

Scrum from Customer Point of View

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Petri Heiramo

Process Development Manager, Agile Coach (CST)

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Scrum from Customer PoV

- > First impressions
- > Key benefits and challenges
- > Agility in the grander scheme of things
- > Buying Scrum & Agile projects

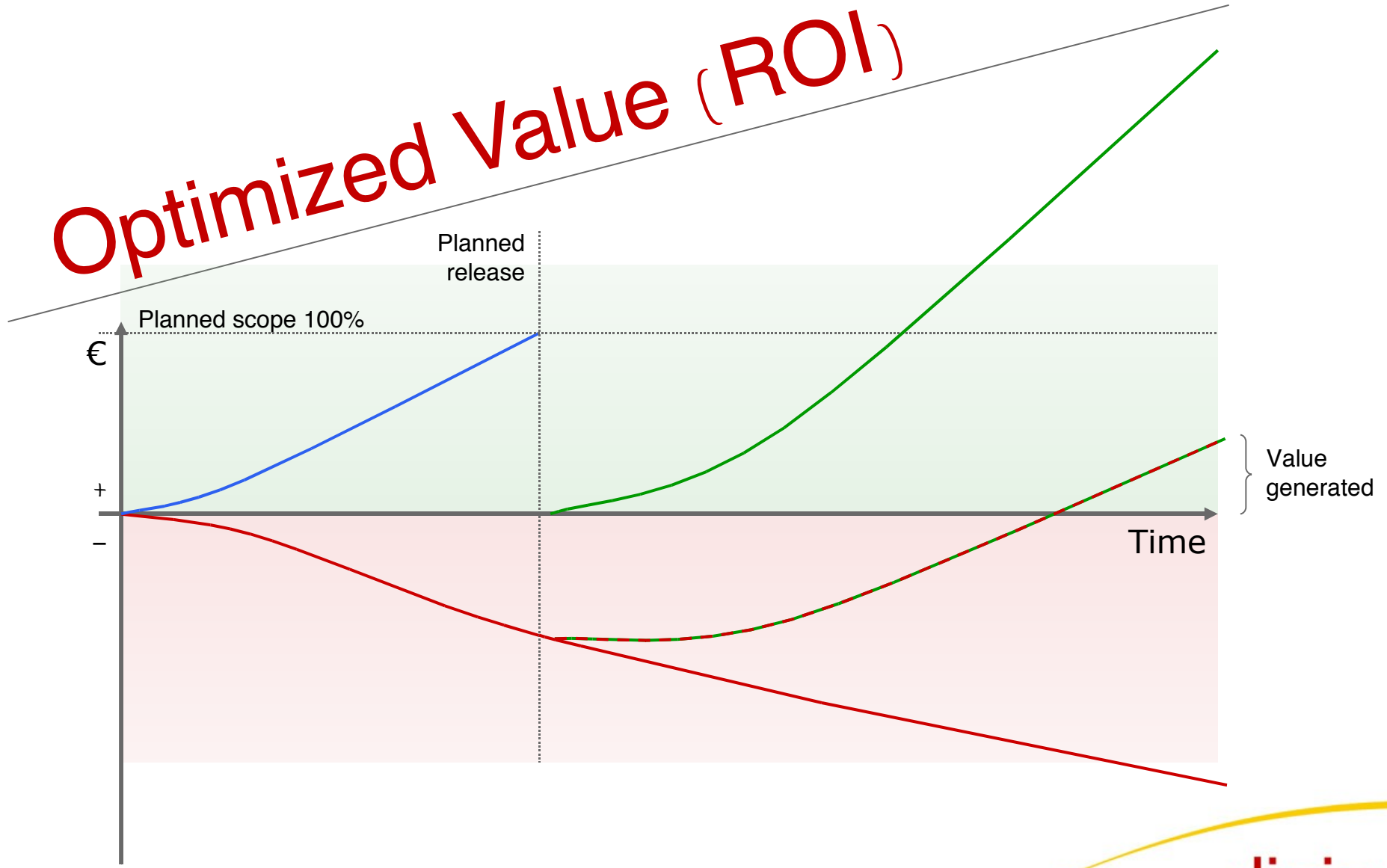
First Impressions?

- > Weird terminology
 - > Scrum, ScrumMaster, sprints, backlogs, burndowns, ...
- > Little familiar ground
 - > Who's responsible? Who do I talk to? When can I see the specs for approval?
- > Hype, evangelism
 - > Agile people tend to be enthusiastic about it 😊

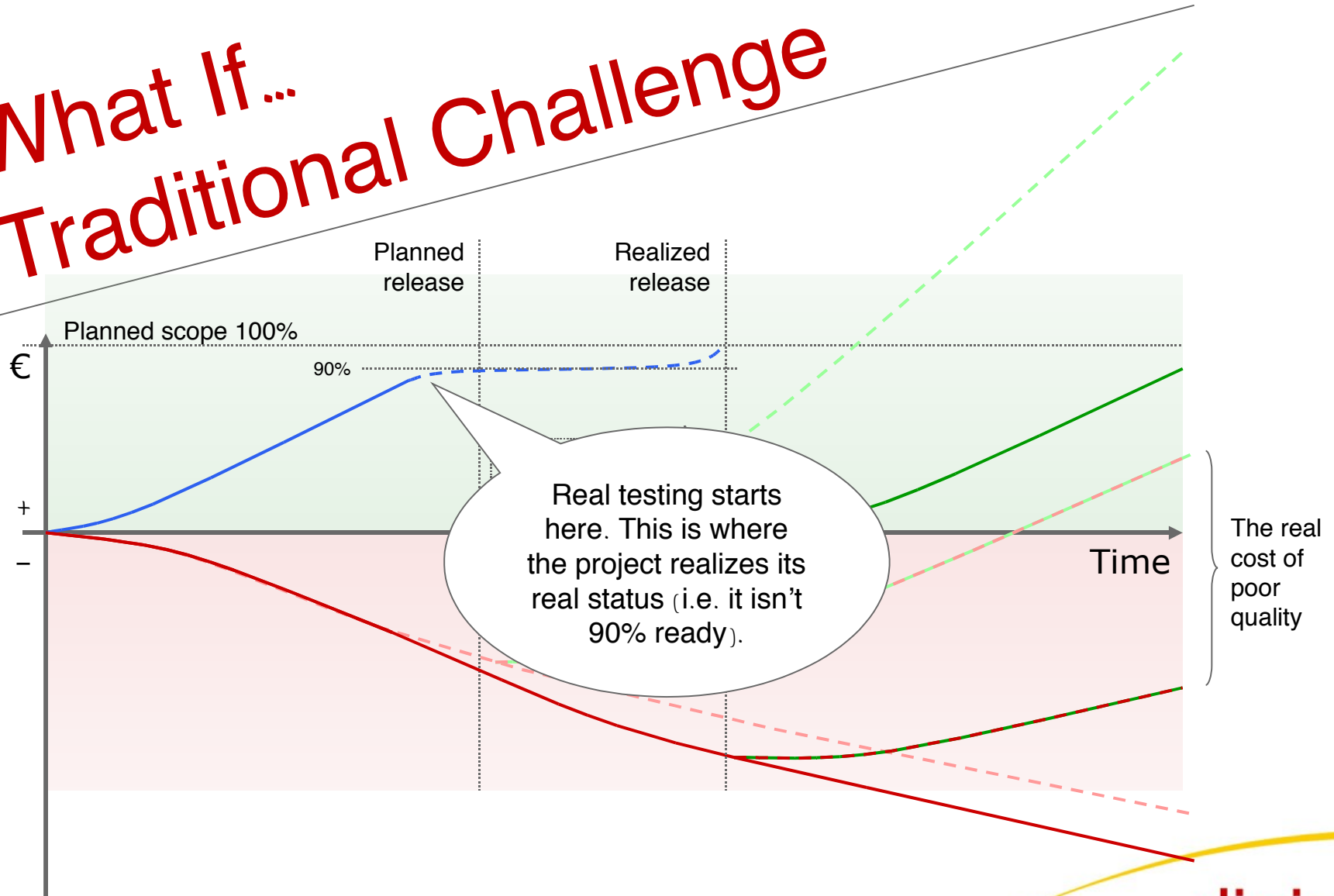
Key Benefits

- > Improved communication at all levels
 - > Better visibility and risk management
 - > Enabling changing requirements
 - > Faster feedback on ideas
 - > Building quality in
- = Higher return on investment (ROI)

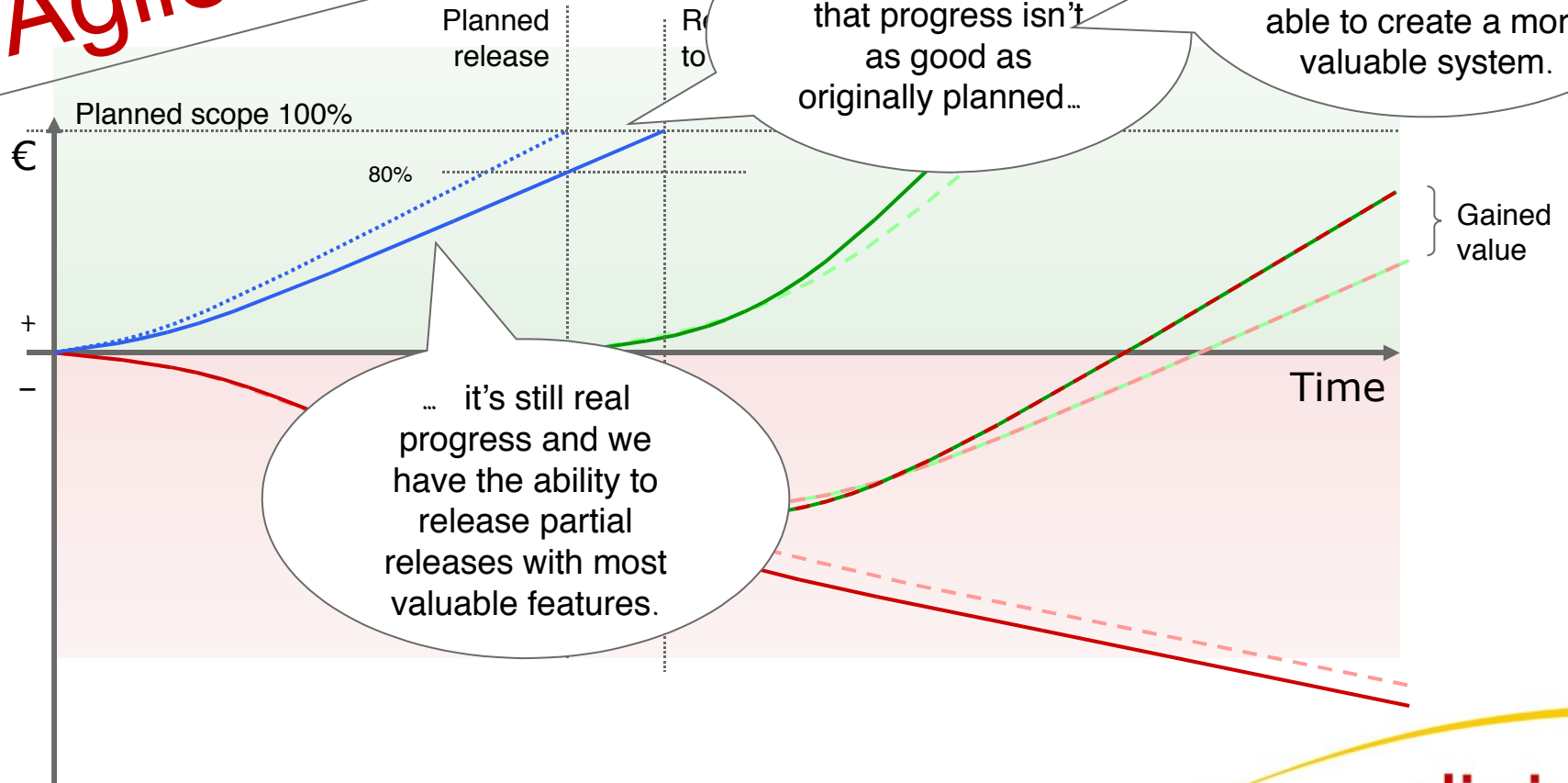
Optimized Value (ROI)



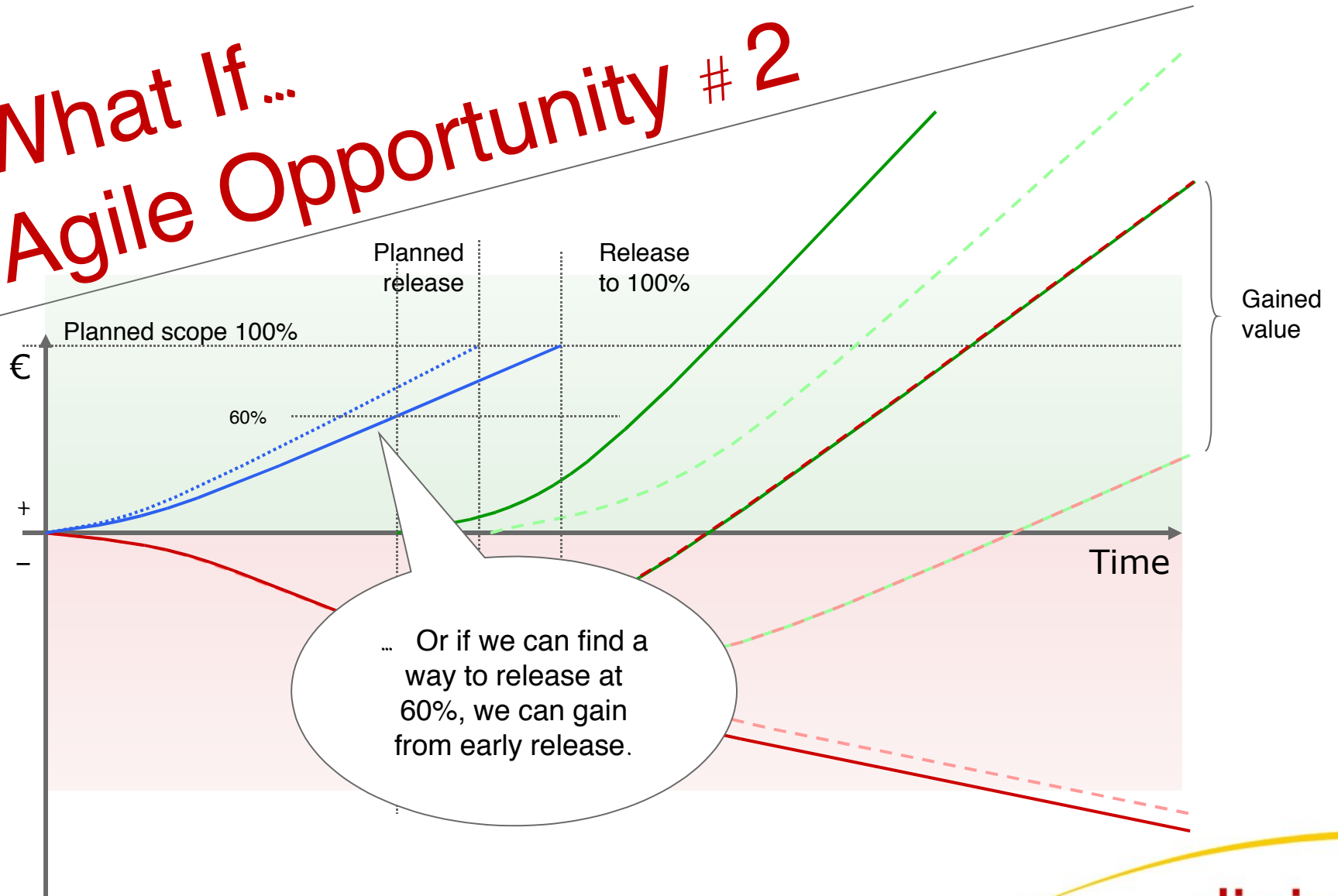
What If... Traditional Challenge



What If... Agile Opportunity # 1



What If... Agile Opportunity # 2



Obviously, ...

- > Measuring and estimating value is difficult
 - > Diagrams like I drew are very difficult in real life
 - > Different business benefits behave differently
- > Just remember: success and value cannot be managed through costs

What Maximizes Value?

Food for thought:
Which of these attributes
are correlated with the
concept of "low-cost"?

- > User research and business analysis
- > Competence and motivation of the people involved
- > Amount of knowledge generated
 - > Highly related with the amount of communication
- > Ability to incorporate improvements
 - > Highly related with technical quality of the system

Key Challenges

- > Agility and Scrum is hard
 - > Take it seriously, embrace its values, do also the hard stuff, play by the rules
- > Knowing your customers' and users' real needs is hard
 - > Understand what is valuable, then prioritize
- > Getting the right people involved is hard
 - > Get them to spend enough time with the project
 - > Find the right suppliers

Summary So Far

- > Focus on value
- > Eliminate costs that don't contribute to value or to things that enable creation of value
- > Creating systems with most possible value with least resources is very hard
 - > Maybe harder than anything you've done so far

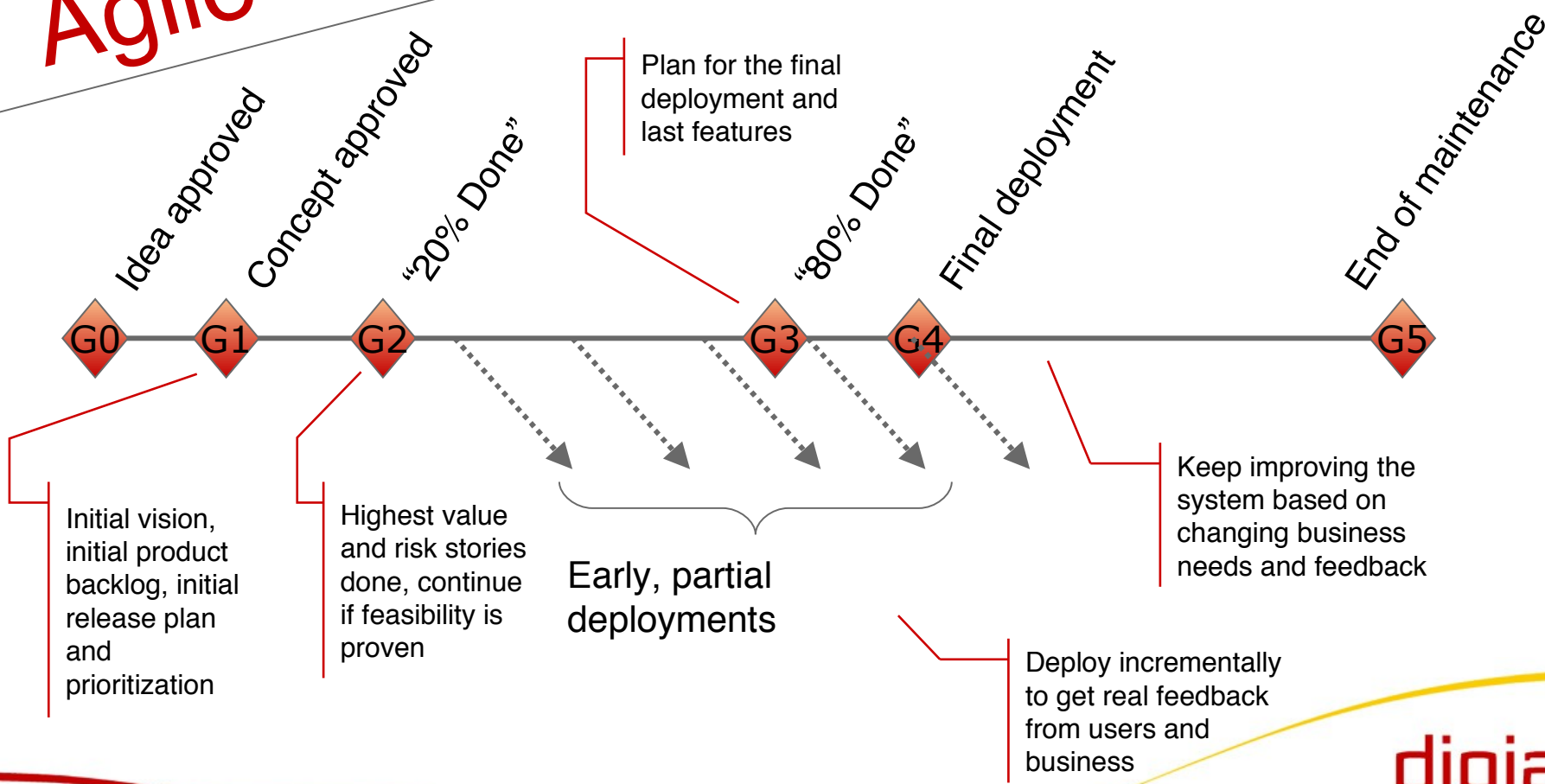
The Grander Scheme of Things

- > The “Agile practices” work in the development space
 - > XP, Scrum meetings, user stories, story points, etc.
- > “Being Agile” affects everything
 - > How do we, as an organization, work so as to enable efficient and valuable work being done in the projects?

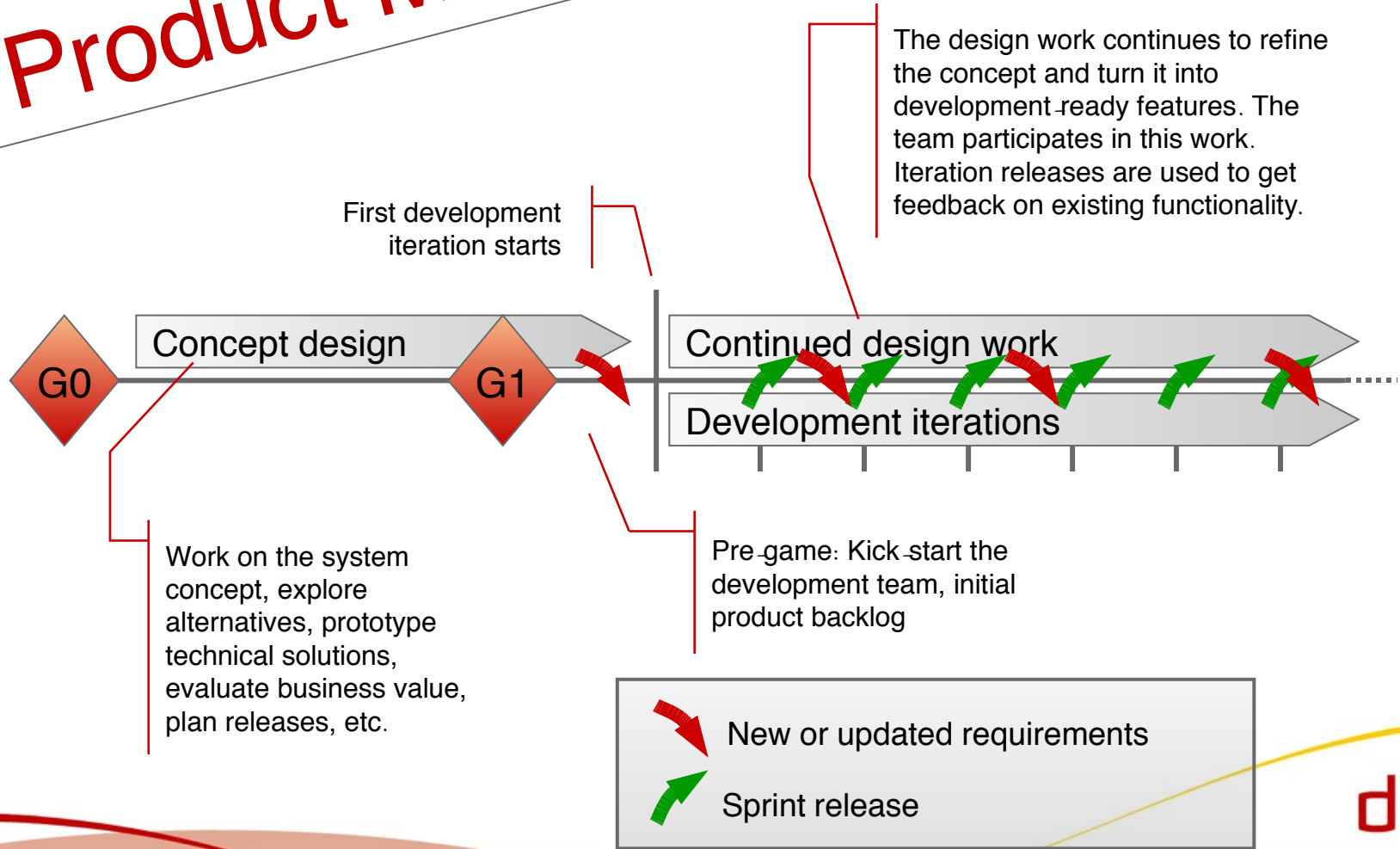
Business Need Driven Development

- > Every project needs a good vision
 - > What are we trying to achieve? Why? What are the key constraints? When do we need to be ready?
 - > Define what is valuable!
- > Regular re-evaluation
 - > Keep the vision up-to-date with the changes in the business environment and needs

Agile Gate Model



Product Management

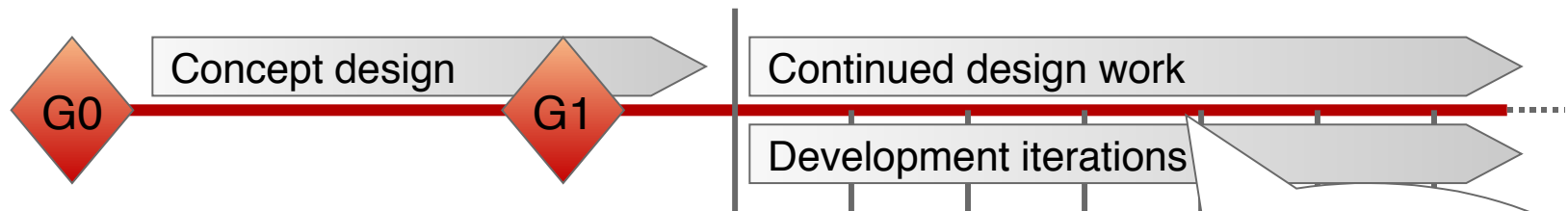


Research vs. Development

- > Clear distinction
 - > Research: Finds out information about something, does not deliver any system functionality
 - > Development: Delivers system functionality based on defined user stories, Running Tested Features
- > Don't commit to development without "ready" user stories
 - > The team must have a good idea of what to do, how to do it, and be able to estimate effort

“Above this line...”

Research



Development

A typical Agile team will work on both sides of the line. Additionally, there are often external specialists supporting PO in the research part.

Impact of Agility on Others

- > Direct or ripple effects to all operations
 - > Sales, HR, product management, IT, etc.
- > Scrum reveals dysfunctions in the organization
 - > The reaction to identified dysfunctions will define how Agility can succeed in the company
- > For real corporate wide benefit from Agile, remove identified dysfunctions

Summary of the Bigger Picture

- > Development should always be driven by business need (= = value)
- > Requirements development (“research”) must continue during the system development (“development”)
- > It’s an organizational choice how Agile it can (or will) be

Buying Agile Projects

- > Two basic starting points
 - > Buy based on a vision
 - > Do a requirements specification and go Agile from there on
- > Two basic contract types
 - > Time and materials
 - > Target price

Buying on a Vision

> Pros

- > Earlier start on core functionality and first features
- > Involves the development team from start

> Cons

- > Requires partners with skills ranging from requirements elicitation to deployment
- > Difficult to provide estimates for budgeting
 - > Inflexible budgeting is the impediment here! 😊

Buying on a Spec

> Pros

- > Allows going “the old way” until the requirement specification can be made
- > Ensures that the requirements are well understood before starting development

> Cons

- > Higher cost + slower initial releases = lower value
- > Loss of knowledge in transition
 - > Often the people doing the spec aren't available later

Time & Materials

> Pros

- > Large changes possible
- > No contractual problems with changes
- > Easy to set up

> Cons

- > No contractual incentives for supplier to improve

Target Price

> Pros

- > Incentives for both sides
- > Gives clear message about planned scope, schedule and budget, without constraining them

> Cons

- > Target scope must be defined and estimated
- > The target price needs to be maintained with changes

Combined Pricing Models

- > E.g. start with a time-and-materials for the first 3 months, then switch to target price model for the rest of the project
 - > Focus of the first 3 months is to understand the requirements, prove technical feasibility and get measurements on real development velocity
- > Or multi-phase contracts, e.g. 3 month target price one after another

Selecting Vendors

- > There are only few experienced Agile suppliers (at least in Finland)
 - > Plan on learning Agility with the supplier
- > Focus on honesty, air of collaboration, and competence as key criteria
 - > If the supplier is serious about Agile, they can learn with you
 - > If they are not serious, they will not do it right
 - > Remember, Agile is hard

Selecting Vendors # 2

- > Keep good teams alive
 - > Once you find a good partner and learn to work together, keep the team occupied with new work
- > Change if it doesn't work
 - > Don't wait too late – “fail early” also with the vendor
- > Coaching is good

Key Customer Responsibilities

- > Project vision and release planning
- > Gathering requirements and feedback
- > Acceptance test specification and test environments
- > Continuous integration at project level
 - > Especially important with multiple teams, multiple sites, or multiple suppliers

Key Supplier Responsibilities

- > Continuous communication
- > Providing information on estimated costs and technical dependencies
- > Delivering tested working software frequently
- > Continually improving the process and the quality of deliverables

Contractual Issues

- > For the most part, Agile doesn't need special contracts
 - > And does benefit from a lot of the old legal stuff, like IPR agreements, responsibilities, etc.
- > Do not fix scope in the contract
 - > Even if you define cost and duration
- > Enable changes and early termination
 - > Basics of Agility in the contract

Public Tendering

- > Finnish and EU law doesn't require waterfall
 - > But it does require clear selection criterias
 - > Key options: "neuvottelumenettely" or "kilpailullinen neuvottelumenettely"
- > Selection can be made on "overall cost effectiveness"
 - > Allows more comprehensive comparison of different aspects than just price

Hankintalaki # 1

Sorry this is in Finnish. I don't know the legal stuff in other nordic countries 😊

25 §

Hankintayksikkö voi valita neuvottelumenettelyn myös:

- 1) hankinnassa, jonka **luonne ei poikkeuksellisesti mahdollista etukäteistä kokonaishinnoittelua tai johon liittyvät riskit eivät poikkeuksellisesti mahdollista etukäteistä kokonaishinnoittelua;**
- 2) palveluhankinnassa, kuten rahoituspalvelujen, rakennusten suunnittelupalvelujen sekä muiden asiantuntija- ja osaamispalvelujen hankinnassa, jossa **hankinnan luonteen vuoksi tarjouspyyntöä tai tehtävämäärittelyä ei voida laatia niin tarkasti, että paras tarjous voitaisiin valita avointa tai rajoitettua menettelyä käyttäen;**

Hankintalaki # 2

66 § Neuvottelumenettely

Hankintayksikkö voi käyttää neuvottelumenettelyä tavara- ja palveluhankinnoissa, joiden ennakoitu kokonaisarvo on alle 50 000 euroa, sekä rakennusurakoissa, joiden ennakoitu kokonaisarvo on alle 500 000 euroa.

Hankintayksikkö voi käyttää neuvottelumenettelyä myös:

- 1) hankinnassa, jonka luonteen vuoksi tarjouspyyntöä ei voida tai sitä ei ole tarkoituksenmukaista laatia niin tarkasti, että paras tarjous voitaisiin valita avointa tai rajoitettua menettelyä käyttäen;
- 2) hankinnassa, jonka luonne ei poikkeuksellisesti mahdollista etukäteistä kokonaishinnoittelua tai johon liittyvät riskit eivät poikkeuksellisesti mahdollista etukäteistä kokonaishinnoittelua;
- 3) tutkimus-, selvitys-, suunnittelu-, arviointi- ja koulutushankinnassa, joka edellyttää palvelun tarjoamisesta vastaavien henkilöiden asiantuntemuksen ja pätevyyden erityistä arviointia;

Product Ownership

- > Plan for ownership
 - > From own company or supporting PO from another company?
 - > Good enough skills and knowledge?
- > Arrange enough time for PO
 - > Customer needs research
 - > Development prioritization
- > Reserve internal specialists

Business Constraints

- > Identify
 - > When you need to be ready with something to put out into market or to production
 - > How much money you expect to gain or save with the project, and how much you can spend
 - > What are the priorities of cost, time, quality and features (and other constraints)
 - > How the above are affected over time
- > These define the management strategy

On Estimates

- > Never accept “we don’t know when this will be ready”
 - > But don’t expect to fix everything – if you fix schedule, you must leave detailed features open
- > Require the team to spend time on understanding the requirements
 - > Not in a waterfall way, but as part of sprints
 - > Understanding should mean estimates and an idea of the design

Estimates: from Rough to Refined

- > Start with a ballpark figure
 - > A professional estimate, e.g. “systems like this typically take 6 to 12 months to make”
- > Use relative estimates (e.g. story points)
 - > Can be made quite reliably early in the project
 - > Don't get stale so easily
- > Use velocity measurements to refine the estimated scope and schedule

Smells: Project Mgmt

- > Vendor talks about project manager as a key person in the project
- > Vendor suggests a project with fixed price and fixed requirements
- > Vendor presents project schedule in a MS Project gantt chart
- > Vendor doesn't want to allow contract terms for project termination

Smells: Process

- > Vendor talks about specification, testing or integration iterations
 - > Sounds very much like waterfall, is it?
- > Testing or architecture work is separated into a separate team
 - > Does not fit with the idea of cross-functional teams
- > Vendor is not willing to stick to high quality requirements for each iteration

Smells: Communication

- > Team is not actively communicating risks and discovered impediments
- > The customer does not have direct access to development team
- > The ScrumMaster is not actively supporting the customer in managing requirements and scope

Smells: Tracking

- > The team is not able to communicate their velocity
- > Communicated velocity is decreasing
- > Completed stories regularly differ from what was agreed, both in scope and number
- > The ScrumMaster is not able to show a clear burndown (or burn-up)

Smells: Deliveries

- > Iteration releases contain significant amounts of errors
 - > And especially smelly if the bug count increases
- > Iteration releases contain incomplete stories
- > The customer is not asked to participate in the definition of the acceptance tests
- > The team is not using automated testing to ensure operation of past stories

Reacting to Smells

- > Ask questions and clarifications
 - > The vendor should be able to give good explanations or at least actively look for them
 - > Avoid blame and air of suspicion
- > In the absence of good answers, consider your options
 - > Require stricter following of selected process
 - > Acquire coaching for the team?
 - > Get a new vendor?

Summary on Buying

- > There is no single “Agile contract”, nor is there a single starting point
 - > Choose the approach case-by-case
- > Most vendors don't have much Agile experience
 - > Learning experience with both
 - > Take it seriously
- > There are no legal restriction for using Agile in public contracts

Thank You!

petri.heiramo@digia.com



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