

**MIS 3534 Strategic Management of Information Technology – Fall 2014**

**Homework #2 – ROI Analysis (10% of the Final Grade)**

**Due by Wednesday, November 19<sup>th</sup>, 11:59 PM EST**

**Read “B&K Distributors” case and, using Microsoft Excel, conduct a Return-on-Investment analysis.**

- Use the Excel template files (Exhibit 14A-D in the case) posted on the class site to calculate Net Present Value (NPV), Internal Rate of Return (IRR), and ~~payback period~~ of this project.
- Filling out right numbers on the blue cells of the template file will automatically generate the total cumulative cash flow in Exhibit 14A. Then, use NPV and IRR functions to calculate them.
- All the necessary information can be found within the case.
- Conduct at least three sensitivity analyses with all of the following Excel functions – Scenario Manager and Data Table (one-variable and two-variable).
- Please make sure to put upfront costs and ongoing costs in Exhibit 14A in thousands \$. For example, if the costs are \$100,000, put it as 100.

**Submission Instruction** (Read every instruction very carefully)

- **Due Date** : Submit your Excel file into Blackboard (<http://blackboard.temple.edu/>) by Friday, Nov. 14<sup>th</sup>, 11:59:59 PM (Eastern Standard Time). This deadline is firm, and being late by one minute will not be forgiven. The instructor will not take any extraneous circumstance into consideration that occurs to you such as PC malfunction or network outages.
- **Collaboration** : This is an individual assignment. However, if you’d like, you may collaborate with no more than two classmates. Still, each should create and submit a separate report individually. In addition, every student in a group must mention whom he or she work with in the file. Otherwise, it will be considered an Honor Code violation and reported to Office for Academic Integrity immediately.

- **Late submission** is allowed, but there will be 10% penalty per each 24 hours. For example, if you submit a report on Nov 22<sup>nd</sup> and it is graded 80, a 30% penalty is imposed and you will get  $80 \times (100-30)/100 = 56$ . Therefore, your submission will be graded zero after Sunday, Nov. 28<sup>th</sup>.
- **Plagiarism** : Plagiarizing other work without citation in any circumstance will result in zero in grade and will be reported to the University immediately
- **Keep in mind that you are a professional consultant with hefty payment for this analysis.**