

Q1) Assuming monetary benefits of an information system at \$50,000 per year, one-time costs of \$90,000, recurring costs of \$40,000 per year, and a three-year time horizon. Use a 10 percent discount rate and round the numbers to two decimal places, calculate the net present value of these costs and benefits of an information system. Also calculate the overall return on investment of the project and then present a break-even analysis. At what point does break-even occur?

	Year0	Year1	Year2	Year3	Totals
Net economic benefit					
Discount rate ()					
PV of Benefits					
NPV of all BENEFITS					
One-time COSTS					
Recurring Costs					
Discount rate ()					
PV of Recurring Costs					
NPV of All COSTS					
Overall NPV					
Overall ROI					
Break-even Analysis					
Yearly NPV cash flow					
Overall NPV cash flow					
Actual Break-even occurs at					

Q2) Change the one-time costs in question 1 to \$10,000 and redo the analysis.

	Year0	Year1	Year2	Year3	Totals
Net economic benefit	0				
Discount rate ()					
PV of Benefits					
NPV of all BENEFITS					
One-time COSTS					
Recurring Costs					
Discount rate ()					
PV of Recurring Costs					
NPV of All COSTS					
Overall NPV					
Overall ROI					
Break-even Analysis					
Yearly NPV cash flow					
Overall NPV cash flow					
Actual Break-even occurs at					