Economic feasibility analysis:

Cash flow projections

Month	**M1**	**M2**	**M3**	**M4**	**M5**	**M6**	**M7**	**M8**	**M9**	**Total**
Salaries	20	20	20	0	0	0	0	0	0	60
H/W &S/W	5	1	1	1	1	1	1	1	1	13
Support & Maintenance	0	0	0	5	5	5	5	5	5	30
Total Costs	26	21	21	6	6	6	6	6	6	104
Benefits										
Academic improvement	0	0	0	5	10	15	20	25	25	100
Campus social improvement	0	0	0	3	5	8	11	15	15	57
Total benefits				8	15	23	31	40	40	157
NCF	(26)	(21)	(21)	2	9	17	25	33	39	53
CNCF	(26)	(47)	(68)	(66)	(57)	(40)	(15)	18	57	110

Notes/Assumptions:
Numbers are in thousands of Dirhams.
Periods are in months. (One academic year starting from september)
A number of estimations were made based upon the prevailing market rates for developer and maintainance costs. e.g 4 developers @ 5000 per month ~ 20k
Because benefits are difficult to directly quantify, we have made estimation based on cost savings and university benefits from student access to our platform.

Key terms used:
NCF : Net Cash Flow
CNCF : Cumulative Net Cash Flow
One period corresponds to one month
H/W and S/W correspond to Hardware and Software respectively.

- **The return on investment(ROI):**

$$ROI = \frac{\text{Total Benefits - Total Costs}}{\text{Total Costs}}$$

$$ROI = \frac{157 - 104}{104}$$

$$ROI = 50.9\%$$

- **The Break-Even Point (BEP):**

$$BEP = \frac{\text{Period Net Cash Flow - Cumulative Net Cash Flow}}{\text{Period Net Cash Flow}}$$

$$BEP = \frac{33 - 18}{33}$$

$$BEP = 45.45\ \%$$

$0.4545*1*30= 3.6 \approx 14$ days

So the Project will take 8 months and 14 days to break even

Conclusion:

Assuming that Classrook's software development can be completed within one quarter, then it is then possible to maintain the website at a relatively low cost. At first the benefits to be gained from the platform is minimal. This is because it takes time for users to begin upload materials and sharing information before the website can deliver academic and social value. However, once this picks up, the product would be able to generate significant value and, as a result, recieve cash flow from the client (NYUAD).

In terms of ROI, it is quite high so we would be able to deliver significant returns. While the break even point (BEP) is longer, signifiying risk, we should remember that this product would be able to pay dividens many years in the future (Beyond this forecast). Therefore, there is significant economic value to be derived from Classrook.