

Dear Customer,

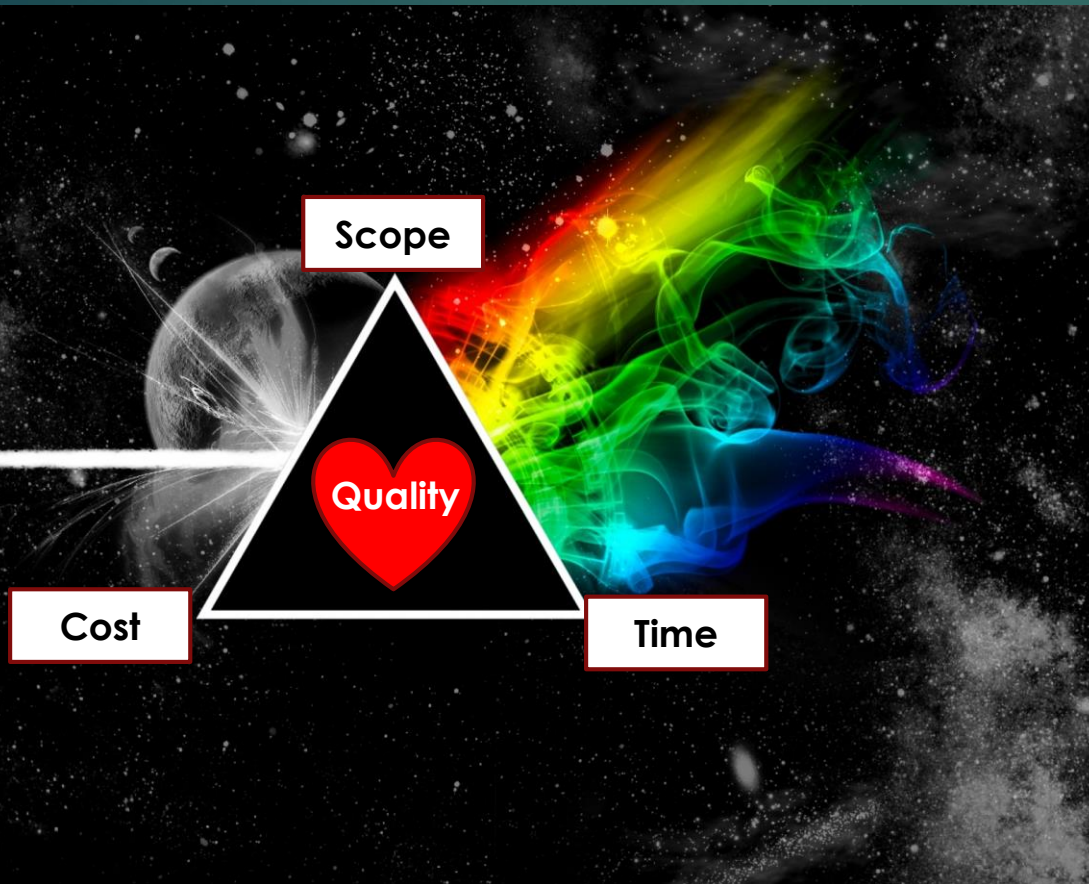
Lets be Agile  together!

Yours Truly,
Service Provider

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The Obvious about Contracts



- ❑ Triple Constraints
- ❑ Two broad type:
 - ❑ Fixed
 - ❑ T&M
- ❑ Service Provider offers a choice of contracts that define set of services offered and payment terms.
- ❑ Customer chooses which type of contract works for him.

Not so Obvious about Contracts?

Fixed is not fixed.

My fixed is not your fixed.

And.. obvious is not so obvious.

Impact??



Negative Customer satisfaction, loyalty and referral

And this



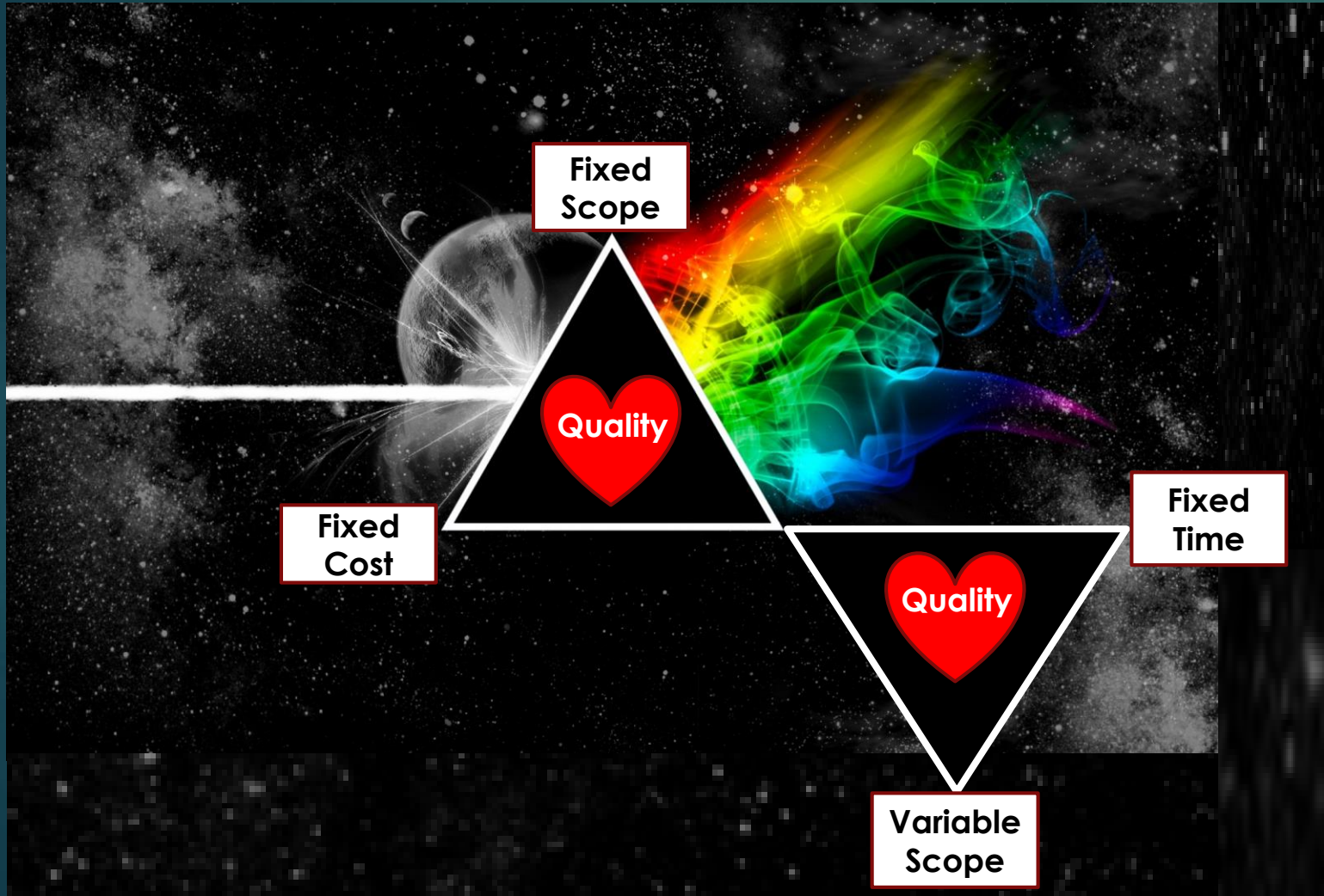
Negative Employee morale

And also this



Negative Business growth!!

Initial fix: T&M with variable Scope



Let's make scope variable.

...But, that doesn't solve the problem. Our Contract is still fixed, so not Agile.

What to do??

What to do??

That ain't working.
That's the way you
do it. ... Get your
money for nothing
and your ~~chicks~~ for
free.

Changes

- ~~Dire Straits~~ Jeff Sutherland

So here is our 'fixed' Initial fix

- ▶ Company commits to delivering 80% of the project scope as high quality by the agreed upon delivery date.
- ▶ High quality is defined by the agreed upon Definition of Done.
- ▶ This clause can only be enacted if the Customer maintains Participation in the Team Scrum during the project.
- ▶ In the event that both parties cannot mutually agree on work item estimates or that the Customer does not maintain participation in the Scrum Team, the contract shall revert to a time and materials billing.

Source: <https://www.scruminc.com/agile-contracts-money-for-nothing-and/>

Money for nothing

- ▶ Early Termination (Money for Nothing)

The Customer may terminate the contract at the end of any Sprint. The standard metric for termination is when the Customer perceives the cost of continuing the project is higher than the additional value received. The Customer will pay Company 20% of the remaining contract value to exercise early termination.

Change for free!

- ▶ If the Customer maintains Participation in Scrum Team during the entire project, Customer shall be able to make changes to the Scope without incurring any additional cost if total Scope of contracted work is not changed. New features may be added for free at Sprint boundaries if items of equal scope are removed from the contract.

Define boundaries with SOTO

- ▶ Minimum Viable Contract
- ▶ Outcome-based contract
- ▶ Statement of Target Outcome

Source: <http://www.flexiblecontracts.com/what-is-a-flexible-contract/>

SOTO

Target outcome detail	Description
Name of Target Outcome:	In the form Action Verb + Noun Phrase
Outcome Value:	Time or money over a defined period
Outcome Measure:	
<ul style="list-style-type: none">Unit of measure:	i.e. the metric used to measure e.g. time, percentage or number
<ul style="list-style-type: none">Party responsible for conducting measurement:	i.e. a named person or group responsible for conducting the measurement e.g. the Customer
<ul style="list-style-type: none">Method for measurement:	i.e. the systems used to collect data or the tests that will be run e.g. data analytics report or usability tests for target users
<ul style="list-style-type: none">Frequency of measurement:	i.e. The period of time when measurements will be taken e.g. every [2 weeks] with their end-users
<ul style="list-style-type: none">Baseline (starting point):	i.e. the baseline that will be used as the starting point against which to compare results

Pro-forma for SOTO



SOTO Reference No.	
Date of SOTO	
The Customer representative	
The Supplier representative	
Email address of the Supplier for service of notices under the Contract	
Email address of the Customer for service of notices under the Contract	

SOTO Specifics

SOTO Completion Date	<i>NOTE: Please state not applicable if this is not being used.</i>
The problem or opportunity to be addressed	
The Business Objectives	
The Target Outcomes	<i>NOTE: These should be in line with the Business Objectives. They should be bullet points only and listed in order of priority.</i>
The Constraints	<i>NOTE: Examples include design constraints, minimum quality constraints, budget constraints, schedule constraints, resource constraints.</i>
Customer responsibilities	<i>NOTE: This should include any support, facilities and information, including any requirements for execution of the Options, which are to be provided by the Customer.</i>
Time frame for provision of feedback by the Customer	
Early termination payment	

Let's get our hands dirty with SOTO

- ▶ Product: Online Hospital Management Solution
- ▶ Timebox:
 - ▶ 15 mins: Deepti gets initial 15 minutes as she is presenter
 - ▶ 15 mins: Product Discovery and initial Backlog
 - ▶ 15 mins: Define SOTO

Q & A