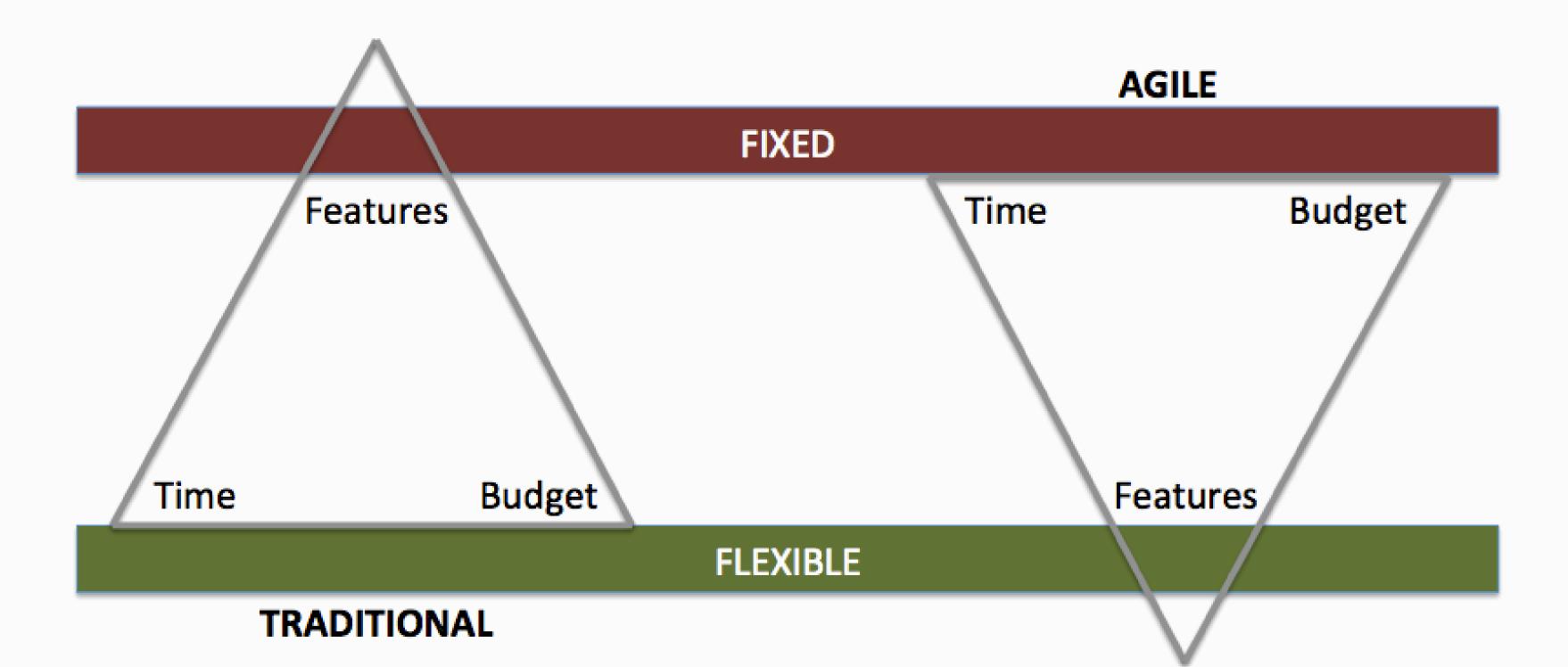
# Contracts & Risks in Agile Environment

## Continuous Improvement

# Agile Contracting

## Agile Contracting



## Agile Contracting

- Traditional contracts contains:
  - Fixed scope
  - Firm estimates



- Inflated estimates
- Not all specs bring value

## Agile Contracting

- DSDM Contract
- Money for Nothing and Change for Free
- Graduated Fixed Price Contract
- Fixed Price Work Packages
- Customized Contracts

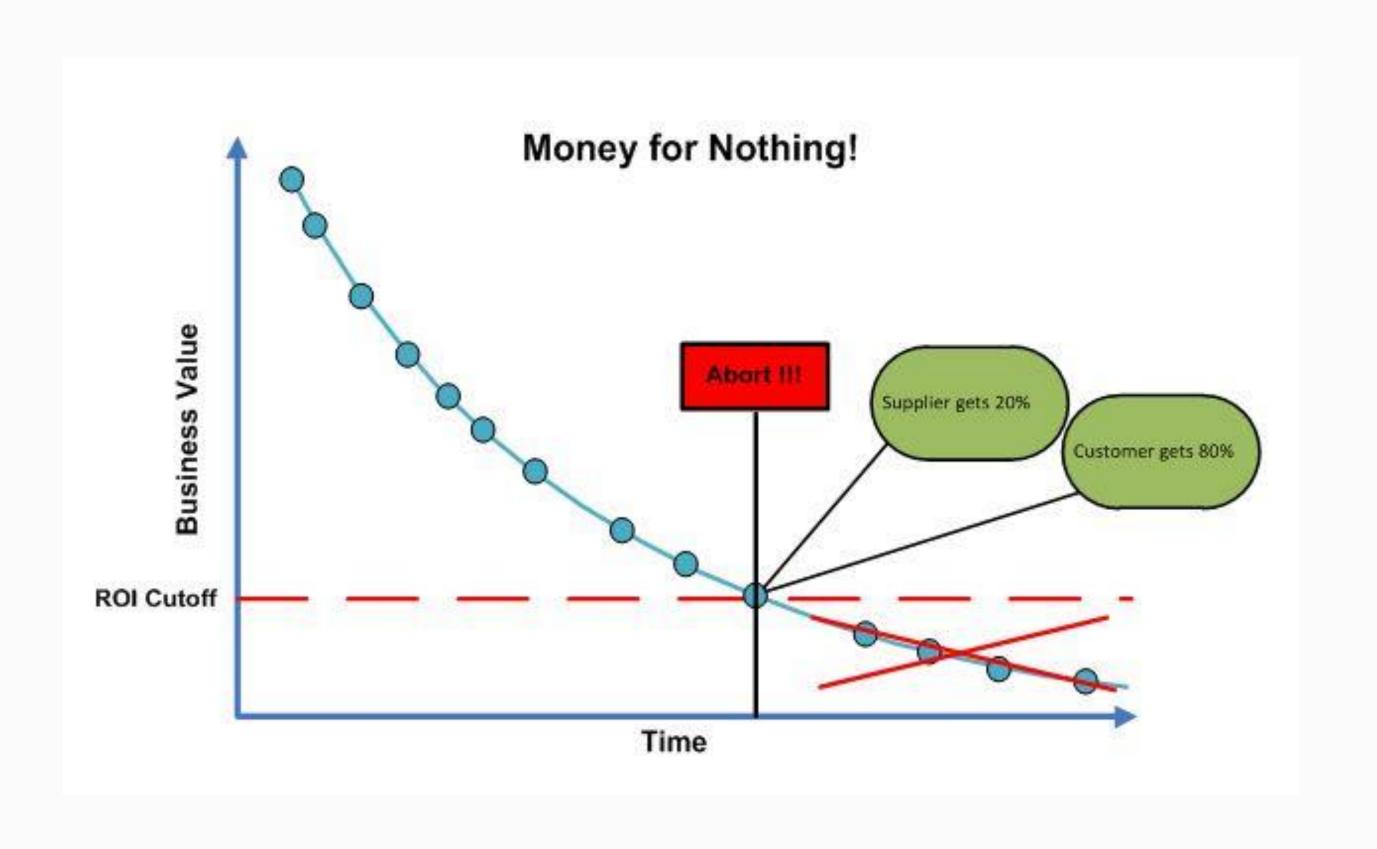
### **DSDM Contract**

 focused on work being "fit for business purpose" and passing tests rather than matching a specification

## Money for Nothing and Change for Free



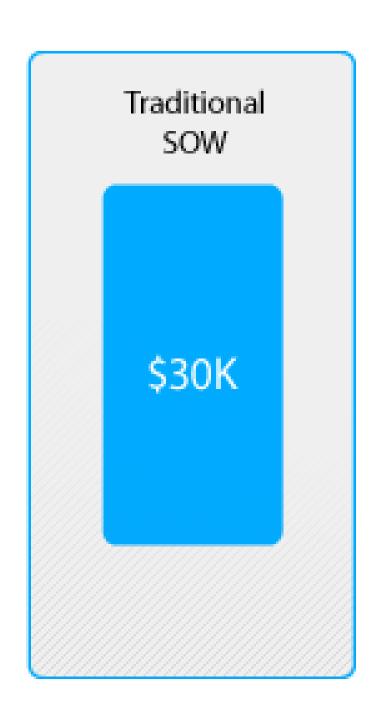
## Money for Nothing and Change for Free

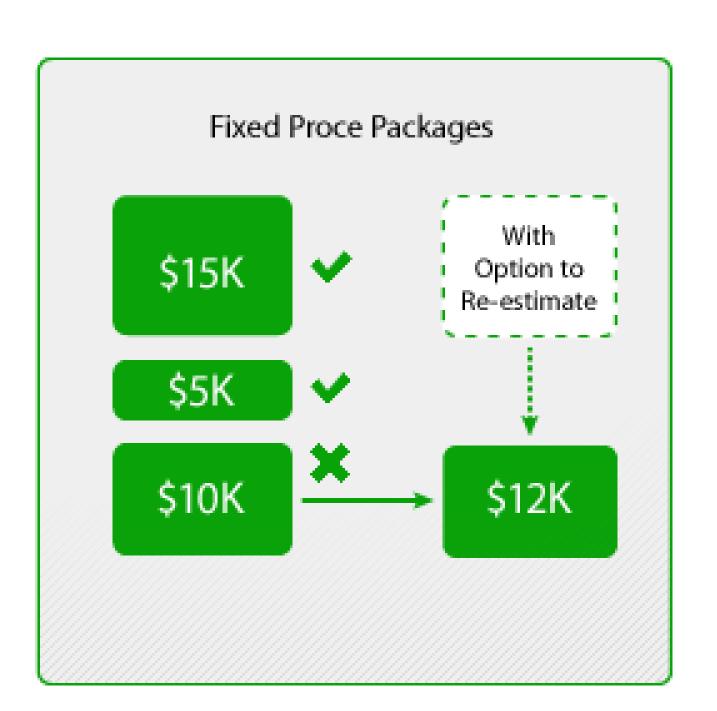


## **Graduated Fixed Price Contract**

Project Completion	Graduated Rate	Total Fee
Finish Early	\$110 / hour	\$92000
Finish On Time	\$ 100 / hour	\$100000
Finish Late	\$ 90 / hour	\$112000

## Fixed Price Work Packages





## Prioritization Schemes

## Prioritization Schemes

- Simple Schemes
- MoSCoW
- Monopoly Money
- 100-Point Method
- Kano Analysis

## Simple Schemes

- Priority 1, Priority 2, Priority 3....
- => too many items are labeled "Priority 1"

### MoSCoW

- Must have
- Should have
- Could have
- Would like to have

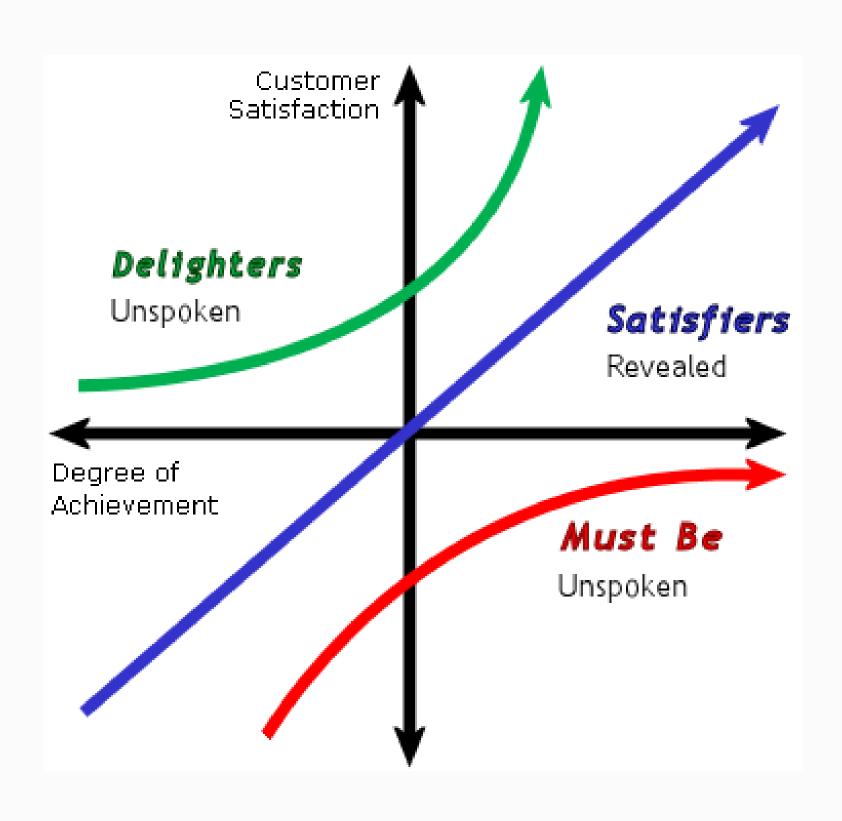
## Monopoly Money

- Monopoly Money = project budget
- Distribute money amongst system features

### 100-Point Method

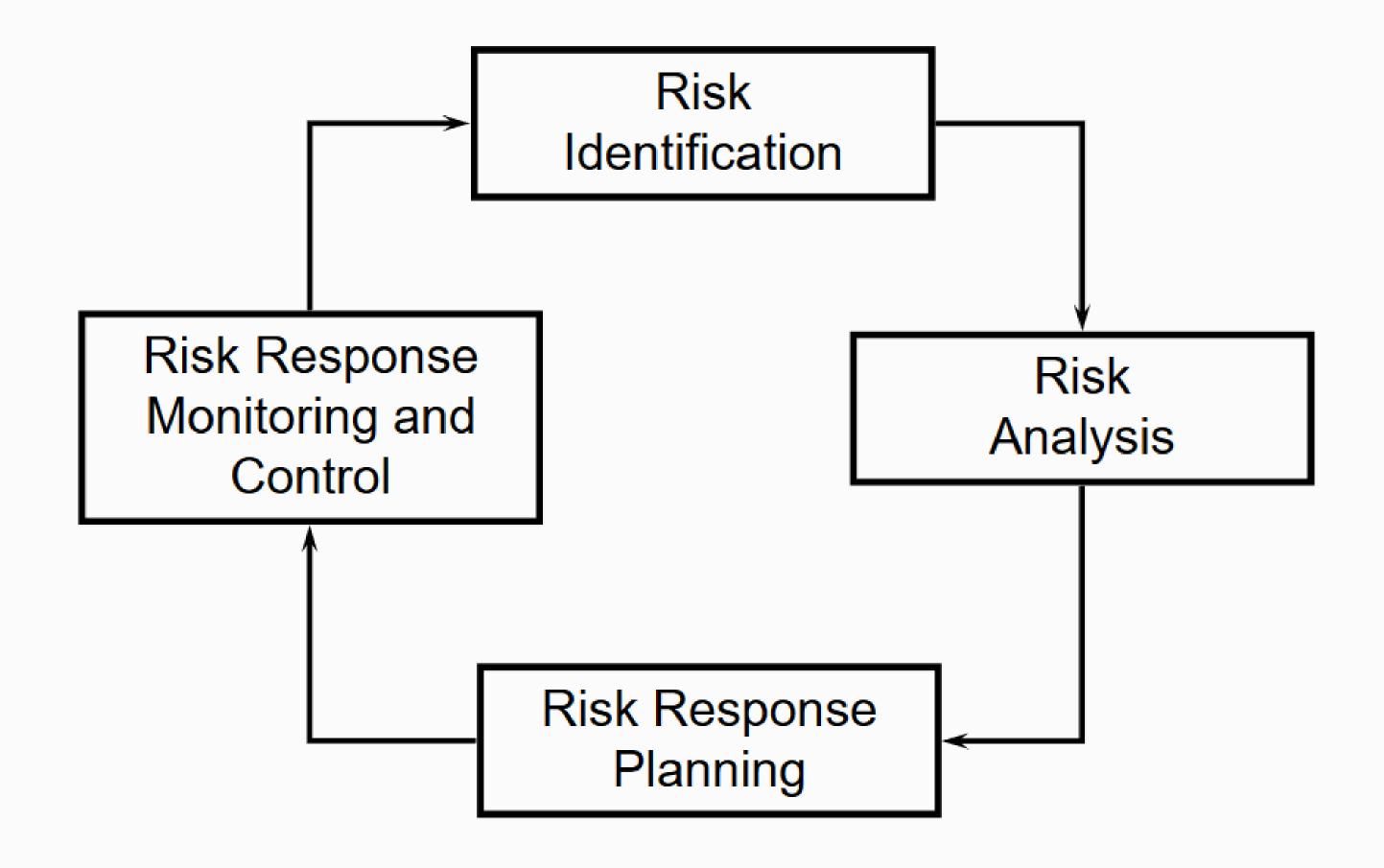
Use 100 points to vote for features

## Kano Analysis (1980, Noriaki Kano)



## Risk Management

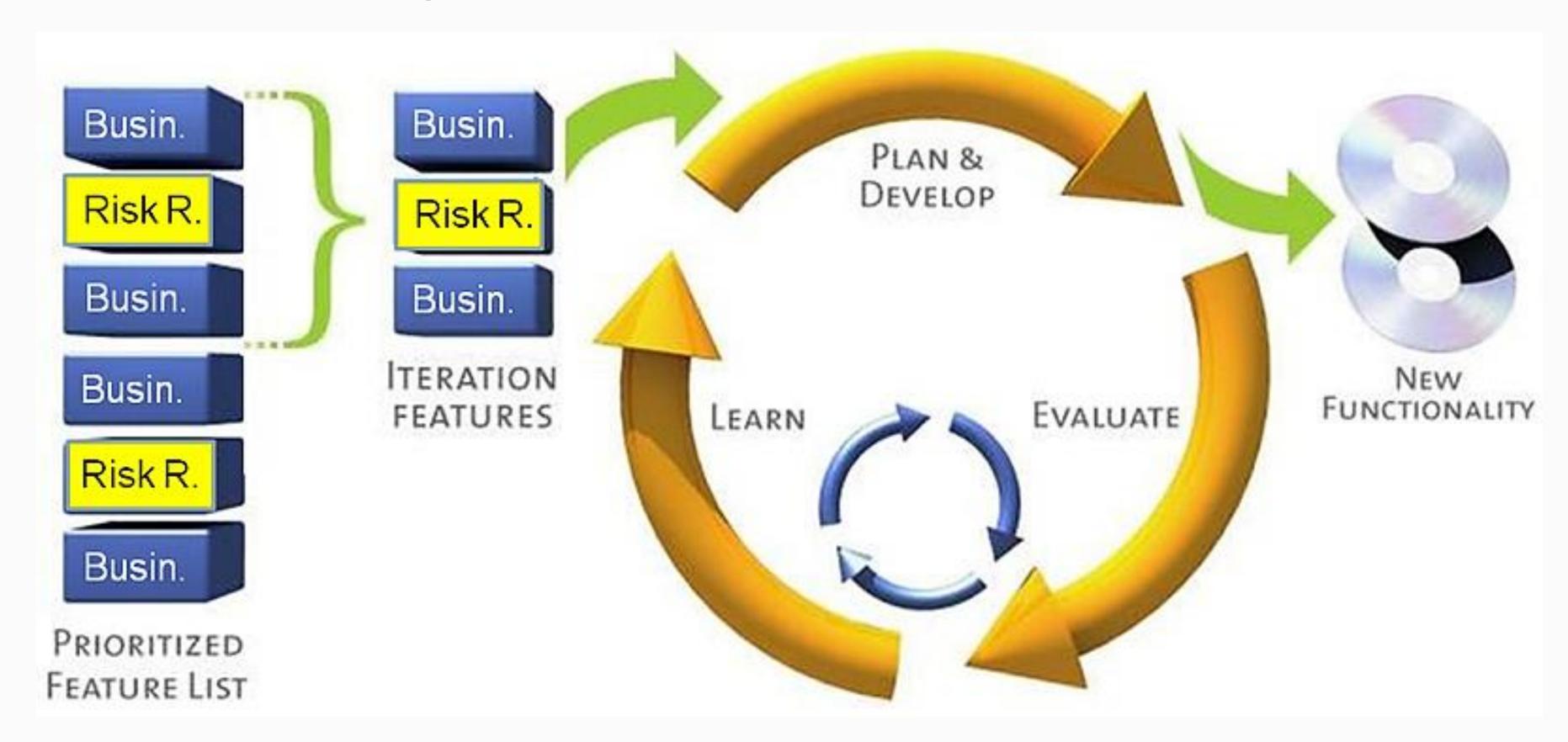
## Risk Management



## Risk Management – Risk Response Planning

- Avoid
  - changing plan / budget
- Transfer
  - affects impact
  - ex. insurance, contract → cost
- Mitigate
  - lower probability
  - lower impact
- Accept
  - contingency reserve : time/money

## Risk Management



## Prioritized risk list

(impact \* probability)

#### Risk1

(\$9000 \* 50% = \$4500)

#### Risk2

(\$8000 \* 50% = **\$4000**)

Risk 2 Action \$4000

#### Risk3

(\$3000 \* 50% = \$1500)

#### Risk4

(\$6000 \* 25% = **\$1500**)

Risk 4 Action \$1500

#### Risk5

(\$2500 \* 25% = **\$625**)

Risk 5 Action \$625

#### Risk6

(\$500 \* 25% = \$125)

#### Risk7

(\$500 \* 20% = \$100)

Risk 7 Action \$100

## Prioritized requirements list

**ROI / feature** 

Must \$5000

Must \$4000

Must \$3000

Should \$2000

Should \$1000

Should \$500

Could \$100

## Risk-adjusted backlog

*Requirement 1 (\$5000)* 

Risk 2 Action (\$4000)

*Requirement 2 (\$4000)* 

Requirement 3 (\$3000)

*Requirement 4 (\$2000)* 

*Risk 4 Action (\$1500)* 

*Requirement 5 (\$1000)* 

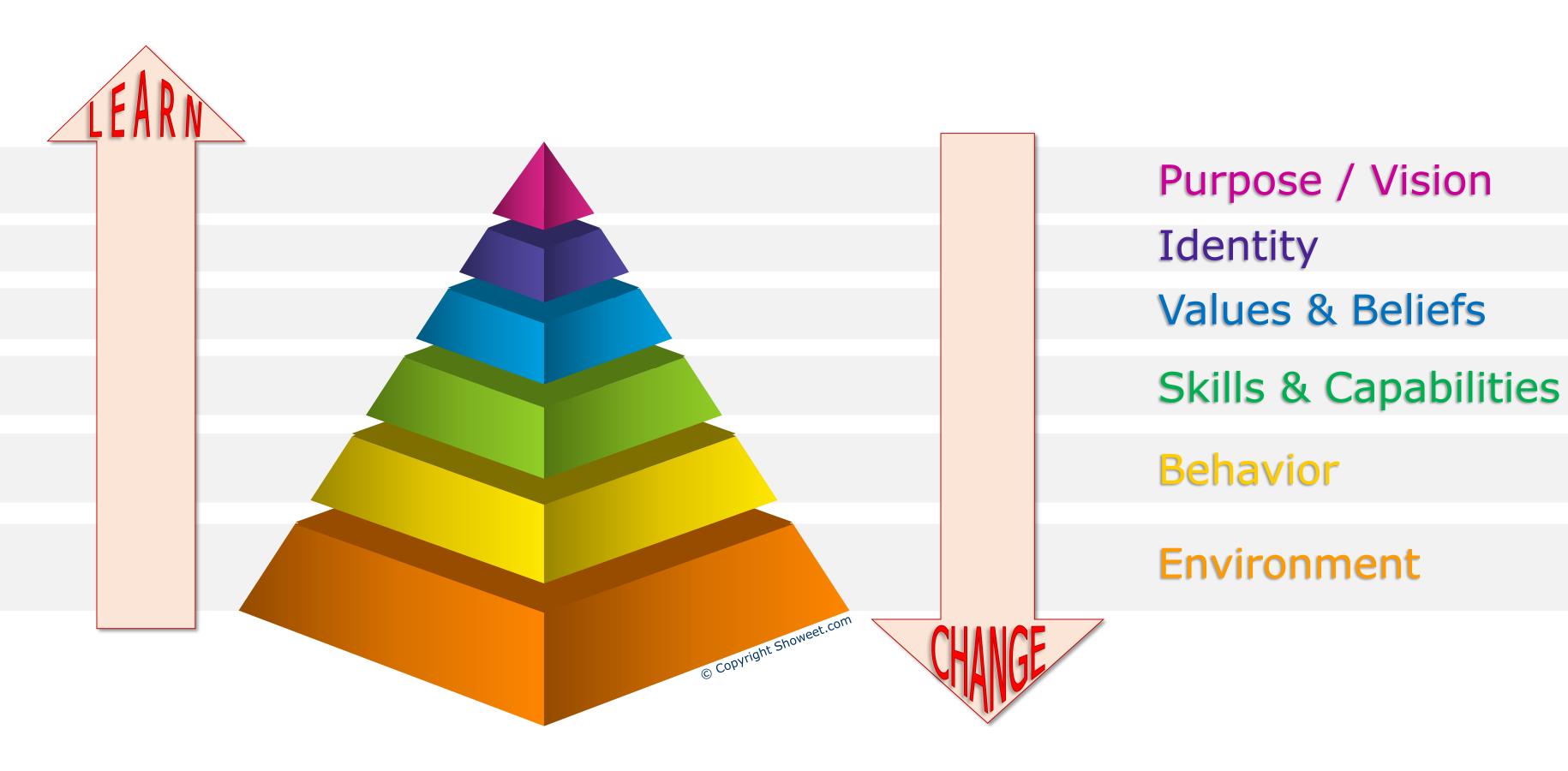
*Risk 5 Action (\$625)* 

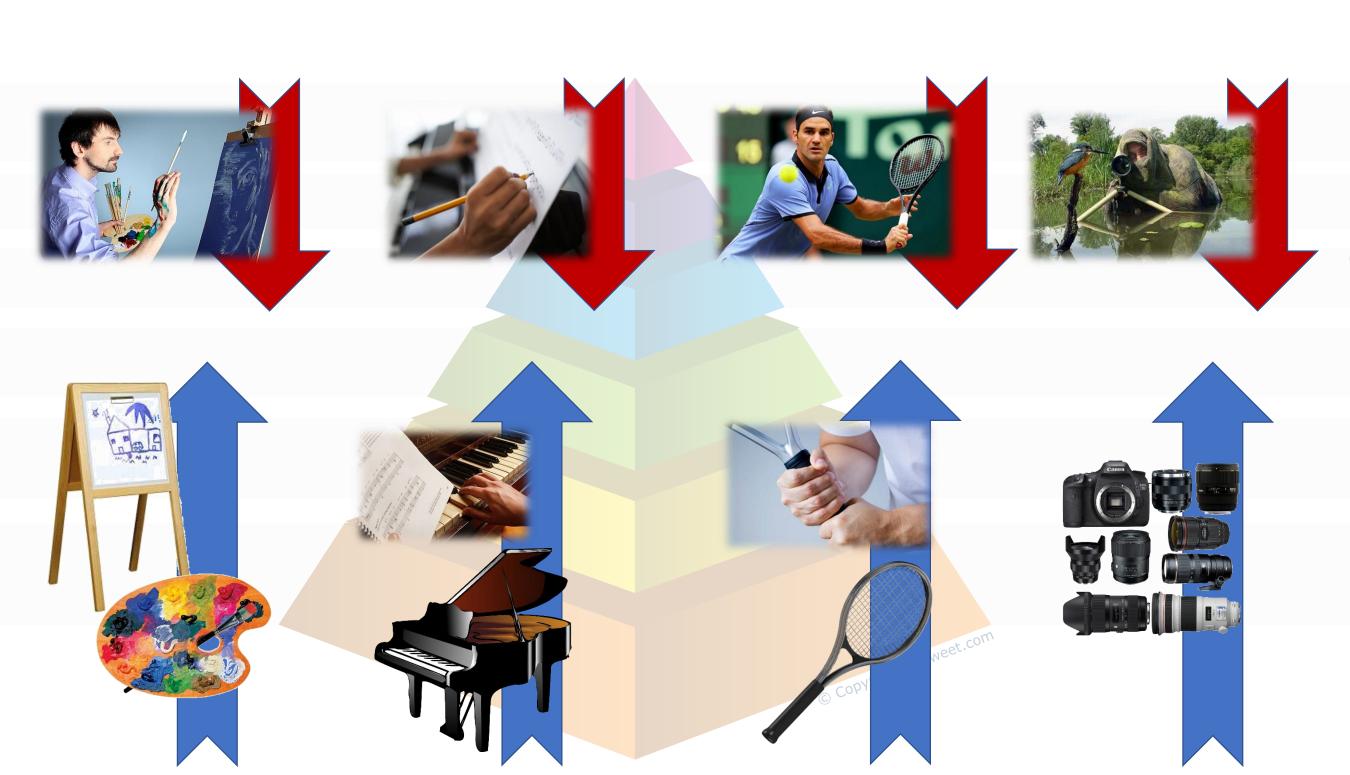
Requirement 6 (\$500)

Requirement 7 (\$100)

*Risk 7 Action (\$100)* 

# Process Tailoring





Purpose / Vision

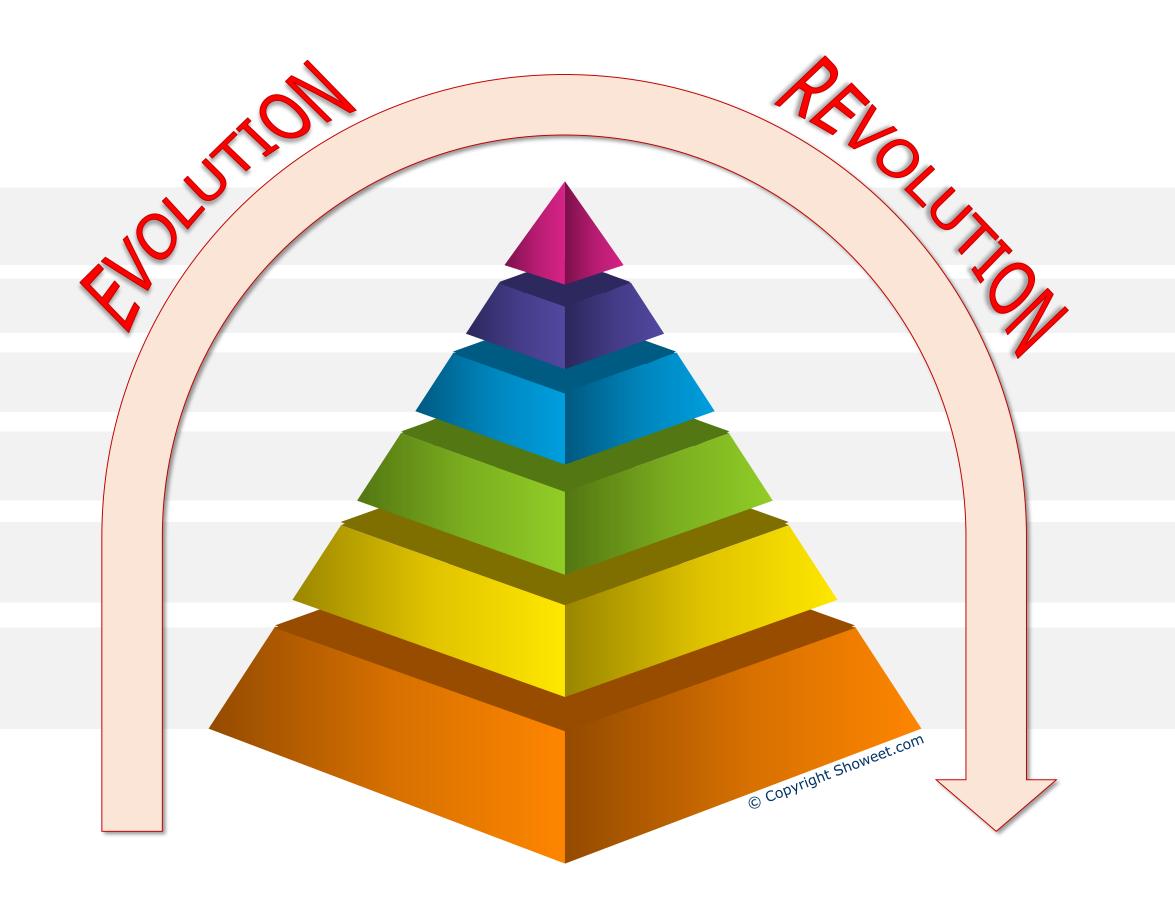
Identity

Values & Beliefs

Skills & Capabilities

**Behavior** 

**Environment** 



Purpose / Vision

Identity

Values & Beliefs

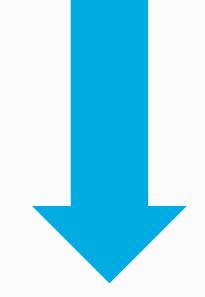
**Skills & Capabilities** 

**Behavior** 

**Environment** 

## Process tailoring

"Just like do-it-yourself electrical work in your home, it can be dangerous to tailor agile processes if you do not fully understand why things are the way they are in the first place"



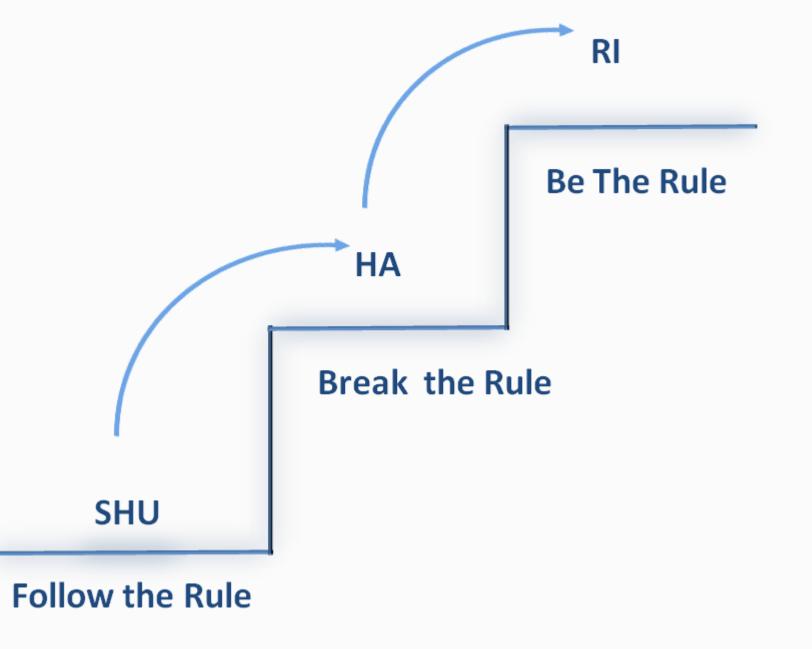
Organizations and teams that are new to Agile should use the methods "out-of-the-box" for a few projects before attempting to change them.

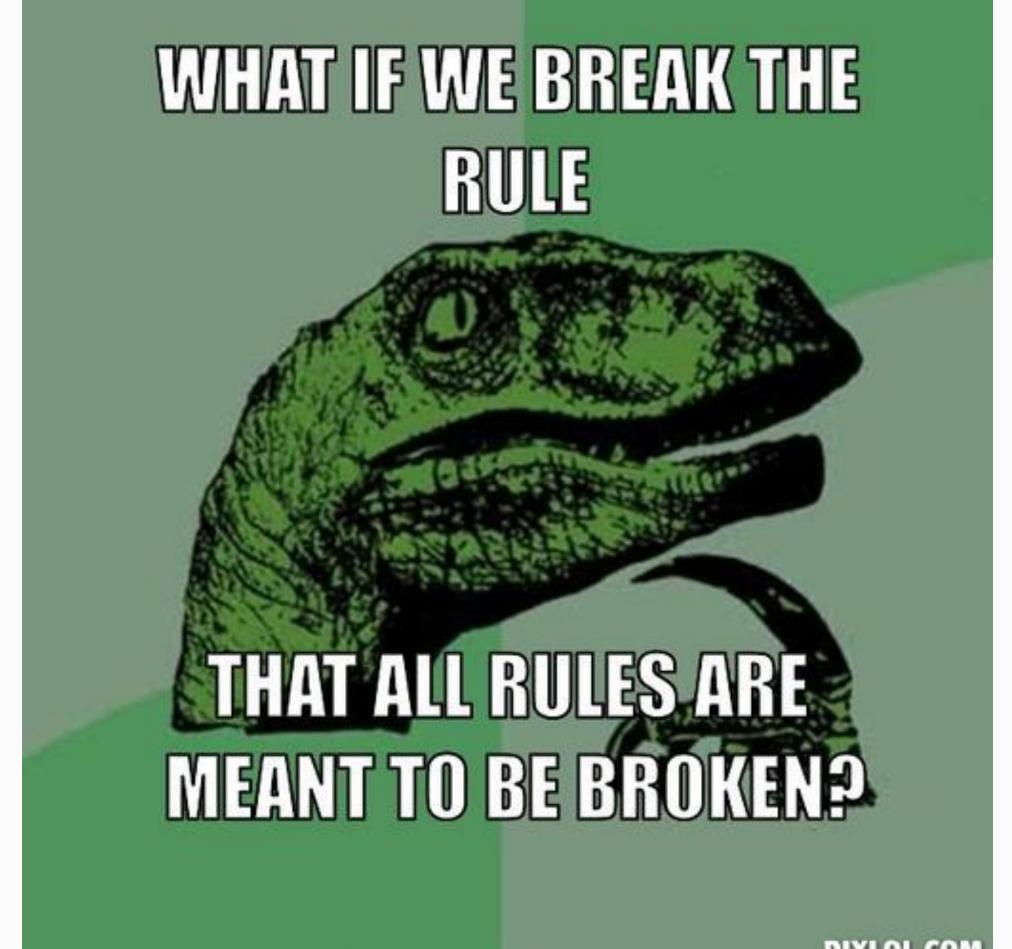
## Process tailoring

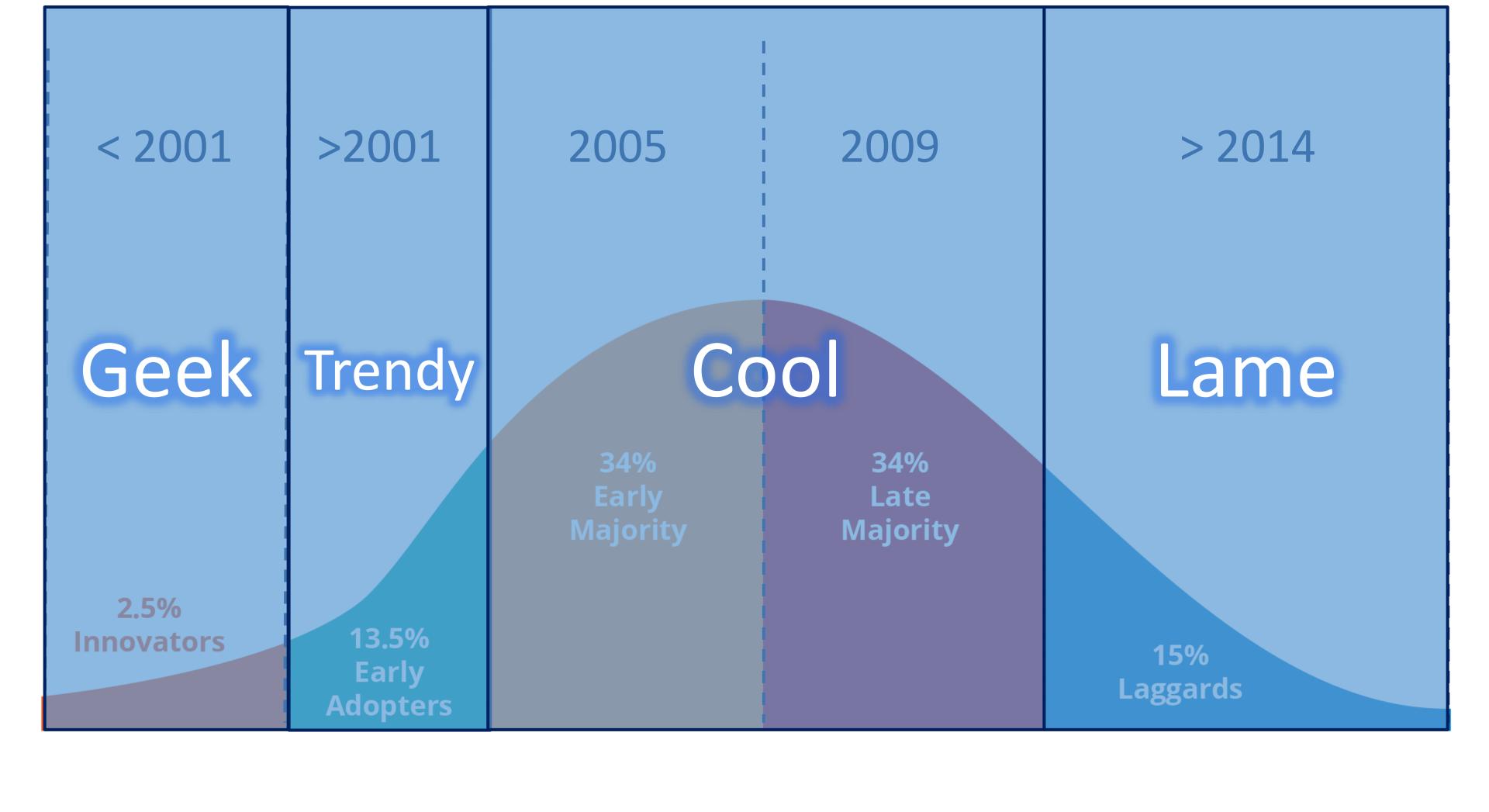
- Different techniques and practices are created in balance with each other
- Removing one practice without understanding its counterbalance can lead to problems
- You must now how "plain-vanilla" process works before removing things or inventing new flavors



- A way of thinking about how you learn a technique
- Comes from Japanese martial arts (particularly Aikido)
- Alistair Cockburn introduced it as a way of thinking about learning techniques and methodologies for software development







Every great cause begins as a movement, becomes a business, and eventually degenerates into a racket.

Eric Hoffer





## #NoAgile

2017

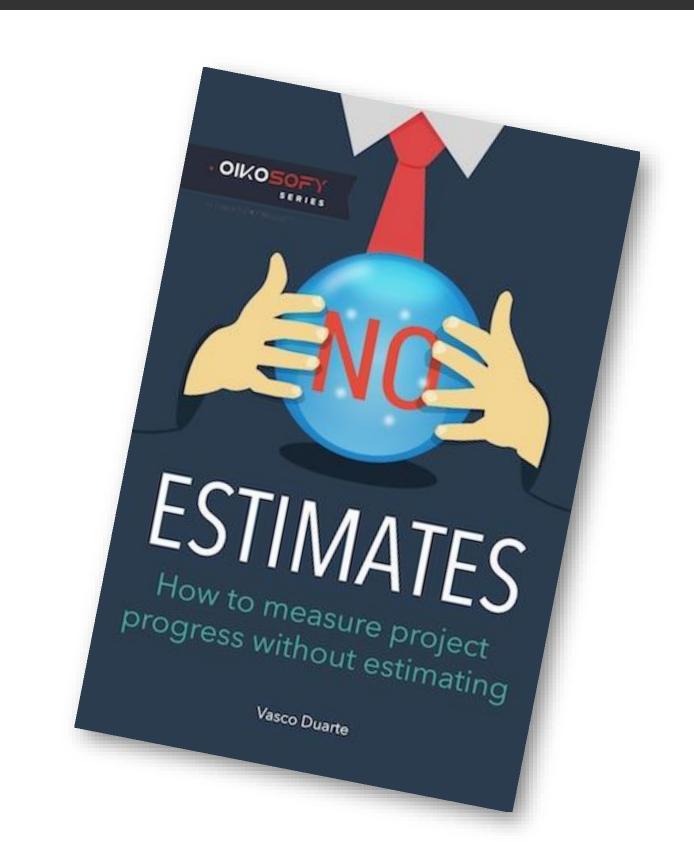


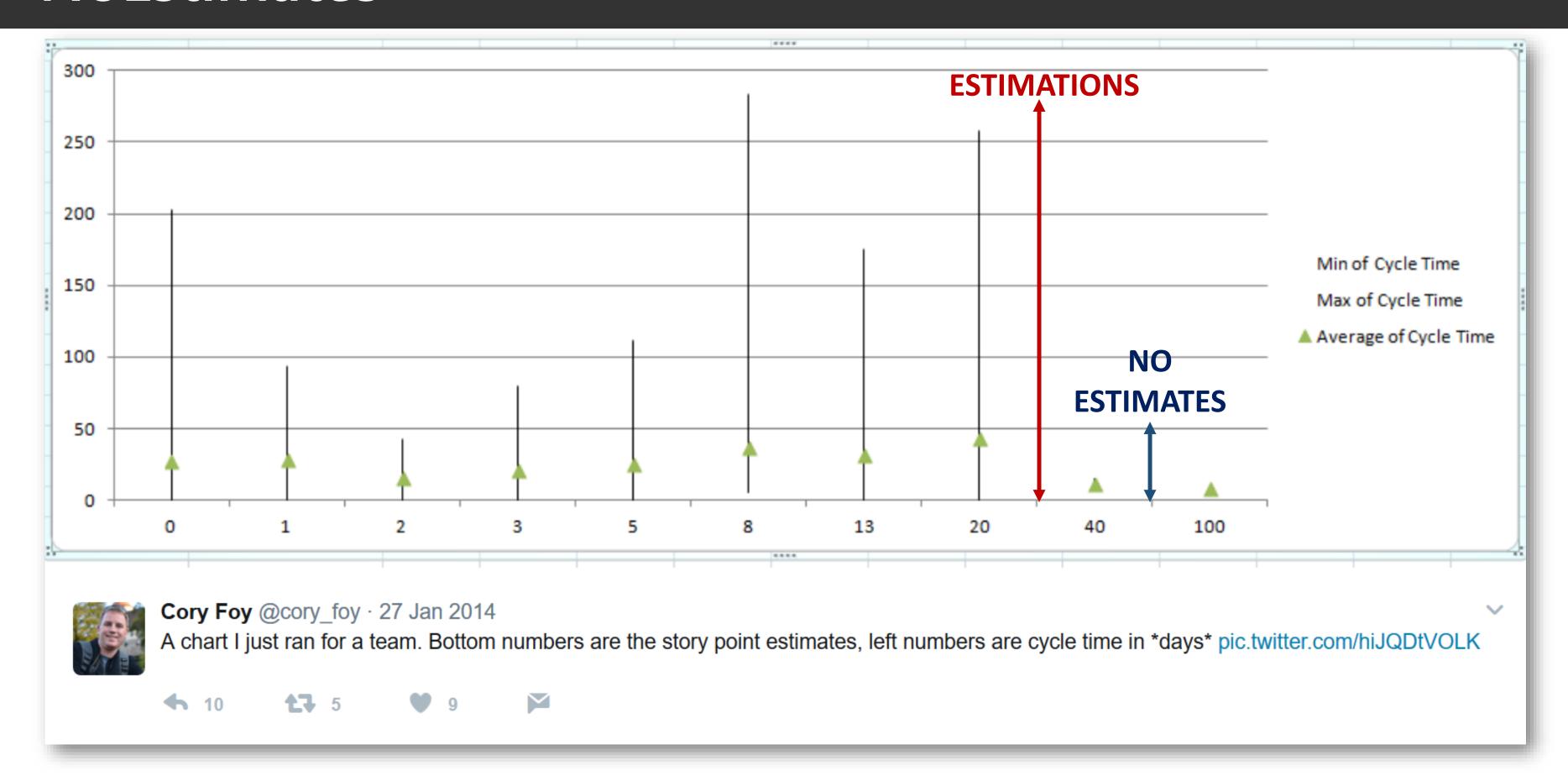
Estimates
Projects
Backlog
Iteration
Release



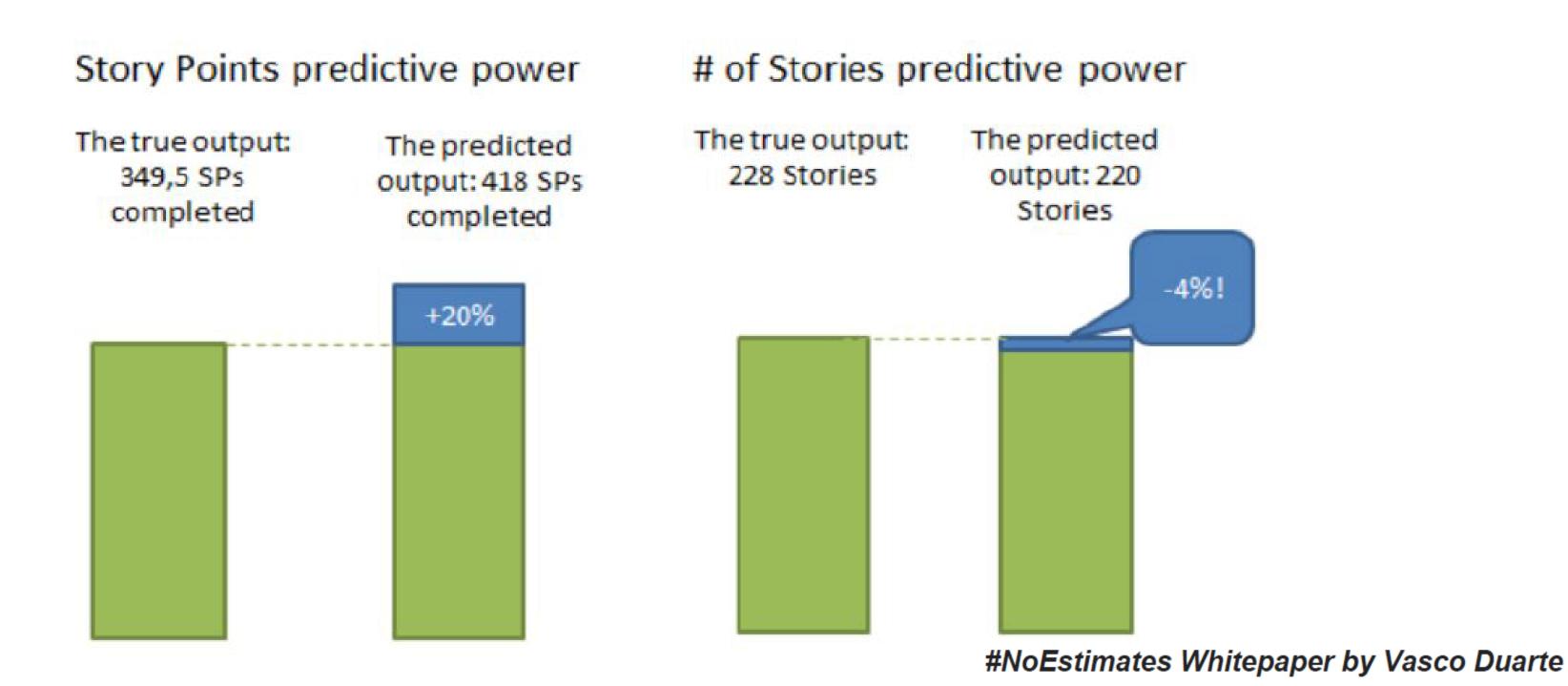
**Woody Zuill** 



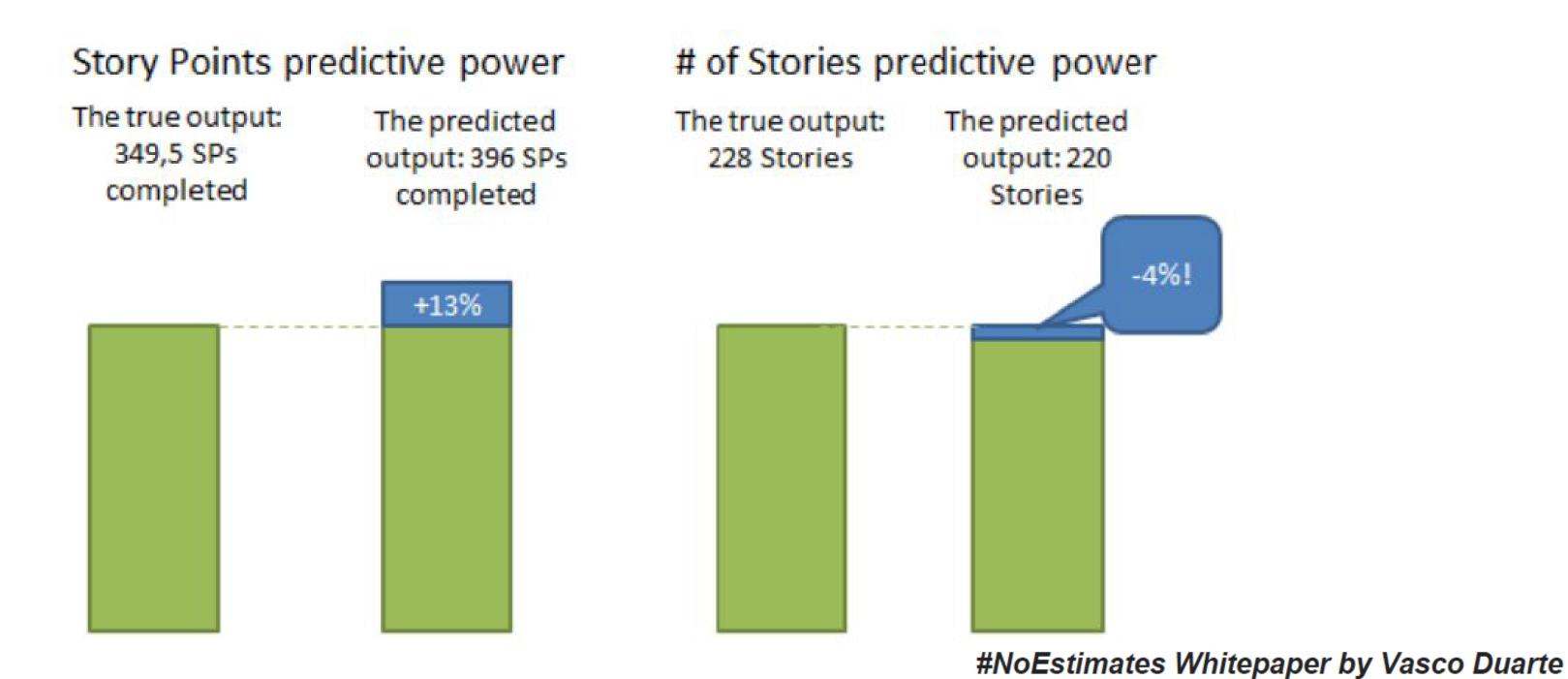




## After just 3 sprints



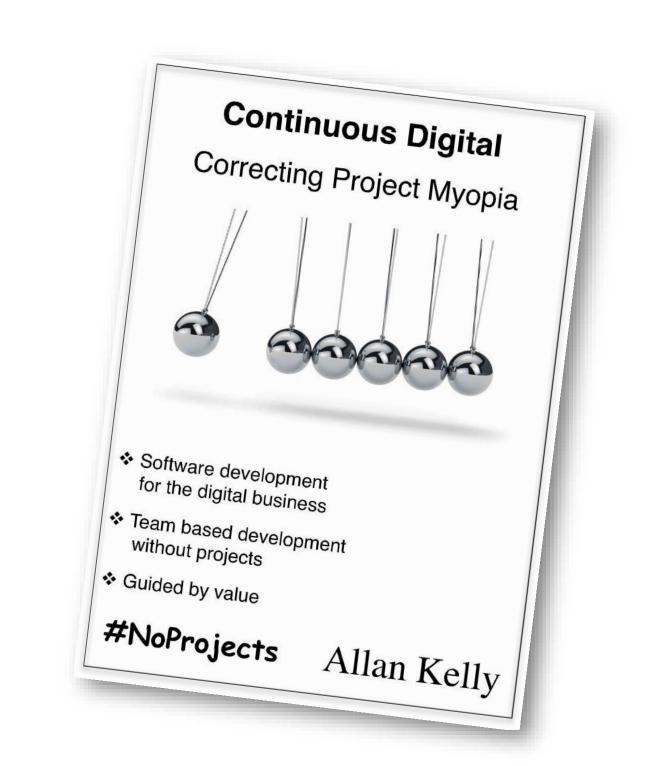
## After just 5 sprints



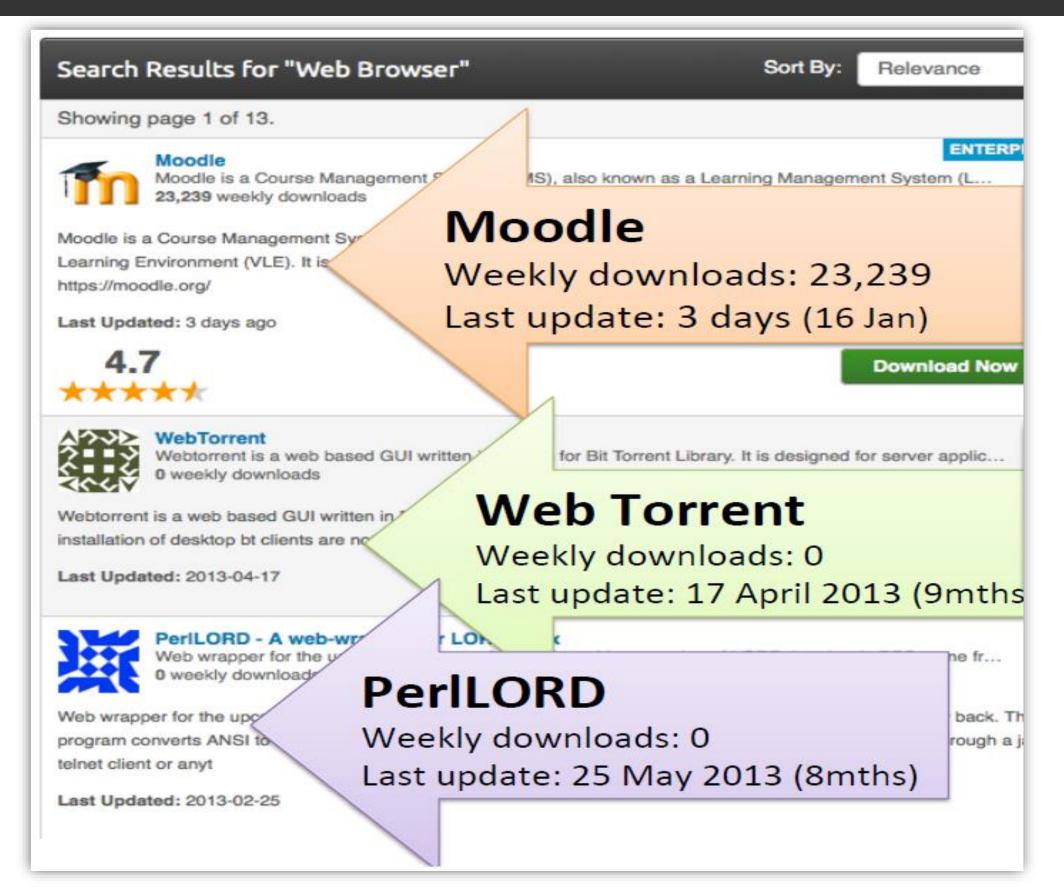
## **#NoProjects**



Allan Kelly

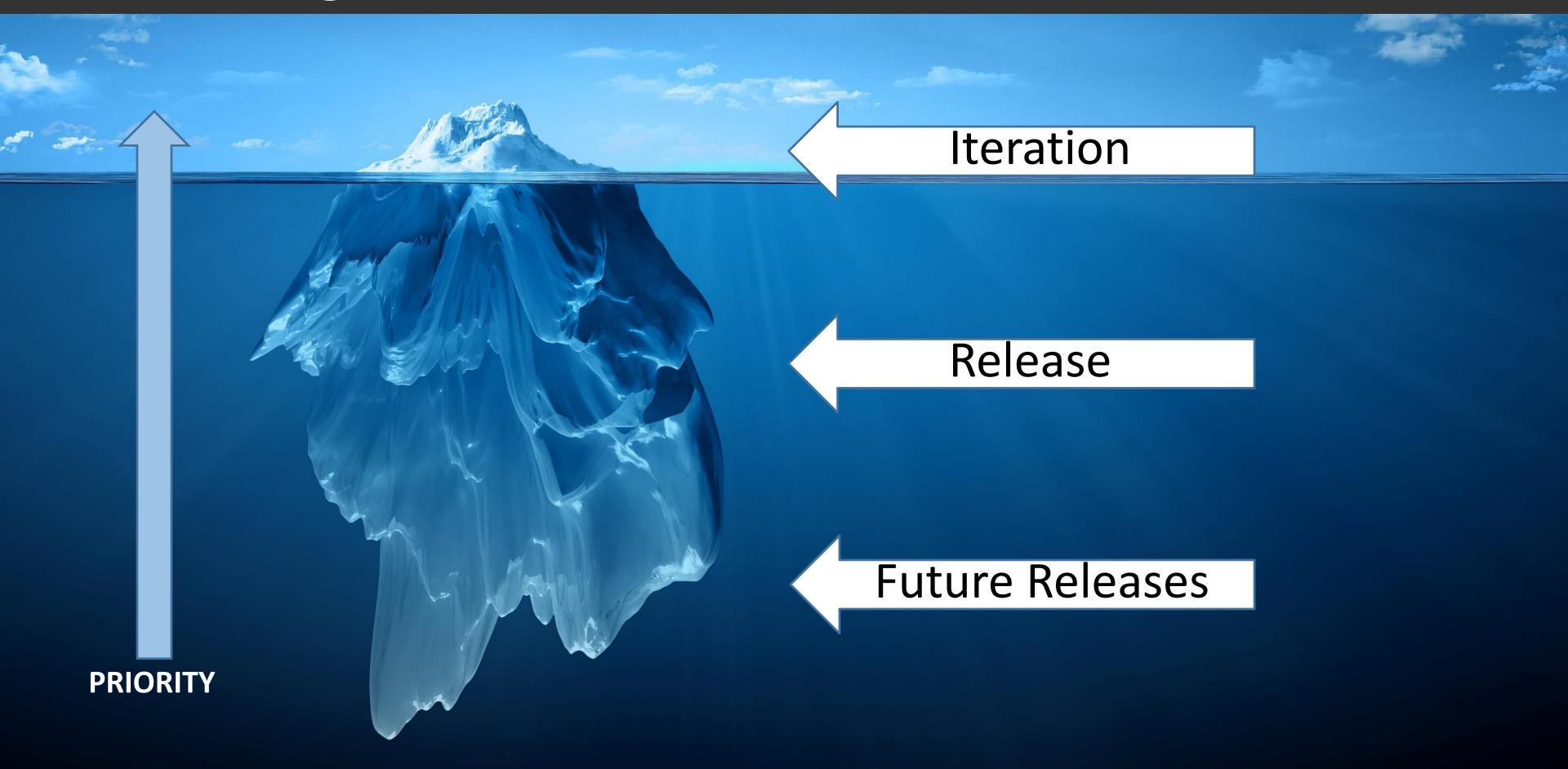


## **#NoProjects**



- 1. If they use it, it will change
- 2. Only dead software stops changing

## #NoBacklog



## #NoBacklog

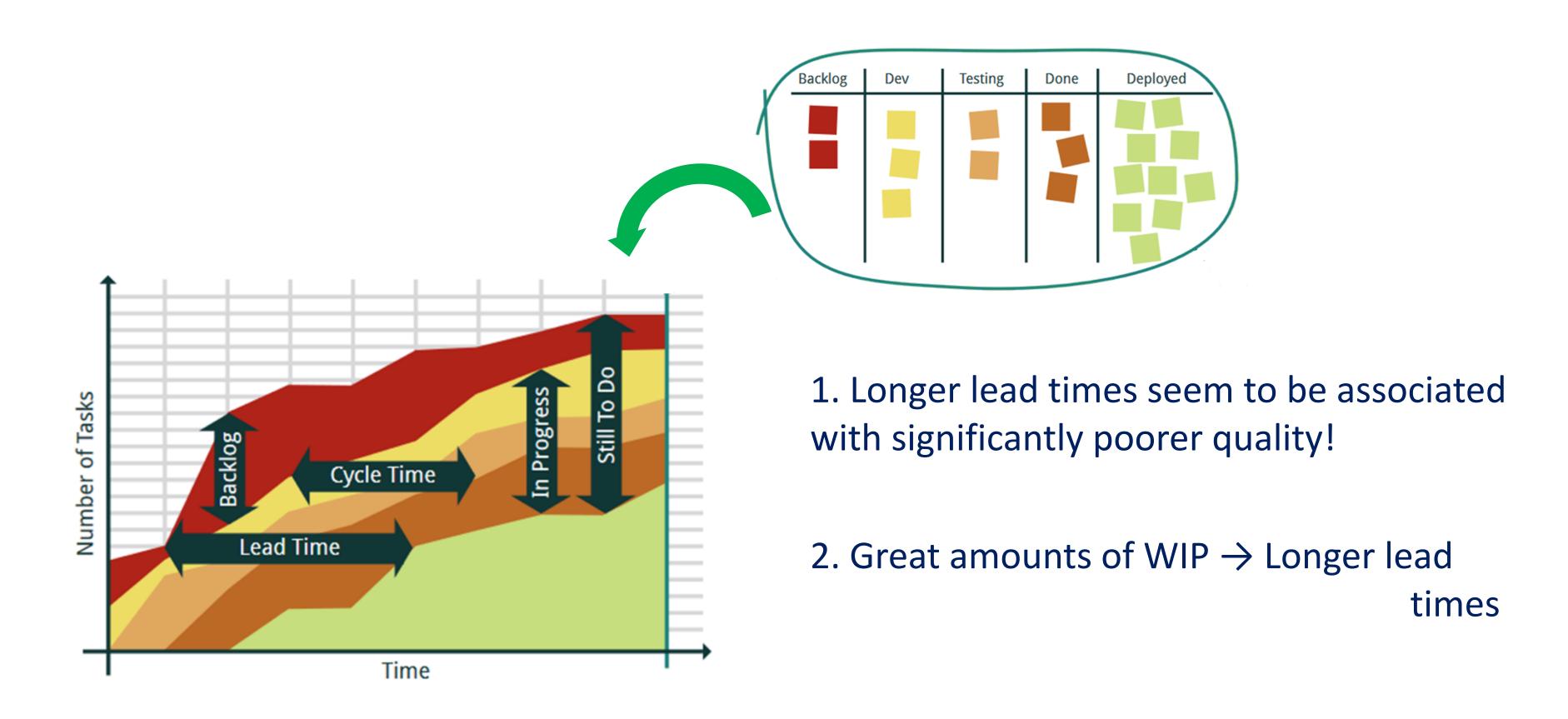
"Most backlogs are waste.

Estimating backlog items is therefore super-waste.

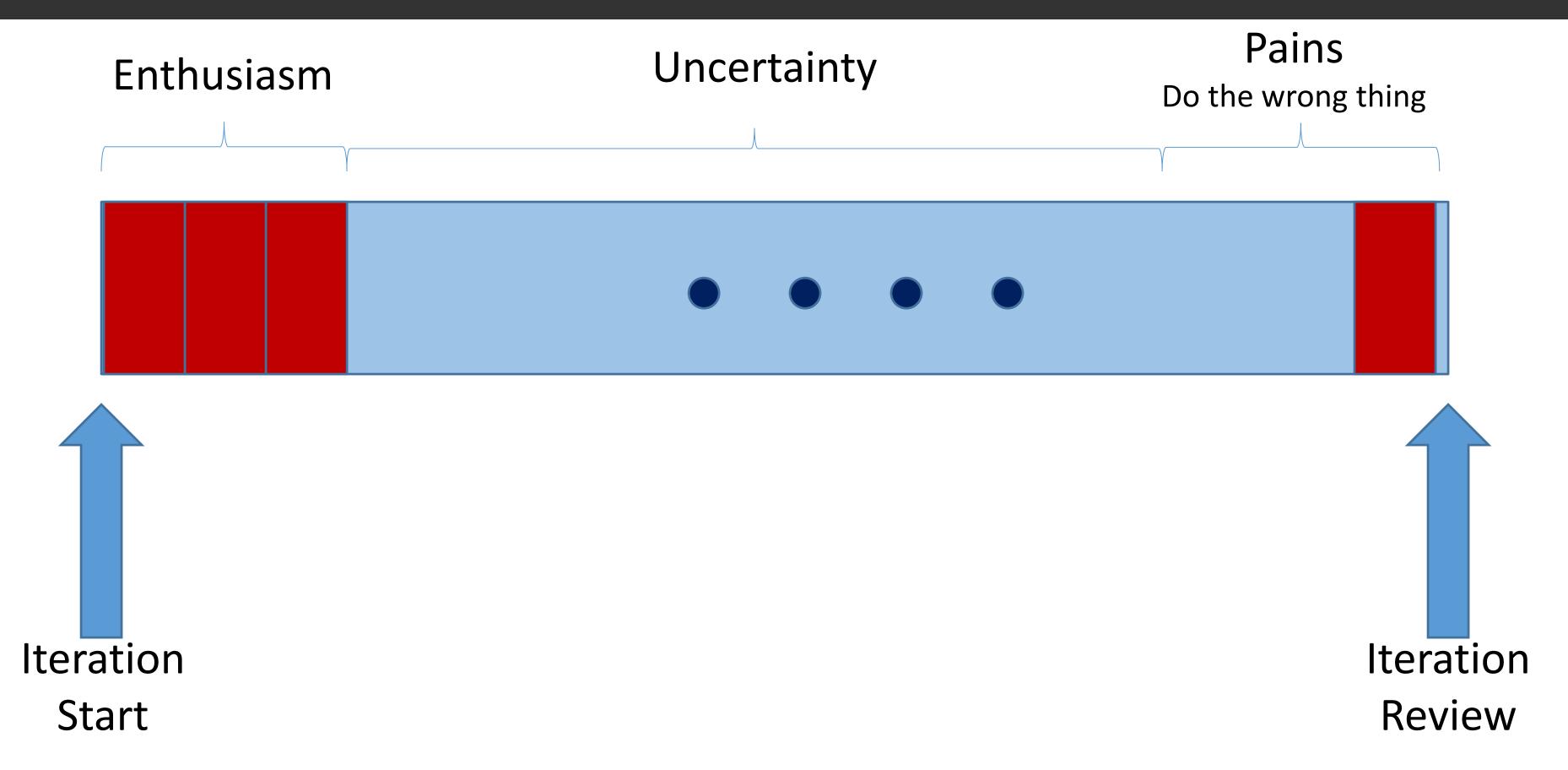
Revisiting backlog estimates are in mentally-deranged territory"

Paul Klipp

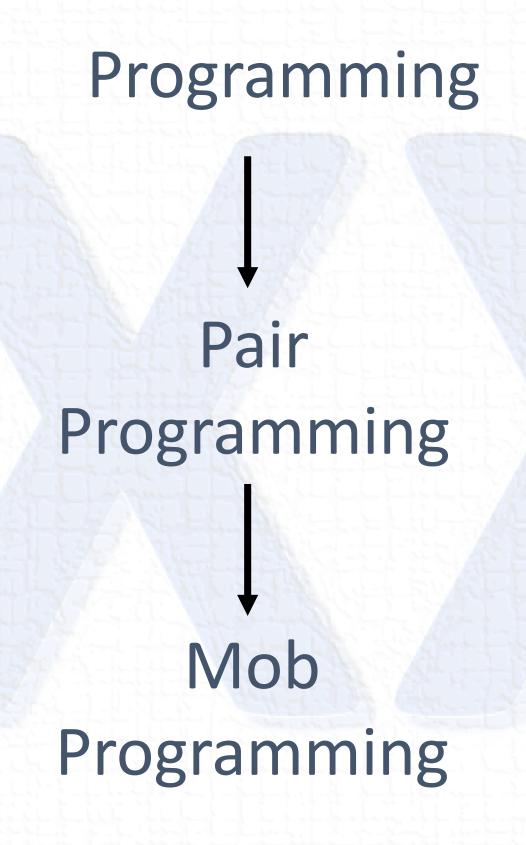
## #NoRelease / #NoIteration

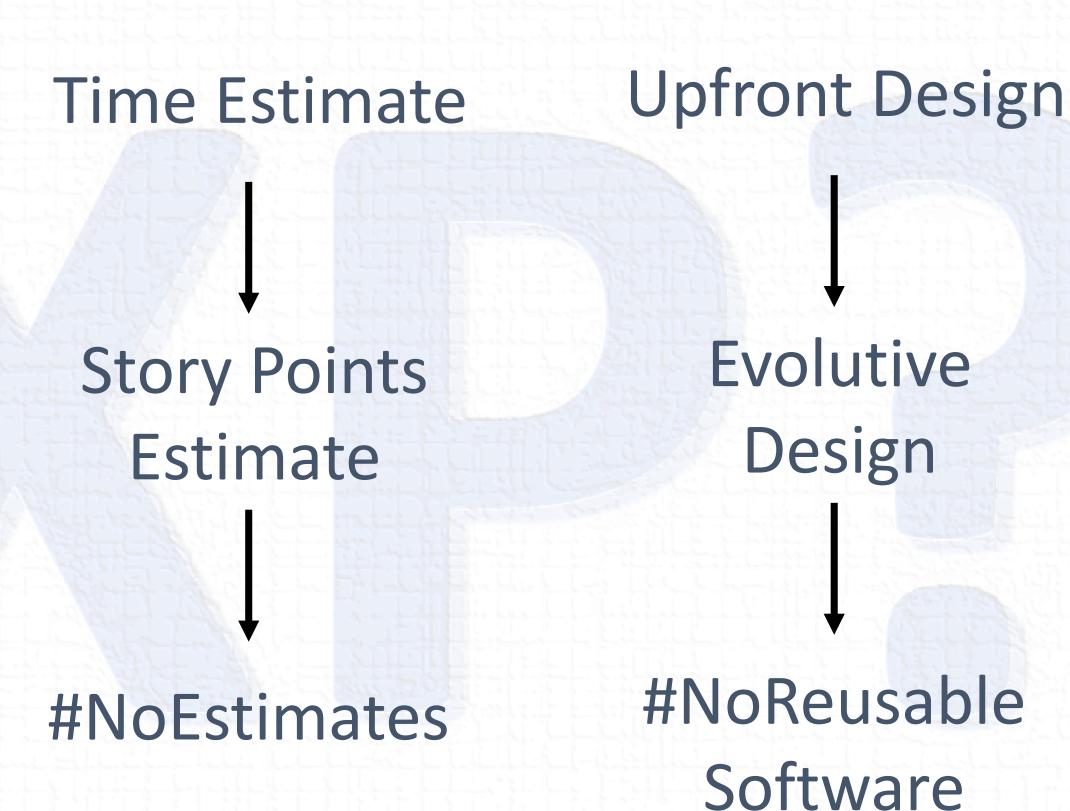


## #NoRelease / #NoIteration









Process Oriented
Software Development

Practice Oriented
Software Development

Principles Oriented Software Development