

AGILE CONTRACTS

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About me

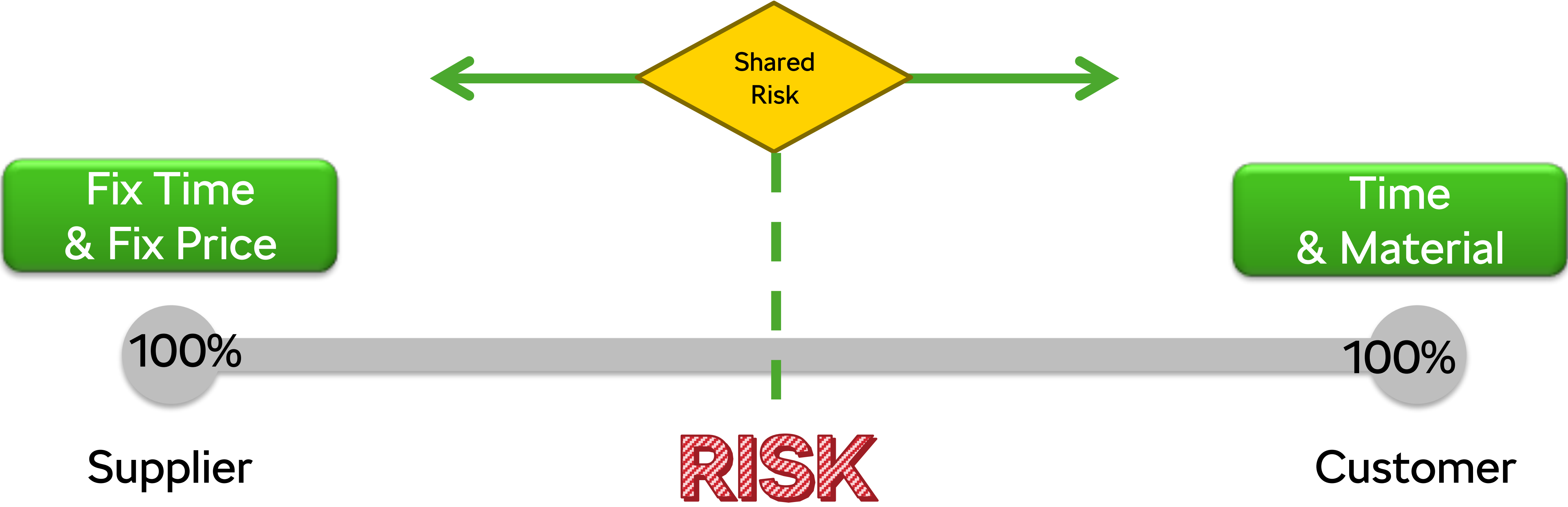
I solve problems...

- Agile Enterprise Coaching
- Organizational Design
- Change Management
- Project & Program Management
- Agile & Scrum Trainer

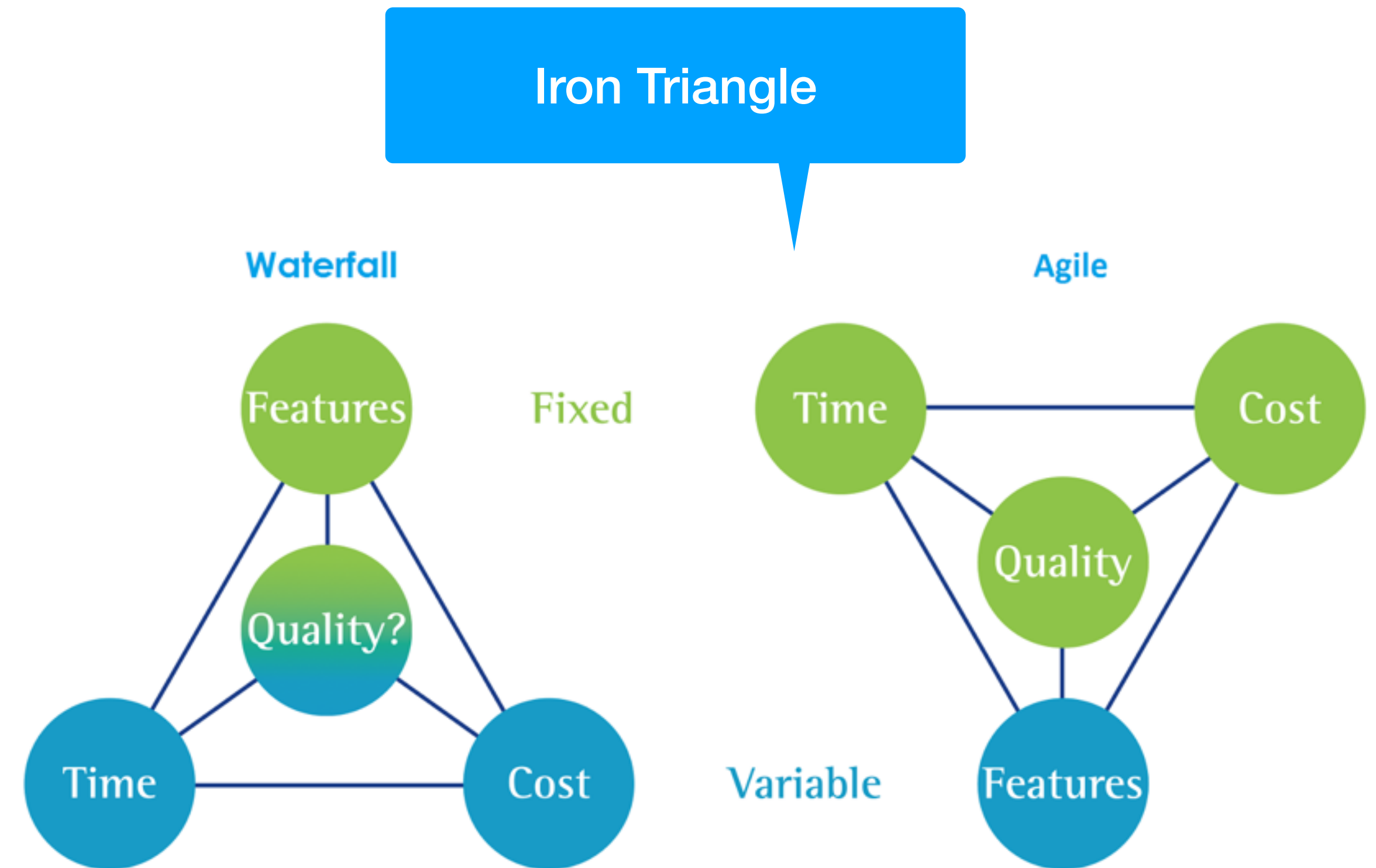
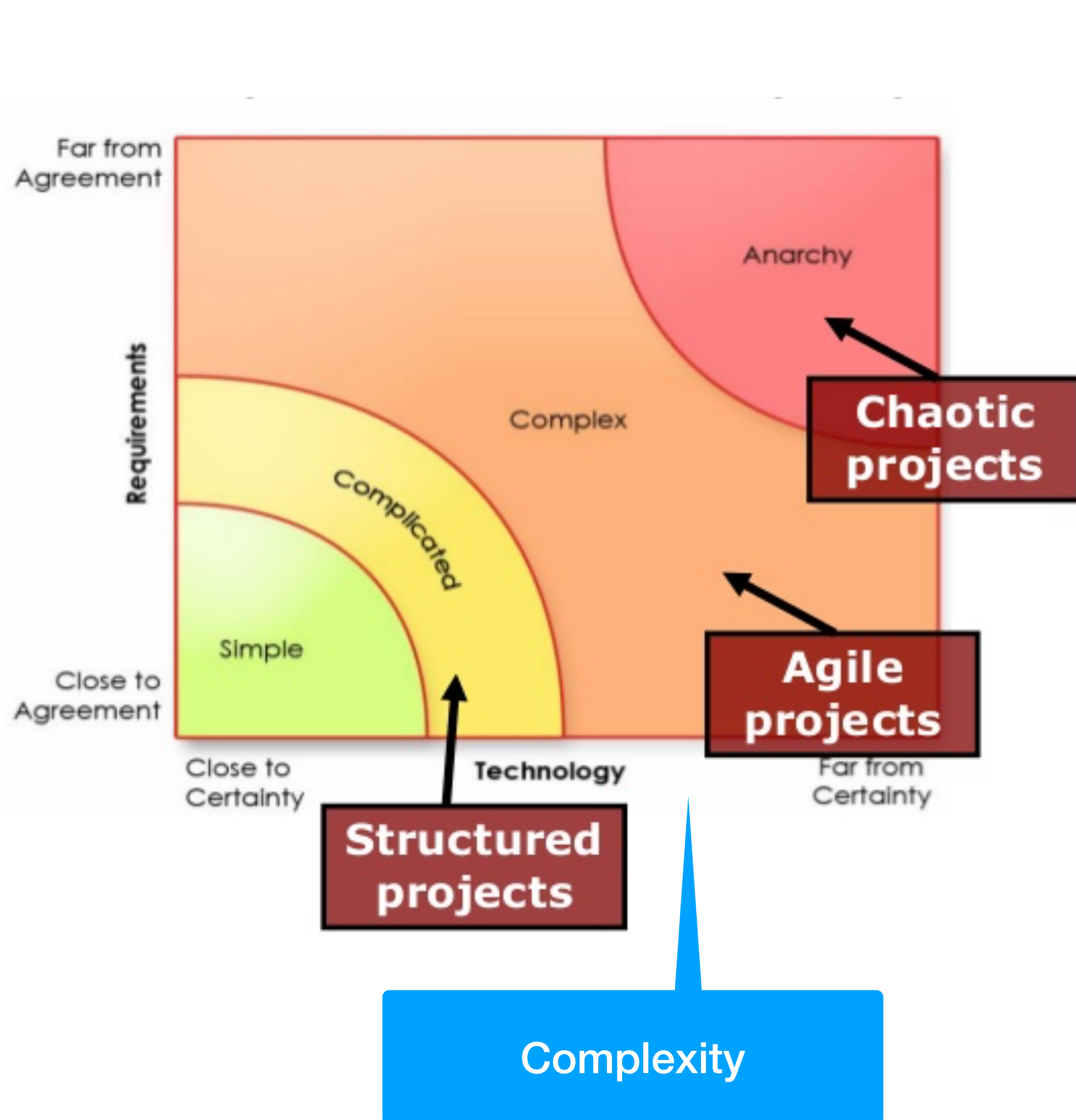


... with SW projects, product development and organizational complexity.

SW Development Contracts

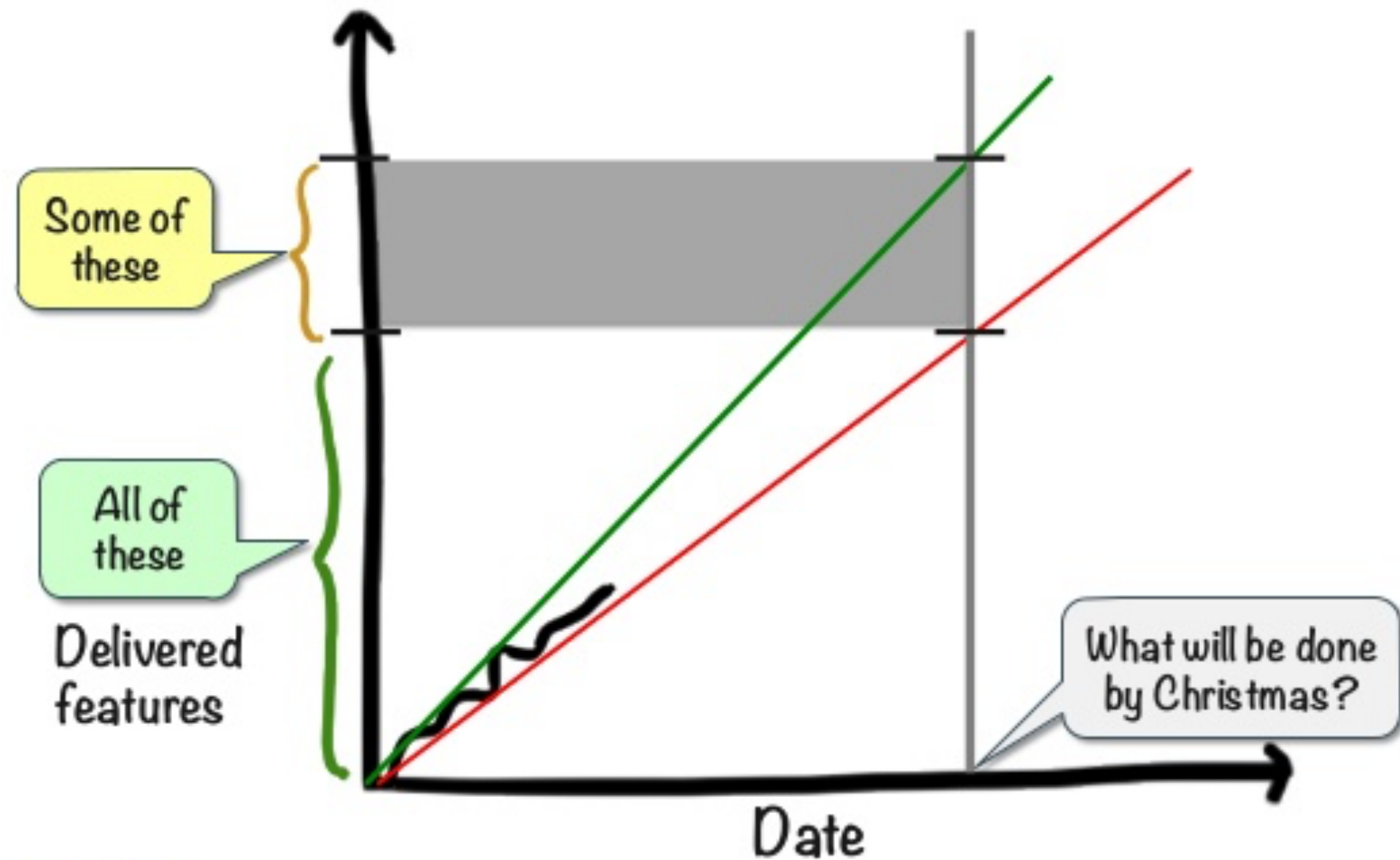


Agile and Waterfall Paradigms

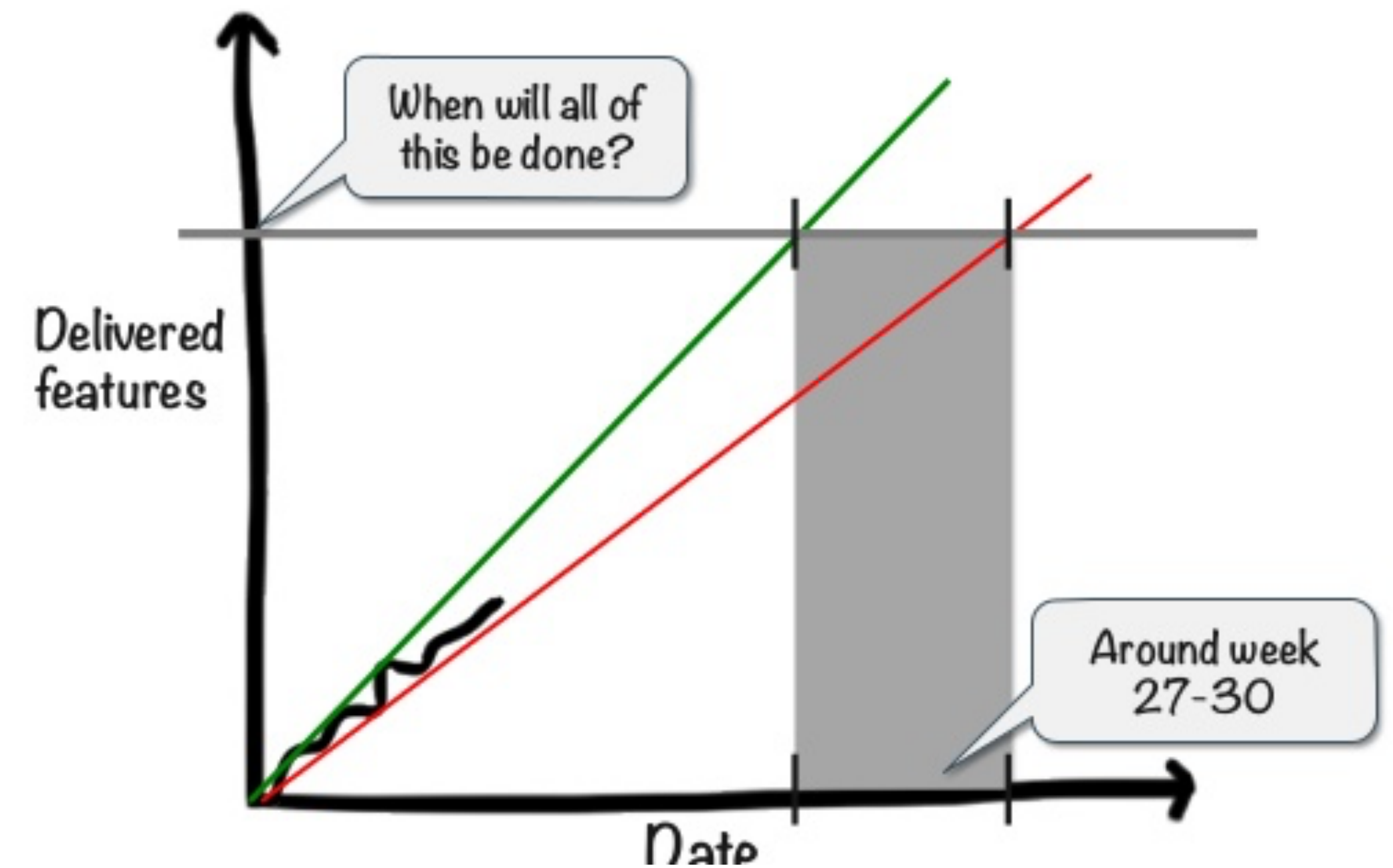


We can't predict everything in (Agile) projects

Fixed time forecast

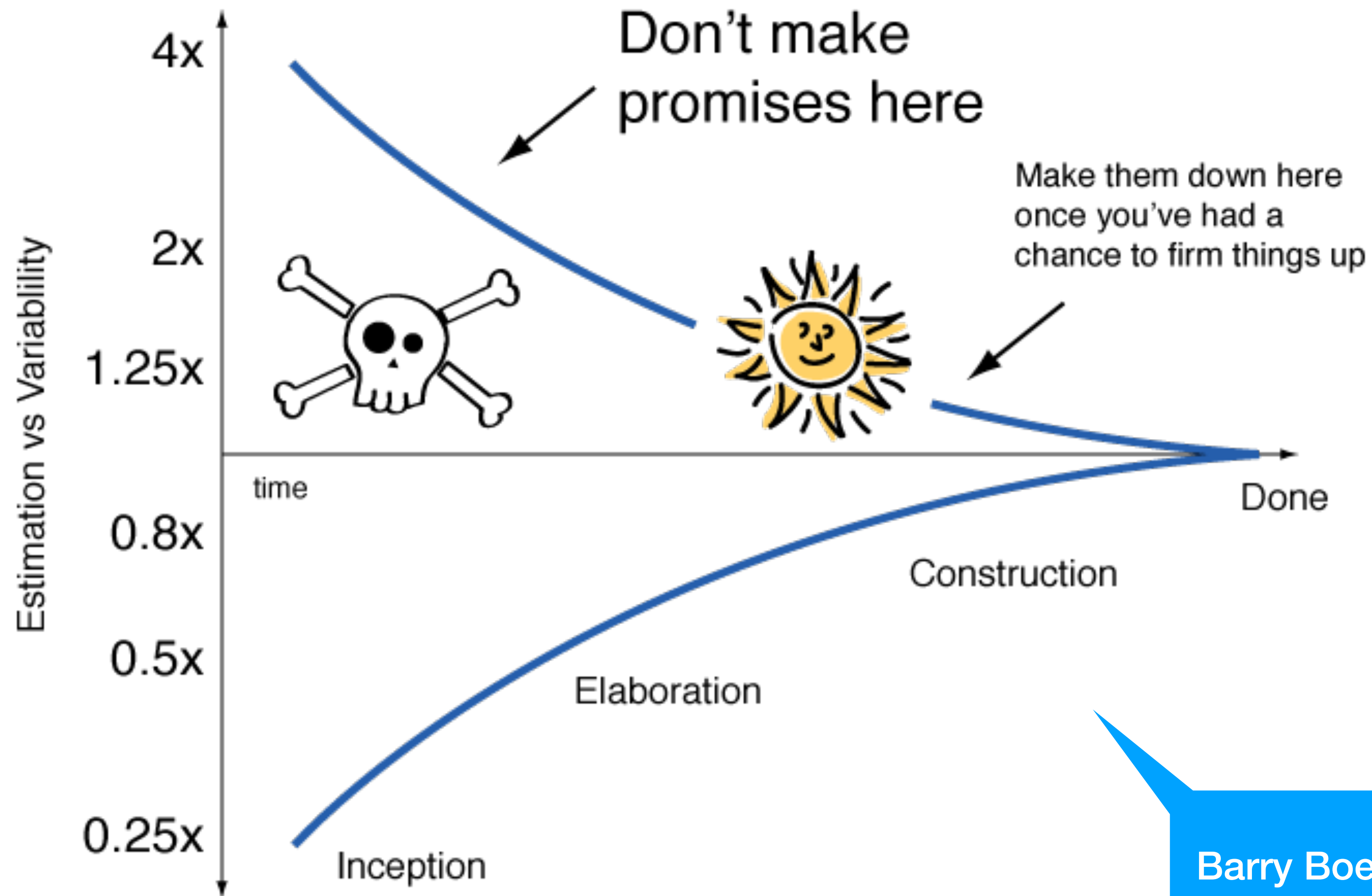


Fixed scope forecast



You can't fix all three sides of the project triangle.

The Cone of Uncertainty



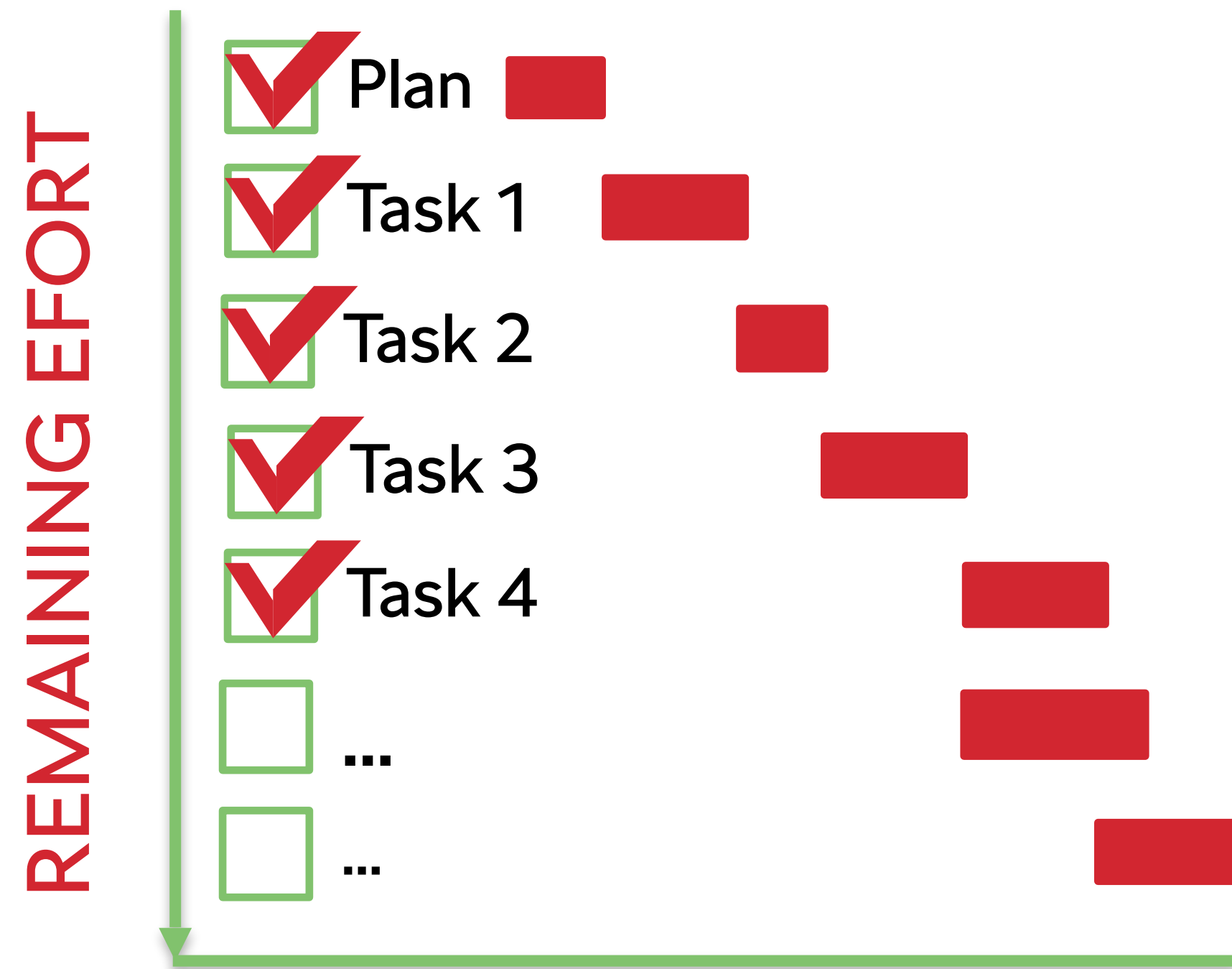
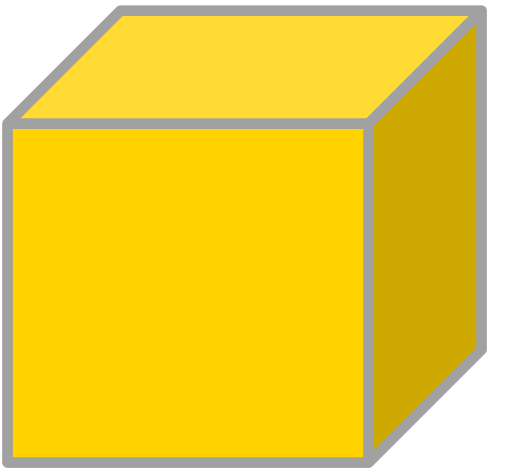
Barry Boehm, 1981

Why so early?



Need for AGILE BUDGETING AND FORECASTING

Following a plan x Incremental adding of value



projects for managers x products for customers

Agile Contracts

Why traditional contracts doesn't work with Agile projects?

Pure unmodified FTFP

Based on pre-assumptions which are not verifiable at time of budget and time estimation.

Unrealistic and not aligned expectations.

Detailed specification comes too late, if ever.

Requirements over actual customer needs.

Pure unmodified T&M

Limited options for supervising and “enforcing performance of contractors:

- self-organized teams
- no micromanagement
- no command & control style of management

Teams might be in temptation to bloat estimates as they are paid for the Sprints.

Risk that you pay just for Sprints not for value delivered.

All performance metrics can be faked.

Agile Contracts

Scrum Development
Team Leasing

Hybrid T&M with fixed
contracts per Sprint

Agile Fix Price

Agile FTFP

Purchase by
“complexity” unit

Pain & Gain

...

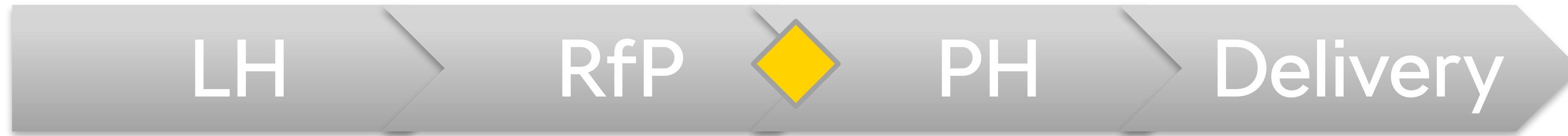
Agile Development Team Leasing

ŠKODA AUTO a.s.

Case Study

When to purchase external Development resources?

Waterfall



Current semi-agile approach



Agile Delivery Management – RFP and team forming as early as possible



Development Team Leasing in ŠKODA

Big Picture

1.

Vendor Selection

- *IT & Purchase*
- Frame contracts & SLA
- T&M resource pool

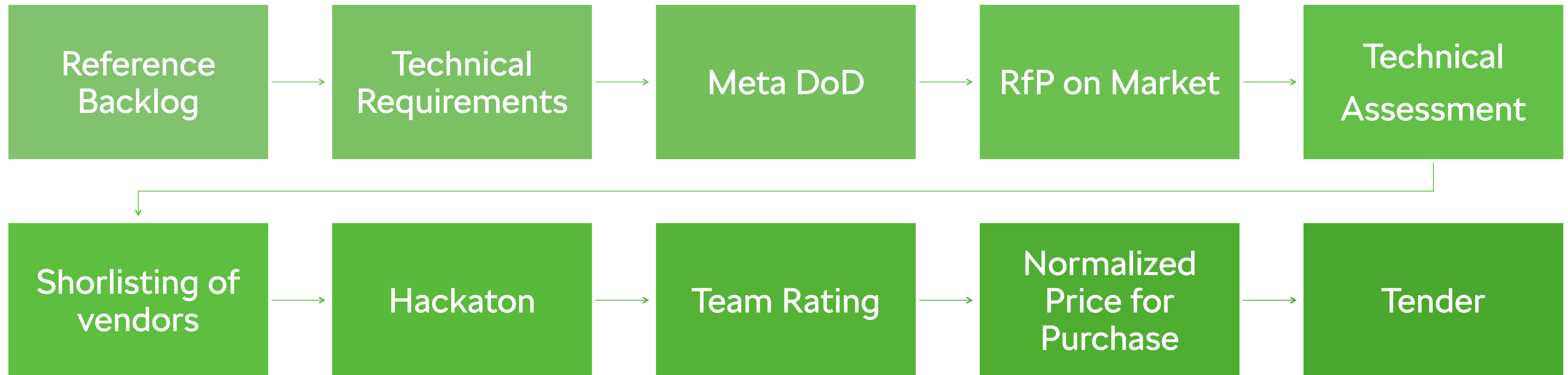
Qualified
Vendors

2.

Agile Delivery Management

- *IT & Business*
- Contracting Agile Teams
- T&M, FTFP product delivery

Vendor Selection for Agile Development



Hackaton & Technical Assessment

0%

(example criteria)

100%

CI / CD Maturity based on DevOps

Development Velocity

Quality

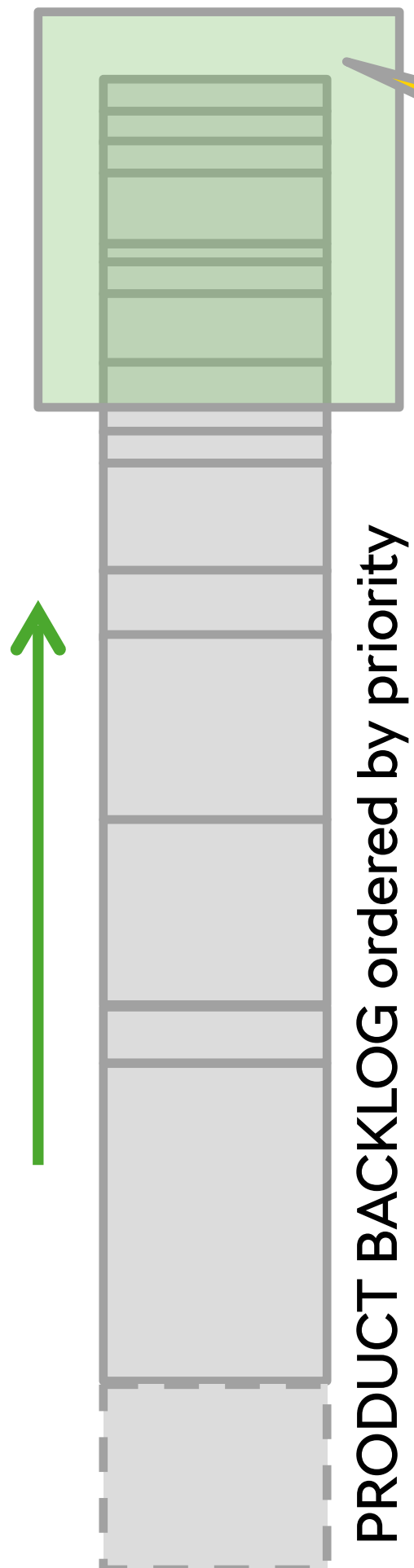
Price per Team-Day

Normalizing of price per Team-Day

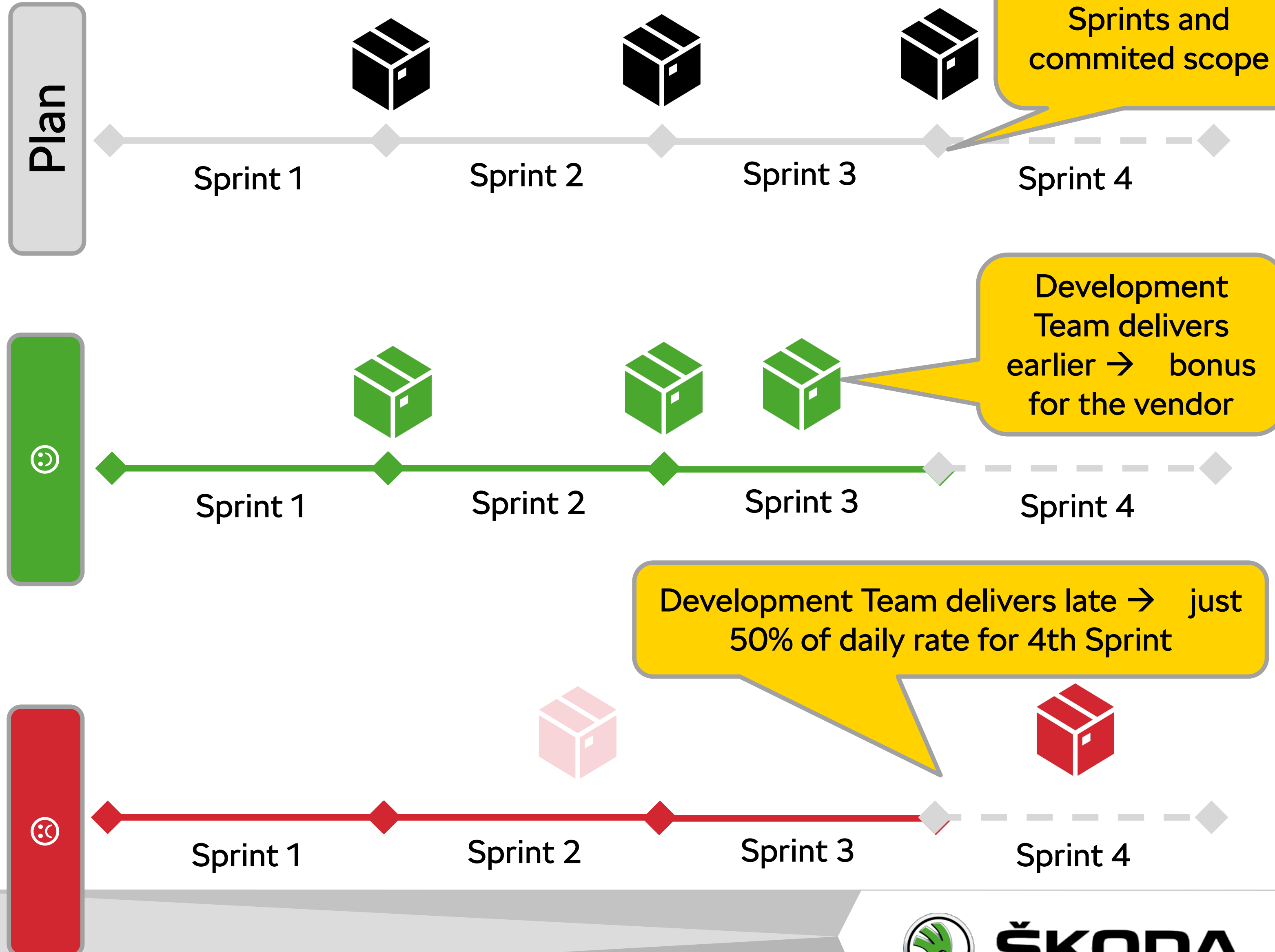
Example of hackaton results

Parameters	Vendor A	Vendor B	Vendor C
Team size	4	6	9
Offered Team-Day rate	80.000 CZK	60.000 CZK	72.000 CZK
Characteristics	Team of highly skilled full-stack and cross-functional experts.	Team of average skilled professionals, partially cross-functional.	Team of juniors led by few skilled seniors, specialized roles etc.
Reference scope of test example fulfilled	100%	90%	60%
Defect Rate (need of re-work)	10%	15%	20%
Normalized Team-Day rate	88.000 CZK	75.000 CZK	115.200 CZK
Ranking	2nd	1st	3rd

Hybrid T&M and FTFP in Development Team Leasing



Vendor's Development Team commits to deliver in 3 Sprints = fixed \$\$\$





Questions?

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