

**PROFITABILITY**  
 The profitability of the investment is measured by the Internal Rate of Return (IRR). The IRR is the discount rate that makes the Net Present Value (NPV) of the investment equal to zero. The IRR is calculated as follows:

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Year	Year 0	Year 1	Year 2
Initial Investment	-1000	0	0
Operating Cash Flow	0	300	400
Salvage Value	0	0	200
NPV	-1000	300/(1+r)	(400+200)/(1+r) <sup>2</sup>



KBRASS is a leading provider of construction software solutions. Our software helps construction professionals manage their projects more efficiently and effectively.