Knowing your requirements helps to formulate and adhere to a project budget.

Defining quality requirements early on in the process and not waiting until the design phases reduces system implementation costs.

Quality requirements reduce re-work and minimize system maintenance efforts.

Formulating crisp requirements leads to faster rollouts and stronger business performance.

Supplying vendors with a defined set of requirements helps them determine scope and estimate project costs.

Requirements lay the groundwork for gauging project success.

Requirements help your team establish a solid implementation strategy and architecture.

Establishing requirements manages expectations, reduces fallouts, and minimizes misunderstanding.
THE EFFECTS OF POOR REQUIREMENTS

Root Causes
- Requirements outside of project scope
- Incomplete documentation of requirements
- Requirements poorly defined or ambiguous
- Inadequate validation of requirements

Undesirable Outcomes
- Project goes over budget
- Project schedule slips
- Solution fails to deliver on expectations
- Solution requires rework
- Solution does not fit into future strategy
Companies with poor business analysis capability (especially requirements) will have three times as many project failures as successes.

...is the percentage of companies more likely to have a marginal project or outright failure due to the way they approach business analysis. In fact, 50% of this group’s projects were “runaways,” which had any 2 of:
- Taking over 180% of target time to deliver
- Consuming more than 160% of estimated budget
- Delivering under 70% of the target solution functionality

...is the average time and cost overrun companies pay when they use poor requirements practices on their projects.

...is the percentage of the IT development budget for software, staff and external professional services that will be consumed by poor requirements at the average company versus the optimal organization.

...is the percentage of companies for which the level of competency required is higher than that on its projects.

Source: Business Analysis Benchmark-The Impact of Business Requirements on the Success of Technology Projects, IAG.com
High-level business requirements give a basic description of a fundamental need. Any high-level business requirement can be further elaborated into a set of either a functional or non-functional requirements. Put another way, high-level business requirements must be further broken down to be actionable.

Functional requirements are very detailed and outline exactly what needs to be delivered and would typically be read by business analysts, developers, project manager and testers.

Non-functional requirements specify criteria that can be used to judge the operation of a system, rather than specific behaviors. An example of this might be the timing of report generation.

Technical requirements are derived from functional and non-functional requirements as a translation of what a system must do (“what”) into the technical behaviors needed to do it (“how”). Some requirements systems call technical requirements Technical Specifications.