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Agile Contracts

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Turku Agile Day

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previously @ major law firm, Sulake

doing legal IT stuff since 2001

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Agenda

1. Contracts and Lawyers
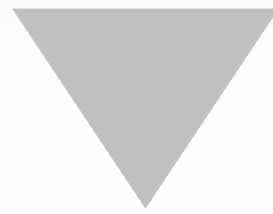
2. Pitfalls of Waterfall

3. Agile Contracts

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1. Contracts and Lawyers

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people really do hate lawyers.

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lawyer

▼

unnecessary complexity

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drafting contracts is similar to writing code.

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a beautiful contract:
a contract that
provides the simplest
possible solution to enable
the purpose of the contract.

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negotiation of collaborative contracts should <u>not</u> be approached as a zero-sum game.

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optimize contracts for successful outcome, not for the (imaginary) interests of one party.

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current economic climate does not favor beautiful contracts.

nevertheless, such beauty is worth fighting for.
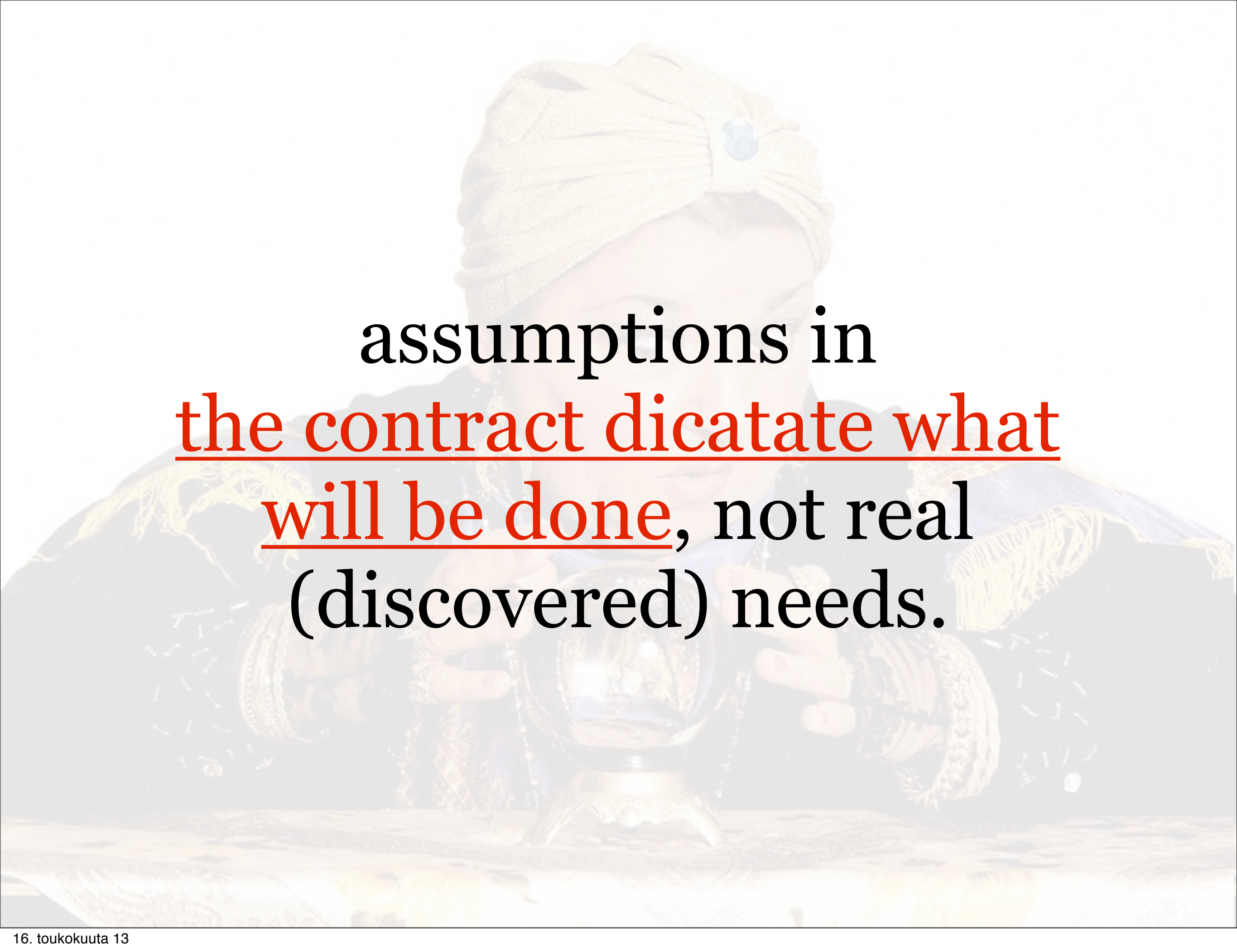
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2. Pitfalls of Waterfall

waterfall contract

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fixed price + fixed scope

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"the Supplier will deliver to the Customer the software described in <u>Annex 1</u> for EUR [price] by [deadline]."
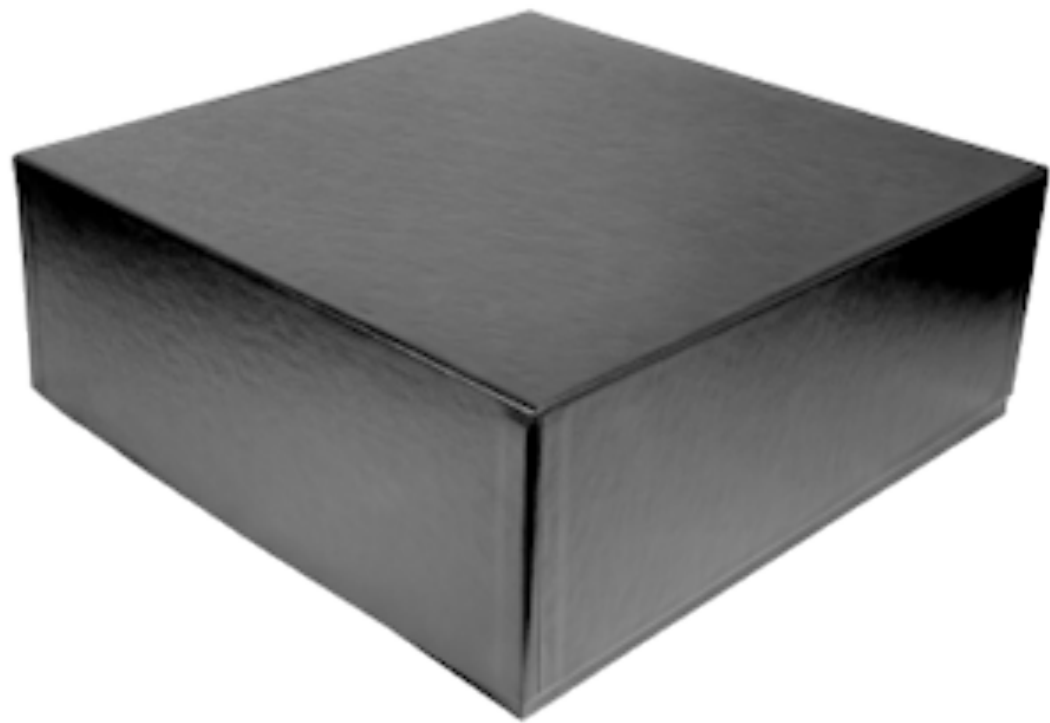
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assumptions in
<u>the contract dicatate what will be done</u>, not real (discovered) needs.

Change Management
the Supplier will allow change only if there is enough money on the table.

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Fixed price encourages the Supplier to do <u>minimum at maximum price</u>.

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The contract gives the Customer <u>illusion of control</u>, but in fact the Supplier operates as a black box and has no incentives for transparency.
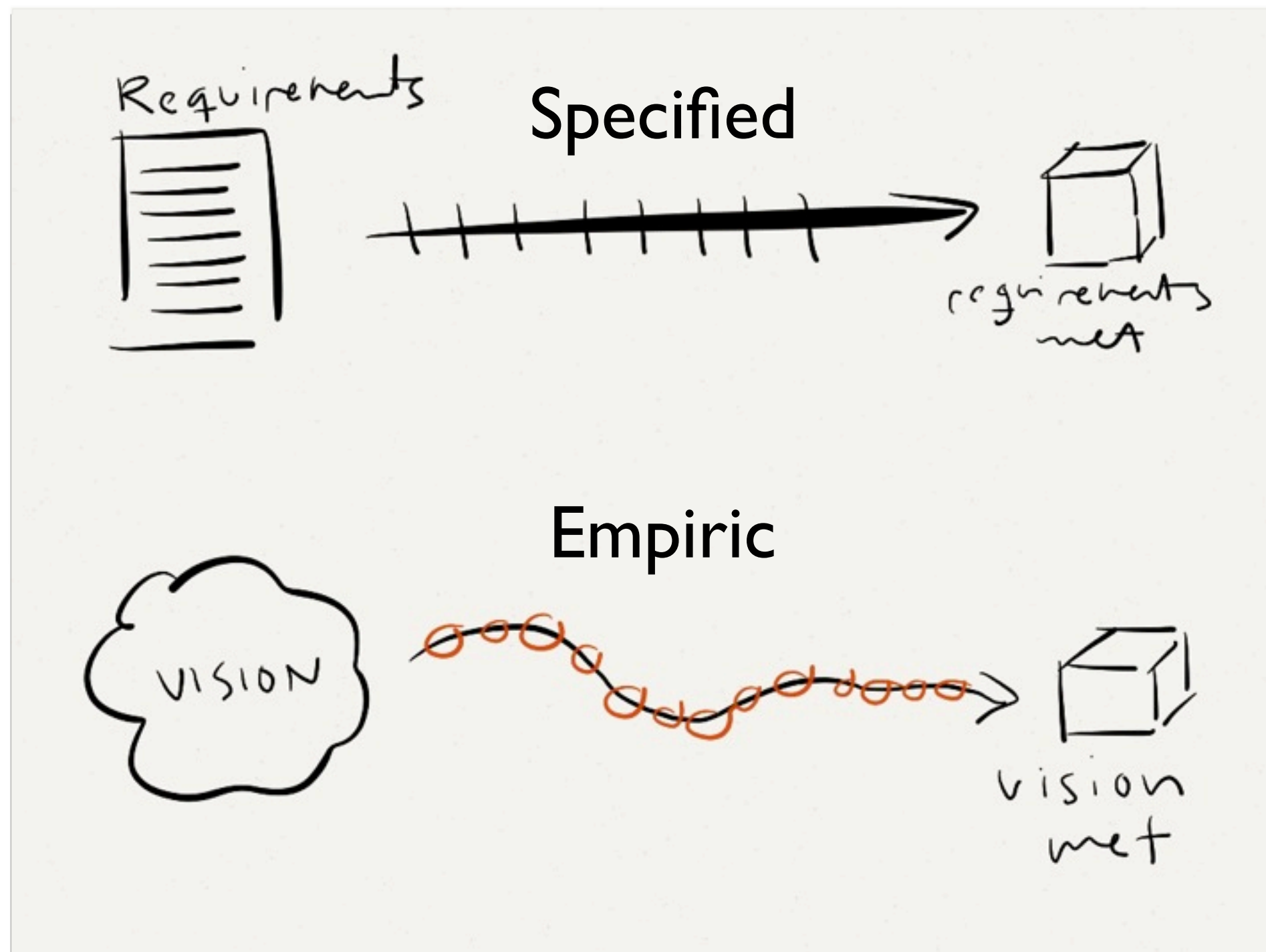
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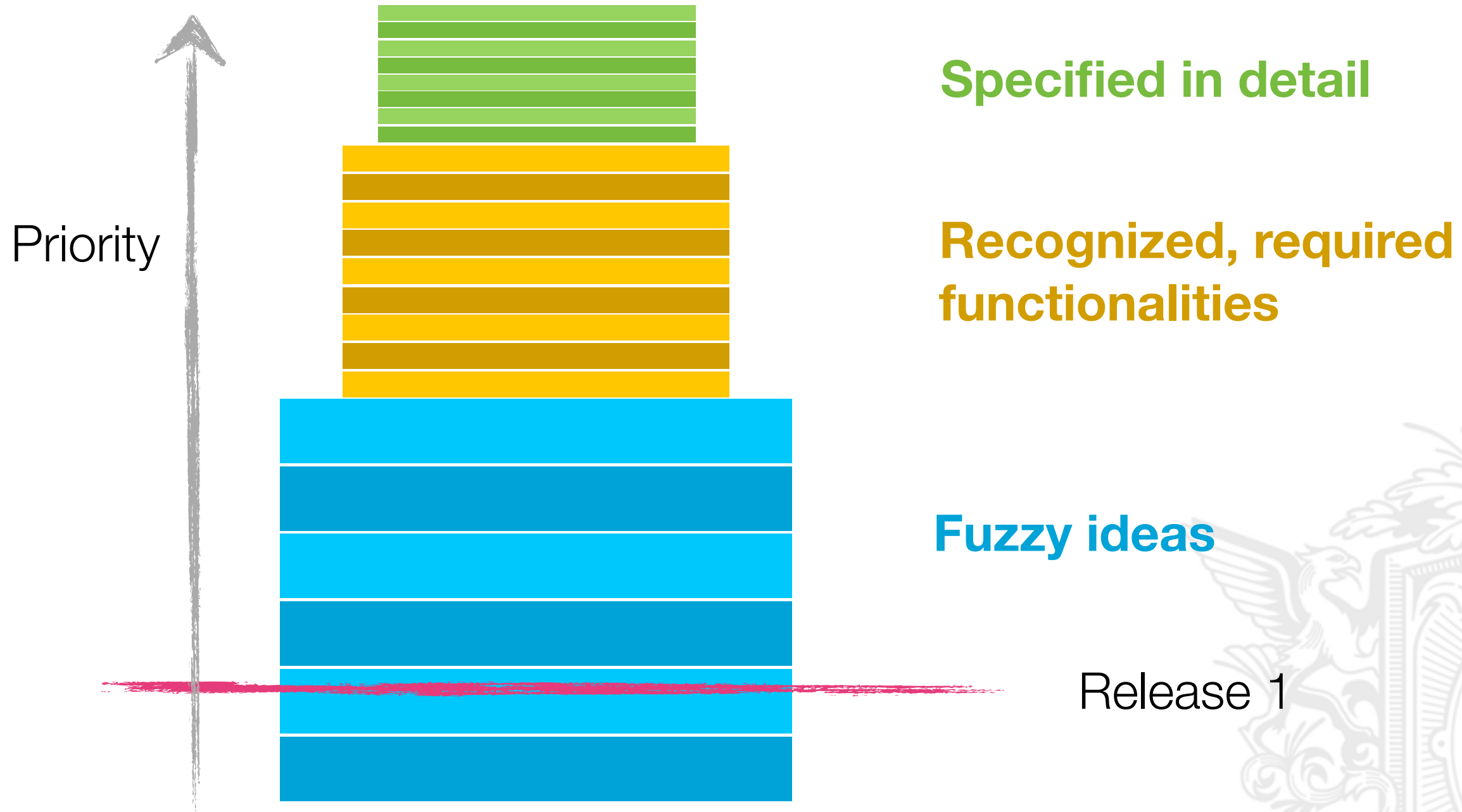
3. Agile Contracts

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Risks of a software project are best addressed by using agile methods.

<u>Not</u> with contract.

<u>Agile contract should make it possible</u> to capitalize on the ability of agile methods <u>to provide the Customer with best value</u> for a given budget.

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Specified

Empiric

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Backlog

Priority

Specified in detail

Recognized, required functionalities

Fuzzy ideas

Release 1

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the object of an agile contract should be the performance of service (as opposed to delivery of specified results).
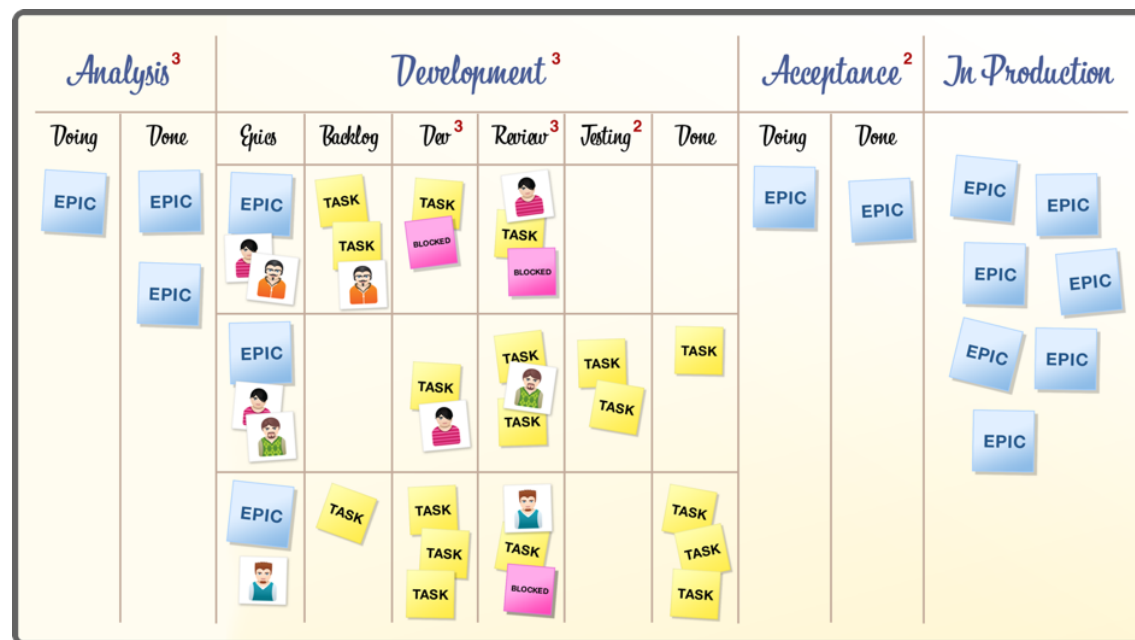
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team members <u>subject to approval of the Customer</u>.

the Customer has the right require the <u>change of a team member</u> at any time, for any reason.

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contents of the services (i.e. backlog) are agreed in accordance with the agile method.

no separate change management is necessary.

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charged on time & material basis on the basis of realized hours / days.

set max budget?

charges are not tied to the approval of the results.

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alternatively target price can be used.

target price is not ideal, as it requires scope and change management.

saved or overrun budget should be divided 50/50.

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Reaktor's satisfaction guarantee:

if the Customer feels that Reaktor has not performed with satisfactory level, they may notify Reaktor and receive discount of charges relating to last sprint - no questions asked.
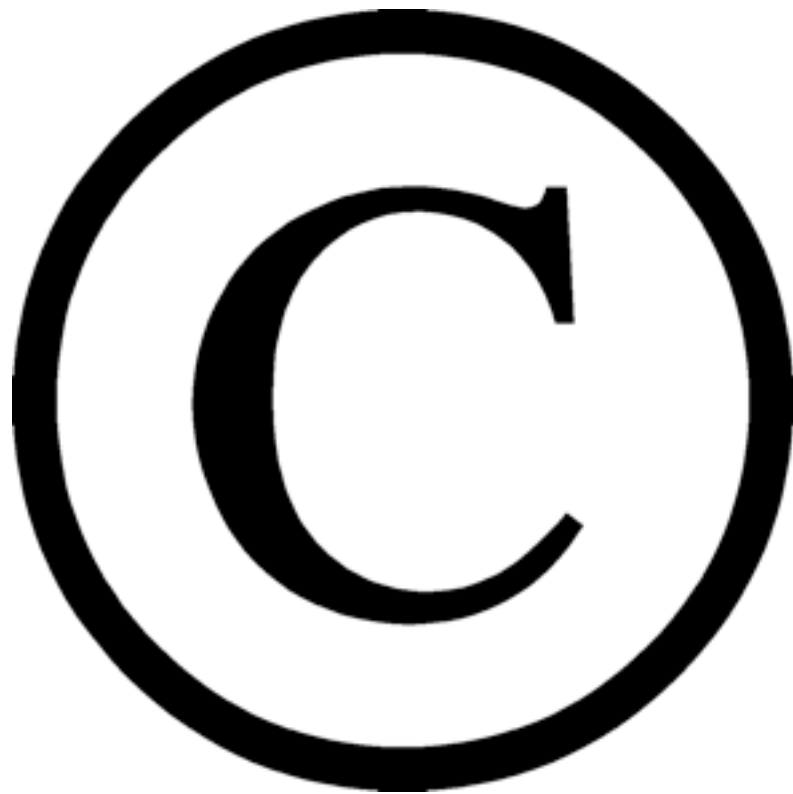
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indefinite term contract with 2 - 4 weeks' notice period.

trial period at the beginning of the contract?

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the Customer should receive [all rights or unlimited license to the results](#) of the services.

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Thanks!

... remember to further the beauty of simplicity when drafting contracts!

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