

High Mountain Resort
Return of investment example for MountainOffice
4/1/2XXX

Data cell key
User data entry or item description
<i>Formula cells: Totals are calculated and filled in automatically.</i>

Investment overview
Project name: Installation of MountainOffice for mountain operations at High Mountain Resort
Project sponsor: Director of Mountain Operations
Date of request: 2XXX
General description of benefits: Increase in productivity of Lift Maintenance staff and Vehicle Maintenance staff; better utilization of inventory purchasing dollars; reduction in downtime

Cash flow and ROI statement				
BENEFIT DRIVERS	YEAR			
	0	1	2	3
Increase productivity of Lift Maintenance by 2.5% per technician total improvement (8 techs X 1900 hrs) x 2.5 % X \$29 (burden labor rate)		\$11,020	\$11,020	\$11,020
Increase productivity of Vehicle Maintenance by 2% per tech total improvement (6 techs x1600 hrs) x 2% x \$23 (burden labor rate)		\$4,416	\$4,416	\$4,416
Reduction in inventory spending Lift Maintenance parts 9%/yr (\$285K)		\$25,650	\$25,650	\$25,650
Reduction in inventory spending parts 9%/yr (\$140K)		\$12,600	\$12,600	\$12,600
Improved groomer operational hours by 1.5% (3500hrs/groomer)		\$5,250	\$5,250	\$5,250
Reduction in lift mechanical faults		Priceless	Pricless	Pricless
Total annual benefits		\$58,936	\$58,936	\$58,936
Implementation filter		85%	90%	95%
Total benefits realized		\$50,096	\$53,042	\$55,989

Costs	Year 0	Year 1	Year 2	Year 3
Total	\$20,900	\$3,000	\$3,000	\$3,000

Benefits	Year 0	Year 1	Year 2	Year 3
Annual benefit flow	(\$20,900)	\$47,096	\$50,042	\$52,989
Cumulative benefit flow	(20,900)	26,196	76,238	129,227

Discounted benefit flow	Year 0	Year 1	Year 2	Year 3
Discounted costs	\$20,900	\$2,778	\$2,572	\$2,381
Discounted benefits	0	46,385	45,475	44,446
Total discounted benefit flow	(20,900)	43,607	42,903	42,065
Total cumulative discounted benefit flow	(20,900)	22,707	65,610	107,675

Initial investment	Year 0	Year 1	Year 2	Year 3
Initial investment	\$12,900	\$0	\$0	\$0
Implementation costs	4,000	0	0	0
Ongoing support costs	3,000	3,000	3,000	3,000
Training costs	1,000	0	0	0
Other costs		0	0	0
Total costs	\$20,900	\$3,000	\$3,000	\$3,000

ROI measures				
Cost of capital	8%			
Net present value	\$107,675			
Return on investment		196%	350%	476%
Payback (in years)	0.44			