Flash Research Exam #2 LemonStand

Investing in LemonStand would provide a three-year net benefit of \$5,250,000 to the company. The LemonStand platform would allow our developers to more efficiently create custom E-commerce websites for our customers due to the extensions, integrations, and themes it provides. This will reduce the number of developers needed on our payroll to 34. To increase the efficiency of our staff and decrease its cost, we should invest in LemonStand.

LemonStand is a cloud software platform that allows developers to create and customize eCommerce websites with greater efficiency. It provides built-in integrations to popular web services offered by PayPal, UPS, and Google Analytics, among many others. It also has open source themes, front-end framework compatibility, and a constantly growing list of new features and add-ons that prevent developers from being required to write all the code from scratch, like our current development team is. Following implementation, we would have 10 developers continue to work as they traditionally have. However, due to a 40% efficiency improvement, we would only need 24 developers to focus on developing and operating the sites moved to or created on LemonStand. The increased efficiency would allow us to trim the expensive development team from 50 down to 34 while still producing the same output.

Currently our 50 developers cost \$6,500,000 each year. Investing in LemonStand would cost the company \$990,000 over three years from the purchase of an unlimited software license and from training for those on the development team using the new platform. This solution would provide a benefit of \$6,240,000 over that span from the reduction in developer staff by 16, a savings of \$2,080,000 each year. The company will decrease costs immediately and would see a net benefit of \$5,250,000 after three years from the project start date.

References

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