**Question #1:**

Consider a project that requires an initial investment of $30,000 in year 0. It has a duration of 3 years. For year 1 to year 3, the labor cost is $10,000 per year. The annual benefit is $20,000 from year 1 to year 3. The company has a DR value of 10%.

1. **Calculate the NPV for this project. Should this project be invested based on the NPV criterion?**
2. **What is the payback period for this project? If the company’s required maximum payback period is 2 years, should this project be accepted?**
3. **Calculate the ROI for this project.**

**Question #2:**

A project manager wants to purchase a software tool that help in requirements tracking. He is comparing two software tools (Requirement Tracker and NOVO), but he couldn’t decide which one to select. So he decided to use weighted score model. The project Manager concerned about the following criteria:

* Cost
* Features

Project manager concerned about features twice the cost. The tools are evaluated as following

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Requirement Tracker** | **NOVO** |
| **Cost** | 15000 | 20000 |
| **Features** | Three features | All the main features |

**What software tool should the project manager select based on weighted score model?**