**Quiz-4**

**Question 1:**  **(10 Marks)**

While evaluating the design alternatives, some estimated costs and benefits have been calculated and given in the following table. Determine the extent to which this design will benefit the organization after 5 years?

**Hint:** Identify each item as cost or benefit. Calculate **total costs, benefits and return on investment (ROI) after 5 years**. Also calculate **payback period**.

|  |  |  |
| --- | --- | --- |
| **Item** | **Amount ($)** | **Cost or Benefit?** |
| Connectivity | 6000 per year |  |
| Salaries/Wages | 500000 |  |
| Increased earnings due to web presence | 40000 |  |
| Equipment/installation | 200000 |  |
| Equipment maintenance | 4000 per year |  |
| Increased efficiency due to new IS | 800 per year |  |
| Utilities (s.a. electricity, water) | 100000 |  |
| Other savings | 300 per year |  |