. The estimation of the amount of new customers is based on the following three types of virtualization products. All the new Plaintech product prices are excluded of server level agreements.

* **Plaintech-One**  
  The base product of Plaintech consists of two virtual central processing units, two Gigabytes random access memory, one-hundred Gigabytes of hard disc storage, unlimited data traffic and with the use of KVM virtualization software, which is based on an Unix distribution.
* **Plaintech-Two**  
  The intermediate product of Plaintech consists of three virtual central processing units, four Gigabytes random access memory, two-hundred-fifty Gigabytes of hard disc storage, unlimited data traffic and with the use of KVM virtualization software, which is based on an Unix distribution.
* **Plaintech-Three**

The most advanced of the new Plaintech products consists of four virtual central processing units, eight Gigabytes random access memory, five-hundred Gigabytes of hard disc storage, unlimited data traffic and with the use of KVM virtualization software, which is based on an Unix distribution.

**The Fair Use Policy**  
ITopia advises Plaintech to make use of the fair use policy in order to maintain maximum data traffic for all her customers. When customers make use of the data traffic exponentially, the customer is notified. When the Exponential use of data continues, customer is notified again and receives an fee for their high amount of data traffic. If customer would not agree with the given fee, their network traffic will be limited.

  
(\*Fair Use Policy) Table 3. Products

ITopia created the following server level agreements. Every product is required to be combined with a server level agreement (SLA) (Table 4).

* **SLA-Silver**   
  The Silver server level agreement consists of monthly updates and system checks, an response time of twenty hours, thirty minutes support time and maintenance during office hours.
* **SLA-Gold**The Gold server level agreement consists of monthly updates and system checks, an response time of eight hours, one hour support time, daily back-ups and maintenance at night.
* **SLA-Platinum**  
  The Platinum server level agreement consists of monthly updates and system checks, an thirty minute response time, two hours support time, daily back-ups and maintenance at night.

  
 Table 4. SLA

# ROI

When calculating the return on investment ITopia first had to make a few assumptions. Because Plaintech is new to the virtualization market, Plaintech starts at a zero customer base. ITopia assumed it would be reasonable to expect twelve customers for the first year. By ITopia calculations this would push the server capacity to 76.8% within the first year(Table 5).   
In the second year(Table 6) ITopia expects a slow but steady increasing amount of customers. ITopia assumes that after the second year Plaintech will have 17 paying customers this will set the server capacity to 99,2% . The revenue after the second year will be € 18,720.00.  
The total revenue after 2 year would be € 32,460.00(Table 7) Table 5. Year 1  
 Table 6. Year 2

While subtracting the total rates of ITopia and the server costs from the total revenue Plaintech would make a gross margin of € 8,950.05. That is 28% profit after its first two years. When calculating the return on investment. Plaintech would have a 38% gain after two years(Table 8).

  
 Table 7. Margin  
 Table 8. ROI