**Cost Analysis and Investment Efficiency - EasyJet**

This report analyzes the costs of implementing a cloud-based reservation system for EasyJet and evaluates the payback period when adopting this new solution. By migrating to a cloud-based system, EasyJet can enhance operational efficiency, reduce infrastructure costs, and improve customer experience.

**1. Implementation Costs**

- Initial investment cost: $5,000,000 USD

- Annual operational savings: $2,000,000 USD

**2. Payback Period Calculation**

The payback period is calculated using the following formula:

Payback Period = Initial Investment / Annual Savings

= $5,000,000 / $2,000,000

= 2.50 years

**3. Financial Projection Over 5 Years**

|  |  |
| --- | --- |
| Year | Cumulative Savings (USD) |
| 1 | $2,000,000 |
| 2 | $4,000,000 |
| 3 | $6,000,000 |
| 4 | $8,000,000 |
| 5 | $10,000,000 |

**4. Conclusion**

With an estimated annual savings of $2,000,000, EasyJet is expected to recover its initial investment of $5,000,000 within approximately 2.50 years. This transition to a cloud-based reservation system not only reduces costs but also improves scalability, security, and customer satisfaction.