

## Economic Feasibility Study

Costs	Period 1	Period 2	Period 3	Total
Salaries	10	10	10	30
Training	5	0	0	5
Hardware	40	0	0	40
Software	5	0	5	10
Support & Maintenance	0	0	10	10
<b>Total Costs</b>	60	10	25	95
<b>Benefits</b>				
Increase in sales	0	0	30	30
Revenue from Transactions	0	0	187	187
Decrease paper costs	0	0	4	4
Bids to Boost Events	0	0	40	40
<b>Total Benefits</b>	0	0	261	261
<b>NCF</b>	(60)	(10)	236	166
<b>CNCF</b>	(60)	(70)	166	332

Notes:

4 months for the project divided into 4 periods. Numbers are in the thousands of dirhams.

NCF: Net Cash Flow

CNCF: Cumulative Net Cash Flow

Return on Investment

$$\begin{aligned}
 &= (\text{Total Benefits} - \text{Total Costs}) / \text{Total Costs} \\
 &= (261 - 95) / (95) \\
 &= 1.74
 \end{aligned}$$

The break-even point

$$\begin{aligned}
 &= (\text{Period.Net Cash Flow} - \text{Cumulative Net Cash Flow}) / \text{Period.Net Cash Flow} \\
 &= 236 - 166 / 166 \\
 &= 0.42 \\
 &= 4.2\%
 \end{aligned}$$

$0.42 * 30 * 1 = 12.6$ , thus the project will take 4 months and 12.6 days.

The return on investment is  $> 1$ , so this is an investment that is very profitable, and the break-even point is fairly low, so the risk is not very large.