

ROI Score

How to Use 'ROI Score' to Prioritize Your Requirements

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I. Problem

If your organization is like most, feature requests and requirements come to your team from many different sources. From customers, prospective customers, your sales and support teams, executives, partners, and more.

At most organizations, the product manager (or a related position) prioritizes these requirements and creates the Requirements Document such as MRD or PRD. This document then guides the product development.

Yet, most often the **prioritization is done using ad-hoc methods and judgment calls—rather than a well-defined, systematic methodology.** One of the most popular feature requests from our customers has been to help them prioritize their requirements using a systematic methodology.

II. Solution

We have added a new feature to Accompa called “ROI Scores”. This feature enables you to calculate a measure of Return on Investment (ROI) for each requirement taking into account its financial and non-financial benefits. We call this the “ROI Score.”

Once you calculate “ROI Score” for your requirements, you can then use this metric to prioritize your requirements for a given release or project.

III. How to Use “ROI Score” Feature

There are 3 easy steps to use “ROI Score” feature effectively:

1. Define custom formula to calculate “ROI Score.”
2. Enter data to calculate “ROI Scores” for your requirements.
3. Create one or more “SmartViews” that use “ROI Score.”

We will now go through each of these steps in more detail.

Step-1: Define custom formula to calculate “ROI Score”

Accompa uses the following method to calculate “ROI Score”:

- A. Create a **list of all the criteria** specific to your organization that will be used to judge the importance of implementing each new requirement. Accompa uses the following six criteria out-of-the-box:
 - i. Degree of Customer Demand
 - ii. Fit with Business Strategy
 - iii. Incremental Revenue from Current Customers
 - iv. Revenue from New Customers

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- v. Competitive Advantage Gained
 - vi. Competitive Necessity (Losing Deals Now)
- B. Give each of these criteria an **appropriate weighting**.
Accompa uses the following weighting for the six criteria out-of-the-box:
 - i. 15%
 - ii. 15%
 - iii. 25%
 - iv. 25%
 - v. 10%
 - vi. 10%
- C. **Total Return Score** for a given requirement is calculated as a weighted sum of these criteria—using values defined in “A” and “B” above. It is then normalized to “100.”
- D. **ROI Score** is calculated using the following formula, where “Investment Score” is a measure of the investment needed to implement a given requirement.

$$\text{ROI Score} = (\text{Total Return Score} / \text{Investment Score})$$

Your organization’s Accompa administrator can customize this formula to fit your own needs by following the [steps outlined here](#).

Step-2: Enter data to calculate “ROI Scores” for your requirements

Once you have defined the formula as defined in Step-1 above, you can then enter the data needed to calculate “ROI Score” for each requirement.

For each desired requirement enter the following data:

- For each requirement under consideration, assign a value to each criterion defined in Step-1 above. By default this is on a scale of 1-10, with “10” signifying the best score.
- For each requirement under consideration, assign a value to “Investment Score.” By default this is on a scale of 1-5, with “5” signifying the highest investment.

You can enter this data by following the [steps outlined here](#).

Step-3: Create one or more “SmartViews” that use “ROI Score”

Now you can create one or more SmartViews, using “ROI Score” or its components as a part of the SmartViews:

- **Sorting Criteria**, and/or
- **Filter Criteria**

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Make sure to also select “ROI Score” or its components in the **“Columns to Display”** section. You can then use these SmartViews to prioritize your requirements.

In addition, you can use these SmartViews to get better insight into your requirements. If you use Accompa’s “out-of-the-box” criteria, you can create SmartViews such as:

- Requirements with Highest ROI Score
- Requirements that Best Fit Our Business Strategy
- Requirements to Achieve Highest Revenue from New Customers
- Requirements that Offer Us the Most Competitive Advantage
- etc...

IV. Summary

We hope you find this new feature helpful in prioritizing your requirements using a systematic and repeatable methodology.

Please contact us if you [have any questions](#) or [have ideas to improve Accompa](#) to serve your needs better. As always, we wish you continued success and thank you for being our customer!

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About Accompa

More than 100 companies of all sizes (from Fortune-500s to startups) use Accompa to gather, track, and manage requirements while saving time & increasing productivity. Accompa is 100% cloud-based and is easy to deploy and use. Now you can achieve powerful real-time collaboration across your internal teams, as well as with your customers. Get started — see links below...

Our mission: *To help you build more successful products more efficiently* by enabling you to continuously improve every part of your requirements management process.

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