SS ZG622:

Software Project Management

Contact Session # 13a

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Topics

- Contract management
  - Managing outsourcing projects
  - Vendor evaluation
  - Contacting options
  - Keys to success
  - Contract management systems

Steps for successfully managing outsourcing projects

1. Specify requirements in detail
2. Make an explicit decision to outsource
3. Obtain adequate resources
4. **Select a qualified vendor**
5. **Write a contract**
6. Build an in-house management team to monitor the project to completion

http://www.andrew.cmu.edu/course/67-325/OutsourcingHB.pdf

Proposal evaluation criteria - example

Criteria	Max Points	Vendors			
		V1	V2	V3	V4
Project management capability	10	3	8	5	3
Application-area experience	10	1	5	3	10
Technical-area experience	10	8	10	3	10
General technical capability	10	5	10	10	7
Organizational strength	10	5	9	10	3
Technical design approach	10	5	8	8	10
Technical methodologies	10	5	8	7	8
Requirements management approach	10	4	10	7	9
Technical documentation	5	3	5	4	5
Engineering data management	5	1	5	4	5
Configuration management approach	5	2	5	3	5
Quality assurance approach	5	1	5	4	4
Total points	100	43	88	68	79
Overall ranking	-	4	1	3	2

CS13 - Activity #1: Vendor evaluation criteria

Assuming that ACL management has decided to outsource the Mux-Core project instead of developing in-house as planned earlier, <u>identify FOUR or FIVE elements or components of the evaluation criteria to be used for ranking the proposals</u> received from different vendors for Mux-Core software development.

Contracting options

- **Time and materials contracts** – hourly billing rate; risk of cost overrun; used when requirements cannot be precisely defined and/or client needs flexibility

- **Cost plus contracts** – a fixed amount + hourly billing rate (or function point rate); incentives/penalties can be included

- **Fixed price contracts** – used when requirements are clear (based on function point estimate); less risk for client

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Two-phase acquisition

- Phase 1: requirements development and planning work (10-20% resources; 15-30% time)

- Phase 2: detailed development work

- Benefit: more control over vendor selection

- Used when

  – Requirements are not well-defined/expected to change

  – Client wants a formal checkpoint

  – Client wishes to share risk with the vendor

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Keys to success

- Understand company goals and objectives; is outsourcing the right solution?

- Create an outsourcing plan

- Define the software requirements in detail

- Create a Request for Proposal (RFP)

- Estimate your project's cost and schedule before finalizing your RFP

- Obtain sufficient budget and management resources to assure success

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Keys to success (contd.)

- Select a qualified vendor

- If no vendor appears qualified, switch to a two-phase acquisition model or bring the project in-house

- Create the outsourcing contract with care, and have it reviewed

- Actively manage the outsourced project

- Use outside experts when needed

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CS13 - Activity #2: Contract option

Assuming that ACL's management has decided to outsource the Mux-Core project instead of developing in-house as planned earlier, and then selected a vendor, <u>suggest a suitable contract option.</u>

CS13 - Activity #3: Outsourcing project risk management

Suggest some risk management options for outsourced projects.

Contract Management Systems

Demo of Icertis Contract Management System
https://www.icertis.com/demo/

See https://www.softwareadvice.com/contract-management/ for a list of top contract management systems from different vendors