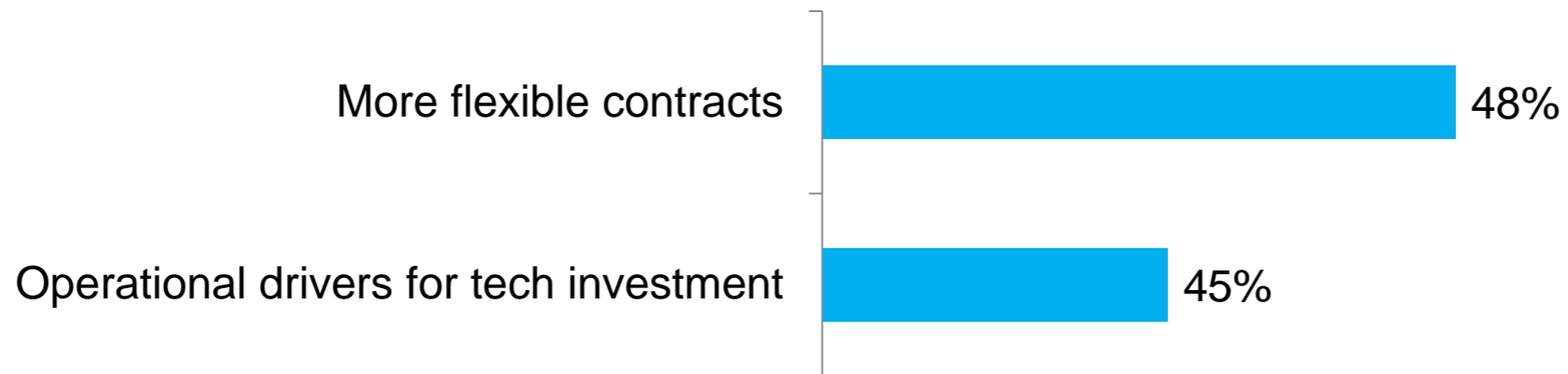


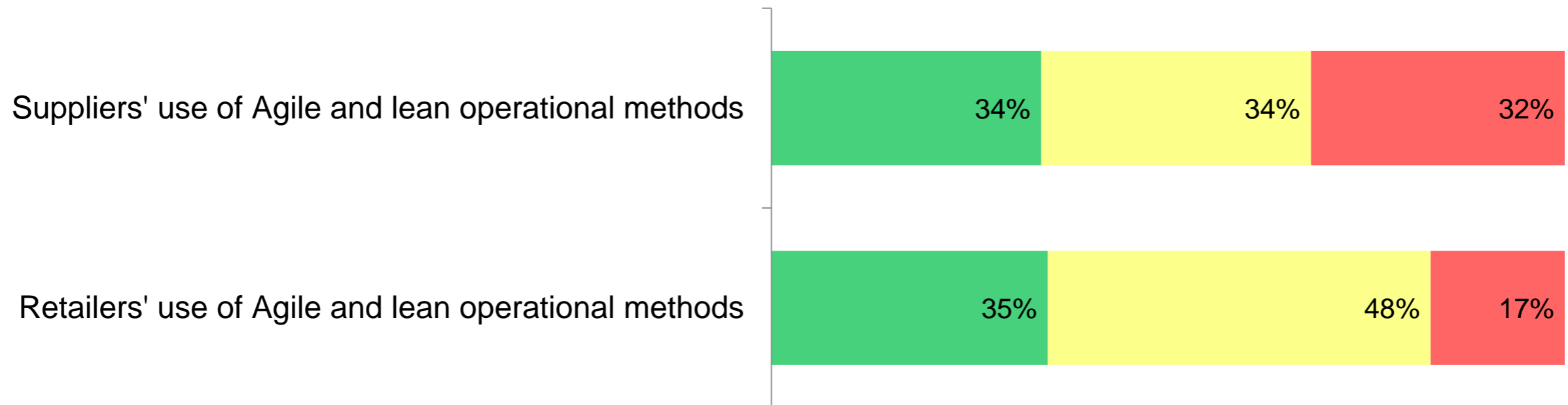


Agile Business Conference 2015
What Price Agile?

Future of tech in retail study



■ Currently use ■ Plan to use in the next five years ■ No plans to use



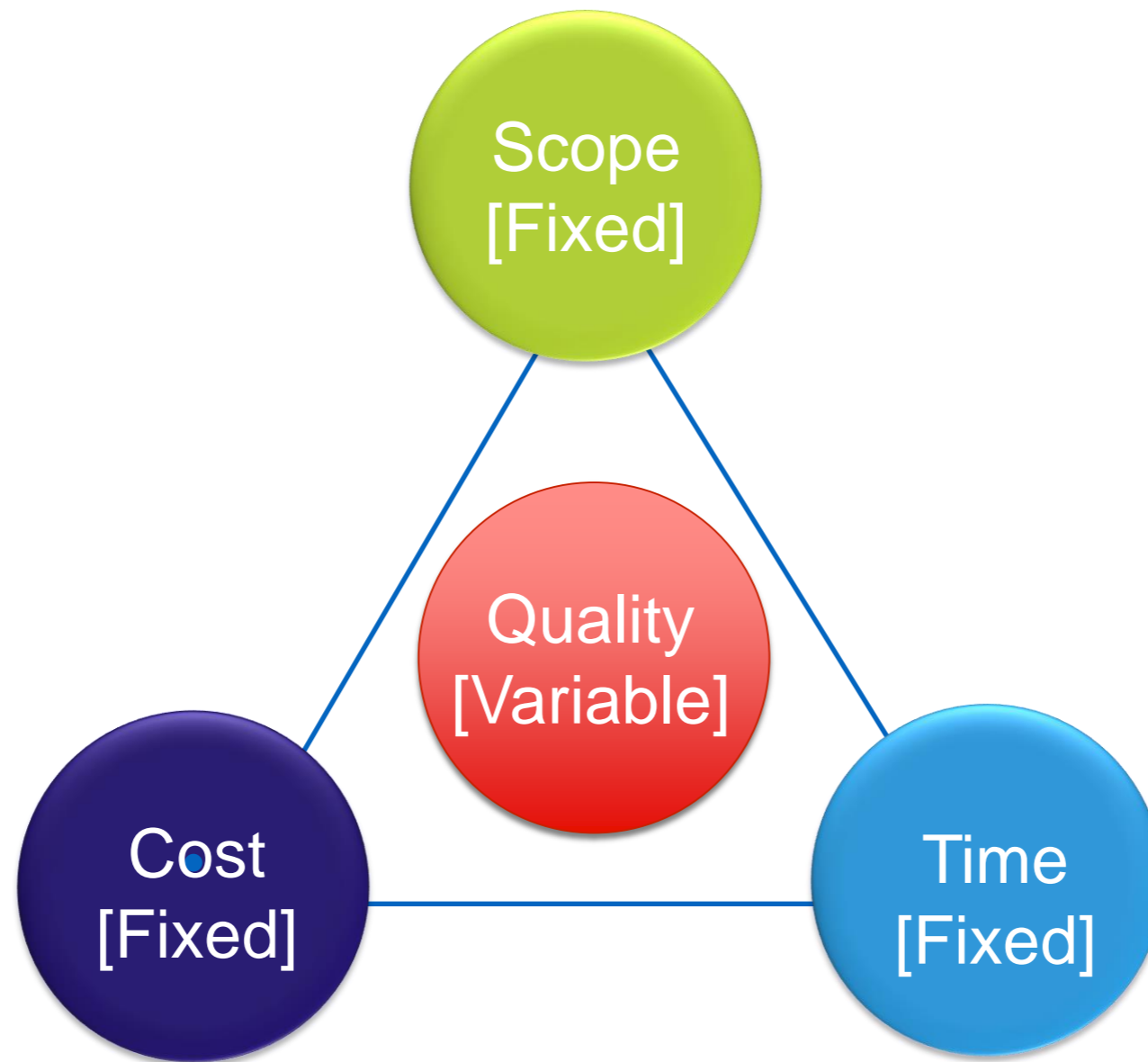
Barriers to Agile

- Lawyers like certainty: outcome, cost, time, etc
- Myths
 - lack of financial control
 - uncertainty of outcome
- Lack of commercial models
 - Norwegian PS-2000 contract
 - Dutch K03 contract
 - GDS call off terms for digital services
- Need for cultural change
 - collaboration
 - risk transfer
 - employee empowerment

Waterfall contract issues

- Sequential process
 - front loads the analysis
 - locks down the specified features
 - encourages a “black box solution” mentality
- Contracts are “lose-lose” – failure generates
 - claims for damages
 - lack of a solution

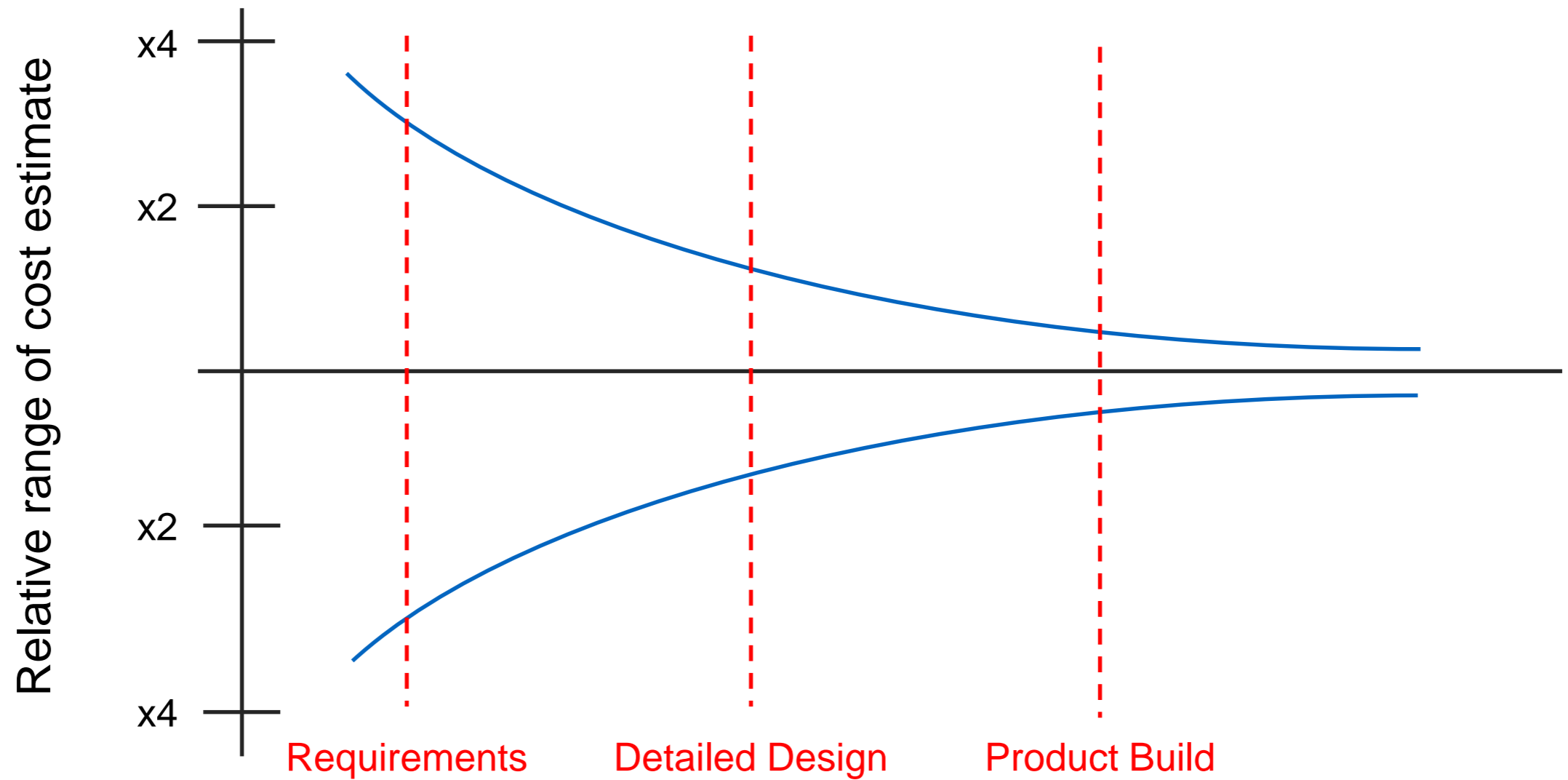
Consequence of inflexibility



Dispelling the myths

- Pricing issues
- Pricing models
- Consequences of early termination
 - right to terminate
 - timing of termination
 - supplier concerns
- Outcome certainty

When is costing done?



Pricing issues

- When is costing done?
 - initial estimates
 - updating estimates
- Value recognition
 - business value
 - development effort

Pricing models

- T&M *versus* fixed costs
- Capped costs
- Unit-based pricing, eg:
 - price per story point
 - price per function point
 - price per feature point
- incentivised models
 - target costing
 - shared incentive schemes

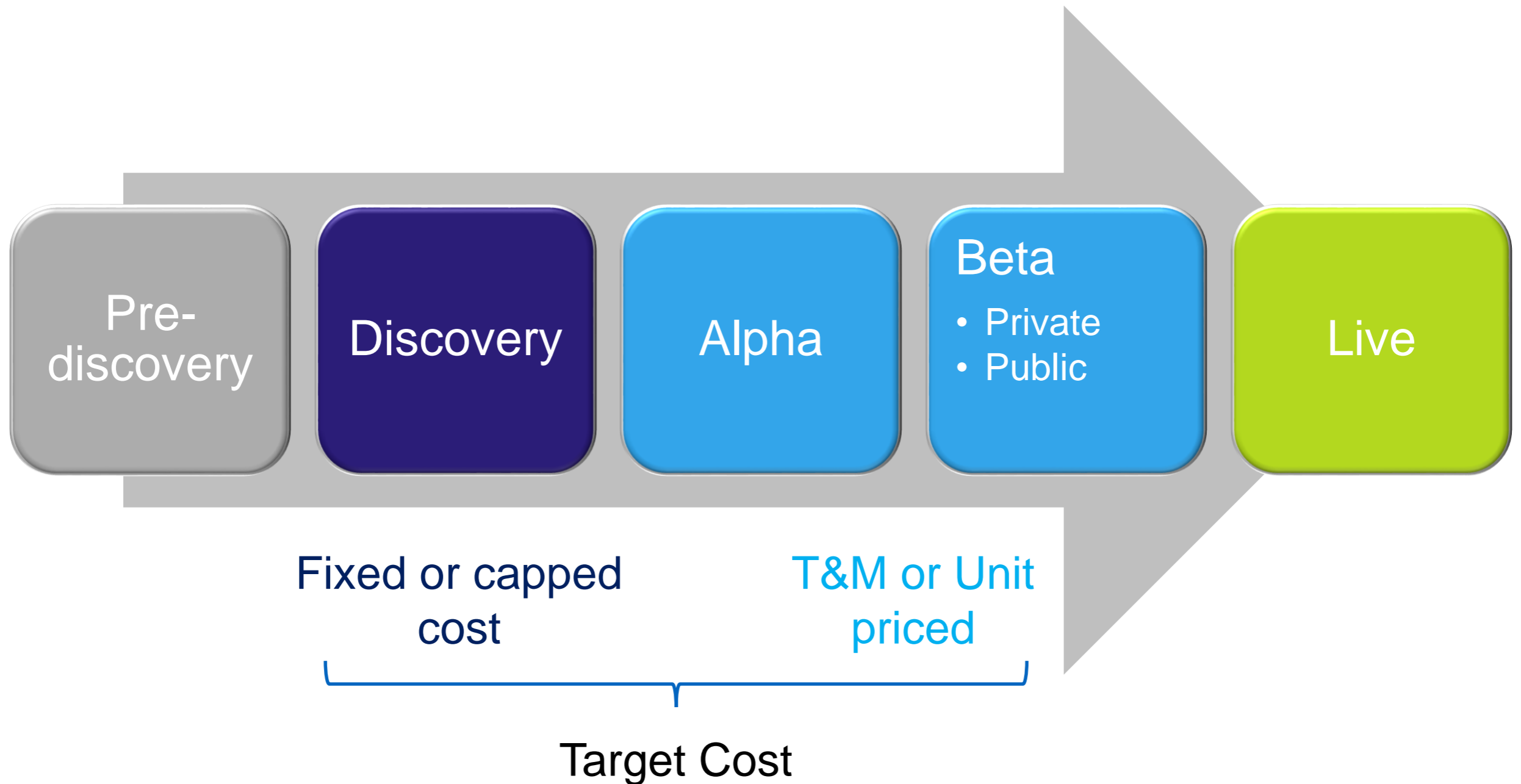
Shared incentive schemes

Customer Payment = Target Cost + Target Profit + Adjustment

Adjustment = (Actual Cost – Target Cost) * Customer Share of Cost Differential

Target Cost	Target Profit	Target Payment	Actual Cost	Adjustment	Actual Payment	Supplier Profit
£1m	15% £150k	£1.15m	£1.1m	60% £60k	£1.21m	9% £110k
£1m	15% £150k	£1.15m	£0.9m	60% -£60k	£1.09m	17.5% £190k

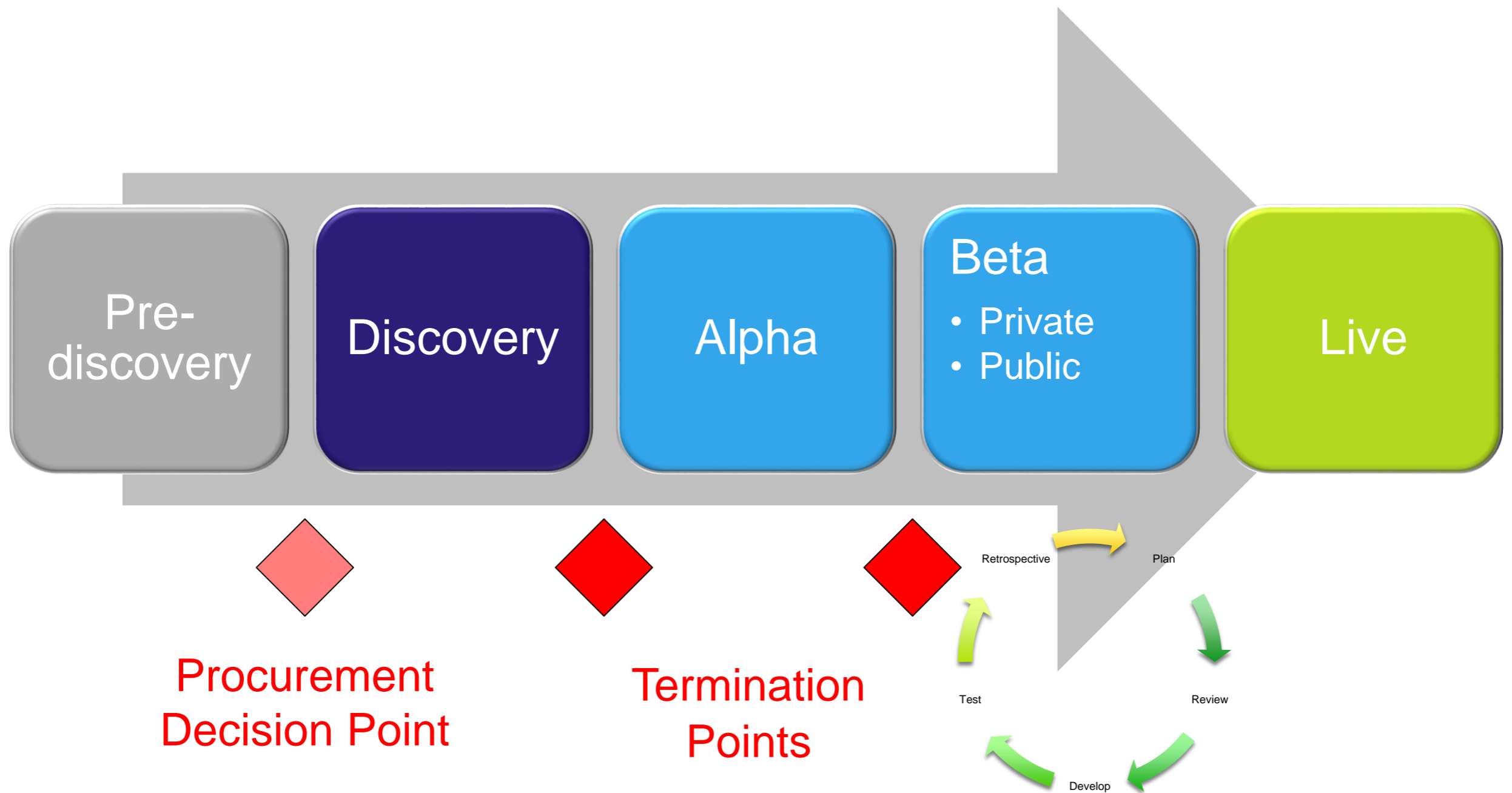
“Mixed economy” pricing models



Bringing the project to a timely end

- Definition of “done”
- Non-fault termination
- “committed functional requirement” - core features & functionality
- Supplier “gaming”

Termination Points



Questions?

Stewart James | Partner

e: s.james@ashfords.co.uk

m: 07813 019002