

Kip Cooper

October 22, 1992

Jack Pugh
System Dynamics Society
c/o 49 Bedford Road
Lincoln, MA 01773

Subject: Profitability Report - Bibliography Project

Dear Jack,

The profitability of the Bibliography project is as follows:

YEAR	ANNUAL COST	TOTAL 2 YEAR REVENUE	TOTAL 2 YEAR PROFIT	TOTAL 2 YEAR PROFITABILITY (Profit/Revenue)
1989	\$ 150			
1990	\$ 150	\$ 0	< \$300 >	0 %
1991	\$ 200			
1992	\$ 400	\$1,600	\$ 1,200	63 %

(1989 through 1990 costs were paid by Pugh-Roberts Assoc., Inc., \$220, and by Kip Cooper, \$80. 1991 through October 1992 costs were paid by Kip Cooper, \$500, and William Steinhurst, \$125. Expenses incurred by Julie or you are not included here.)

TOTAL PROJECT PROFITABILITY - FOUR YEAR AVERAGE:

Total cost: \$900 Total Revenue: \$1600 Total Profit: \$700

\$1600 - \$ 900 = \$700 (profit)
\$ 700 / \$1600 = 0.44 (profit to revenue ratio, "Profitability")
\$ 900 / \$1600 = 0.56 (cost to revenue ratio, "Productivity")

The initial low profitability includes at least two years in which we gave away disks for free at conferences; there were no revenues, only costs. The price that we now charge will create revenues that pull the profitability and productivity curves into a more favorable position.

Future (FY 1993 - 1994) costs will be lower because the R & D learning curve has already been spent and the high volume of new citations have already been processed. Therefore, there will be less phone costs between Bill Steinhurst and me. (Bill creates the Macintosh version and the EndNote Plus versions. I process new citations and create the DOS disk versions, as well as the production design and manage the project's progress).

Sincerely,

KC

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*Copy to John Steinhurst
Jan Ferrelle
Bill Steinhurst*