Agile Contracts: A Template

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Dear Customer: The Truth about IT Projects [article]

By Allan Kelly - March 13, 2012

Summary:

In this personal and direct letter to customers, Allan Kelly pulls no punches and explains why IT projects don't always pan out for all of the parties involved.

Dear Customer,

I think it's time we in the IT industry come clean about how we charge you, why our bills are sometimes a bit higher than you might expect, and why so many IT projects result in disappointment. The truth is that when we start an IT project, we don't know how much time and effort it will take to complete. Consequently, we don't know how much it will cost. This may not be a message you like to hear, particularly since you are *absolutely certain* you know what you want.

Allan Kelly

Xanpan

Team centric Agile software development

Combining Kanban and XP – inspiration for creating your own hybrid

www.xanpan.org

Prologue to Xanpan

https://www.agileconnection.com/article/dear-customer-truth-about-it-projects

Hypothesis 1 - *In the real world*^{tm}

(Most) Work is awarded as fixed cost, fixed time, fixed features

(Most) Suppliers feel they have to bid on this basis

BUT

Some companies see the problems

Some look for something different

Some companies find fix-fix-fix odd

Observation

Suppliers offering Agile & Scopeless contracts find work is booming

Hypothesis 2

Agile & Scopeless contacts filters out weak suppliers

Bristol Digital Agency

Initial short scoopless contract to "lift and shift"

3 months later

£1,000,000 scopeless contract

Agile Contracts: A template

Contract

- Risk sharing
- Set overarching objective
- Contract for service not scope
- Discover, deliver & flex within contract
- Fix cost, fix time -> people
- Easy exit or rolling

Execution

- Start small, grow
- Combined team
  - Client & supplier
  - Discover & delivery
- Keep quality high
- Release early, release often
- Regular governance review

BusTech
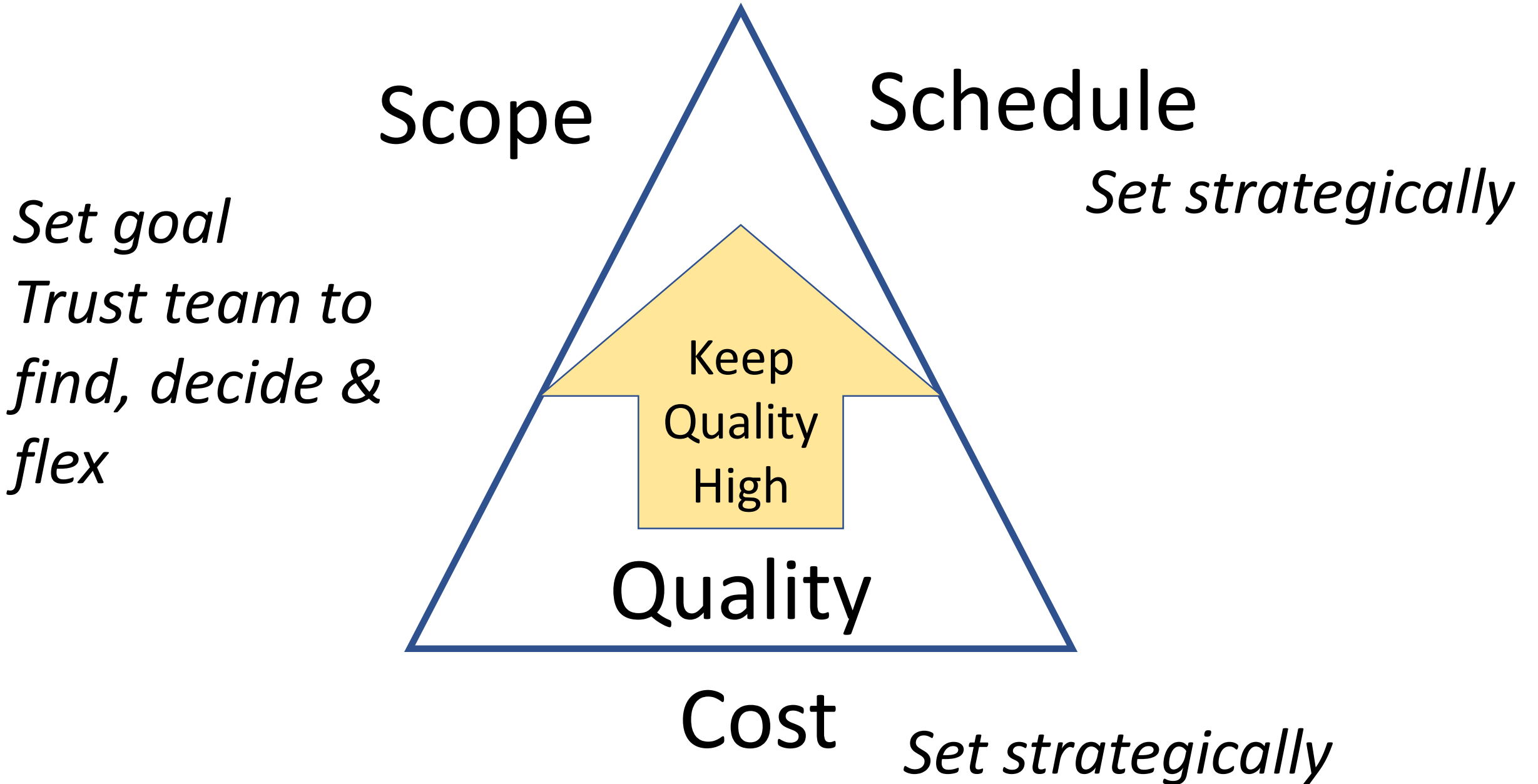
Scope

Schedule

Set strategically

Set goal Trust team to find, decide & flex

Keep Quality High

Quality

Cost

Set strategically

Cost = People x Time
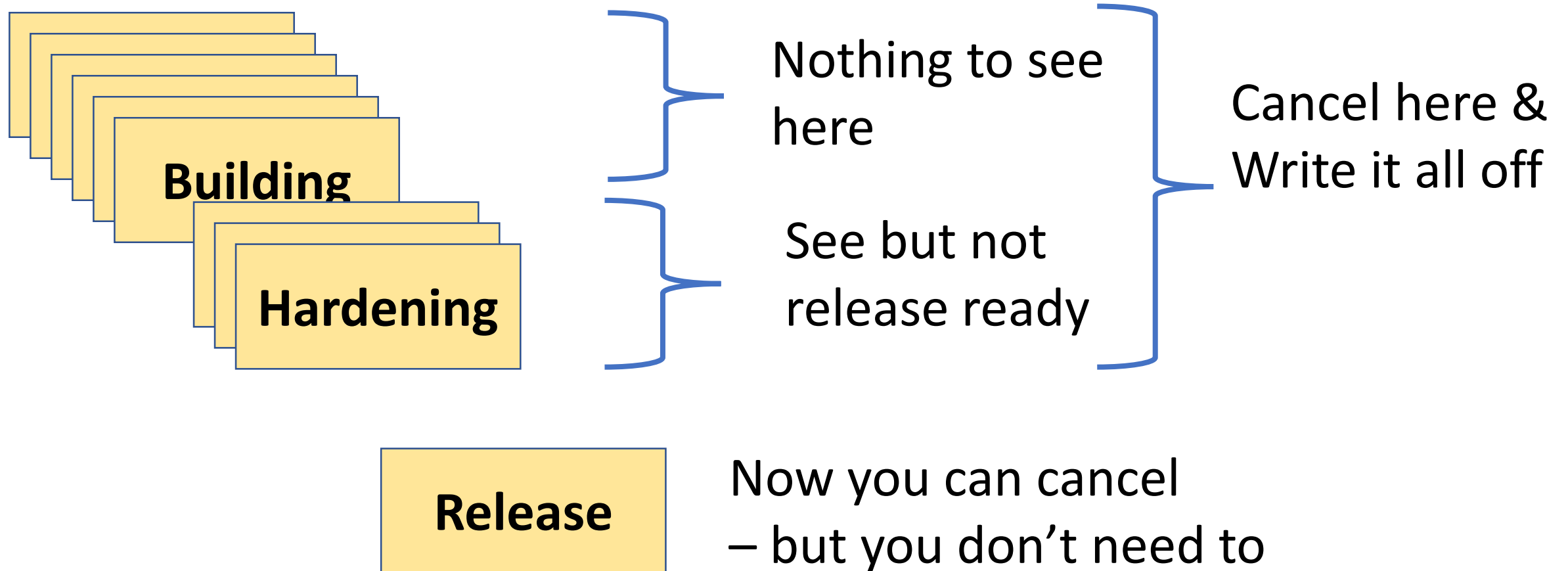
$$People = \frac{Cost}{Time}$$

Fix spend <u>strategically</u>
- How much is it worth?
- How much can you afford to loose?
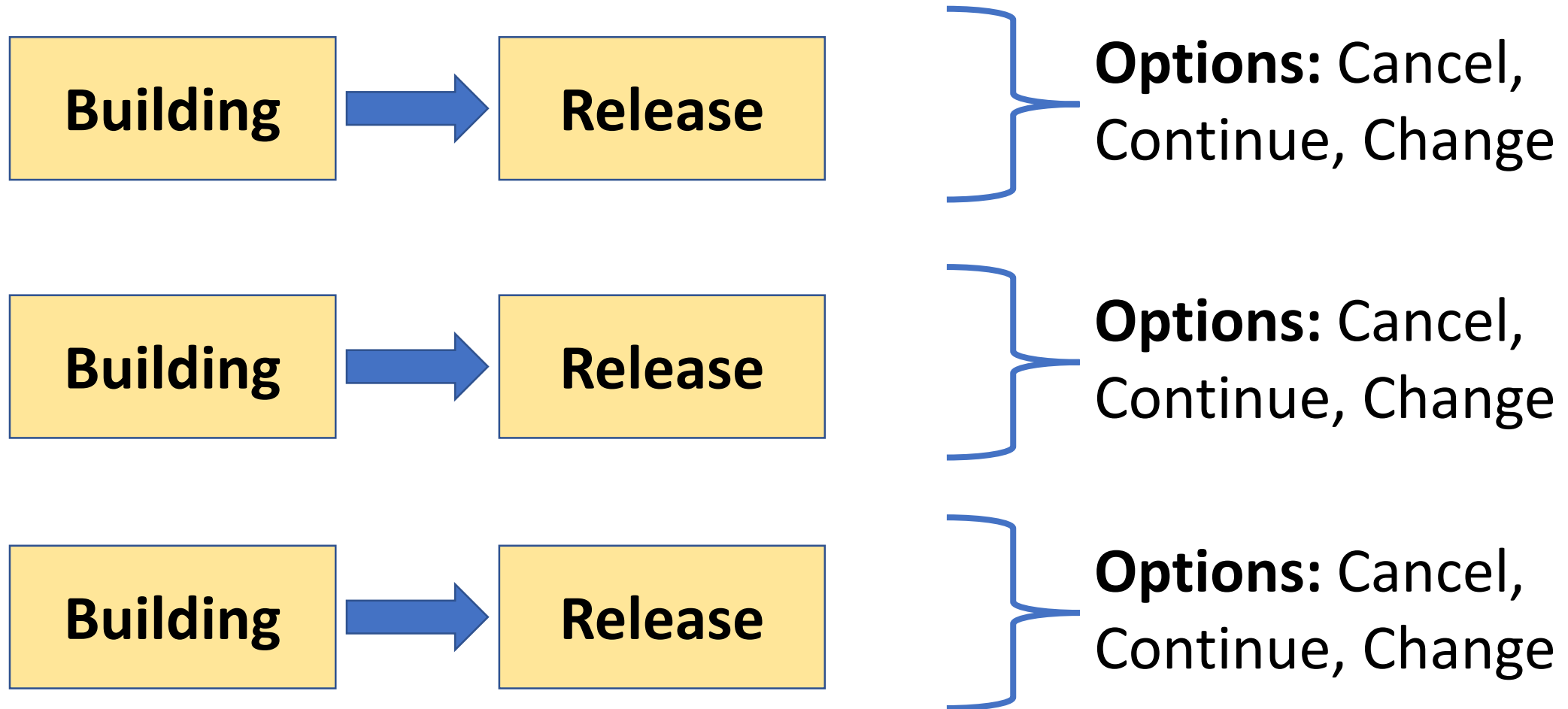- Team create solution within constraints

Start with a small trial
Big money after success demonstrated

Low quality captures clients

Building

Nothing to see here

Hardening

See but not release ready

Cancel here & Write it all off

Release

Now you can cancel – but you don't need to

High quality (bug free) + regular releases
Reduce sunk costs & allow easy break

| **Building** | → | **Release** | **Options:** Cancel, Continue, Change |

| **Building** | → | **Release** | **Options:** Cancel, Continue, Change |

| **Building** | → | **Release** | **Options:** Cancel, Continue, Change |

Agile Contracts, scopeless

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OR
in **Xanpan** http://www.xanpan.org