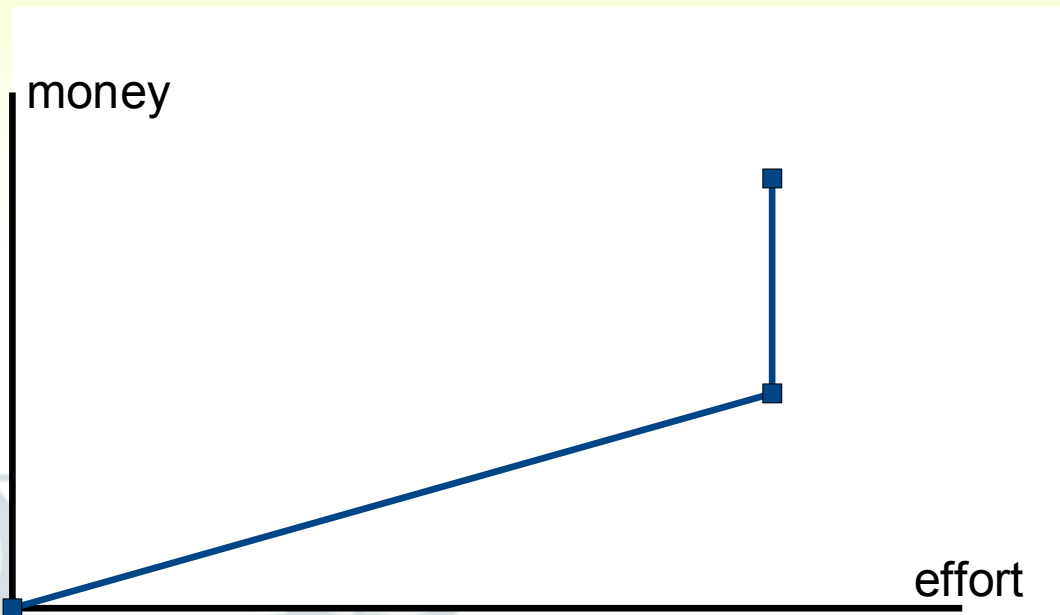


A story

- The application must enable us to do X and Y
- That will take 3 persons for 6 months
- Pay \$100/hour and $2 * \$50.000$ when putting into production

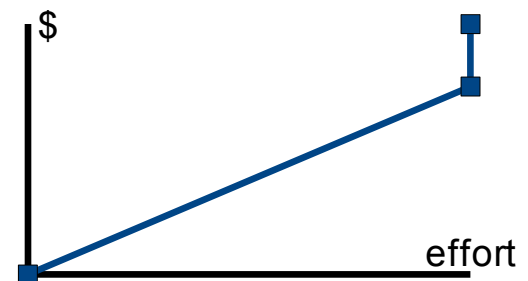


Collaborative Agile Contracts - an experience report

Lars Thorup & Bent Jensen, BestBrains

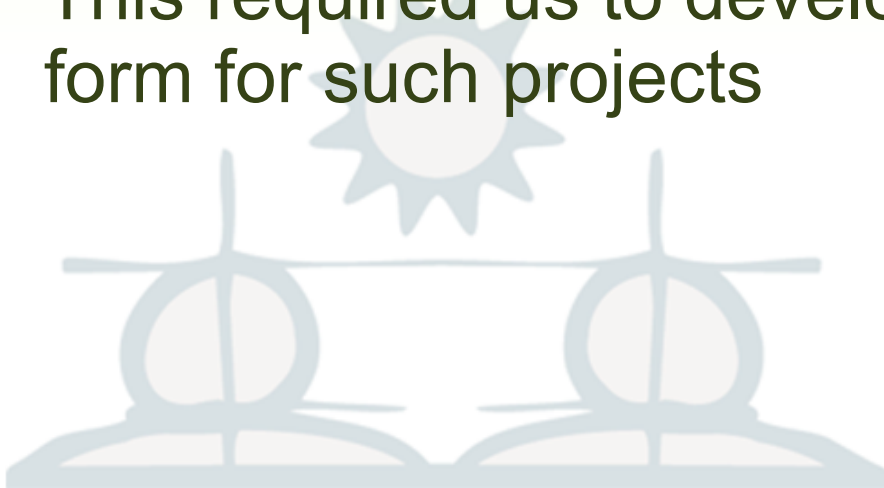
Talk at Agile 2009

2009-08-27



Background

- In the past 8 years, BestBrains has provided
 - agile and lean consulting for software businesses, and
 - time-and-material subcontracting for software projects
- A year ago we decided to enter a new business
 - deliver software solutions
 - using agile practices
- This required us to develop an adequate contract form for such projects



What's wrong with existing contracts?

- Time and material
 - Supplier doesn't care



- Customer is frustrated

- Fixed price
 - Supplier is frustrated

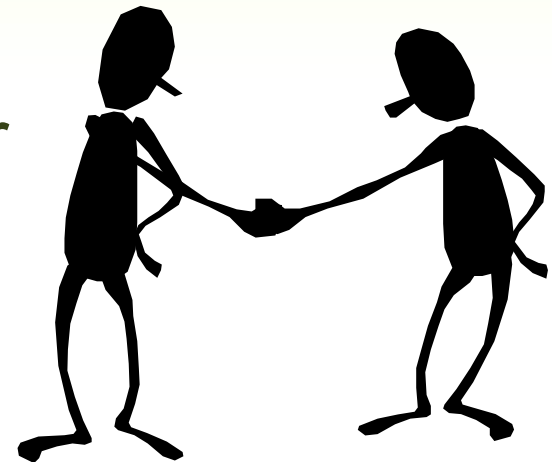


- Customer doesn't care



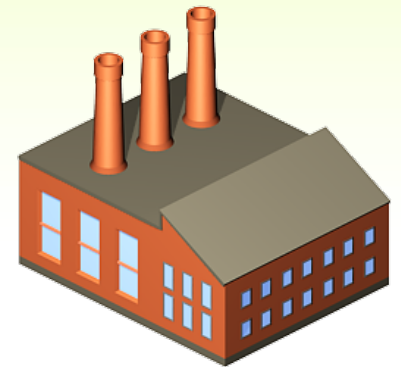
Our vision for good software projects

- Customer and supplier collaborate
- The project is finished early with the right amount of functionality
- Customer states requirements iteratively
- Supplier delivers high quality software iteratively
- Suboptimization is prevented
- Risks and gains are shared between customer and supplier



Two collaborative agile software projects

- The Event Bureau
 - small, lively company
 - software for participant interactivity at top management conferences
 - 1-3 programmers since August 2008
- The Energy Corporation
 - large, traditional corporation
 - software for power plant registration
 - 3 programmers, from January to September 2009



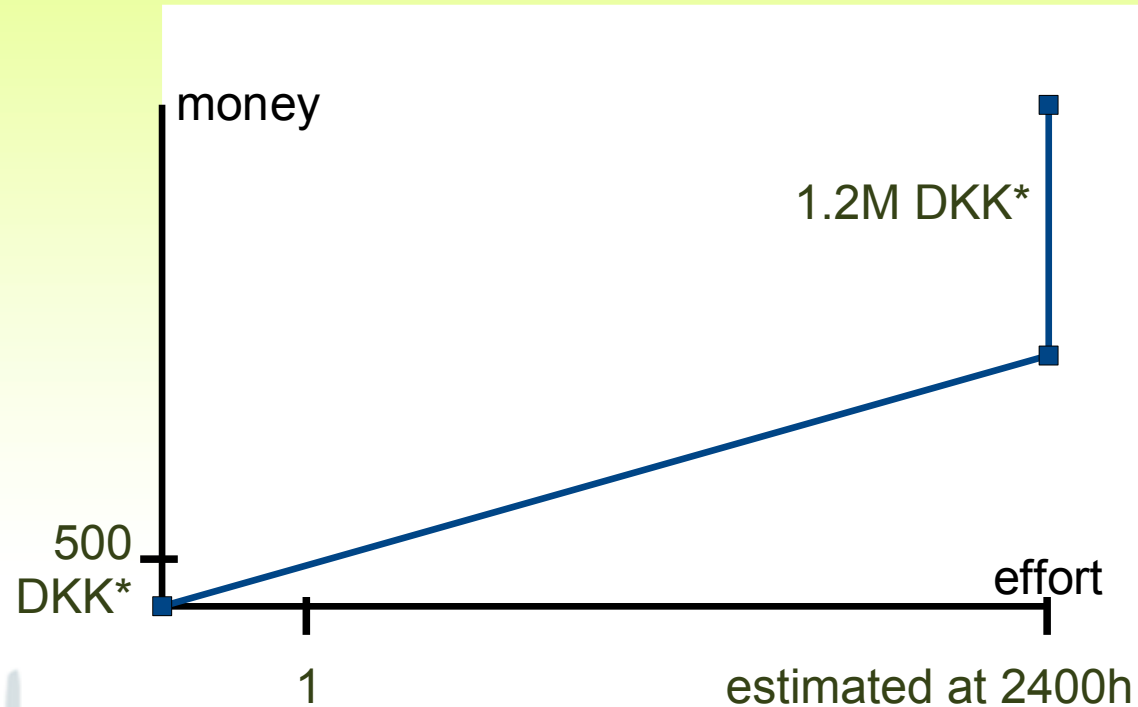
Collaboration climate experience

- Customer and supplier help each other with specifications, testing, IT environment
- Supplier delivers software early, fixes bugs fast
- Customer changes requirements
- Customer changes priorities
- Customer decides late to value cost over scope



Our contract with The Energy Corporation

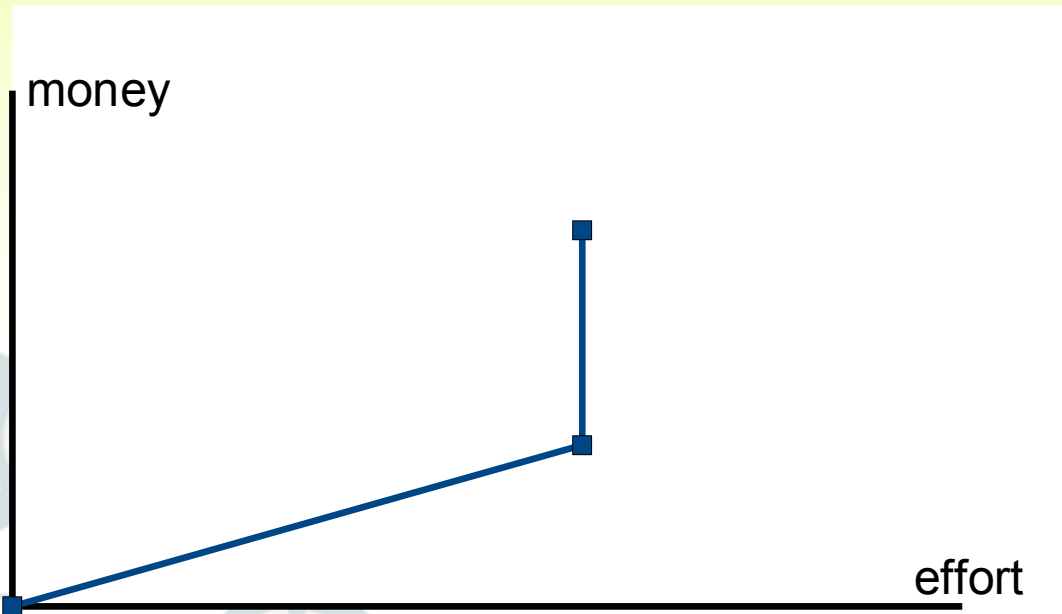
- A few pages of specification, divided into 6 separate areas of functionality
- 1 week iterations, automated tests
- Pricing:
 - Completion price is paid for each area when deployed



* Prices are fictional

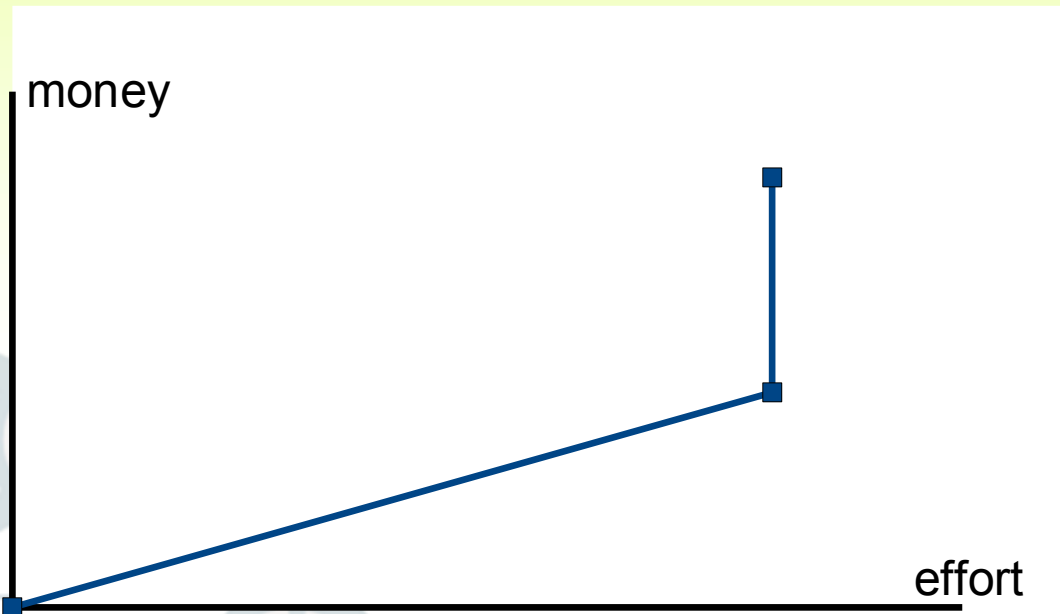
Finish 25% early

- Price for customer 87.000
- Hourly price for supplier 117



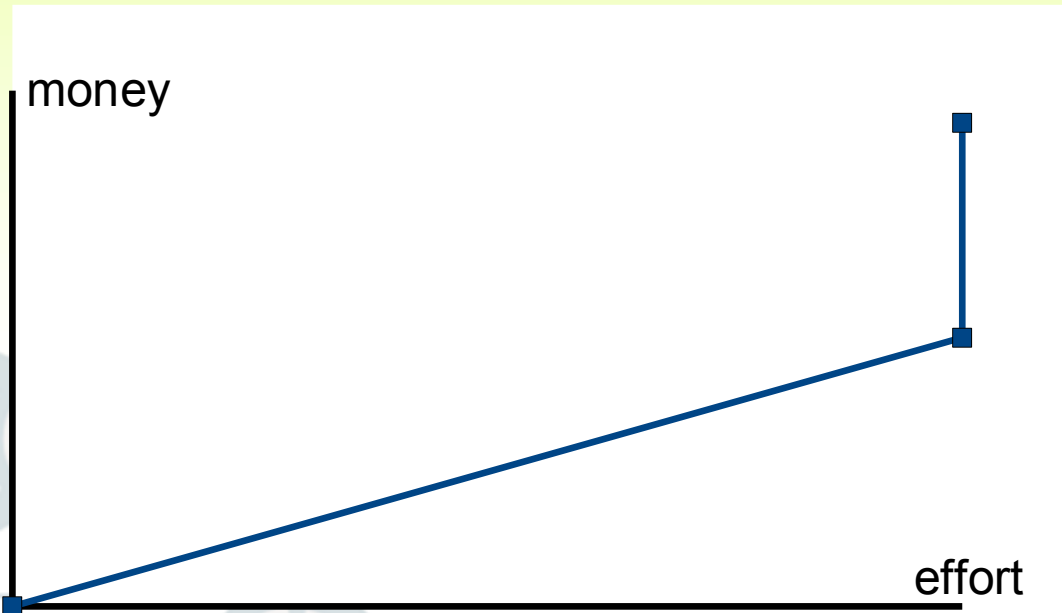
Finish on time

- Price for customer 100.000
- Hourly price for supplier 100



Finish 25% late

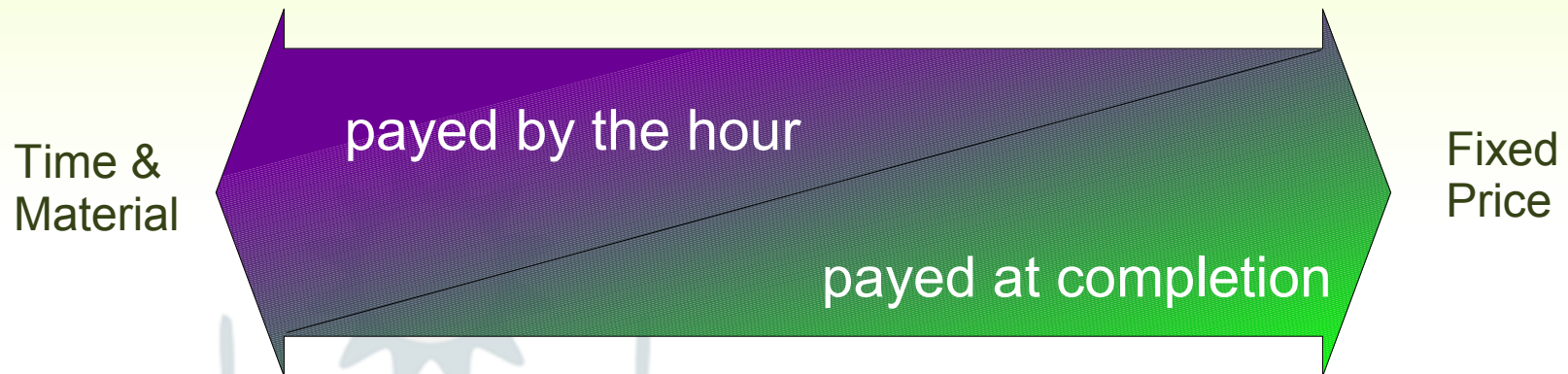
- Price for customer 113.000
- Hourly price for supplier 90



Hourly price vs completion price

	Incentive
Supplier	Lower risk
Customer	Easy to get extra features

	Incentive
Supplier	Higher profit for smart solutions
Customer	Extra features are cheap Fast time to market



Future learnings

- Large scope changes
 - new contract, or
 - extend estimate and completion price?
- Subcontractors
 - extend the agile contract model to subcontractors?
- Maintenance periods
- Tenders
- An early exploratory phase



Collaborative Agile Contracts

- Supplier is happy



- Customer is happy



- Traditional contract manager is frustrated?

