

3 Ways To Restore Government Contracts for Agile Services

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- Intro
- Challenges with Current Govt Contracts
- 3 Practical Tweaks to Fix Govt Contracts

About Me



20 years of software
development, management
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15 years of agile experience;
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2000 at IBM

Enterprise Agile
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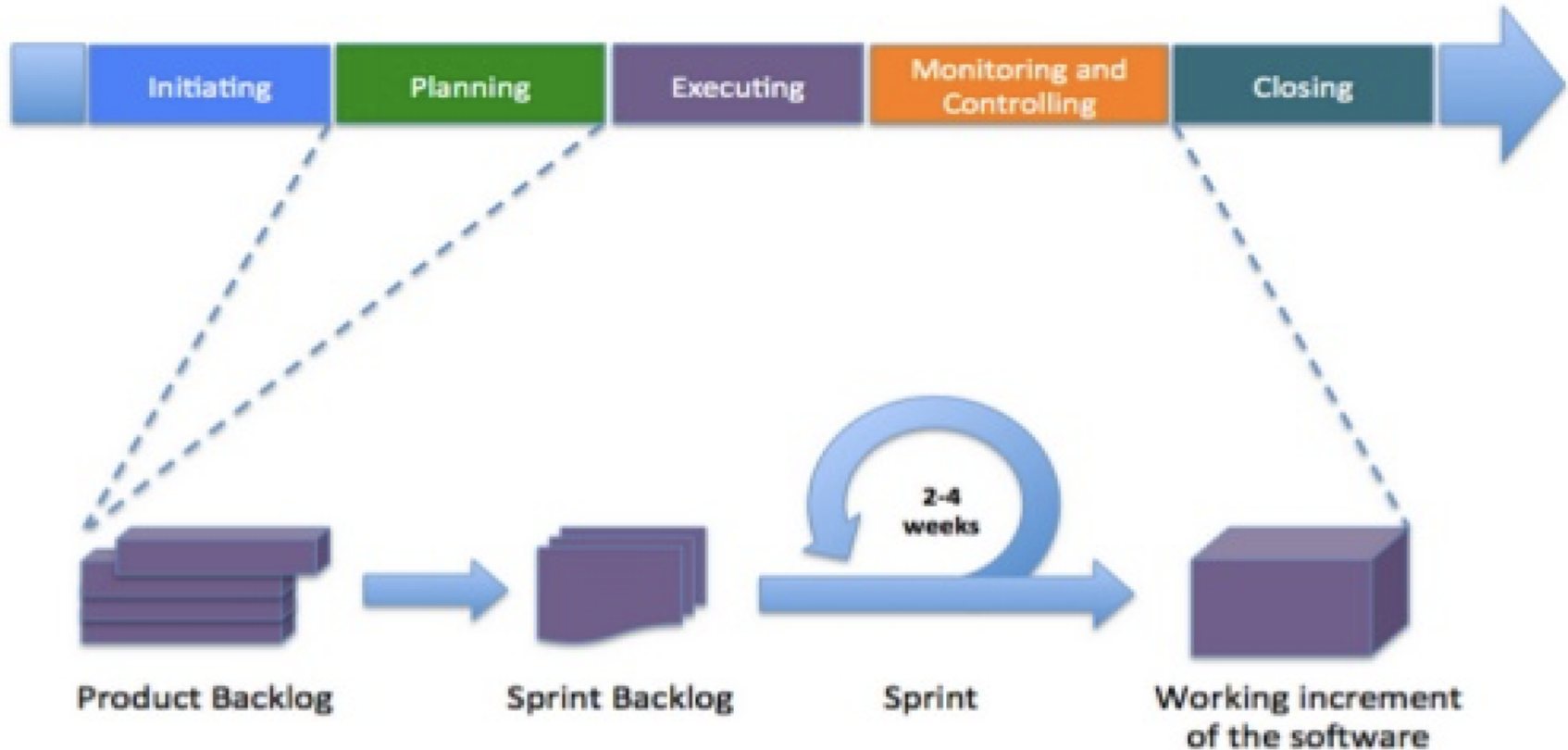
Do you know how many govt contracts **DO NOT deliver** their scope (defined up front) on time and within budget?

- **41% of federal projects were delivered late or over budget —** totaling 17,325 years of delay time and **\$7.55 billion of cost overruns**, between 2010 and 2015. (USASpending 2017)

Traditional govt contracts focus on:

- **Defining** detailed scope and **requirements upfront**
- Expect **all** scope to be delivered
- Measure **success** by delivery within budget and time

Doing Agile Using Waterfall Processes/Management



Current Challenges



1. Defining **ALL** requirements in detail up front
2. Financial Structure
3. Management Approach – top-down; by govt and vendor
4. Governance – heavily “gated”, document-centric process
5. Focus on output/deliverables (rather than “value” delivery)

CHALLENGE – Defining Requirements Statement of Work (SOW)



1. Tells *how* to do something not *what* needs to be done
2. Too much time is spent developing **complete** requirements
3. SOWs are *prescriptive* rather than *descriptive*
4. Don't account for pivots or design changes based on user feedback

CHALLENGE – Financial Structures



1. Fixed Price Contract
2. Cost-Reimbursement and Cost-Plus Contracts
3. Time-and-Materials Contracts
4. Indefinite Delivery/Indefinite Quantity Contracts

Current Contract Management Approach



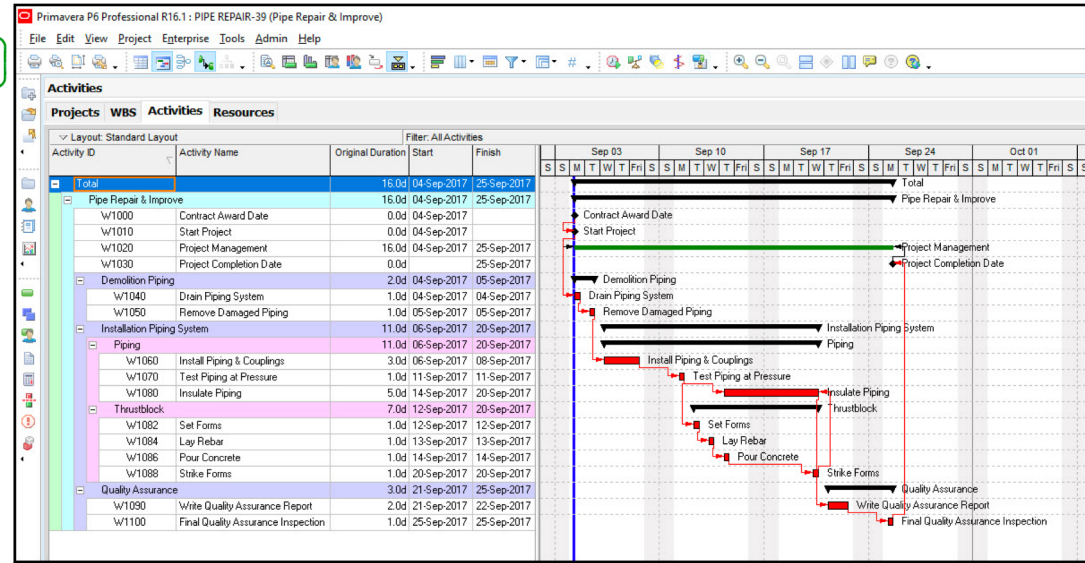
Initiation

Planning

Design

Execution & Testing

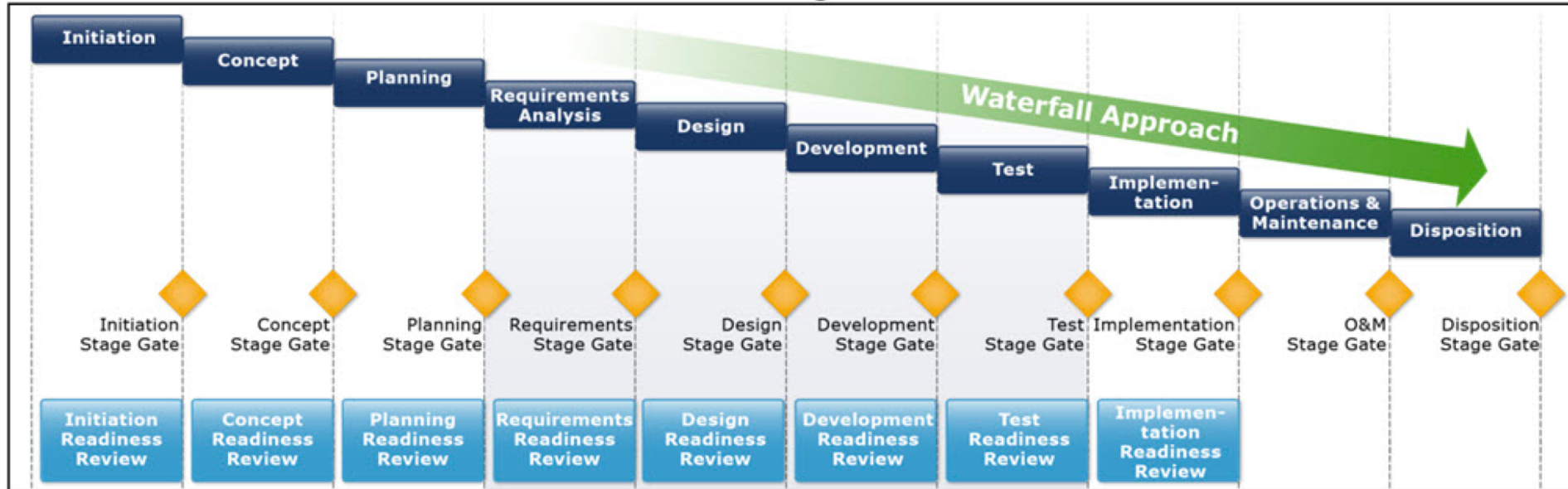
Monitoring & Completion



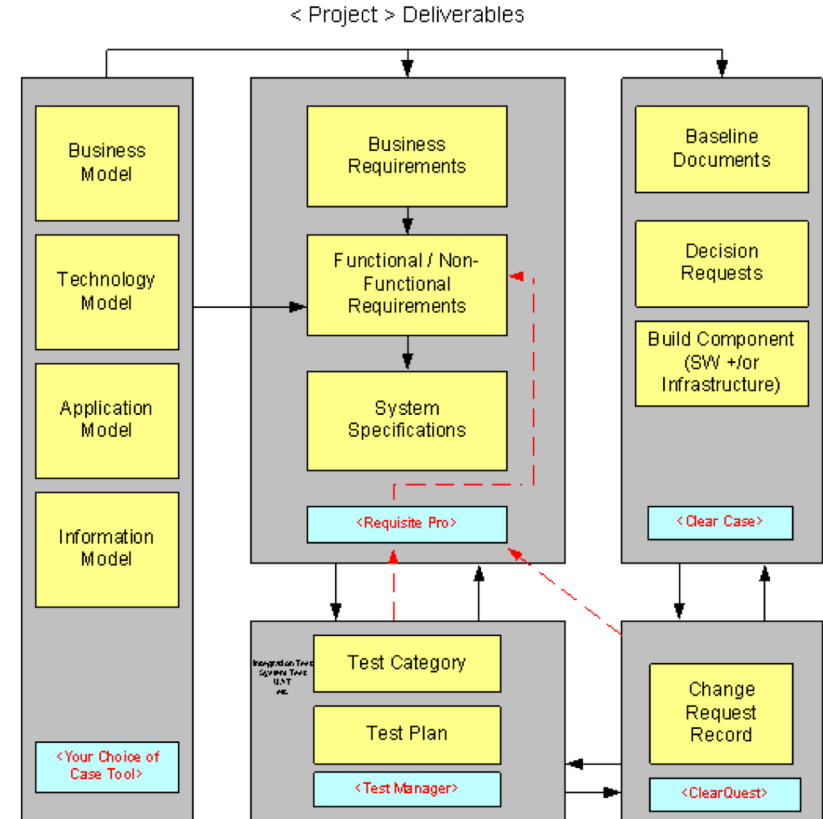
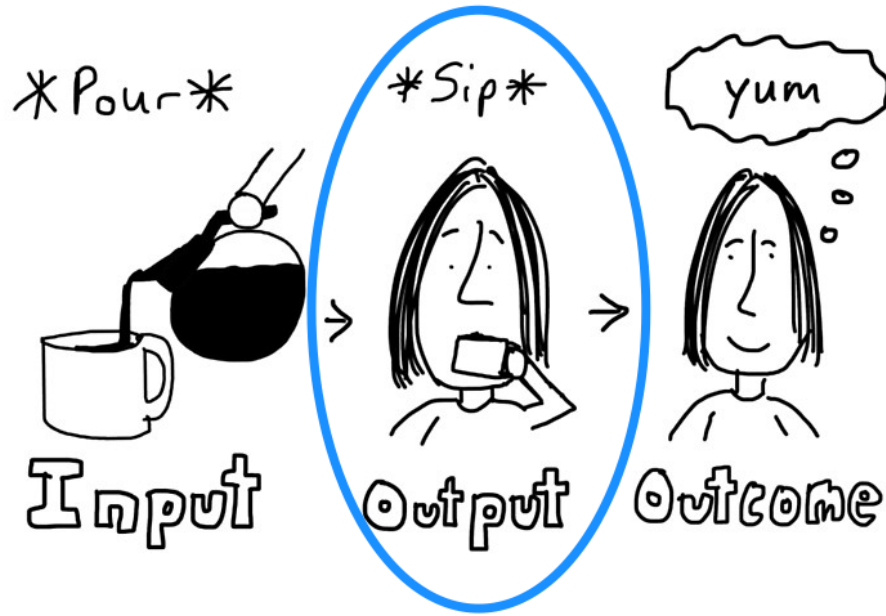
Current Contract Governance

FDA's Enterprise Performance Life Cycle (EPLC)

Exhibit 2. EPLC Stage Gate Reviews



Current Contract Focus on Output/Deliverables



What is the Solution?

The 3 Tweaks to Contracts for Agile Services



1. Define **Statement Of Outcomes** (SOO)
2. Use a **high level Product Backlog** and a **Definition of Done** (DoD)
3. Structure cost (budget) by **buying a team for a fixed number of Sprints (or Releases)**

And 2 More Tweaks...



4. Explicitly define role and responsibilities of a **Product Owner**, ensure it is **empowered** to make decisions
5. Use **lite-weight governance**

1. Statement of Outcome (SOO)



FAR 37.602(c) provides that a **SOO only requires a few sections:**

- Purpose
- Scope or mission
- Period and place of performance
- Background
- Performance objectives, i.e., required results; and
- Any operating constraints

New Approach to "Requirements"



US Office of Federal Procurement Policy developed an approach to agile contracting – **TechFAR**

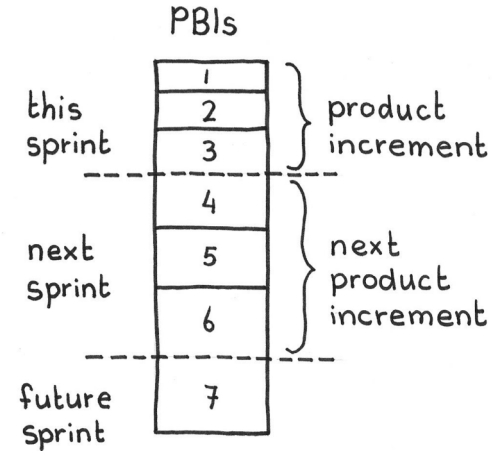
- The **TechFAR's approach to requirements** is that the solicitation should "[**identify**] a **Product Vision** and [**couple**] it with an explanation of how the Agile process will be used to achieve the **Product Vision**."

Benefits of SOO

SOO Section	Agile Output
Scope or mission	Product Vision or MVP Statement
Performance objectives, i.e., required results	Product Backlog
Any operating constraints	Non-functional Requirements or Definition of Done

2. Product Backlog

1. Desired Product Roadmap
2. Initial Product Backlog
 - High level Features & Sub-features
3. Backlog rank ordered by “value”



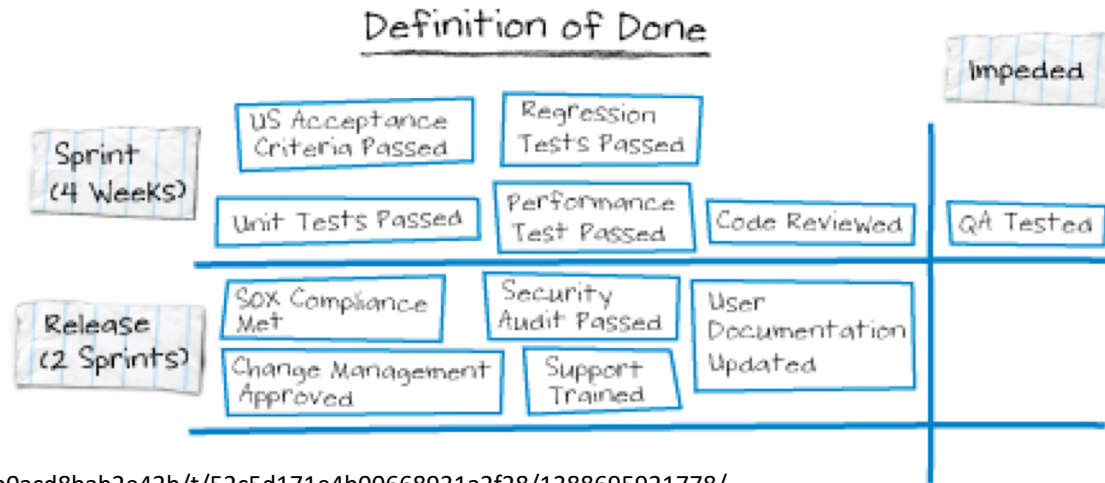
2. Definition of Done (DOD)

Define What constitutes **shippable** for the Agency

1. Non-Functional requirements

- Security
- Performance
- Architecture

2. Constraints



3. Cost (Budget)



Ask not...

how much it will cost?

Ask instead...

how much do we invest to achieve value!

3. Cost (Budget)

Ensure stakeholders understand that both time **and** cost may increase in order to ensure the agreed upon value is realized.

Fix Time and Fix Budget

Hire an (Agile) Scrum Team



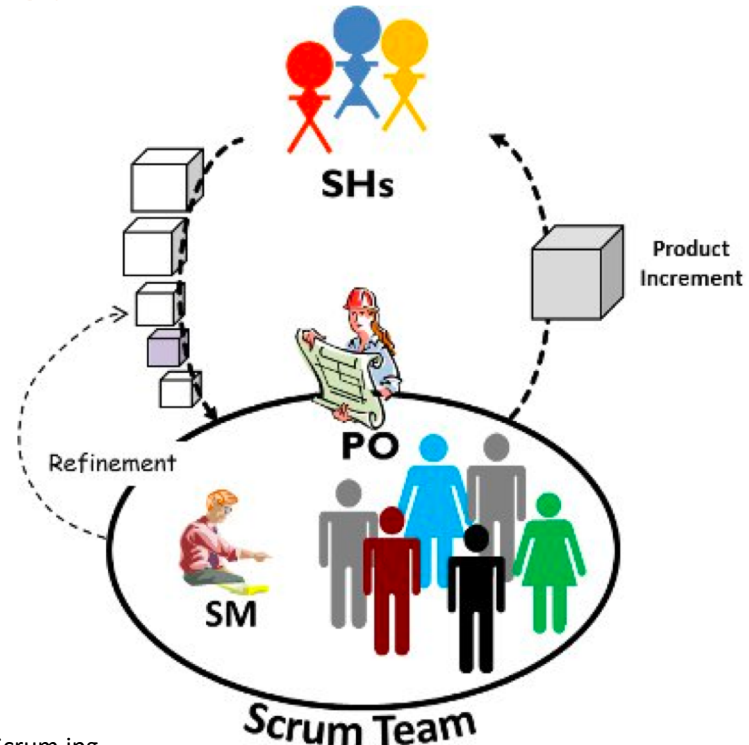
- **Fix** the number of Iterations (Sprint)
 - And **fix** the duration of each Iteration (Sprint)
- **Fix** the size of Scrum Team
 - Example:
 - **TIME:** 10 Sprints x 2 weeks/Sprint = 20 weeks
 - **COST:** Blended labor rate of \$125/hr x 10 FTEs x 20 weeks = \$1000,000

Now it is easy to know the duration and cost for the project.

4. Official Empowered PO Role

PO is a government employee.
Empowered to:

- **Determine** value delivery
- **Prioritize** backlog
- **Decide** content of each release



5. Governance LITE



Bare essentials “governance” that is

- **Valuable**
- Needed to **comply with regulations/policy**

Agile Contracts use:

- **Statement of Outcomes**
- **High level Product Backlog and DOD**
- **Buy team(s) for a fixed number of Sprints**
- **Designate an empowered PO**
- **Lite-weight governance**

Thank You!

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