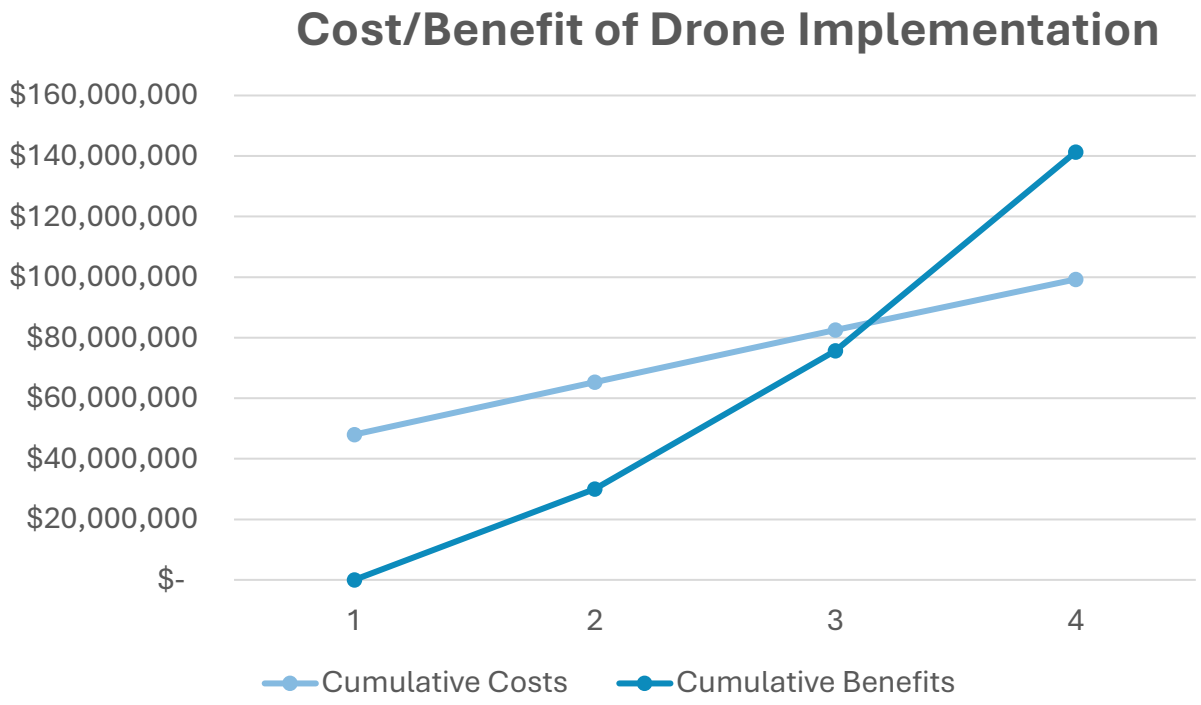
Drone implementation in Six Flags will lead to a 42% ROI in year 3

Cost and Benefit Breakdown
Total one-time costs: $47,997,500 Total recurring costs: $51,250,000 **Total costs: $99,247,500** Year 1 benefits: $30,000,000 Year 2 benefits: $45,650,000 Year 3 benefits: $65,650,000 **Total benefits: $141,300,000**
Cost Assumptions
Sales growth projected at 1% by year 3 50% lower COGS after initial drone investment against fireworks



NPV = 26,974,875 ROI = 42%

Industry WACC estimated at 8%

Assumptions and estimates for Six Flags drone implementation

Consulting Initial cost

Lead Consultant: 20 hours/month * 12 months * $250/hour = **$60,000**

Technical Consultant: 40 hours/month * 12 months * $200/hour = **$96,000**

Project Manager: 30 hours/month * 12 months * $150/hour = **$54,000**

Data Analyst: 25 hours/month * 12 months * $125/hour = **$37,500**

Total Initial Consulting Cost (Year 1): $247,500

Non-consulting initial investments

Drone cost: 10 drones for maintenance and 500 drones for shows at each park at 5000 per and 2000 per (respectively) = **$28,350,000**

Crowd analytics software from DroneDeploy: $500,000

Salaries of drone crew: 60,000 * 10 workers * 27 parks = **$16,200,000**

Training users prior to going live: $100,000 * 27 parks = **$2,700,000**

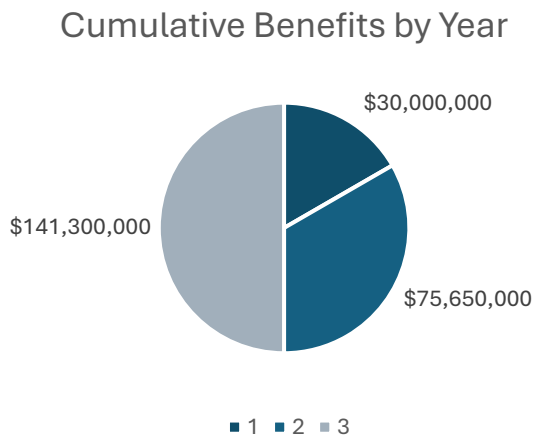
$ 47,997,500 Total One-Time Costs

Recurring costs	Year 1	Year 2	Year 3
Salaries of drone crew and consultants: 60,000 * 10 workers * 27 parks	$ 16,200,000	$ 16,200,000	$ 16,200,000
Software and hardware licensing fees and/or upgrades: licensing	$ 50,000	$ 50,000	$ 50,000
Follow-up training and support costs: ~ 35,000 per park annually	$ 1,000,000	$ 1,000,000	$ 500,000

$ 51,250,000 Total Recurring Costs

$ 99,247,500 Grand Total Costs

Benefits	Year 1	Year 2	Year 3
Lower cost of goods sold: Crowd control employees and fireworks	$ 15,000,000	$ 25,650,000	$ 25,650,000
Lower maintenance costs (storage, computing, etc.): $185,000 * 27 parks	$ 5,000,000	$ 5,000,000	$ 5,000,000
Increased rate of sales growth: 1% growth for average visitors **by year 3**	$ 10,000,000	$ 15,000,000	$ 35,000,000
Total Benefits per Period	$ 30,000,000	$ 45,650,000	$ 65,650,000
Cumulative Benefits	$ 30,000,000	$ 75,650,000	$ 141,300,000



Consulting sources:

How Much Should I Charge as a Consultant? | Indeed.com

Consulting Fees: How To Price Your Expertise In The Market (hubspot.com)

Initial investment sources:

Guide to How Much Drones Cost (2023-2024) - Droneblog

Pricing Plans | Reality Capture | DroneDeploy

Renewable energy asset management software and services (skyspecs.com)

How Much Do Drone Pilots Make (Drone Pilot Salary) - Droneblog

Recurring cost sources:

How Much Do Drone Pilots Make (Drone Pilot Salary) - Droneblog

Pricing Plans | Reality Capture | DroneDeploy

How Much Does Drone Training Cost? – Droneblog

Here's how much a drone light show costs (thedronegirl.com)

Benefits sources:

Renewable energy asset management software and services (skyspecs.com)

Intel, Disney Light Up the Sky Over Walt Disney World Resort with New 'Starbright Holidays' Drone Show :: Intel Corporation (INTC)

NPV and ROI calculation

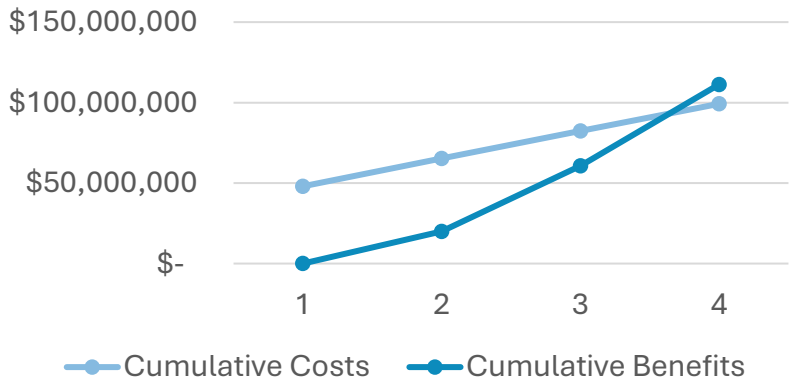
Period	Year 0	Year 1	Year 2	Year 3
Net Cash Flows	(47,997,500)	12,750,000	28,400,000	48,900,000
NPV	(47,997,500)	11,805,556	24,348,422	38,818,397
ROI (Running Total)	-100%	-54%	-8%	42%

Project ROI: 42%

Project NPV: 26,974,875

Sensitivity analysis of drone implementation at Six Flags

Worst case cost/benefit

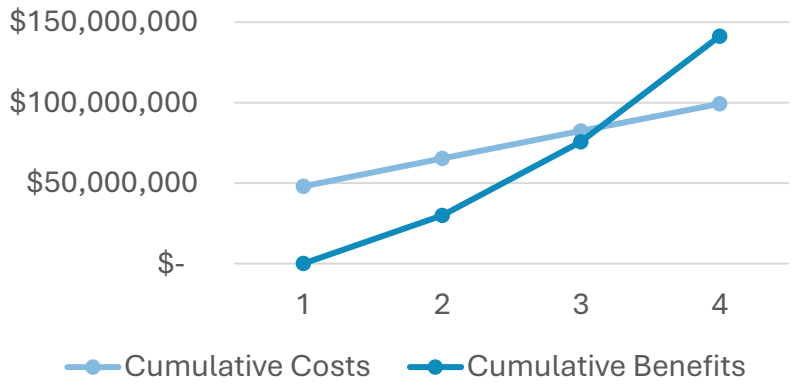


NPV = $1,521,438 ROI = 12%

No sales growth the first year

Decreased sales growth in 2nd and 3rd year

Expected case cost/benefit

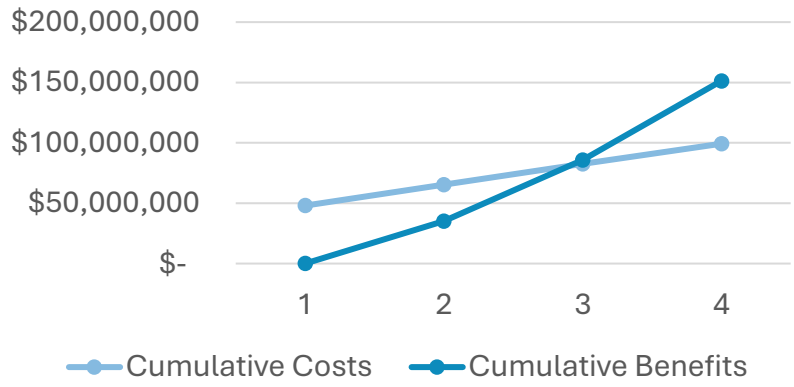


NPV = 26,974,875 ROI = 42%

$10,000,000 of sales growth in first year

Increasing sales growth in 2nd and 3rd year up to 1%

Best case cost/benefit



NPV = 35,891,198 ROI = 52%

$15,000,000 of sales growth in first year

Increasing sales growth in 2nd and 3rd year up to 1%