

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	<ul style="list-style-type: none"> * Higher change requirements * Wasted resources due to introducing avoidable changes
(2) Poor estimate of the required resources	<ul style="list-style-type: none"> * Substantial deviations from budget * Friction between units induced by requirements for budget additions
(3) Poor timetable	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Tardy initiation of efforts to overcome difficulties