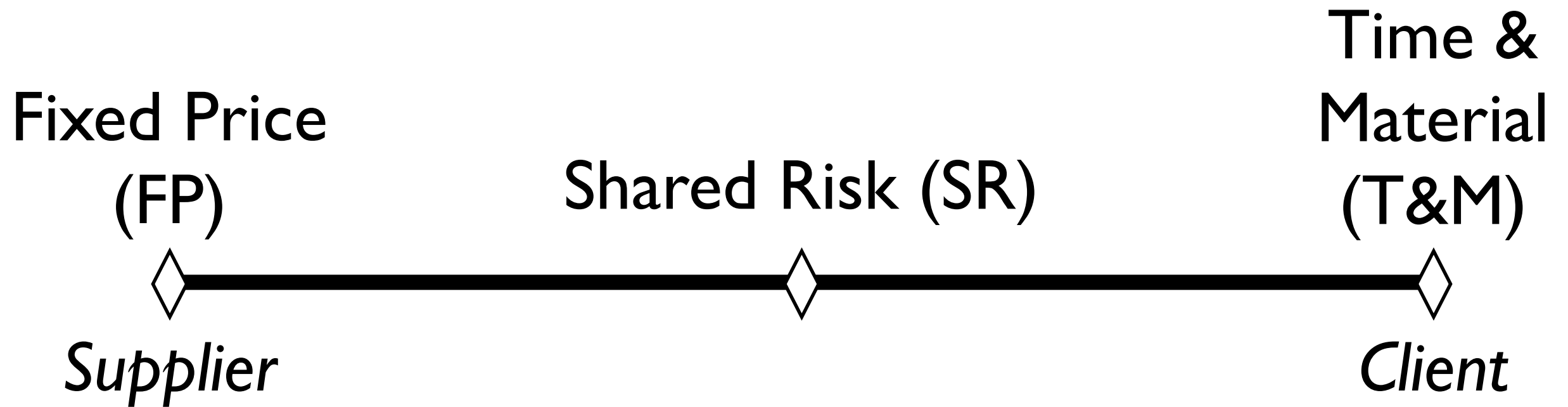


# Agile & Contracts

Serge Beaumont, Xebia  
for OpenSpace @ Scrum Gathering Stockholm 2008

*Prediction is very difficult, especially if it's about the future - Niels Bohr*

# Who takes the risk?



# Why? It's about *Trust*.

**“I don't trust  
Supplier”**

**“I trust  
Supplier  
blindly”**

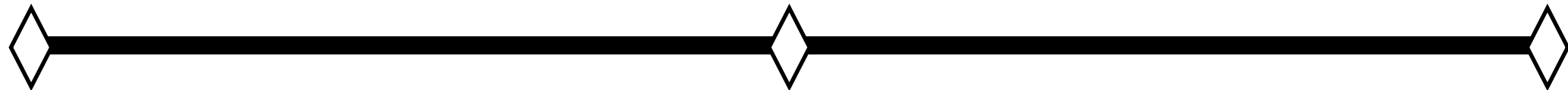
Fixed Price  
(FP)

Shared Risk (SR)

Time &  
Material  
(T&M)

*Supplier*

*Client*

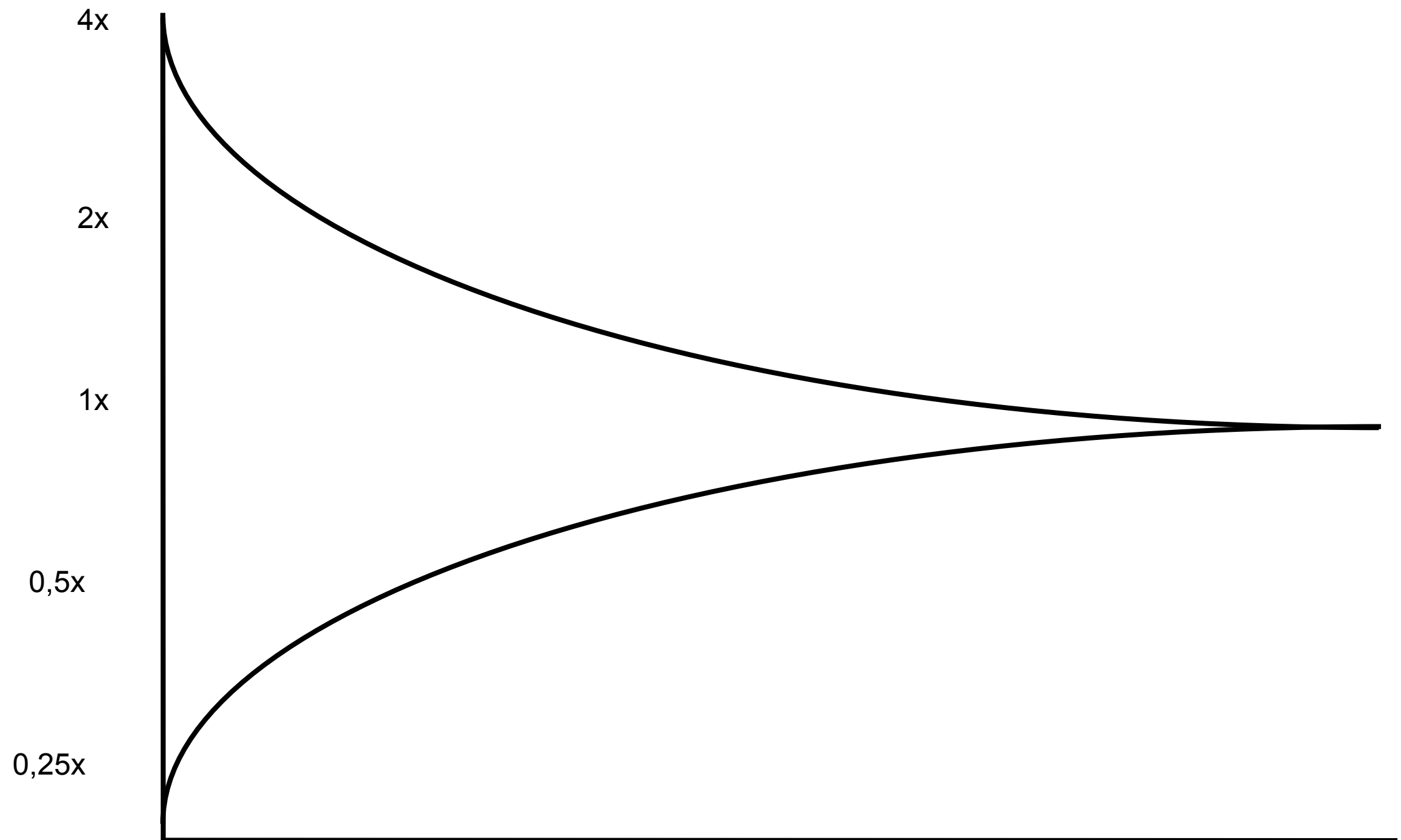


# Variants

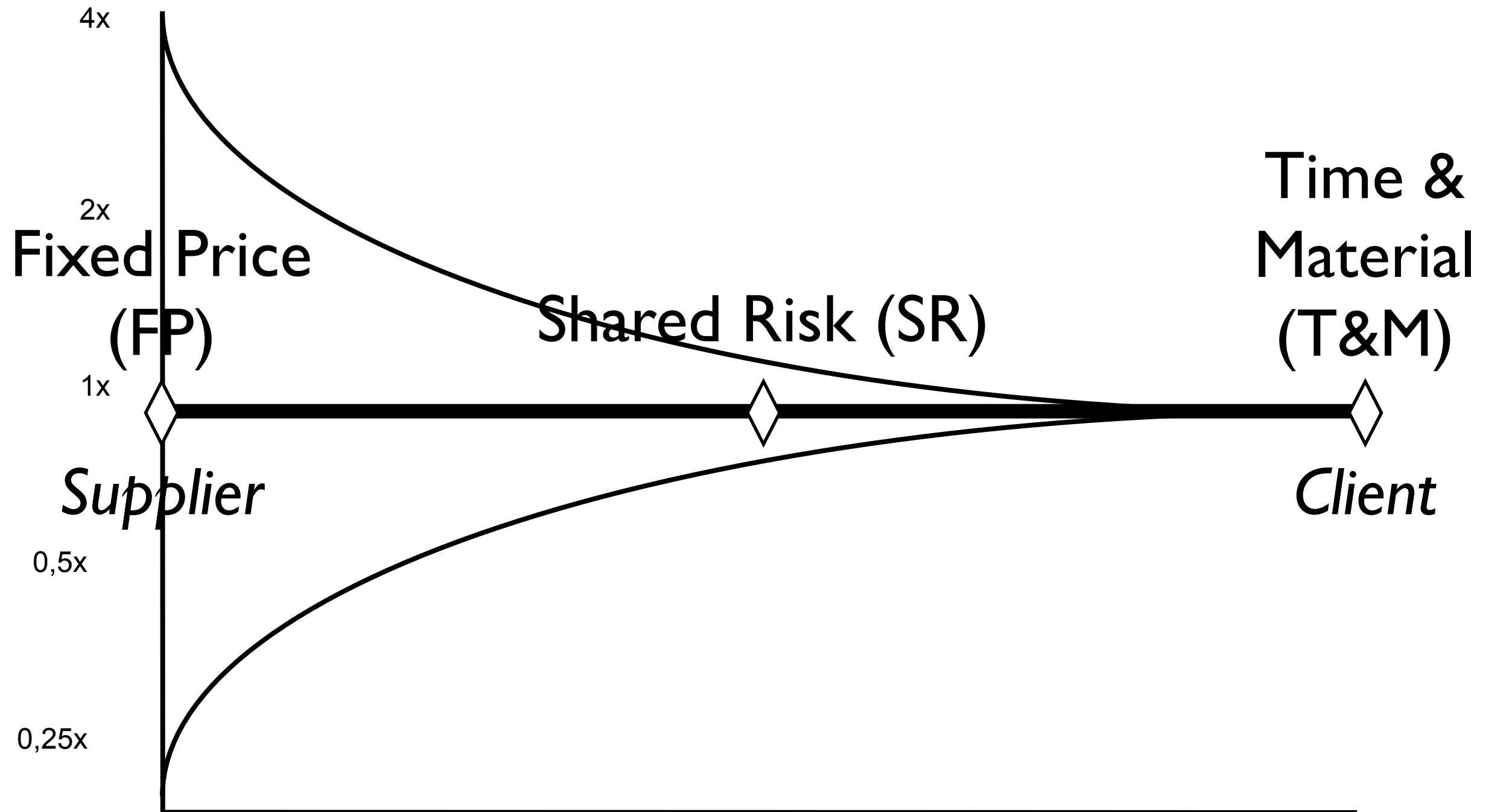
- Time & Materials - Hourly
- Time & Materials - Price per Sprint
- Two-Stage (& Joe's Bucket)
- Money for Nothing, Change for Free

# Two-Stage Contracts

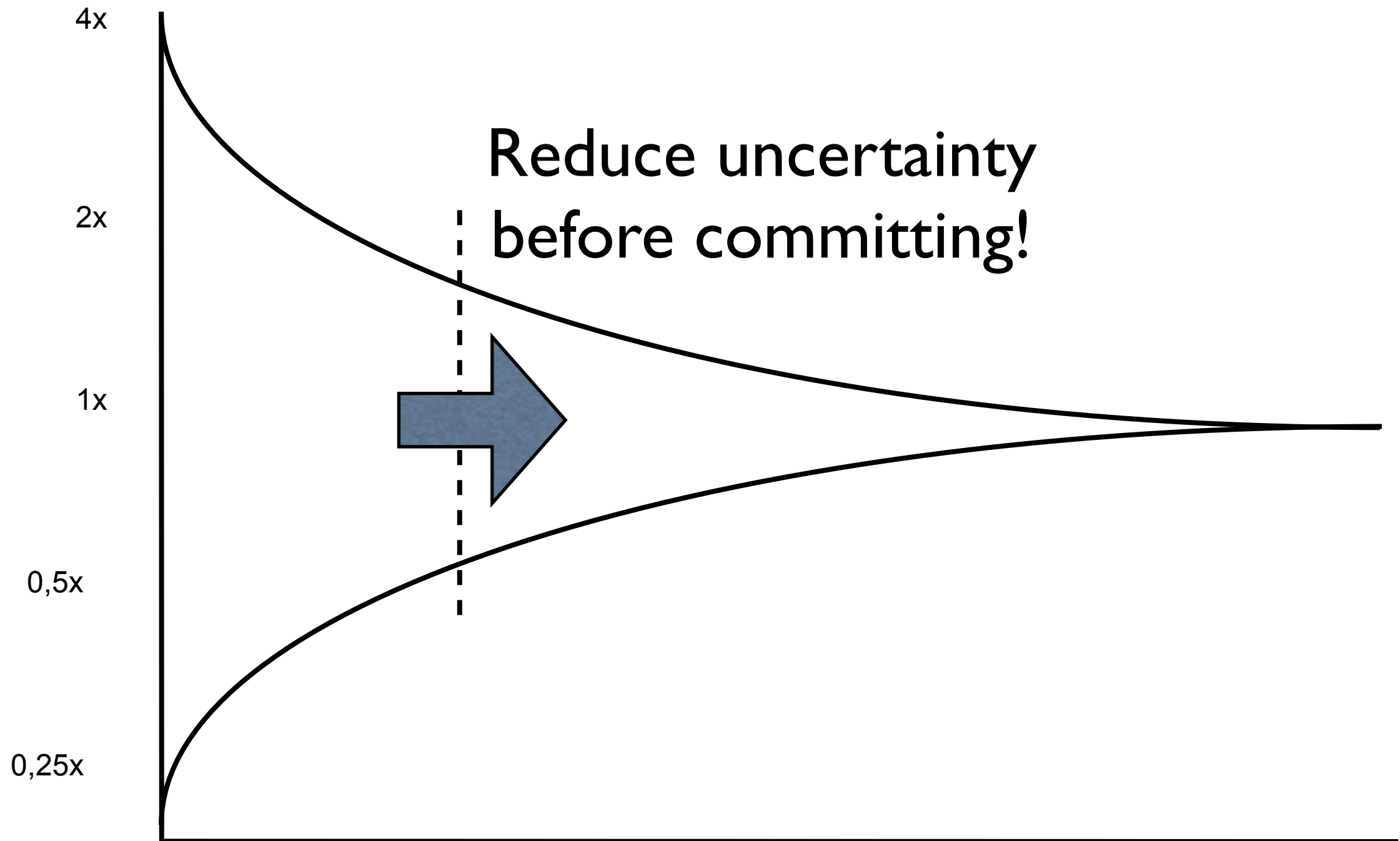
# Cone of uncertainty



# Cone vs. Risk



# The Goal

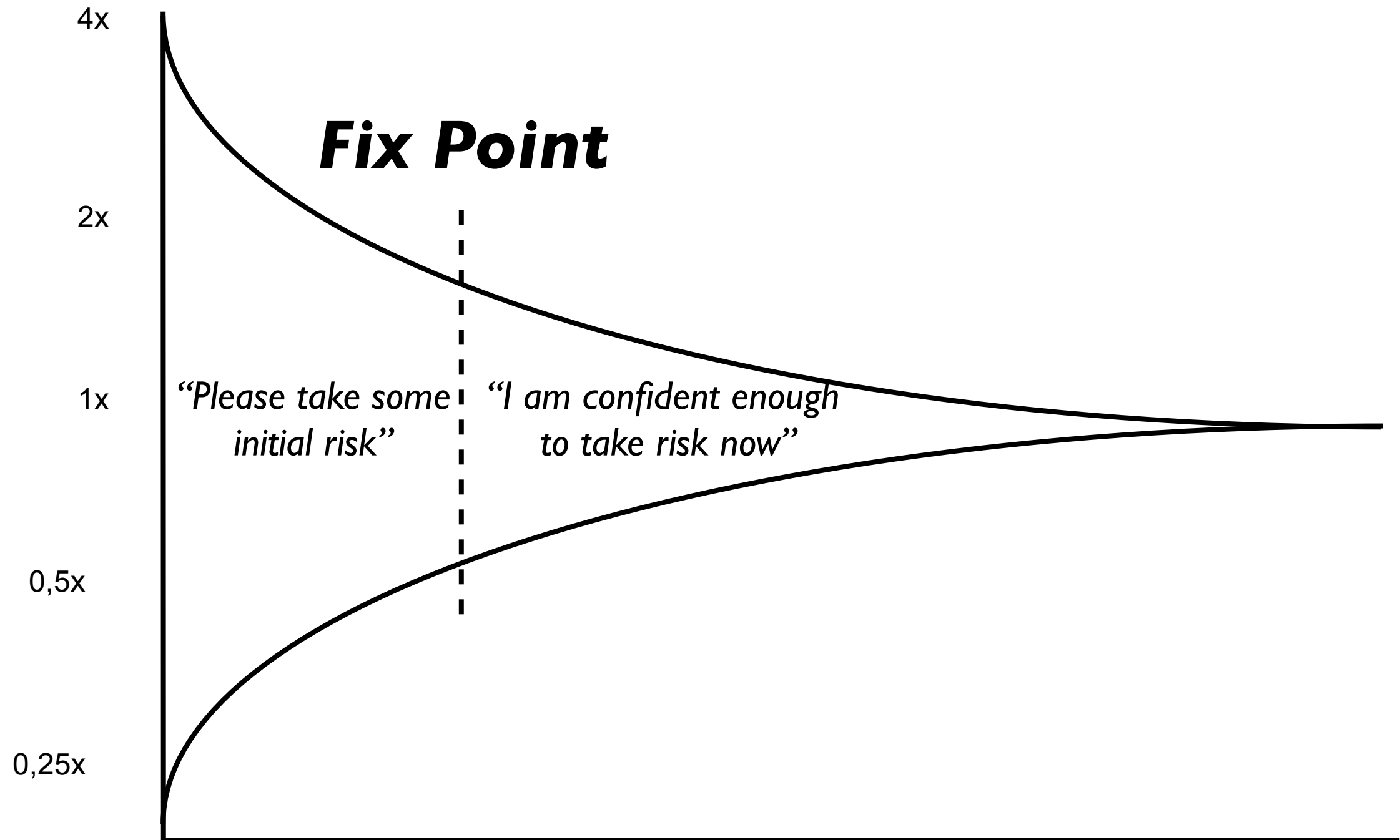




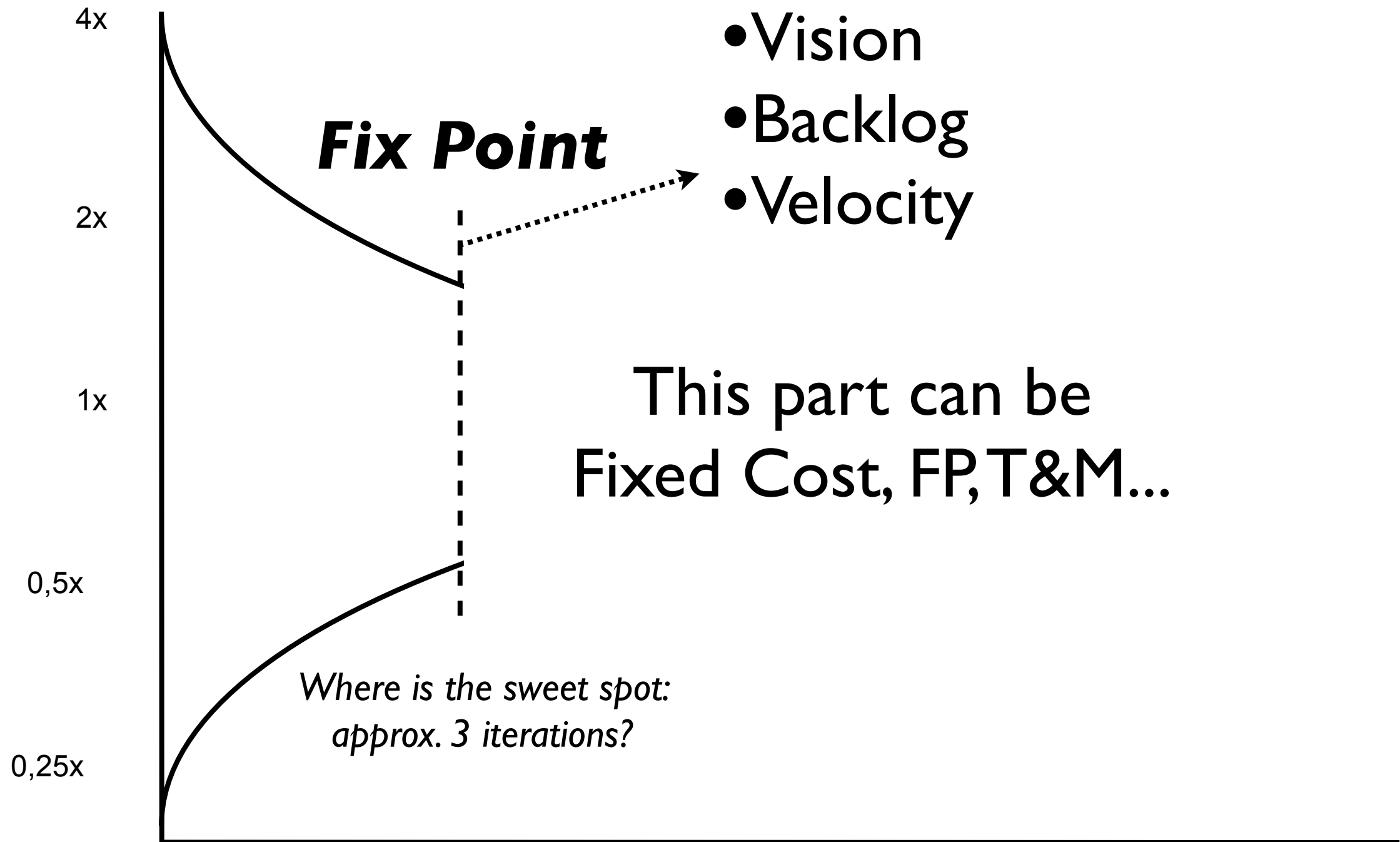
# Budget is not Contract

- Can start with *Budgetary Quote* if needed for client's budget request
- Stage One: reduce the cone
- Stage Two: take risk

# Chop the cone in two



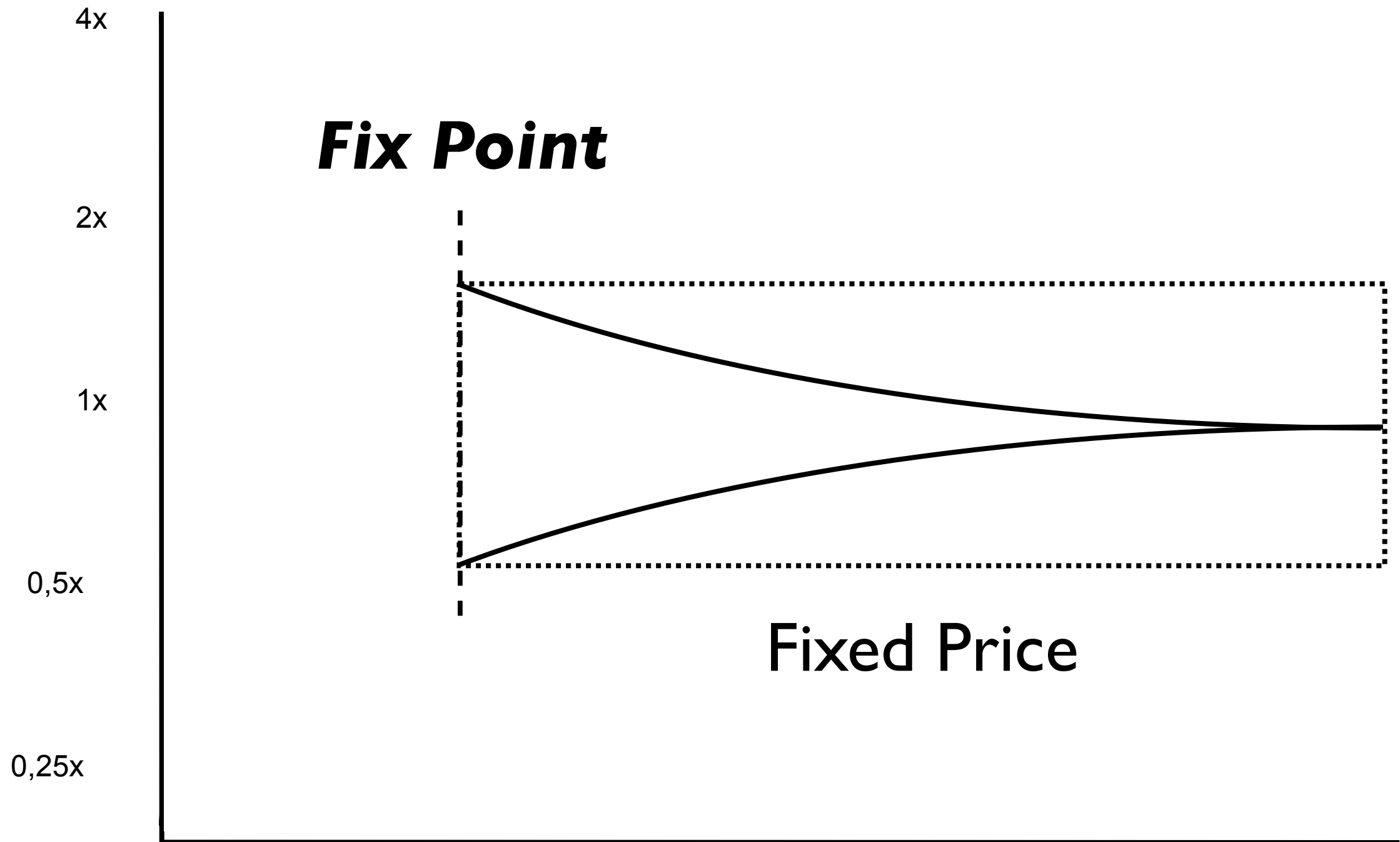
# Stage One



# At the Fix Point

- Hopefully client doesn't want it anymore
- In case of FP, you *must* now fix scope!  
(Otherwise it would be a Fixed Cost contract)

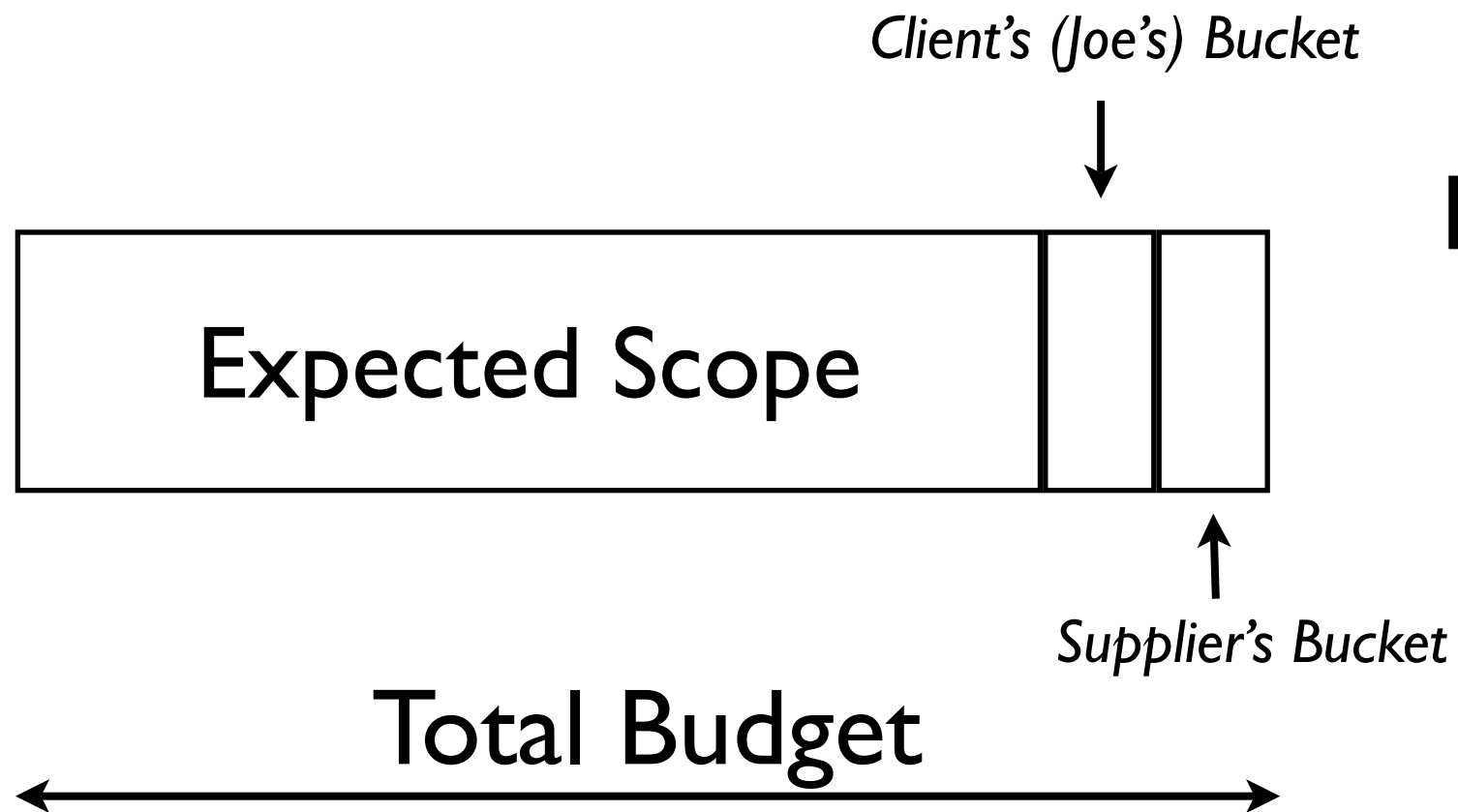
# Stage Two



# Joe's Bucket

*Thx to ThoughtWorks for the idea*

**Negotiation  
without  
breaking open the  
contract**



**Money for Nothing,  
Change for Free**

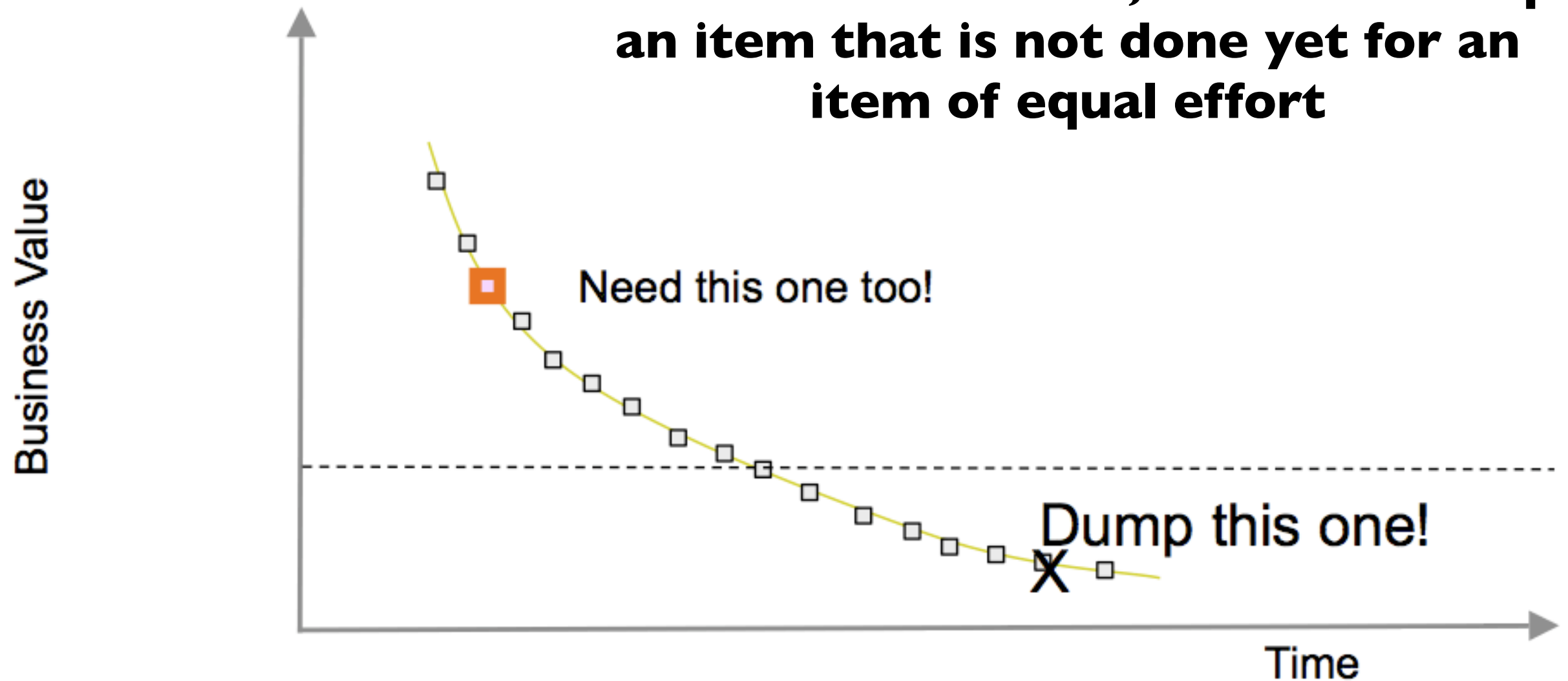
# Execution is Agile

- Normal Scrum with iterations, backlog...
- ...but the backlog happens to be fixed



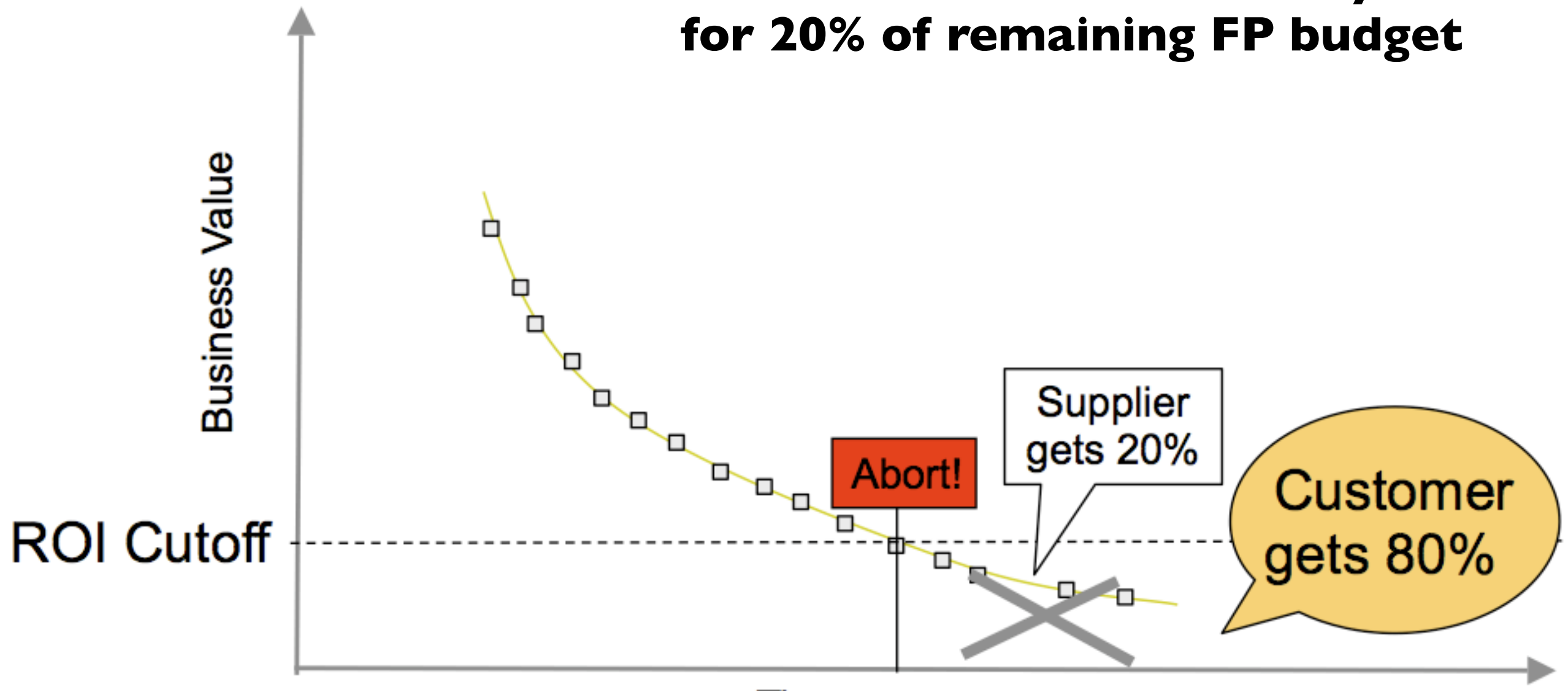
# Change for Free

**Within a FP contract, client can swap an item that is not done yet for an item of equal effort**



# Money for Nothing

**Within a FP contract, client can terminate the contract at any time for 20% of remaining FP budget**



# Contractual Elements

# Elements...

- Goal
- Warranty: how long after...
- Guarantee
- Cooperation model: intent is honored by Dutch judges!

# Effects of incremental

- Intellectual Property hand-over
- Ownership
- Liability

# Fixed (Total) Price

- Expected Scope
- Risk Premium
- *Scope Creep Premium*