

# Fixed Price Contract & Agile Software Development – an ‘experience in process’ report

Christine Moore, Caribou Lake Software

## Overview

This paper offers the experience of one fixed price contract where agile development was tried. The project is still in process, but the learnings to date may provide insight into the affects of agile development in a fixed price environment.

## Highlights of the path to date:

- Caribou Lake won the contract via an RFP process. The RFP process had been preceded by a requirements identification and analysis project conducted by another consulting company.
- Project was originally NOT planned to include an agile methodology
- The customer is part of a county government system
- The project’s goal is to automate a very precise manual business process that is extremely non-sequential and very time driven
- Requirements were believed to be very well understood (by the customer)
- An ‘iteration zero’ phase was planned and conducted
- An architectural proof of concept was planned and conducted
- eXtreme Programming (XP) was introduced and rallied for by the development team after iteration zero
- The XP approach was not well implemented initially
- Catastrophe struck – the emperor was nude, there was NO working software
- Consulting company determined to stay with it due to the long and trusted client relationship
- The team (customer and developer) regrouped and had significant turnover
- XP was applied anew
- The customer is thrilled with the software, the first production release is in production parallel
- The customer / developer relationship is stronger than ever
- The customer refuses to proceed in any other way than XP

## Question

How can the development team, and my consulting company, ensure that the effort we put in to the rest of the project (two more major releases in different domain areas) are in line with the fixed price we are held to, AND result in the business value needed by the customer?

## Clues to the Answer

The following clues are helping us find the path to a mutually beneficial project completion – within a fixed price contract.

## **Customer Trust**

There is a direct correlation between the consistent delivery of ever more robust working software, and the amount of trust the client extends. Specific examples:

- The precise letter of the contract is less important, and referred to less often
- The development team's recommendations are held in high regard, even when 'less' is offered as a better solution
- The customer is finding functionality they can 'do without'
- The customer believes that the development team will help them uncover what they need, and understands it won't be what they thought they wanted –and they are excited about this!
- The customer team is looking for ways to promote our work

## **A Very Experienced Development Team**

The development team is now 1/2 the size it used to be, but is made up of three extremely senior members who have always been very disciplined, and thrive in the XP environment. The three developers are all committed to the business goals of the client.

## **A Really Involved Customer Team**

The customer team has an involved attitude, feels a part of the development process, and feels accountable for the project results.

## **The Attention of IT**

The internal IT department, skeptics until recently, is now very supportive and interested in the development process and technical results.

## **The Attention of Contracting or Purchasing Departments**

Or, should we say lack of attention. What seemed huge hurdles in progress payments, precise predetermined milestones are simply non-issues.

## **Requirements Lists Vs. Behavioral Models**

As we prepare to expand the software to related but different domains, the client is concerned about determining requirements too far in front of development – because they don't want to forego the learning they know they will have as we produce software. However, discussing, planning and prototyping the desired new workflow is something they are interested in because it helps them envision their business using new software.

## ***How our 'Agreement' Going Forward is Different***

It is important to note that our contract with this client has not changed – it still specifies a fixed price and refers to the original requirements. So, when we say that our agreement has changed, what's changed is the social environment in which we are now operating. The goal for both the customer and development teams is to build a software system that results in the specific business benefits the county needs, and does so with the simplest solution possible. The customer is looking out for our needs, and we are looking out for theirs. Will this last? Will we ultimately be able to deliver AND stay within the effort that our fixed price allows? Here's what we are doing, based on the clues noted above to give ourselves and our client the best chance:

- The development team makes strong recommendations regarding simpler solutions. The simpler solutions can never cheat the client out of any of the business benefits we are striving to achieve.
- We are insisting on strong customer participation and partnership
- We are sticking to a very senior team, and resisting the temptation for cheaper and more junior resources.
- We are getting creative about how to help the customer envision their software (working prototypes, behavioral models, close observation of the manual process)
- We let the client know when a decision they make negatively impacts us and why, and challenge them to make a decision that allows us to be successful too.