

Disclaimer: This is just an illustrative example of Business case. The numbers are not real and the ROI computations might differ in real-world Business cases.

## **ECS: Business Case**

An e-commerce platform offers a significant opportunity to expand our market reach, increase revenue, and enhance customer satisfaction. By leveraging the power of the internet, we can create a convenient and accessible shopping experience for our customers, driving sales and building brand loyalty.

### **Problem Statement**

Our current business model relies heavily on physical retail stores, which limits our geographic reach and can be costly to maintain. An e-commerce platform would allow us to:

- **Expand our market reach:** Reach customers in new geographic areas and demographics.
- **Reduce costs:** Lower overhead costs associated with physical stores, such as rent, utilities, and staffing.
- **Improve customer convenience:** Offer customers a 24/7 shopping experience and the ability to shop from anywhere.

### **Solution**

An e-commerce platform will provide a user-friendly online store where customers can browse our product catalog, place orders, and make secure payments. Key features will include:

- **Product catalog:** Detailed product information, images, and descriptions.
- **Search functionality:** A robust search engine to help customers find products quickly.
- **Shopping cart:** A virtual shopping cart to allow customers to collect items and proceed to checkout.
- **Card payment:** Support for a secure payment by credit cards.
- **Order tracking:** Real-time order tracking and shipping information.
- **Customer support:** Efficient customer support channels, such as email and live chat.

### **Benefits**

- **Increased revenue:** Expanding our market reach and offering a convenient online shopping experience can lead to increased sales.
- **Reduced costs:** Lower overhead costs associated with physical stores.
- **Improved customer satisfaction:** Providing a seamless and convenient online shopping experience can enhance customer satisfaction and loyalty.
- **Data-driven insights:** An e-commerce platform can collect valuable data on customer behavior, preferences, and trends, which can be used to improve marketing and product offerings.
- **Enhanced brand visibility:** An e-commerce platform can increase brand awareness and reach a wider audience.

## Financial Projections

### Assumptions:

- **Initial investment:** \$80,000 (for website development, marketing, inventory, etc.)
- **Average order value:** \$100 (Year 1), \$105 (Year 2), 110 (Year 3)
- **Conversion rate:** 2% (Year 1), 2.5% (Year 2), 3% (Year 3)
- **Average profit margin:** 20%
- **Marketing costs:** \$15,000 per year
- **Operating costs:** \$40,000 per year (hosting, payment processing, customer support)

### Revenue Projections:

- **Year 1:** Assuming 100,000 website visitors per month, 2% conversion rate, and an average order value of \$100:
  - Monthly revenue:  $100,000 \text{ visitors} * 2\% * \$100 = \$20,000$
  - Annual revenue:  $\$20,000/\text{month} * 12 \text{ months} = \$240,000$
  - Annual profit:  $\$240,000 * 20\% = \$48,000$
- **Year 2:** Assuming a 20% increase in website traffic and a 5% increase in average order value:
  - Monthly revenue:  $120,000 \text{ visitors} * 2.5\% * \$105 = \$31,500$
  - Annual revenue:  $\$31,500/\text{month} * 12 \text{ months} = \$378,000$
  - Annual profit:  $\$378,000 * 20\% = \$75,600$
- **Year 3:** Assuming continued growth in website traffic and average order value:
  - Monthly revenue:  $144,000 \text{ visitors} * 3\% * \$110 = \$47,520$
  - Annual revenue:  $\$47,520/\text{month} * 12 \text{ months} = \$570,240$
  - Annual profit:  $\$570,240 * 20\% = \$114,048$

### Cost Projections:

- **Initial investment:** \$80,000 (remains constant)
- **Marketing costs:** \$15,000 per year
- **Operating costs:** \$40,000 per year (remains constant)

### Profit Projections:

- **Year 1:**  $\$48,000 - \$15,000 - \$40,000 = \$3,000$
- **Year 2:**  $\$75,600 - \$15,000 - \$40,000 = \$35,600$
- **Year 3:**  $\$114,048 - \$15,000 - \$40,000 = \$69,048$

### ROI:

- **Year 1:**  $\$3,000 / \$80,000 = 3.75\%$
- **Year 2:**  $\$35,600 / \$80,000 = 44.5\%$
- **Year 3:**  $\$69,048 / \$80,000 = 86.31\%$

## **Conclusion**

An e-commerce platform presents a compelling business opportunity to expand our market reach, increase revenue, and improve customer satisfaction. By investing in this initiative, we can position our company for long-term growth and success in the digital age.