

## 1.1 Example of calculation of the profitability of costs

Input values:

- total investment value in CZK (I): I = CZK 235.600
- profit on 1,800 flowers sold in the online store in CZK (Z): Z = CZK 209.000

We determine the rate of return (profitability) using the following procedure:

$$r_{ROI} = \frac{Z_r}{\text{celková investice}} = \frac{Z}{I} = \frac{209.000}{235.600} = 0,89 = 89\%$$

It is clear from the example that our model investment will have a return of 89% with the planned values. We can also say that the purchased system will produce net profit already in the second year, i.e. the investment costs will be fully covered by the net profit.

The problem of application of the profitability calculations within business IT is the difficult determination of the input parameters. Determining the total value of investment, i.e. the cost of the investment, usually does not make any difficulties. The main critical factor that affects the evaluation is the identification of, for example, the expected return on investment, as was the case in the previous example. It is clear that the specified value of profit is an estimate and need not be fulfilled, and that any change, whether positive or negative, has a significant impact on the final evaluation.

Indicators where such estimates need to be made should always be approached with some degree of scepticism and their calculations should always be presented with a set degree of probability