

COST BENEFIT ANALYSIS:

DEVELOPMENT COSTS:

Hardware:

| | |
|--------------------------|----------|
| Web server | (\$3178) |
| Database (Sun Solaris) | (\$5000) |
| Unix Boxes | (\$4000) |
| Testing Center Computers | (\$7000) |
| Switches | (\$3200) |
| Routers | (\$1209) |

Software:

| | |
|---|---------|
| Building Tools (Edit Plus, Visual Café etc) | (\$600) |
| Database Tools (Net SQL, etc) | (\$220) |
| Apache or other web servers Depends on Licensing | (\$500) |
| COM objects technologies | (free) |
| EJB Technology | (free) |

Of the hardware requirements, the following are there:

- *Web Server*...Existing already in Pearl. To be concerted to PHP4.
- *Unix Boxes* to be dedicated to Apache.
- *Testing Center* computers to be reassembled to the present required state.
- *Switches and Routers* to be redirected to the new servers.

This leaves us with a maximum cost of (\$7000) on the hardware side and a maximum of (\$1320 on the software side)

SOFTWARE PROGRAMMING SIDE:

Database Administrators

A minimum of 180-200 hours of database administration is required on creating a database for the purpose of online trading and moving database from existing system to current database, which in our case is Oracle.

In addition to that periodic support would be required for minor changes and updates.

Normal consultancy fee for the database administrator would be anywhere between 175 to 250 dollars an hour. This would be for setting up the database. For periodic need based hiring of the consultant for database use and the entire requirement would be around 200 dollars and hour.

On the whole the database cost setting would cost around \$40,000.

There are other ways to reduce this cost down:

- The employees could be trained for Database being implemented
- Hiring more employees experienced in Database (Oracle)

Web Server Administration

The web server would be setup for a much lower cost; the existing web server (Perl) would be moved to PHP4 web server (Apache), which could be either under NT or Unix OS.

The operating system could be chosen looking at the lowest cost of operation Possible. Once the web server is up and running, there would be internal costs for maintenance of the server, which would depends on how big the market is getting for the product.

This would not exceed a maximum amount of (\$12000). The company itself is providing machines.

Networking Tools:

Networking support would be required when installing Switches/ Routers and other networking support tools, such as firewalls. Once the network is setup there would be a constant support requirement for the network.

The setting up cost of the network, if not already setup would be around \$4409 + \$5000 including the hardware requirement.

Software:

On the software side, there are very few tools required, of which most are open source so would not be that expensive. The rest could be bought for cheap. The licensing would be most of the cost that the company would experience and would increase with the increase in the number of users.

Support:

The support cost would vary depending on how, when, where and who is providing the support. The supports would vary from client support to Designing support to Internal Network Support.

The cost would vary according to that.

Designing:

The designing of the project would be the main phase, and would be charged as a whole and not as a package. There would be support provided with the software package for 6 months free of cost. After 6 months there would be a standard rate applied.

The total cost of the software package would be \$40,000 to develop and provide complete program and design side support to the client as well as the user.

Overall, the costs are as follows:

| | |
|---|----------|
| Software Packages: | \$1320 |
| Web Server Setting up: | \$12000 |
| Hardware with the Support of setting it up etc: \$7000 | |
| Networking: | \$9409 |
| Database Admin: | \$40,000 |
| Software Programming: | \$40,000 |
| Support: | Variable |

BREAK EVEN ANALYSIS:

Usually there is a high risk in breaking even in an eCommerce environment, but this being a financial firm has lower risks involved.

Since, this firm already has its members, there would be not much of a marketing cost involved in this process.

After analyzing the overall cost involved in transferring the system, we are estimating a period of less than 10 months to recover its cost.

Current Cost:

The cost as of now, is mostly involved in multiple accountants with a salary of roughly (\$3000 per month) plus other benefits (\$3000 p/m). The amount accounts to about 6000 dollars per month.

There are approximately 3 accountants and other middle men involved to do the work which could be performed by a simple algorithm, which would cost them around 50,000 which is a one time investment.

So, $9000 * 12 = 108,000$ dollars would be a reoccurring cost, and that is the cost for just one year of the employees required.

The other cost is of the Data Entry clerk, which is around 2500 dollars and benefits around 2000 dollars, which could be replaced by the automated data update system, which is being installed for \$40,000.

This 40,000 dollars is replacing the reoccurring cost of \$54,000 every year to the clerk, and would make the system more reliable and faster.

So, We see that we would be able to achieve the target goal within 6 months or less and would start yielding the profit.