**IFB299 IT Project Design**

**and**

**Development**

**Website Return on Investment Analysis**

**(ROI)**

**Semester 2 - 2018**

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# Introduction

The return on investment (ROI) for this project should be very good as the cost to develop the website is negligible because the developers are students and working for no pay. Although this may cause issues when it comes to the maintenance of the website, depending on how the company chooses to maintain the website whether, using their current IT team to do it or contracting the developers.

As the Car Rental Company (CRC) does not currently have a website I have nothing to compare either releases of our current website to. Currently as of writing this, our website is almost complete according to our sprint plan with all the features listed working.

# Cost to create the Website

There is no cost in developing the website/web application as this job has been given to a group of student developers currently working for nothing.

However, it is estimated that the application required 300 hours of development. According to the Payscale website (Payscale.com, 2018), the average salary for a Web Developer with Django skills is $58,983 annually. This equates to around $28.36 per hours assuming a 40 hour working week.

Calculation $58,983 / 52 weeks / 40 hours = $28.36 per hour.

Because the work was casual in nature this rate has been doubled. Therefore, the hourly rate is $57 giving a total development cost of **$17,100**.

Calculation $57 x 300 hours = $17,100.

The cost just for the developers would have been $17,100. The hardware and software have been provided so this would be the only cost to CRC in the development of the website. The only other item they would need to pay for is a domain to host the developed website.

# ROI Assumptions and Benefits

**Assumptions**

From the data provided the average revenue per customer for the 2006 calendar year is $2,510 assuming the average daily hire cost was $90. There is a total of approximately 70 customers during this period.

* The hardware to host the website is already available.
* The training required to implement the change is already budgeted for.
* There is no cost to migrate data.
* Maintenance is not taken into account.

**Benefits provided by the change.**

* The new website will provide a 24 hour 7 day a week way to book a hire car.
* The customer base will increase in size due to the website access
* Staff will be able to concentrate on analysing customer data to increase revenue due to better targeting of customers and promoting new offers to existing loyal customers.
* A better understanding of customer to car hire preferences will increase revenue.

It is believed that by increasing the customer base by 3.25% over 3 years the cost of development will be offset.

3.25% improvement in customer base ( scenario 1 - **break even**)

$2,510 avg revenue / customer / year x (70 customers x 3.25 percent / 100) x 3 years = $17,130

5.00% improvement in customer base (scenario 2)

$2,510 x (70 x 5.0 / 100) x 3 years = $26,355

6.50% improvement in customer base (scenario 3)

$2,510 x (70 x 6.5 / 100) x 3 years = $34,260

It is believed that a 5% revenue improvement is achievable with the introduction of the website giving an increased ROI. However, a 6.5% customer base increase is possible.

# Cost of Maintaining the Website

The cost to maintain the website would be small as most the data could be collected from the CRC’s database. The development team would need to complete some extra changes to the website so that it runs straight off the database information. Currently it runs off a static database, so changes would need to be made to the original database to make sure that it is correctly configured to interface with the website.

From this point onwards, I believe it would not need very much maintenance as the website has been developed to be very user friendly and with a lot of standard user features and some that exceed even the client’s original expectations as we have completed most of the second sprint at this time.

# Website Usage

The website would be highly utilised as it will be used by internal CRC staff and customers. This will require the website to have highly level of availability to its users. Customers are able to use the website to find store locations and recommended cars they may want to hire in the future. In the future, the CRC are looking to implement a system where the customer can hire a car just using the website, which would see usage shoot through the roof.

This website has also been developed for use by internal staff and managers, to view analytics in relation to customer and cars that are hired. Numerous different reports have been included for staff members, so they can easily and quickly view this information as we have even included a report page which shows graphs of data which will help staff better use and understand the data.

Analysis of the customer data will enable care hire trends to be easily seen. This will lead to a better understanding of the customer’s requirements and allow the company to better target these needs which will lead to higher profits.

# Website Lifespan

The lifespan of the website is expected to be longer than normal as the development team has implemented design features that will allow simplicity of use and underlying mechanisms to allow reduced maintenance cycles. We could have gone with a less sophisticated look and feel but this approach usually turns a lot of people away from a website as it looks like it may be ‘not real -dodgy’. Also, this doesn’t reflect well on the company as many competitor websites have many of the items we implemented so anything less would mean we might lose customers as soon as the website is launched.

# Conclusion

In conclusion the development has supplied software and hardware to the development of this website. Therefore, the only cost to CRC is approximately $17,100. While this seems like a large cost, I believe that with the high quality of the developed website and the business currently doesn’t have an existing website they can easily make this money back, with the business gained. It is believed that by increasing the customer base by 3.25% over 3 years the cost of development will be offset.

Once the website goes live, this will introduce new traffic to the business as they will now have an active web presence. This will increase their sales as they can now provide customers information via their webpage. If development continues it will allow customers to hire cars online which will create a new platform and income for the business.

Once the website is up and the development and all the features are implemented there will only be ongoing maintenance costs for the CRC. This means that while the development has a high initial cost, in the future the money made from the website and the free advertising from having a website will increase revenue overall.

# References

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