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:** $5,000 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 visitors * 2% * $100 = $20,000
    - Annual revenue: $20,000/month * 12 months = $240,000 **= 15% of total revenue**
    - 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 visitors * 2.5% * $105 = $31,500
    - Annual revenue: $31,500/month * 12 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 visitors * 3% * $110 = $47,520
    - Annual revenue: $47,520/month * 12 months = $570,240
    - Annual profit: $570,240 * 20% = $114,048

Cost Projections:

- **Initial investment:** $80,000 (remains constant)
- **Marketing costs:** $5,000 per year
- **Operating costs:** $40,000 per year (remains constant)

Profit Projections:

- **Year 1:** $48,000 - $5,000 - $40,000 = $3,000
- **Year 2:** $75,600 - $5,000 - $40,000 = $35,600
- **Year 3:** $114,048 - $5,000 - $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.