



CHARISMATEK Software Metrics Services – Contract Management

Successful software project delivery requires an effective and transparent approach to contract management that provides clarity about what is to be delivered and how much it will cost to both the developer and client.

If you fix the price, you must be able to assess the deliverable to ensure it represents all the capabilities expected for that charge.

And, of course, you will have to be able to assess – and agree with your supplier - each and every change request for impact on schedule and cost.

If you choose a pricing mechanism related to the size and type of software deliverable, then you need to be able to easily and economically establish relevant parameters. Concepts such as "Dollar per Function Point" are powerful and relatively simple – but get it wrong and the risks are great.

CHARISMATEK has experience in every facet of software contract pricing, from implementing firewalls to building large software suites, from banks to poker machines and most things in between.

Talk to us about what you wish to achieve; we can help you work out the contract approach and management processes to make it happen.

See below for CHARISMATEK's service descriptions and the benefits they provide.

"Dollar per Function Point" Contracts

Software development and delivery has traditionally used either fixed price or time and materials based contracts.

An alternative to these traditional approaches is for a software developer to receive an agreed fee for each unit of functionality developed or delivered. This can be a single fee per unit or it can be a more sophisticated set of fees, depending upon the project landscape.

Contracts can be established as appropriate to the situation.

A software development project moves through its phases from initial high level requirements through detailed requirements to a specification of the software solution. For any requirement, there can be many software solutions.

Before the solution is known, then the uncertainty in pricing a largely unknown volume of work makes a fixed price impractical. A prime example of this is a project where assembly of detailed requirements is included in one overall development contract. The "Dollar per Function Point" contract sets a cost for delivering each unit of software.

This approach provides the flexibility for software partners to get on with the business of developing business solutions whilst ensuring both parties are protected.

Where the software solution is specified, a fixed price may seem a good option. However, the nemesis for any fixed price arrangement is "change" - how to define it, how to measure it and how to charge for it. Even where there are no official change requests, new and changed functionality can continue to emerge as the solution becomes better known.

Using a delivery based model of the software, identification of change is clear and the impacts apparent. This approach provides a straight-forward and transparent mechanism for costing any project change requests or other variations to the functionality to be delivered by the project.

Function Point Analysis provides a standardised, objective and auditable approach for decomposing the software to be delivered by a project into well-defined functional units which can be understood and negotiated by both parties.

Yes, there are always some "wrinkles". To get this right, you will need a little "hand-holding" from CHARISMATEK - selecting an appropriate fee per unit, limits to growth and mode of measuring does require some experience.

But if you want to stop spending all your time and money negotiating fixed prices and what is or is not a change and just get on with the job of implementing solutions at a fair price – call CHARISMATEK Software Metrics.

Unit Cost for Complex Maintenance

Paying on an "hours used" basis is unsatisfactory from many points of view. It provides no accountability to delivery or performance and can only be allocated to budgets post delivery.

CHARISMATEK's "Unit Cost for Complex Maintenance" allows a supplier's full program of work, comprising any combination of the above task types, to be tracked and compared against a single budget item, whilst still providing enhanced visibility and transparency for the work performed. We use industry data to determine "normal" (or benchmark) productivity in all activities and are able to normalise productivity across all types of activity.

The process includes well-defined gateways that allow both the client and supplier to assess, agree and sign-off on the supplier's work.

Work progress and its relative cost can be viewed and analysed at any time by both the supplier and client.

At the end of each billing period, a full record of the work undertaken is available that can be used for final reconciliation of the supplier's payment with the client's requirements.

Scope Managers for southernSCOPE Projects

southernSCOPE is a unit cost based method for contracting software development and delivery. southernSCOPE was developed by the Victorian Government.

CHARISMATEK provides experienced scope managers supporting both software project developers and clients working on software projects utilising the southernSCOPE method.

Benefits

CHARISMATEK's contract management services provide software developers and clients with a range of substantial benefits, including:

- ▶ Know the size of your software portfolio;
- ▶ Early identification of incomplete requirements;
- ▶ Much greater transparency in software project costing;
- ▶ An objective and transparent mechanism for costing and managing project changes;
- ▶ The ability to track diverse collections of software tasks against single budget items in a transparent manner.
- ▶ Confidence that a potential supplier has the skills and knowledge required to successfully deliver proposed software services;
- ▶ Software tool support - CHARISMATEK's Function Point WORKBENCH™ provides the analysis and reporting functions to support all the activities required for "Dollar per Function Point" and southernSCOPE projects.

Further Information and Contact CHARISMATEK

CHARISMATEK Software Metrics provides a wide range of quantitative analysis services focussed on adding value to organisations both delivering and purchasing software related products and services.

For further information on all CHARISMATEK's services, see the CHARISMATEK website at www.charismatek.com or contact CHARISMATEK on + 61 (0)3 9696 1255 or at info@charismatek.com.