

Economic Feasibility Analysis

START DATE:

Discount Rate
Ongoing Benefits
Ongoing Costs
One Time Cost
Life of System
Year 1 revenue
Year 1 expense
Revenue growth rate
Expense growth rate

EASY ADVENTURE

01-09-2023

10%
\$25,000
\$50,000
(\$40,000)
5
\$1,25,000
(\$1,35,000)
15%
4%

Discount Rate is 10% consider
Ongoing benefits of \$25,000
income.
Ongoing costs encompass op
app.
One Time Cost of \$40,000 is I
The Year 1 revenue estimate
The Year 1 expenses \$135,00
The revenue growth rate of 1

Benefits
Net Econ Benefit
Discount Rate (12%)
PV of Benefits

Years from Today				
	0	1	2	3
	\$25,000	\$1,25,000	\$1,43,750	\$1,65,313
	1.0000	0.9091	0.8264	0.7513
	\$25,000	\$1,13,636	\$1,18,802	\$1,24,202

NPV of Building New System

\$25,000 \$1,38,636 \$2,57,438 \$3,81,640

One-time COSTS

(\$40,000)

Continue Maintaining Existing System

Recurring Costs
Discount Rate (12%)
PV of Recurring Costs

		(\$1,35,000)	(\$1,40,400)	(\$1,46,016)
	1.0000	0.9091	0.8264	0.7513
	\$0	(\$1,22,727)	(\$1,16,033)	(\$1,09,704)

NPV of All COSTS

(\$40,000) (\$1,62,727) (\$2,78,760) (\$3,88,464)

Overall NPV

ROI = Overall NPV / NPV of Costs

Year of Project

Break-Even Analysis

Yearly NPV Cash Flow
Overall NPV Cash Flow

	0	1	2	3
	(\$15,000)	(\$9,091)	\$2,769	\$14,498
	(\$15,000)	(\$24,091)	(\$21,322)	(\$6,825)

break-even ratio = (yearly NPV cash flow - overall NPV cash flow) / yearly NPV cash flow

Break-even occurs in

3.26 years

Note: All dollar values have been rounded to the nearest dollar.

Breakeven ratio

0.26

ring our primary customer segment includes university students.
could be derived from subscription revenue, partnerships, or in-app purchases and are based o
erational expenses such as server hosting, salaries, marketing, and maintenance, which are nec
likely associated with the initial development, marketing campaigns, and setup of the business,
is \$125,000, it's based on a combination of user growth, subscription income, partnerships, and
0, it includes both one-time and ongoing costs, as the startup is likely to have high initial expenses
.5% reflects an optimistic projection of increasing user adoption and income over the years, as t

4	5	TOTALS
\$1,90,109	\$2,18,626	
0.6830	0.6209	
\$1,29,847	\$1,35,749	
\$5,11,487	\$6,47,236	\$6,22,236

(\$1,51,857)	(\$1,57,931)
0.6830	0.6209
(\$1,03,720)	(\$98,063)

(\$4,92,184) (\$5,90,247) (\$5,90,247)

\$31,989
5.42%

4	5
\$26,127	\$37,687
\$19,303	\$56,989

n an estimate of expected monthly or annual recurring

essary for the day-to-day operation of the Easy Adventure

and may not recur in subsequent years.

d in-app purchases, reflecting early user adoption.

ses related to development and marketing.

:he app gains popularity. The expenses growth rate of 4%