



Calculating Your E-business Costs Cost Calculator

What is the Purpose and Scope of the Cost Calculator?

The purpose of the cost calculator is to help you estimate the costs of e-business based on your unique requirements.

The calculator does not attempt to put a dollar value on the benefits of e-business, as these would require you to generate your own estimates (e.g., estimates of future revenues) with accuracy. However, some of the many benefits of conducting e-business are highlighted below.

The calculator also does not include the cost of not doing e-business, as this is a difficult type of cost to quantify.

Note that the costs highlighted are estimates only. The cost calculator tool is intended to give you a rough idea of the start-up and ongoing costs of doing e-business. We strongly encourage you to contact professional service providers (e.g., hardware retailers, web designers, web content developers) in order to arrive at a more precise figure for your business' unique needs.

How has the Calculator been Designed?

The calculator is based on a series of questions intended to guide the user through the various decisions that must be made when implementing e-business. The questions begin with the most basic (Do you have hardware?) and graduate to the more complex (Do you need a basic online store with a limited catalogue or a more complex design with a larger catalogue?).

Where applicable, you are given a range of costs (low, medium, high). Also, where feasible, you are asked whether you plan to do some of the work yourself or if you plan to outsource the task(s). If you plan to do all of the work yourself, your costs will likely be low. Correspondingly, if you plan to do only a part of the work yourself, your costs will be medium, and if you plan to outsource all of the necessary work, your costs will be high. Costs are also correlated with the extent of your needs. If your needs are minimal, costs will be low, while if they are significant, your costs will be high.

Disclaimer: This booklet is intended for informational purposes only and does not constitute legal, technical, business or other advice and should not be relied on as such. Please consult a lawyer or other professional advisor if you have any questions related to the topics discussed in the booklet. The Ontario Government does not endorse any commercial product, process or service referenced in this booklet, or its producer or provider. The Ontario Government also does not make any express or implied warranties, or assumes any legal liability for the accuracy, completeness, timeliness or usefulness of any information contained in this booklet, including web-links to other servers.

What are My Options for Using the Calculator?

You may use either the paper-based version of the calculator, included on the following pages, or you can go to the MSBCS website, www.ontario.ca/sbcs, and use the Ministry's interactive tool.

Instructions for Cost Calculator

Each of the questions below requires you to select an answer based on the extent of your need and/or your willingness to undertake the challenge of performing certain tasks yourself (as opposed to outsourcing them). Follow-up questions are presented according to the answers you supply. Costs are calculated based on your responses and then tallied at the bottom of the spreadsheet. Note that boxes highlighted in blue are intended for question-specific costs; boxes in light blue denote subtotals; and boxes in white feed into total costs.

For more help on using this tool, including explanations of some questions and details on the choices offered, please consult Appendix A.

Cost Calculator

Hardware				
Do you have hardware? (Note: Hardware includes computer systems and peripherals.)				
Yes		\$ 0.00		1
No	What type of computer system do you require?			
	Basic – for Internet, email, and word processing	\$ 300.00		
	Average – for presentations, accounting software, and small databases	\$ 500.00		
	High-end – for sound or video editing, large databases, or scientific applications	\$ 750.00	\$	2
Hardware Total		Enter amount from Line 1 or Line 2		\$
Software				
Do you have software? Note: Software includes computer instructions and data that are stored electronically. Software can be proprietary or open-source (i.e., freely available).				
Yes		\$ 0.00		4
No	Would you like to use open-source software?			
	Yes	\$ -		
	No	\$ 200.00	\$	5
Software Total		Enter amount from Line 4 or Line 5		\$

cont'd

Internet Access

Do you have an Internet connection?

Yes		\$ 0.00			8
No	Do you need high-speed Internet or dial-up access?				
	High-Speed High-speed Internet is often available at more than one speed. Do you need the fastest Internet connection speed that is available?				
	Yes	\$ 1,200.00			
	No	\$ 800.00	\$		9
	How many domain names do you need?				
	1	\$ 15.00			
	2	\$ 30.00			
	3	\$ 45.00	\$		10
		Add Line 9 plus Line 10		\$	11
	Dial-Up	\$ 200.00	\$		12
Internet Access Total		Enter amount from Line 8, Line 11, or Line 12		\$	13

Online Store

Do you need an online store?

	Do you need a customized online store?				
	Yes Do you need a basic online store with a limited catalogue or a more complex design with a larger catalogue?				
	Basic	\$ 5,000.00			
	Complex	\$10,000.00	\$		14
	No	\$ 0.00			15
		Enter amount from Line 14 or Line 15		\$	16
Online Store Total		Enter amount from Line 16		\$	17

Web-Hosting

Note: If you need a customized online store (if the amount on Line 17 is greater than \$0), then web-hosting is already included in your costs, and you may skip this section.

Will you be using a basic information-based website or a more advanced website with more features?

Basic		\$ 100.00			
Advanced		\$ 300.00	\$		18
Web-Hosting Total		Enter amount from Line 18		\$	19

cont'd

Development				
Would you like to fully outsource the initial development of your website?				
Yes	Are you interested in a basic website created by a freelancer, a more advanced information-based website designed by a web developer, or an e-commerce site with a content management system designed by a web developer?			
	Basic	\$ 2,500.00		
	Advanced	\$ 5,000.00		
	e-Commerce	\$10,000.00	\$	20
No	Would you like to outsource part of the task of website development and do part of it yourself?			
	Yes	\$ 2,500.00		
	No	\$ 0.00	\$	21
Development Total		Enter amount from Line 20 or Line 21		\$ 22
Content Creation				
Would you like to fully outsource the creation of your website's content?				
Yes	Are you interested in limited updates to the content of a basic website, occasional updates to a more complex website, or frequent updates for a complex website?			
	Limited	\$ 1,000.00		
	Occasional	\$ 5,000.00		
	Frequent	\$10,000.00	\$	23
No	Would you like to outsource part of the task of content creation and do part of it yourself?			
	Yes	\$ 2,500.00		
	No	\$ 0.00	\$	24
Content Creation Total		Enter amount from Line 23 or Line 24		\$ 25
Maintenance				
Would you like to fully outsource the maintenance of your website and technology?				
Yes	Are you interested in a limited amount of technical support, or a more comprehensive package?			
	Limited	\$ 1,200.00		
	Comprehensive	\$ 2,700.00	\$	26
No	Would you like to outsource part of the task of maintenance and do part of it yourself?			
	Yes	\$ 1,000.00		
	No	\$ 0.00	\$	27
Maintenance Total		Enter amount from Line 26 or Line 27		\$ 28

cont'd

Marketing

Would you like to fully outsource the marketing of your website?

Yes	Are you interested in a limited amount of marketing, a small campaign with one channel of distribution, or a large campaign with multiple channels?				
	Limited	\$ 1,000.00			
	Small	\$ 3,000.00			
	Large	\$ 6,000.00	\$		29
No	Would you like to outsource part of the task of marketing and do part of it yourself?				
	Yes	\$ 1,800.00			
	No	\$ 0.00	\$		30
Marketing Total		Enter amount from Line 29 or Line 30		\$	31

Optimization

Would you like to fully outsource the optimization of your website?

Yes	Are you interested in a limited amount of optimization, a small amount with occasional updates, or a large amount with frequent updates?				
	Limited	\$ 1,500.00			
	Small	\$ 2,500.00			
	Large	\$ 5,000.00	\$		32
No	Would you like to outsource part of the task of optimization and do part of it yourself?				
	Yes	\$ 1,800.00			
	No	\$ 0.00	\$		33
Optimization Total		Enter amount from Line 32 or Line 33		\$	34

Your set-up (one-time) costs are	Add the amounts of Line 3 plus Line 6 plus Line 17 plus Line 22 plus Line 25	\$	35
Your annual ongoing expenses would be	Add the amounts of Line 13 plus Line 19 plus Line 28 plus Line 31 plus Line 34	\$	36

Appendix A - Cost Calculator Help

This appendix provides explanations for some of the questions asked by the Cost Calculator and details on some of the choices offered.

Hardware	
Do you have hardware?	
Hardware refers to the computer system and peripherals required to host a website.	
What type of computer system do you require?	
The cost of the computer system and peripherals.	
Basic:	\$300/yr leased hardware - a basic, low-end computer, mostly used for email and word processing
Average:	\$500/yr leased hardware - a more powerful computer, could be used for work with databases or larger files
High-end:	\$750/yr leased hardware - a high-end computer, often used for more intensive applications such as music or video editing

Software	
Do you have software?	
Software includes computer instructions and data that are stored electronically. Software can be proprietary or open-source (i.e. freely available to the public).	
Would you like to use open-source software?	
Open-source software refers to computer software for which the source code is readily available to be used, modified, and redistributed. Open-source software is often developed by volunteer collaborators and is often available at no cost.	

Internet Access	
Do you have an Internet connection?	
Internet connection refers to a means of accessing the content on the Internet (e.g. Dial-up, DSL, cable, etc.)	
Do you need high-speed Internet connection or dial-up access?	
While not absolutely necessary for many SMEs, high-speed Internet can help your business improve its ability to communicate more quickly and efficiently with existing and potential customers. To get started, you'll need access to the Internet through an Internet service provider (ISP). These costs may vary significantly, depending on whether you use dial-up (low speed) or high-speed Internet. High-speed Internet connections (e.g. DSL, Cable, T-lines, etc.) provide much faster access to online services and are always connected. Dial-up connections (telephone modems) are considerably slower than high-speed connections and require a telephone line when connected.	
High-speed Internet is often available at more than one speed. Do you need the fastest Internet connection speed that is available?	
Your Internet service provider (ISP) may be able to offer you various versions of high-speed Internet. Higher speeds allow more information to be transmitted in the same amount of time.	
Yes:	\$1,200/yr high-speed Internet, with a high level of service support
No:	\$800/yr high-speed Internet

Internet Access

How many domain names do you need?

A domain name is the unique name that identifies a website on the Internet. One domain name may only cost \$15/year, but you may choose to register several to protect your name or brand. Registration for domain names needs to be renewed based on scheduled intervals.

Do you need an online store?

Includes shopping cart and payment processing features on your website. There are a number of existing software packages that offer low-cost e-commerce solutions. As an alternative to custom design, you can use an e-commerce solution that takes commission on sales but does not charge other fees.

Do you need a customized online store?

A customized online store would be designed and developed to meet your particular needs.

Do you need a basic online store with a limited catalogue or a more complex design with a larger catalogue?

Basic:	\$5,000 one-time charge; custom design would provide a basic online store with a limited catalogue
Complex:	\$10,000 & up for a more complex design with a larger catalogue; price varies with your needs

Web-Hosting

Are you planning a basic information-based website, a more advanced website with more features, or a complete e-commerce solution?

A host provides your website with a place on the Internet. As an alternative to purchasing a Web hosting package, you can use an e-commerce solution, which will host your website for free.

Basic:	\$100/yr for a basic (information-based) website
Advanced:	\$300/yr and up for a more advanced website (e.g. e-commerce site). Includes more features and support services.
e-Commerce:	\$0/yr with some e-commerce packages

Development

Would you like to fully outsource the initial development of your website?

You can create a simple, information-based, website for free using any of the numerous templates available on the Internet. However, this requires considerable time and learning on your part. Website design can be done by a freelancer or by a design firm. Additionally, there are some web host providers that provide these services.

Are you interested in a basic website created by a freelancer, a more advanced information-based website designed by a web developer, or an e-commerce site with a content management system designed by a web developer?

Basic:	\$2,500 one-time charge; basic website designed by freelancer
Advanced:	\$5,000 one-time charge; a more advanced information-based website designed by a web developer
e-Commerce:	\$10,000 & up depending on your needs; a transactional or e-commerce site that would likely include a content management system

Content Creation

Would you like to fully outsource the creation of your website's content?

Costs associated with scanning pictures and hiring a writer for sections of the website may be incurred. Alternatively, you can do this yourself, or you can hire a marketing agency to create all your site's content.

Are you interested in limited updates to the content of a basic website, occasional updates to a more complex website, or frequent updates for a complex website?

Limited:	\$1,000 one-time charge to hire a professional to write content for a basic website.
Occasional:	\$5,000 to hire a professional to write the occasional content for a more complex website.
Frequent:	\$10,000 & up to hire a professional to write content for a complex website more frequently

Maintenance

Would you like to fully outsource the maintenance of your website and technology?

With respect to technology maintenance, small operations often have an on-call technology maintenance provider who will service hardware and software to correct any problems. With respect to website maintenance, annual maintenance of your site will be about 20% of the initial investment. Website maintenance and updates contracts vary depending on the number of hours and the level of updates you need.

Are you interested in a limited amount of technical support, or a more comprehensive package?

Limited:	\$1,200/yr; limited amount of support
Comprehensive:	\$2,700/yr; more comprehensive support

Marketing

Would you like to fully outsource the marketing of your website?

Marketing refers to advertising your website to attract visitors. This can include displaying your URL on your promotional materials, printed advertisements, online ads, etc.)

Are you interested in a limited amount of marketing, a small campaign with one channel of distribution, or a large campaign with multiple channels?

Limited:	\$1,000/yr; one-time advertisement, limited distribution
Small:	\$3,000/yr; distribution along one channel (print, online ads, etc.)
Large Campaign:	\$6,000/yr; or more; distribution along multiple channels

Optimization

Would you like to fully outsource the optimization of your website?

Optimization refers to improving a website so that it is ranked highly by search engines, resulting in increased site visits.

Are you interested in a limited amount of optimization, a small amount with occasional updates, or a large amount with frequent updates?

Limited:	\$1,500/yr; one-time optimization
Small:	\$2,500/yr; part of a service agreement; Prices vary depending on complexity of updates
Large:	\$5,000/yr; more complex updates

This booklet is part of a series on advanced e-business topics which supplements an introductory handbook *How You Can Profit from E-Business*. For more information on those publications, visit the Ministry website at www.ontario.ca/sbcs.

MINISTRY OF SMALL BUSINESS AND CONSUMER SERVICES

Telephone: (416) 314-2526

Facsimile: (416) 325-6538

E-mail: E-Business@ontario.ca

Website: www.ontario.ca/sbcs