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Hunton & Williams

Agile Software Development – How it can go wrong

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1. What is Agile Software Development?

Agile Software Development: Key Concepts

- A reaction to “waterfall” models
- Iterative development
- Collaboration / Team work
- Cross functional teams
- Face-to-face communication

Manifesto for Agile Software Development

We are uncovering better ways of developing software by doing it and helping others do it.

Through this work we have come to value:

Individuals and interactions over processes and tools

Working software over comprehensive documentation

Customer collaboration over contract negotiation

Responding to change over following a plan

That is, while there is value in the items on the right, we value the items on the left more.

Kent Beck
Mike Beedle
Arie van Bennekum
Alistair Cockburn
Ward Cunningham
Martin Fowler

James Grenning
Jim Highsmith
Andrew Hunt
Ron Jeffries
Jon Kern
Brian Marick

Robert C. Martin
Steve Mellor
Ken Schwaber
Jeff Sutherland
Dave Thomas

Agile Adoption



- Benefits:
 - Enhance ability to manage changing priorities
 - Improve project visibility
 - Improve alignment between IT and business objectives
- Experience with Agile Development Practices - 93%
- Organisations that used Agile Development Practices - 84%
- Company Projects that used Agile Development Practices - 50%
- Had not experienced a failed Agile project - 23%

Source: Agile Development Survey, 2009



2. Agile Software Development – How it can go wrong

What can go wrong?



“Having stakeholders who think that agile means changes which do not bring costs..”

“Poor communication channels...”

“Thinking agile means cowboy...”

Case Study: Web Application



- Offshore vendor based in India
- UK customer – replacing existing vendor and looking to save money
- Original design not provided by incoming vendor
- UK customer seeking to use Agile Development without detailed understanding of Agile methods
- Offshore vendor with limited experience of Agile Development

Conflict with Agile Projects



- Use of standard IT development contract
 - Fixed dates for delivery
 - “Time is of the essence”
 - Formal change control processes
- Vendor assumes contractual risk of delivery
 - Payments linked to milestones
 - Liquidated damages for delay
 - Termination rights for poor performance, delays or non-compliance with specifications
- Fixed price



3. Possible Solutions

Flexibility



- Multi-stage contracts
 - Separate contracts / work orders for each stage of delivery
 - Fixed schedule, variable scope
 - Progress to a fixed contract
- Target cost contracts
 - Middle ground between fixed contract and T&M contract
 - Shared risk-reward
 - Vendor and customer agree on the total target cost of the project, including all changes.
- Target schedule contracts
 - Fixed resources
 - Fixed schedule



- Creative pricing models
 - Fixed budget eg., “...we have a budget of £x. We require release 1 on 31 July – we will work together to deliver the best set of features to go live on 1 July”
 - Separate negotiation for each iteration
- Effective governance model
 - Ensure project teams understand Agile Development practices
 - Governance / Change review boards to regularly formalise scope / schedule changes

Conclusion



- Parties need to acknowledge that scope cannot be fixed in the contract
- Creativity needed around pricing
- Effective governance is essential
- Contract is still essential, but it must be a dynamic and flexible document, and used as a guide for a win-win relationship – not just a statement of obligations

Questions?



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