

Agile for Government – Fix Price Projects

The Vendor Client relationship - in real world situations



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Agile Manifesto

Individuals and interactions

Working software

Customer collaboration

Responding to change

Process and tools

Comprehensive documentation

Contract negotiation

Following a plan

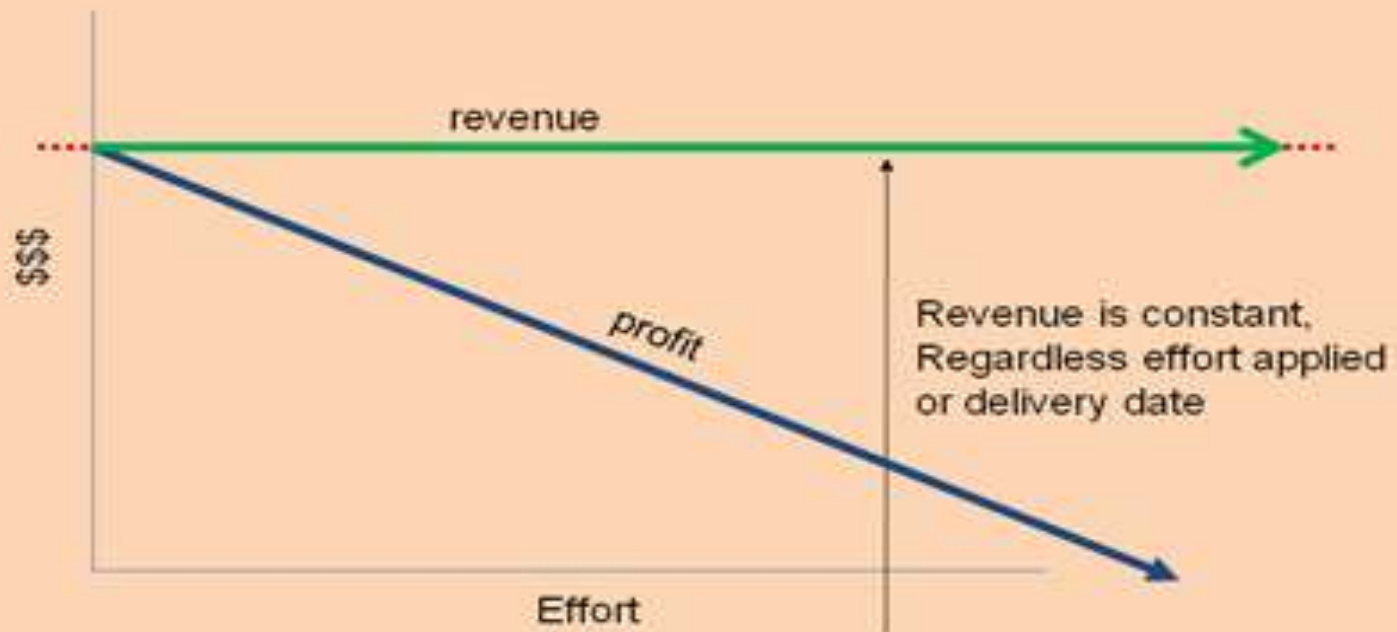
Source: www.agilemanifesto.org

Basic Contracts Questions

- How is the contract structured?
- How does it handle changes in scope (requirements)?
- How does it apportion Risk and Reward between customer and supplier?
- What model of customer relationship does it foster: competitive (my win is your loss), cooperative (win-win), indifferent (I don't care-you lose) or dependent (heads-I-win-tails-you lose)?

Fixed Price / Fixed Scope

Fixed Price, Fixed Scope



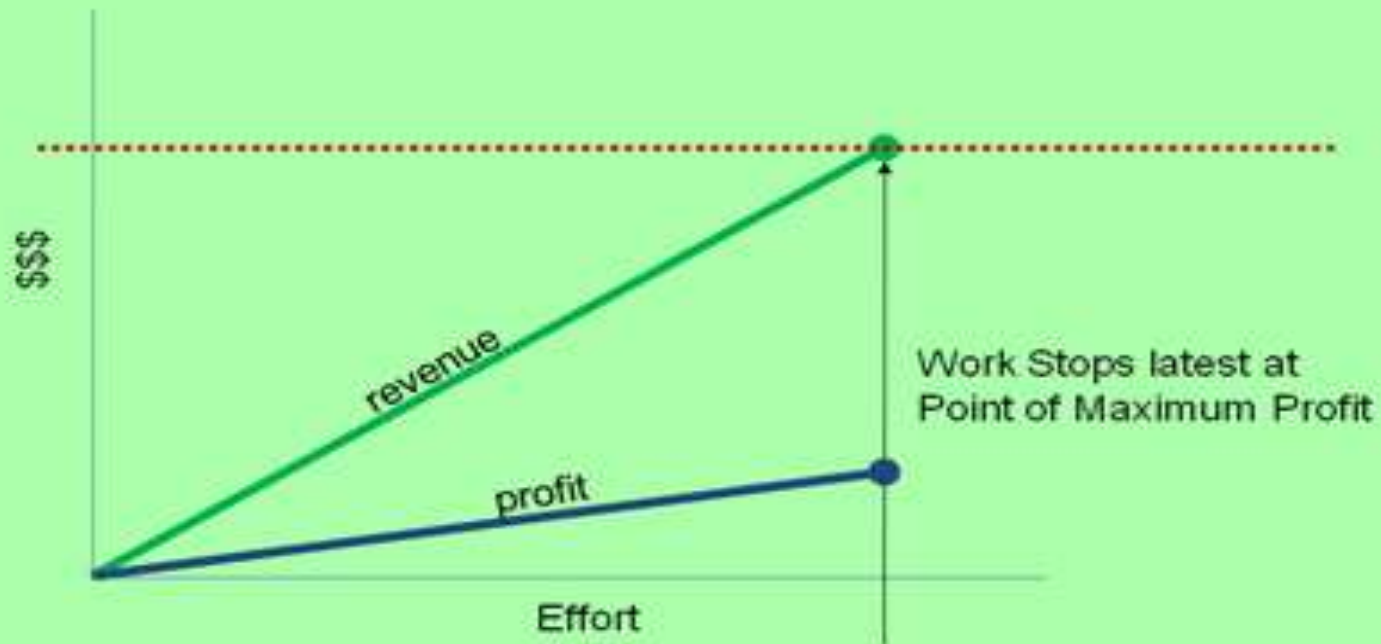
Time and Materials

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Time and Materials with Variable Scope and Cost Ceiling

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Recommendations

- *Although all of the above will work. “Money for nothing, changes for free” contract turns the advantages of the Scrum and agile development processes into a competitive advantage.*
- *By prioritizing and delivering business value incrementally, the chances of an outright failure are dramatically reduced. This advantage is passed on to the customer.*
- *Furthermore, it’s a cooperative model, so it offers incentives to both parties to keep the costs down.*
- *The early cancellation clause rewards the higher productivity achieved with Scrum teams. On the down side, this clause feels a bit like a 'golden parachute' which may not be politically acceptable in the current economic climate.*

The contract form lays the important groundwork for a successful project. And the Agile Manifesto got right: working with the customer is more important than the contract. So whatever you do, keep the customer relationship positive!