

BUS 362

Assignment 01 - Feasibility Analysis

Ashton Charbonneau

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Feasibility Analysis

Description

- Comes after requirements
- Doesn't have to be too long
- Financials can go in the appendix

Purpose

- Risk identification
- Technical: can we build it?
- Economic: should we build it?
- Organizational: if we build it, will they come?

Textbook Pages

- 5th Edition: pages 23 - 34
- 6th Edition: pages 18 - 28

Example

Pigeon Racing

- Old sport, originated in Europe
- Still popular (particularly in Australia, China, Taiwan, Bangladesh)
- Black box results (tournament organizers win disproportionately)
- Prize winning pigeons can be sold for over \$100,000

Assumptions

- Measured over 4 years
- Race entry fees are \$60,000 per year

Purchase Pigeons

- Purchase 50 pigeons to start our racing company at \$12,000 each
- Lose 20% of your pigeons a year to pigeon pirates, have to repurchase
- Rent for our pigeon coop is \$4,000 a month

Lease Pigeons

- Rent pigeons from large pigeon supplier
- Deposit of \$100,000, 10% of which is refunded in year 4
- Pay them \$300,000 a year to maintain a flock of 50 pigeons in their own pigeon coop

Economic Feasibility

- Which one costs more?
- Discount rate adjustments
- Data -> What-If Analysis -> Goal Seek

Technical Feasibility

- Will we be able to control pigeon diet?
- Will we have access after-hours?
- Can we choose our pigeons?

Organizational Feasibility

- Is the commute longer?
- Do you get enough space to train the pigeons?
- Will employees like it?

Assignment

Questions

- Which of the first two options (buying software and hosting it on your own server or building your own software) would you choose at a 12% discount rate? At what integer discount rate would change your recommendation?
- Describe the feasibility issues you see for your chosen strategy (the first 2 options), and compare these to the alternatives. If you were responsible for this decision, discuss in general terms how economic, technical, and organizational feasibility issues would be considered.
- What decision would you recommend: building your own software, buying software and hosting it on your own server, or buying software from a SaaS provider? Why?