Husky Air Reservation System





Business Case

**Team Members**

Northern Illinois University

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OMIS 690

1. Name: Husky Air Reservation System

2. Team:

3. Description:

Husky Air offers a full range of flight services to the general public and business clients.  Currently, Husky Air tracks plane reservations and flight lessons manually which restricts the number of pilots and pieces of equipment that can be offered for rent.  A new electronic reservation system would maintain and track all customer, pilot and equipment information, all customer transactions, schedule lessons and equipment, and interface with an accounting portion that will include A/P, A/R, General Ledger and payroll.

This new integrated reservation system will allow Husky Air to expand and diversify its equipment offerings, increase flight lessons, and increase operation efficiencies. This expansion will increase Husky Air’s customer base and revenues.

1. a. Areas of impact:
   * 1. strategic – increase revenues
     2. operational – increased operational efficiencies and effectiveness
   1. Desired value of the project:
      1. Improved operations which will lead to increased market share and better customer service
   2. metric:
      1. accommodate the addition of 3 new pilots and 3 new airplanes
      2. increase flight lessons and equipment rentals by 15%
      3. add 50 new customers within first year
      4. increase revenues by $600,000
   3. time frame:
      1. this is to be accomplished within three years of operation with the new reservation system

e. MOV:  The Husky Air Reservation System will track all customer, pilot and equipment information, all customer transactions, schedule lessons and equipment. The system will interface with an accounting portion that will include A/P, A/R, General Ledger and will increase revenues by $600,000 a year for three years and add 50 new customers. The system will also increase plane rentals and flight lessons by 15% through the acquisition of 3 new airplanes and 3 new pilots in year one.

Total Costs of Ownership

1. Development Costs- Consulting Fees= $100,000. (Salary, Benefits, Resources),
2. System Administration=$50,000.
3. Mandatory Airline Maintenance Fees= 100 hour maintenance fee = $500 X 3= $1,500.,
4. Annual Maintenance Fee = between $500 and $5,000= 5,000-500=4,500/2= $2,250 X 3 planes = $6,750.
5. 3 new employees for support & maintenance personnel= $30,000 X 3= $90,000.
6. Implementation Costs = $50,000
7. Hardware Costs = 10 new computers X 2000 = $20,000
8. Server =$6,100 X 2= $12,200( with Windows 2003 Standard Edition)
9. Cisco Router= $1,600
10. Cisco Switch for LAN = $34
11. Fiber optic cable= $550
12. T1 Network Connection = $2,000
13. Laser Printer = $2,000
14. Paper & Supplies= $2,000
15. SQL Server = $3,000

16) Planes =$200,000 X 3 =$600,000

TCO= $944,634

Note: This information was obtained from Bizrate.com and Dell.com.

Total Benefits of Ownership

1. Increases in Operating Efficiency
2. Reductions in Data Redundancies and Data Errors
3. Improved Decision Making
4. Increased Customer Service
5. Elimination of Downtime

5. Alternatives:

a. status quo – to do nothing strictly limits any potential growth in equipment rental and flight lessons and thus customer base, revenue and market share

b. off the shelf Reservation System – will be less expensive, but Husky Air has a unique business model that does not lend itself well to an off-the-shelf solution

c. Custom designed Reservation System – while more costly, would allow for upfront customization of reservation system. Some options for “off the shelf” systems that already exist are …

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **weight** | **off-the-shelf reservation system** | **Custom reservation system** |
|  | ROI | 15% | 7 | 10 |
| **Financial** | Payback | 5% | 7 | 10 |
|  | NPV | 5% | 7 | 10 |
|  |  |  |  |  |
|  | Alignment with |  |  |  |
| **Organizational** | strategic objectives | 15% | 10 | 10 |
|  | Likelihood of achieving |  |  |  |
|  | project's MOV | 10% | 5 | 10 |
|  |  |  |  |  |
|  | Availability of skilled |  |  |  |
| **Project** | team members | 5% | 5 | 10 |
|  | Maintainability | 5% | 5 | 10 |
|  | Time to develop | 5% | 10 | 5 |
|  | Risk | 5% | 8 | 5 |
|  | level of customization | 10% | 2 | 10 |
|  | full integration | 10% | 2 | 10 |
|  |  |  |  |  |
|  | Customer satisfaction | 5% | 10 | 10 |
| **External** | increased market share | 5% | 10 | 10 |
|  |  | **100%** | **88** | **120** |

1. Recommendation:

If Husky Air continues with the status quo, the manual equipment and flight lesson system, Husky Air will not be able to fulfill the strategic plan to increase market share. They will also not fulfill an operational plan to increase operational efficiencies and effectiveness. The manual system restricts operational complexity and thus limits future growth. The manual system does not have the ability to efficiently track information about the customers, the equipment and the pilots. It is an inefficient system for scheduling equipment and flight lessons. The current system is error-prone. The status quo will not require any appreciable capital outlay in the near term but definitely restricts operational efficiencies and increase market share in the long term.

Husky Air can purchase an electronic Reservation System from a vendor. This alternative is better than maintaining the status quo. A reservation system from a vendor will have limitations in that modules or components may or may not fit the current business model. The modules may or may not be adapted, but if so, this will add expense to the project. To purchase a package reservation system from a vendor will be less expensive than a customized reservation system.

Husky Air can contract to have a reservation system built from a software development vendor. While this option will be the most expensive, it will provide maximum customization that will allow Husky Air to track all of the information it needs to and interface with an accounting system. Given growth projections, it is felt that Husky Air revenues will increase over a three year period.

The recommendation is to develop a customized electronic reservation system for Husky Air operations.