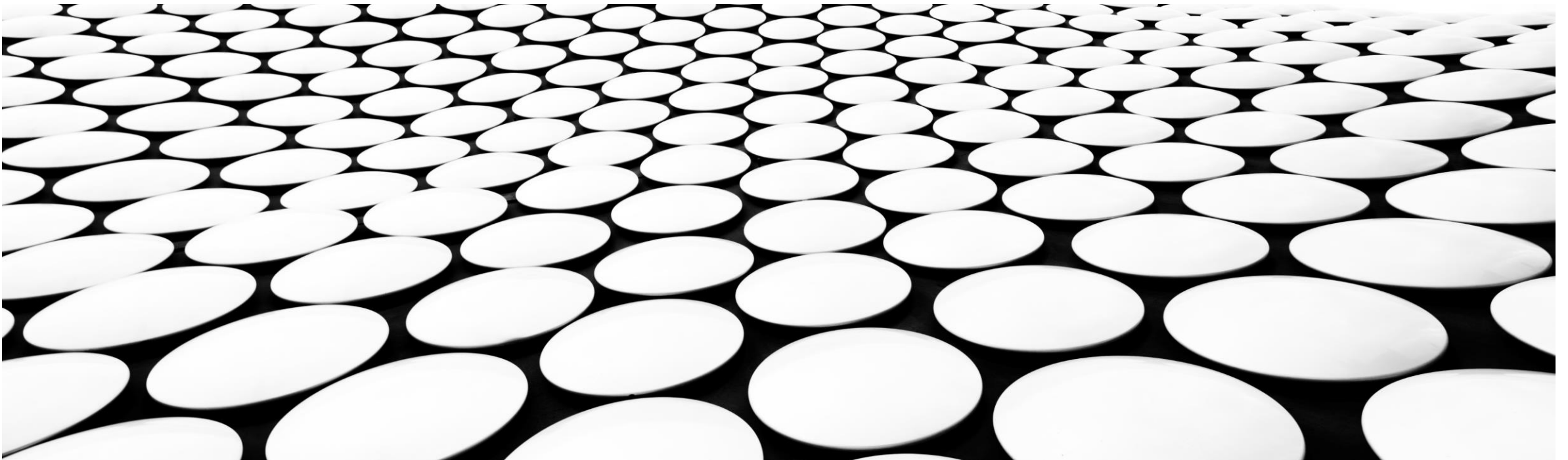

CONTRACTS IN COMPLEX ENVIRONMENTS

ENCOURAGE AGILITY



ABOUT ME

Sumeet Madan (A son, a husband, a father and a brother)

CEO, Partner Consultant with Agilemania

Professional Scrum Trainer (PST) with Scrum.org

SAFe Program Consultant (SPC) and a Change Agent

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MANIFESTO FOR AGILE SOFTWARE DEVELOPMENT

Individuals and interactions	over	processes and tools
Working software	over	comprehensive documentation
Customer collaboration	over	contract negotiation
Responding to change	over	following a plan

MANIFESTO FOR AGILE SOFTWARE DEVELOPMENT

Individuals and interactions	over	processes and tools
Working software	over	comprehensive documentation
Customer collaboration	over	<u>contract</u> negotiation
Responding to change	over	following a plan



CONTRACT

A written or spoken agreement, especially one concerning employment, sales, or tenancy, that is intended to be enforceable by law.

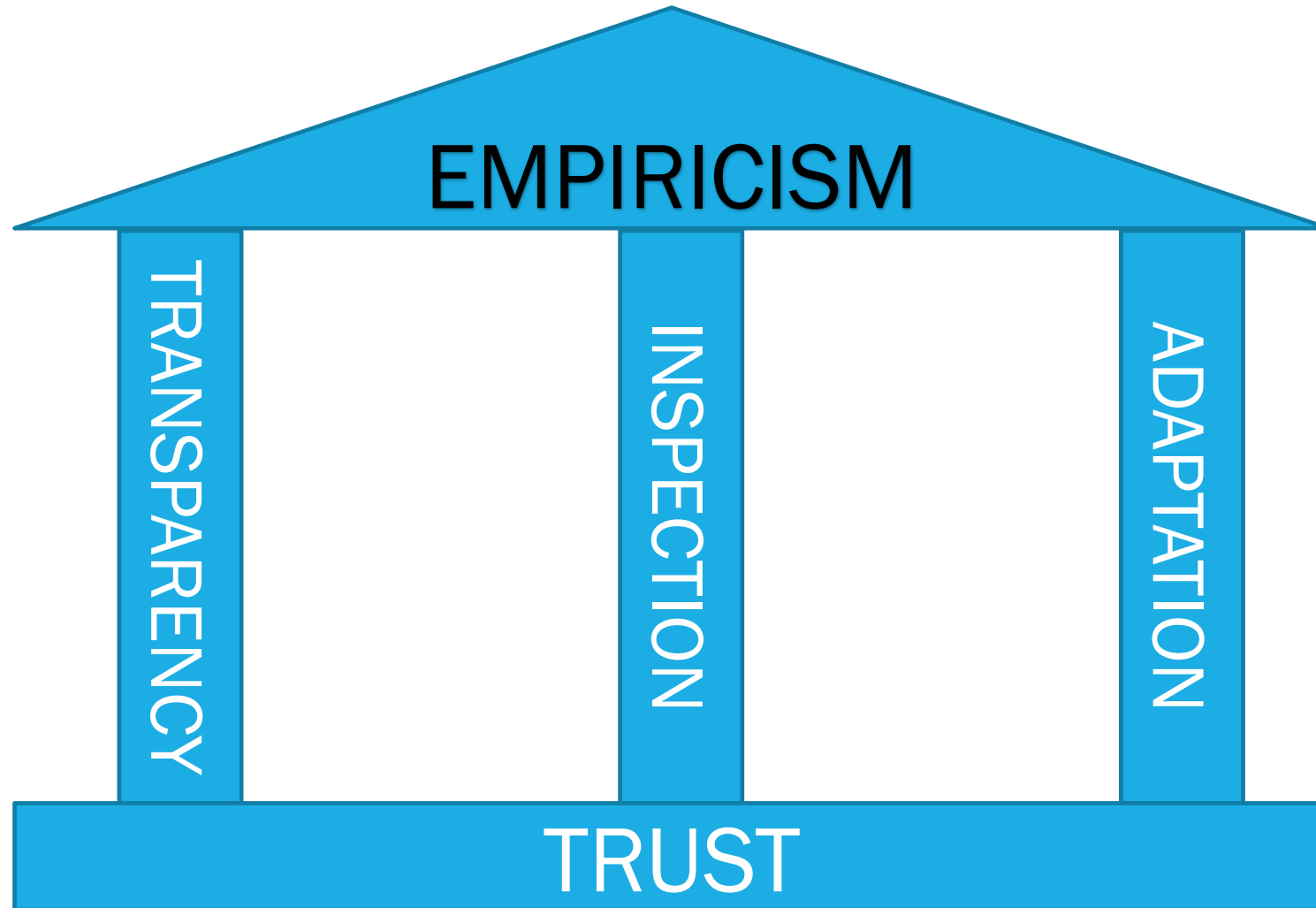


CONTRACT

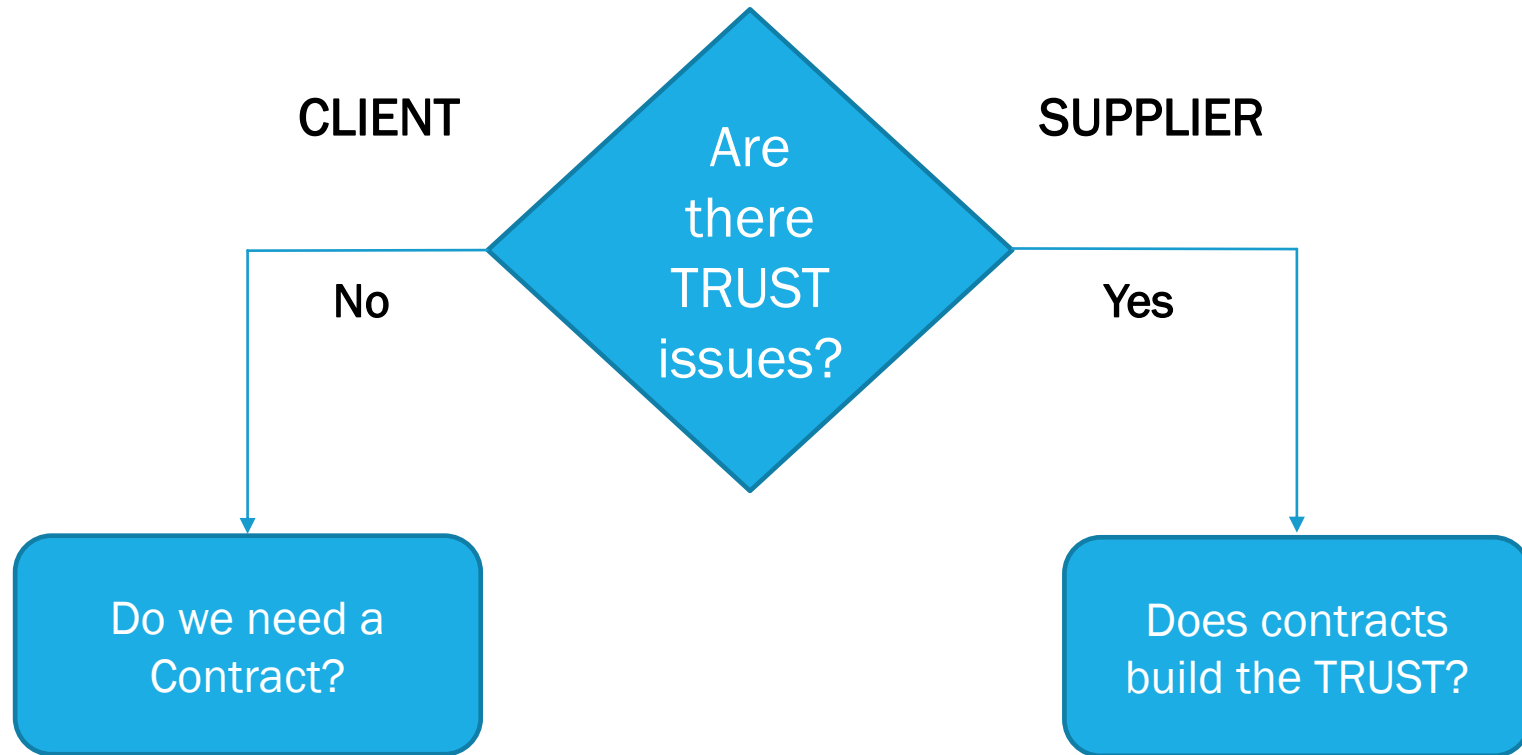
A written or spoken agreement, especially one concerning employment, sales, or tenancy, that is intended to be enforceable by law.

A legally binding agreement.

PRODUCT DEVELOPMENT IN COMPLEX ENV



WHY CONTRACTS?



WHY CONTRACTS?

- It's risk management
- How we collaborate
- Transparency
- Early termination
- Scope
- Delivery
- Warranty
- Liability
- Payment model
- Intellectual property

Working Agreement
between the parties

TYPES OF CONTRACTS (PRODUCT DEVELOPMENT)

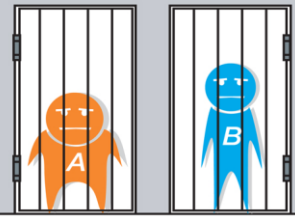
- Cost Plus
- Unit Price
- Bilateral Contract
- Unilateral Contract
- Implied Contracts
- Express Contracts
- Unconscionable Contracts
- Adhesion Contracts (Take it or Leave it type)
- Fixed Cost
- Target Cost
- Incremental Delivery
- Time and Material
- And many more.....

CONTRACT CONCEPT

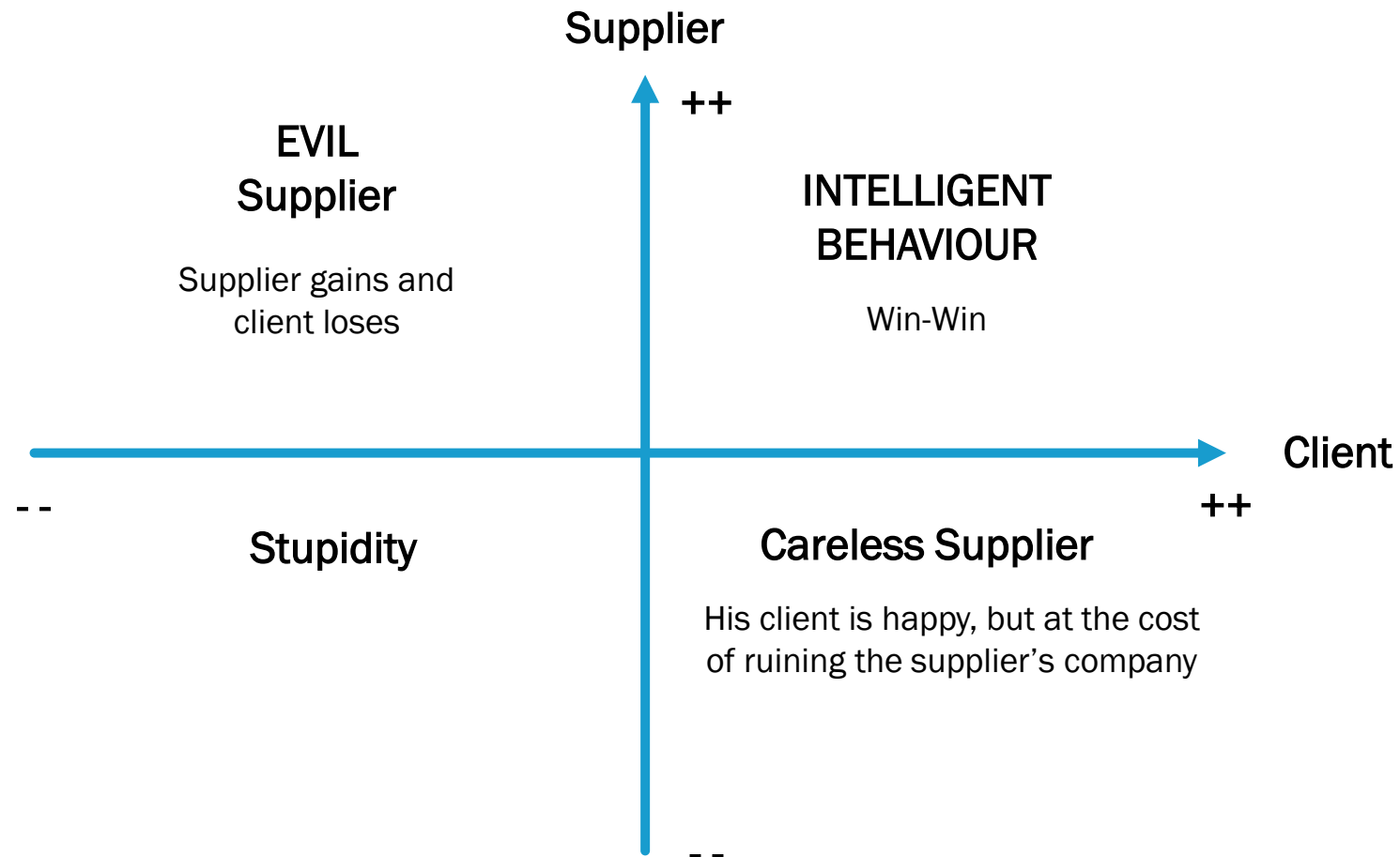
Make as much
money as you can

CONTRACT CONCEPT

Prisoners' dilemma

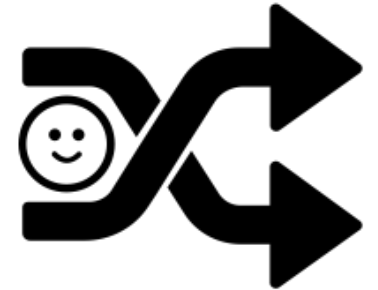
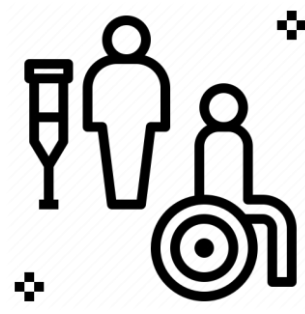
		prisoner B	
		confess 	remain silent 
prisoner A	confess 	 5 years 5 years 0 year 20 years	
	remain silent 	 20 years 0 year	 1 year 1 year

STUPIDITY QUADRANT (CARLO MARIA CIPOLLA)



CONTRACT MODELS

Everything is fixed





FIXED CONTRACT VARIANTS

- Fixed + Collaboration
- Progressive Fixed (Venture Capital)
- Competitive Sprint
- Inception
- Money for nothing, change for free



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CONTRACT MODELS

Time and Material





T&M CONTRACT VARIANTS

- **Iterative and Incremental time and material**
- Price per story point



T&M CONTRACT VARIANTS

- Iterative and Incremental time and material
 - Price per story point

CONTRACT MODELS

Agile Way of Contract

- Progressive i.e. iterative and incremental
- Win-Win
- Dual stage contract
- Risk sharing contract (Joe's Bucket)

Target Scope	Client Buffer	Supplier Buffer
Dev Days = 48 Plan Days = 6 Min time = 54 Min Cost = 540K \$	10% additional Scope Buffer = 5 Days (48 * 0.1) Buffer Cost = 50K \$	10% uncertainty Buffer = 5 Days (48 * 0.1) Buffer Cost = 50K \$

Global Budget = 540K + 50K + 50K → 640K \$



CONTRACTS VARIANTS – AGILE

- Cost Plus fixed fee contract
- Cost Plus Incentive contract
- Cost Plus award contract
- Cost Plus percentage
- Cost Sharing contract



SUMMARY

Agile Approach

- Share risks and benefits
- Inception – join backlog development
- High level definition of scope
- Target scope / time and budget
- Collaboration
- Incentivize deliveries and early finishing of the project

THANKS

Sanjay Saini

AgileWoW - Team

Naveen Kumar Singh

References

[Proyectalis / Improvement21](#)

[Contract Management - PMI](#)



QUESTIONS AND FEEDBACK

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