**Feasibility Study – Economic Feasibility**

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The Learning Management System for Tower of Babel is non-profit. The Tower of Babel is a non-profit, student-run group itself. Therefore there is not much need for economic feasibility study. However, for the sake of learning and practice we are going to presume a commercial product with salaries and profits.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Costs** | **Period 1** | **Period 2** | **Period 3** | **Period 4** | **Period 5** | **Period 6** | **Total** |
| Salaries | 45 | 45 | 45 | 45 | 0 | 0 | 180 |
| H/W & S/W | 20 | 0 | 0 | 0 | 0 | 0 | 20 |
| Training | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support &  maintenance | 0 | 0 | 0 | 0 | 20 | 20 | 40 |
| **Total Costs** | 65 | 45 | 45 | 45 | 20 | 20 | 240 |
| **Benefits** |  |  |  |  |  |  |  |
| Increase # of  Students | 0 | 0 | 0 | 0 | 300 | 300 | 600 |
| Decrease costs | 0 | 0 | 0 | 0 | 10 | 10 | 20 |
| **Total Benefits** | 0 | 0 | 0 | 0 | 310 | 310 | 620 |
| NCF | (65) | (45) | (45) | (45) | 290 | 290 |  |
| CNCF | (65) | (110) | (155) | (200) | 90 | 380 |  |

Numbers are in thousands of DHS

NCF: Net Cash Flow

CNCF: Cumulative Net Cash Flow

One period corresponds to one month

H/w and S/w correspond to Hardware and Software respectively

The return on investment (ROI):

ROI =

The break-even point (BEP):

BEP =

One period is 30 days. 0.69\*1\*30=20.6921 days. Therefore the Project will take 4 months and 21 days to break even.

Conclusion:

The ROI is fair but not too high. The BEP is reasonable. Therefore it is of medium risk to build the software.