

Presentation 5

Contract review

- Contract review process and stages
- Contract review objectives
- Implementation of contract review
- Contract review subjects
- Contract review for internal projects

Common contract situations

- Participation in a tender
- Proposal submission according to customer's RFP
- Receipt of an order from a company's customer
- Internal request from another department in the organization

Contract review stages

Proposal draft review

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Contract draft review

Contract review

Proposal draft review - Objectives

To make sure that the following activities have been satisfactorily carried out:

1. Customer requirements **clarified and documented**
2. Alternative approaches for carrying out the project **examined**
3. Formal aspects of the relationship between the customer and the software firm **specified**
4. Development risks **identified**
5. Project resources and timetable adequately **estimated**
6. The firm's capacity with respect to the project **examined**
7. The customer's capacity to fulfill his commitments **examined**
8. Partner and subcontractor's participation conditions **defined**
9. Protection of proprietary rights **defined**

Contract draft review - Objectives

To make sure that the following activities have been satisfactorily carried out:

1. No unclarified issues remain in the contract draft
2. All understandings reached subsequent to the proposal are correctly documented
3. No “new” changes, additions, or omissions have entered the contract draft

Types of internal projects

(1) Administrative or operative software to be applied internally

(2) Software packages originally intended to be sold to the public as “off-the-shelf” packages

(3) Firmware to be embedded in the company's products

"Loose relationship" internal projects – Disadvantages to internal customers

<i>Subject</i>	<i>Disadvantages to the internal customer</i>
(1) Inadequate definition of project requirements	* Implementation deviates from the needed applications * Low satisfaction
(2) Poor estimate of the required resources	* Unrealistic expectations about project feasibility
(3) Poor timetable	* Missing scheduled dates for beginning the distribution of new products
(4) Inadequate awareness of development risks	* Customer unprepared for project risks and their consequences

"Loose relationship" internal projects – Disadvantages to internal developers

<i>Subject</i>	<i>Disadvantages to the internal customer</i>
(1) Inadequate definition of project requirements	* Higher change requirements * Wasted resources due to introducing avoidable changes
(2) Poor estimate of the required resources	* Substantial deviations from budget * Friction between units induced by requirements for budget additions
(3) Poor timetable	* Development activities are under time pressures and suffer from low quality * Delays in freeing staff for their next project
(4) Inadequate awareness of development risks	* Tardy initiation of efforts to overcome difficulties