

ISMA22





IFPUG
International Function Point
USERS GROUP

ISMA 22
Powered by IFPUG

IFPUG Sizing Standards in Software RFPs and Contracts

Implementing

Christine Green

October 4, 2024

Madrid, Spain

IT Value to the Business

Content

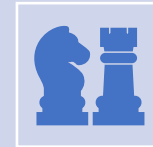
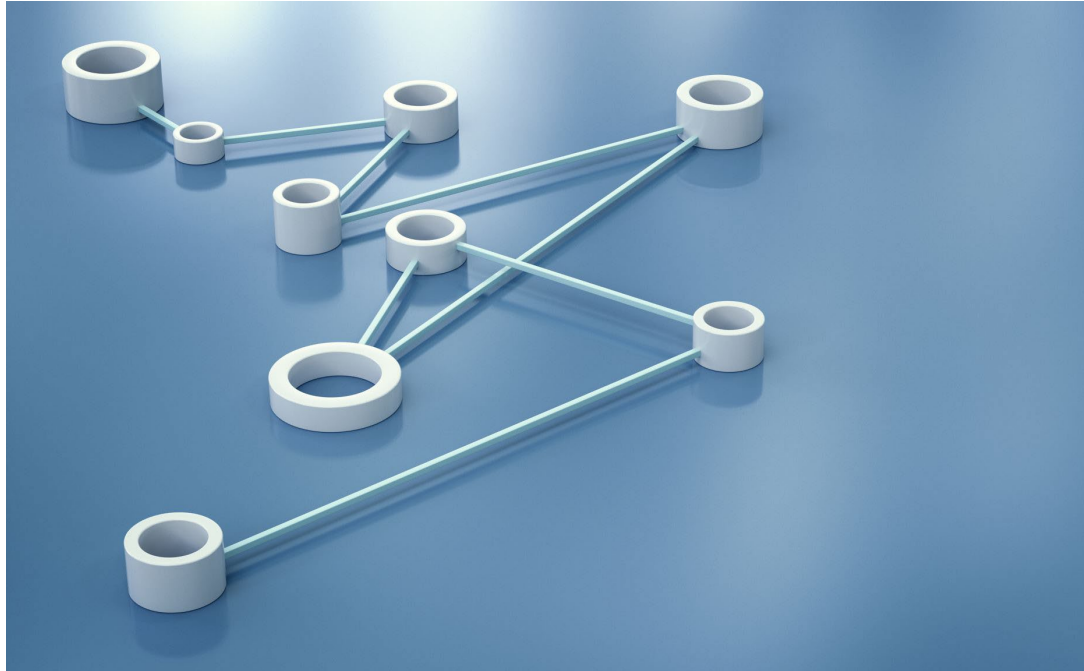
- **The Objectives** utilizing IFPUG Sizing Standards in Contracts
- **The role** of IFPUG Sizing standards in contracts
- **The Usage** of IFPUG sizing in contracts
- **The recommendations** the practical perspective



1. The Objectives



C-levels Concern Today



Digital transformation



Navigating the future
Work



The Supply Chain

source: *What is the C-suite?*; McKinsey & Company; December 13, 2023

& Cyber Security
& Budget

IFPUG sizing in Contracts



The win/win



The Improved and Lean perspective

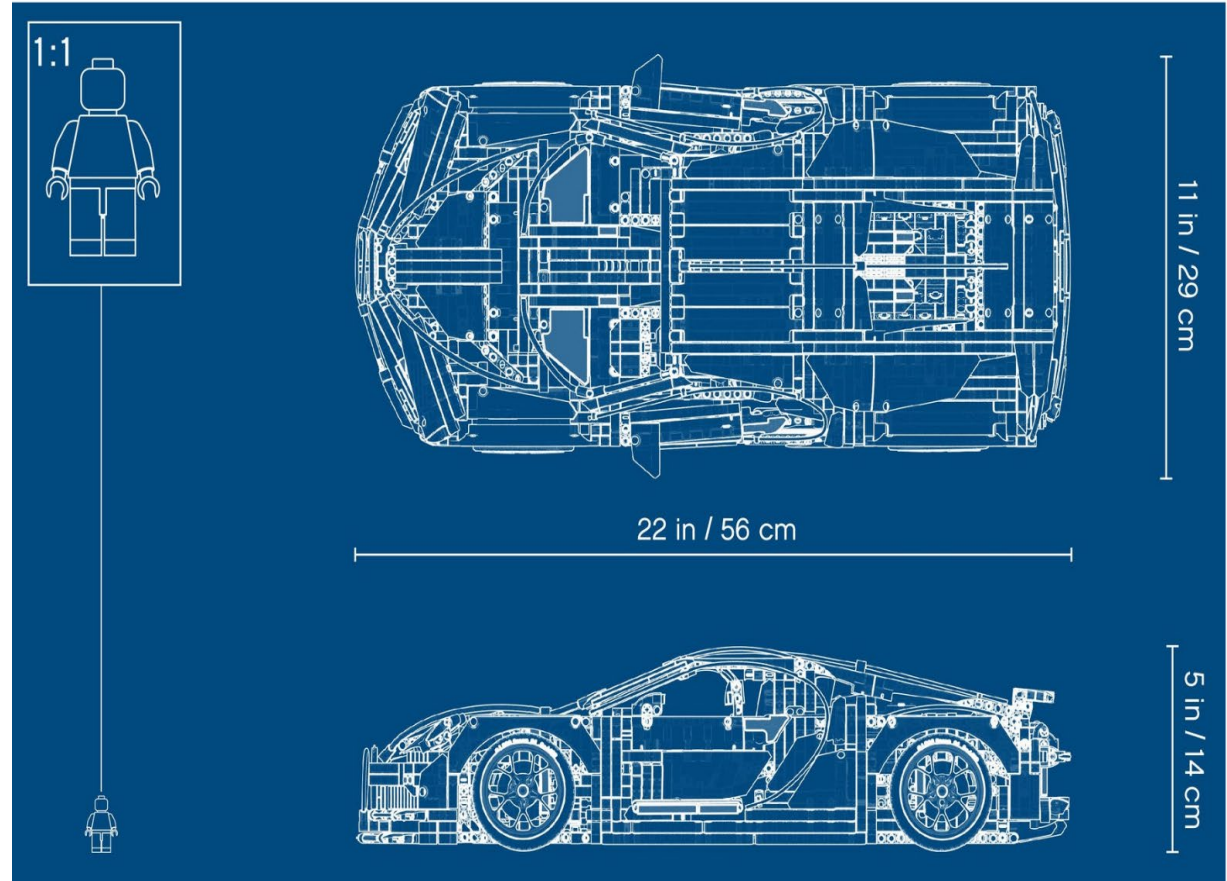


The normalization perspective using IFPUG Sizing Standards

2. The Role



...From the blueprint to the details



... From the easy to the complex



IFPUG and Lego

LEGO bricks are standardized, allowing builders worldwide to share designs and build according to universal instructions.



The IFPUG standard provides a standardized method for measuring software size, enabling consistent comparisons and benchmarking across different software projects or within industries, even if the technologies or methodologies differ.



Fixed Price Model

- Cost certainty for the client with fixed upfront pricing
- Incentive for the supplier to control project size and deliver efficiently
- Supplier absorbs the risk of cost overruns due to initial estimates
- Higher prices for changes outside the original scope
- Minimal flexibility for evolving or changing requirements
- Client protected from cost overruns within the defined scope
- Potential for inflated initial pricing to account for risks





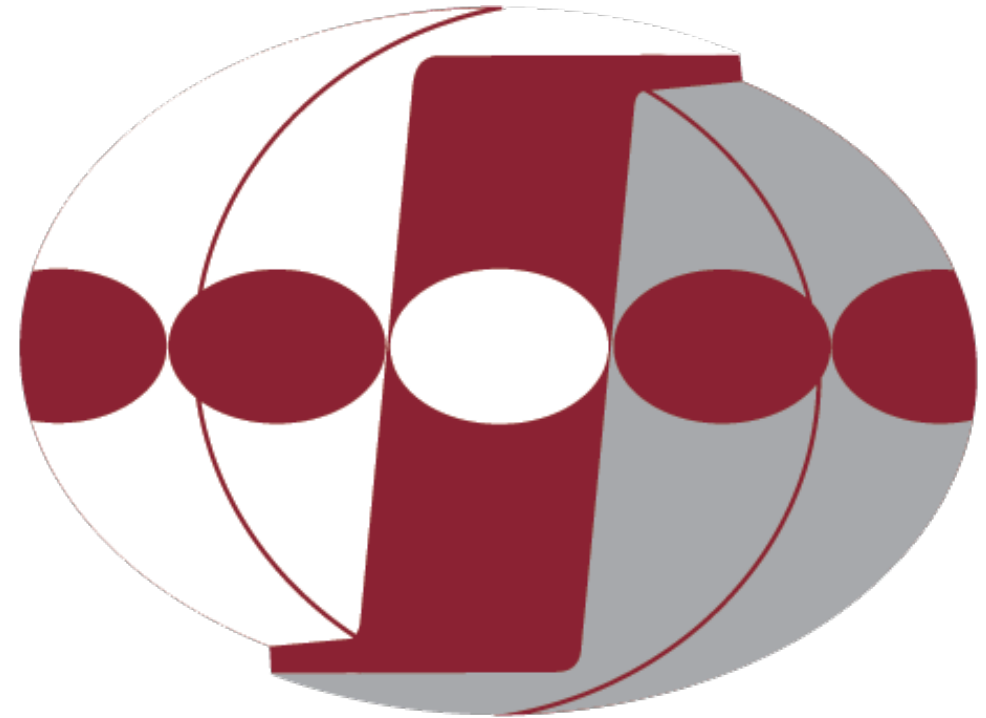
Effort-Driven Contract

- Compensation for suppliers based on actual effort
- Transparent pricing tied to measurable work
- Flexible scope management allows for changes
- Focus on quality without pricing pressures
- Client bears the risk of product definition and cost estimation
- No built-in cost-efficiency incentives for suppliers
- Risk of increased costs due to scope expansion



Value-Driven Contract

- Transparent fee structure and accountability
- Predictable cost for future enhancements
- Fair and competitive vendor selection
- Accurate estimation and flexible application
- Vendor and client protection
- Risk mitigation and scope control
- Support for changes and enhancements



IFPUG

IFPUG SIZING STANDARDS



The primary purpose of IFPUG sizing standards is to provide a consistent, objective, and standardised method for measuring software size.

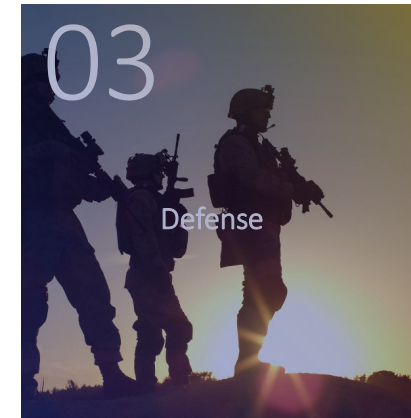
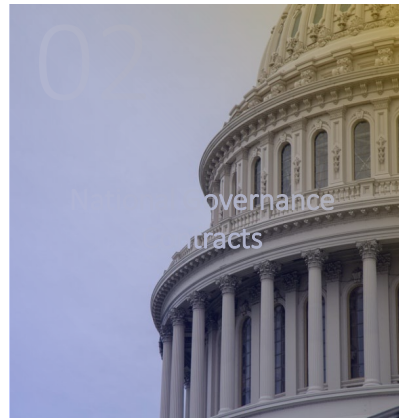


3. The Usage



Governments' Usage

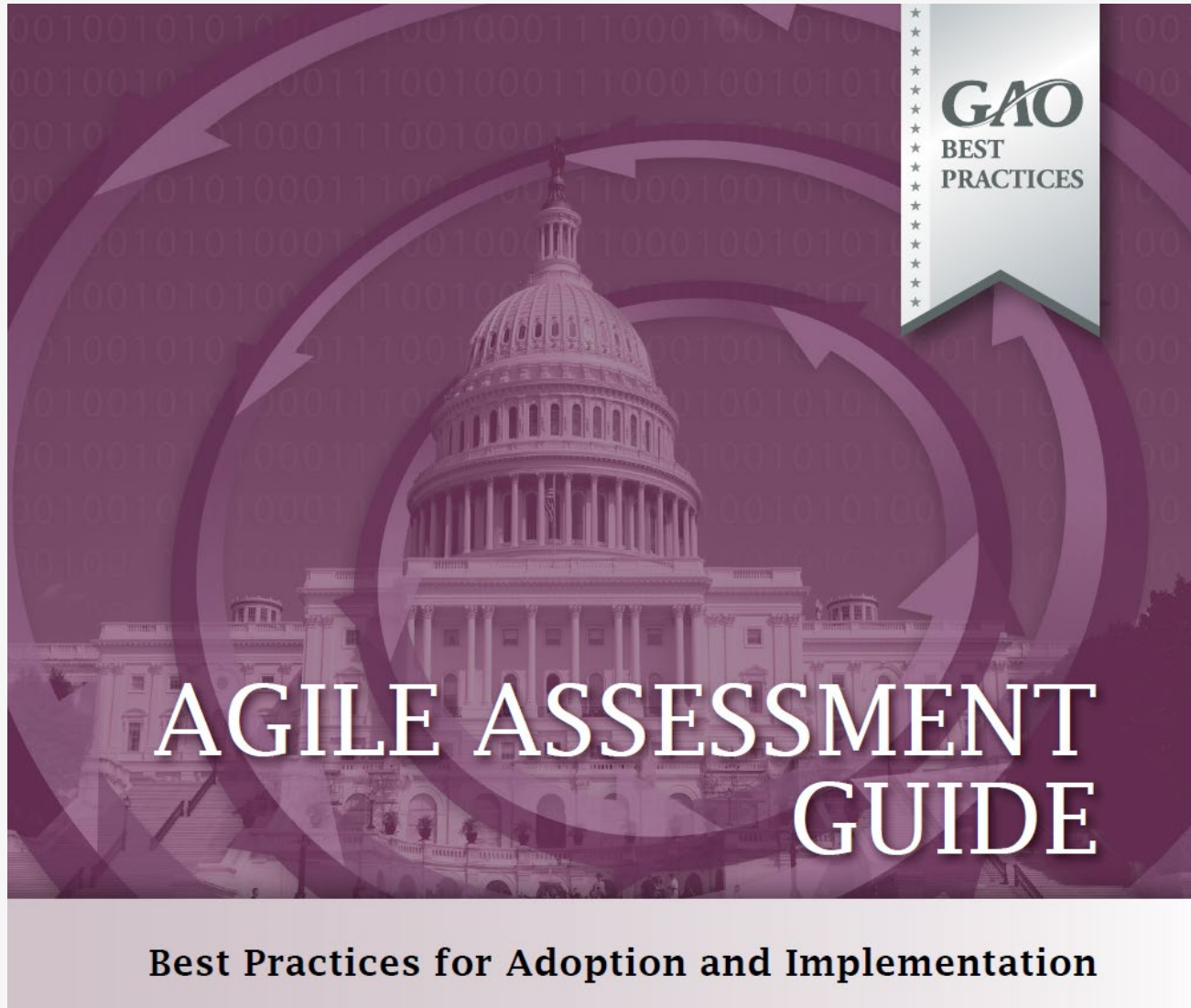
- Request for Proposal Evaluation
- Competitive pricing Evaluation
- Monitoring and Control of deliverables
- Quality Assurance Measurement
- Scenario Evaluation



Private Sector Comparison

- **Estimation comparison on RFP**
- **Monitoring and measuring of software**
- **Supplier Evaluation**
- **Price negotiation**



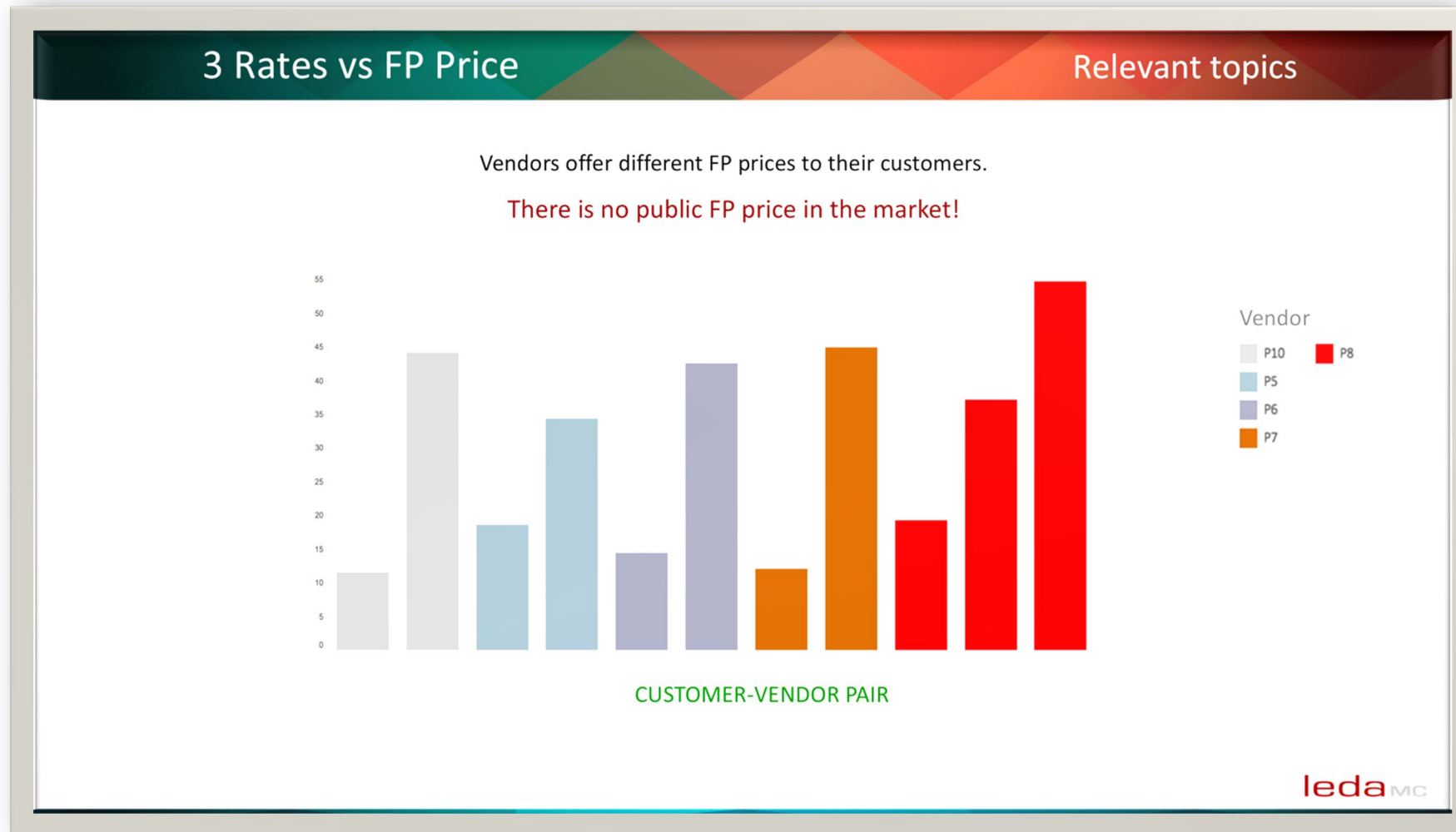


Agile

- The US Government Accountability Office (GAO) released its updated Agile Assessment Guide: Best Practices for Adoption and Implementation. The guide recognized and endorsed IFPUG Simple Function Points as a best practice for software cost estimation.



Slide from Leda 2018 – but still relevant



**Winners
Win/Win**



4. The recommendations



Before the contract



Using IFPUG Sizing Standards in contracts requires a level of maturity from both Customer and Supplier organizations



Use an Experienced (independent) advisor and experienced CFPS for the sizing



Define standards and process, agree on them, follow them, but do not be afraid of changing if your assumptions are wrong



Goal are to measure correct – not more or less



Boundary Recommendations

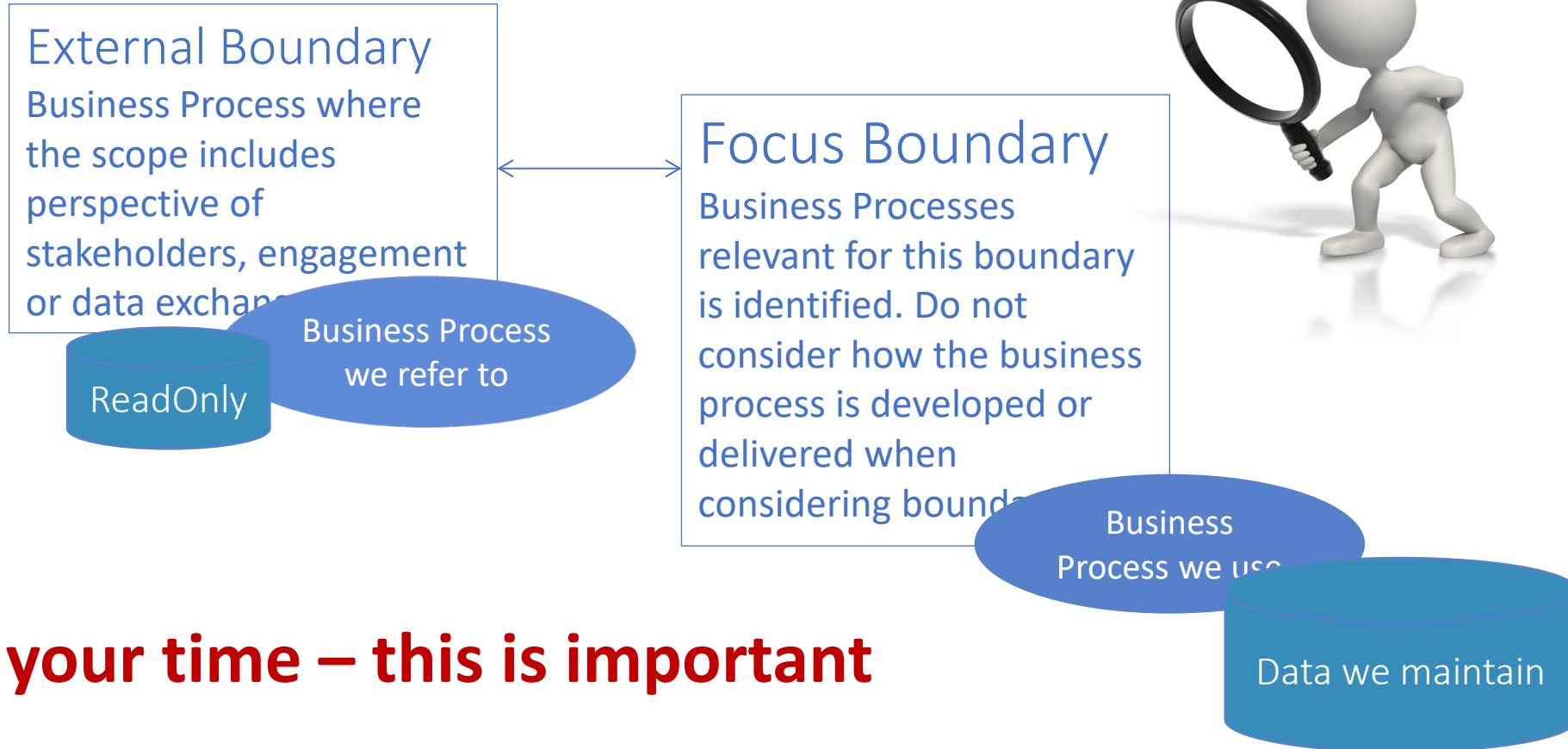
Agree Boundaries early based on the business perspective

One boundary does not have to equal one application or project

Make room for boundary changes –if there is changes to the business scope

Use Diagram technique – a shared perspective

Boundary Drawing



Take your time – this is important



Document the Users, the Boundaries, ...

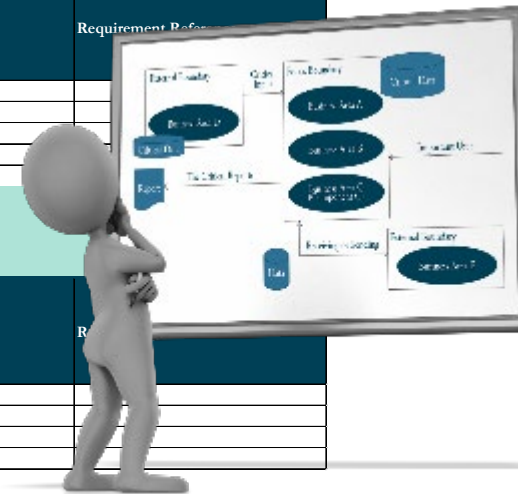
User and User View			
List of Users & Things:	User	Type of User	Description of user
XXX Administrator	Admin User	A Person that Communicates or Interacts with XX	Make a short description of user. Reference to their role name etc. What are their main business process responsibility
External Business Area YYY	The External user that specifies requirements	A Thing that communicates and interacts with XX	Make a short description of the user and external business perspective. Reference to who can make decisions that impact the requirement of the focus boundary
Standarder	outside rules	A Thing that communicates and interacts by means of an indirect user that specifies standards or regulations	Make a short description of the user and the standard. Explain how the standard can impact the requirement of the focus boundary

Boundaries defined and agreed

Boundaries	Components included in Boundary	Main Business Purpose	Focus or External	Financial impact on Contract	How to Size this boundary	Requirement Reference

Components within the Boundaries

Boundaries	Components included in Boundary	Main Business Purpose	Focus or External	Financial impact on Contract	How to Size this boundary	Requirement Reference



Factors

The Lifecycle

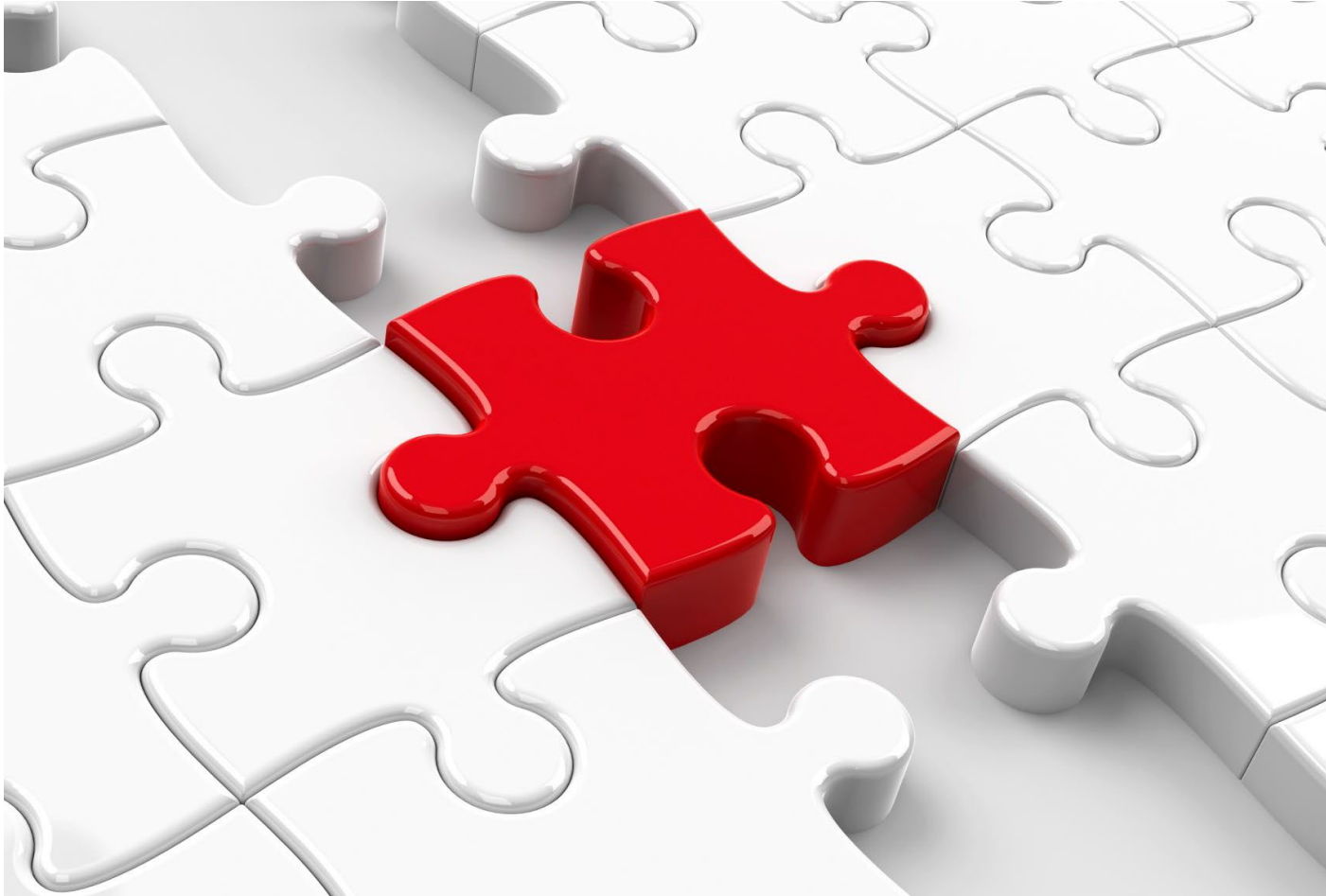
Phase	Percentage of Effort (%)
Requirement	0%
Analysis	10%
Design	15%
Development	35%
Testing	40%
Deployment	0%
Maintenance	0%

The influencer

Gearing Type	Factor
New/Added	1
Reusable	1.2
Reuse	0.5
Changed (The When Factor)	x%
Simple Change	0.2
Delete	0.5
Test only	0.4



During the Contract



DOCUMENT AND AGREE

REFERENCE FROM SIZING TO
REQUIREMENT

HAVE REGULAR MEETINGS

AGREE ON HANDLING
CHANGES

DON'T BE AFRAID TO
CHANGE

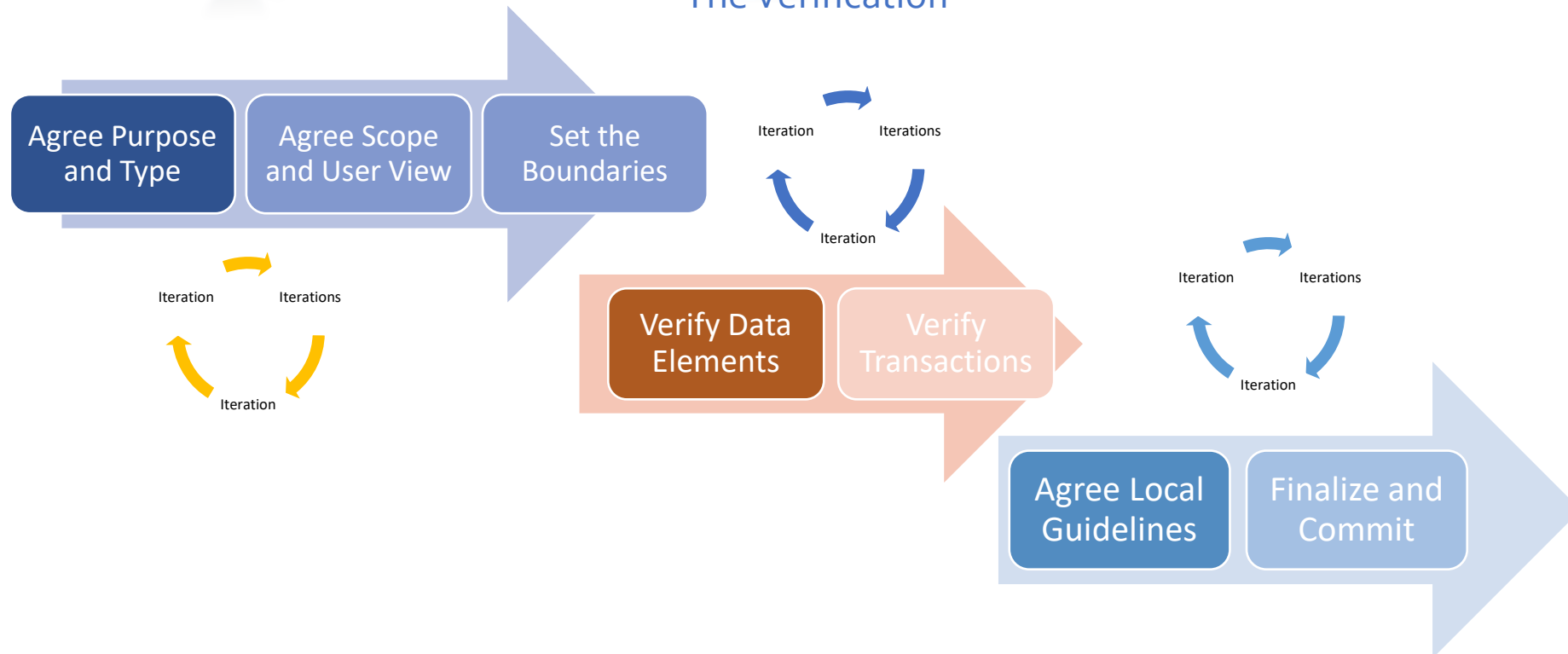
Validation Process

The Practices Manual

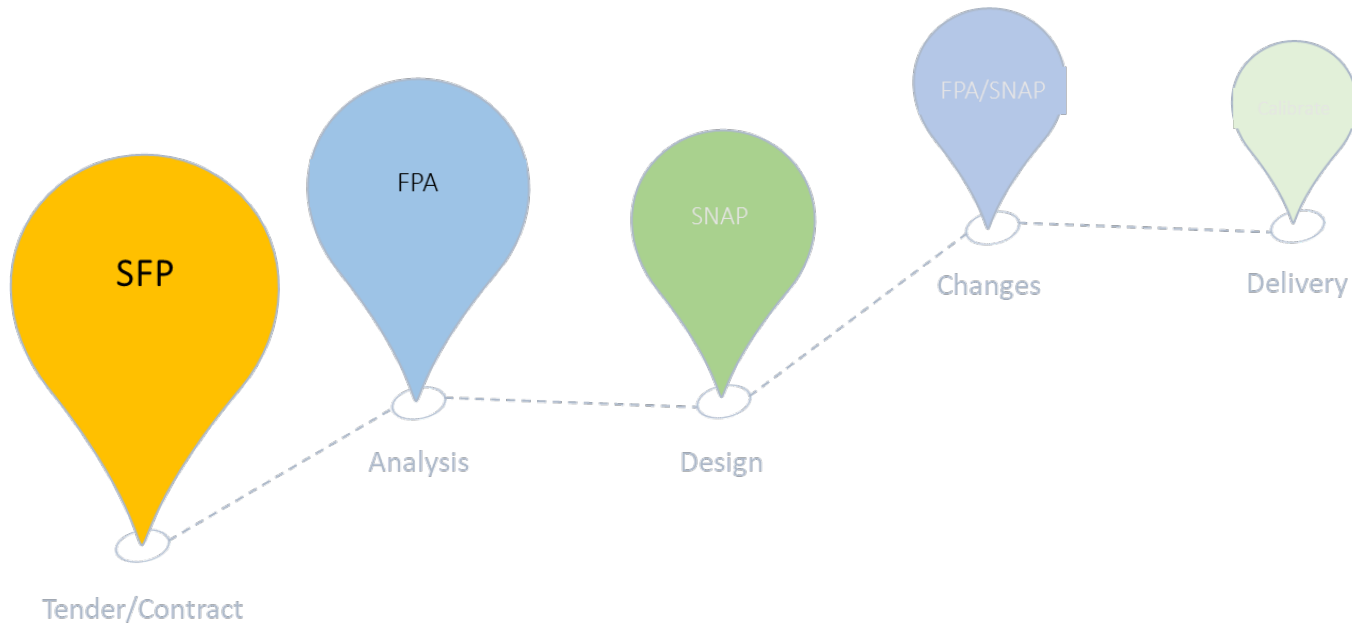


The Verification

Local Guidelines



The Traceability



Size

- Numbering xx.yyy.zzzz.www
- Unique ID that is meaningful

Requirements

- ALL of them (Unique ID)
- Version etc.

Change Management

- External
- Internal
- From X to Y
- From Y to X



After the contract



Learn from what you learned



Improve the process and the definition

Document your decision clearly



Do not lose Focus on the Win Win



The more mature and metrics supported your Portfolio Management is the more stable the Price Model will be



Bear in mind– if you can not measure it – it is difficult to include it in the price model



FP and Beyond

Scope Perspective

- Estimated Function Point (FP) vs Actual FP (multiple)
- Delta on Estimated FP in different phases or periods

Quality Perspective

- Estimated defects vs actual defects during test
- FP tested successfully
- Defects after go-live vs FP

Speed Perspective

- Duration vs Functional Size (Done definition can vary)
- Rework measure

Comparison

- Supplier X vs Supplier Y
- Solution X vs Solution Y

Etc.....





IFPUG
International Function Point
USERS GROUP

Much more at
<http://www.ifpug.org>

Email: ifpug@ifpug.org

Let's connect!



Abstract

- **Presentation abstract ISMA 22, October 2024, Madrid**
- **Implementing IFPUG Sizing Standards in Software RFPs and Contracts**
- Integrating International Function Point Users Group (IFPUG) sizing standards into software Request for Proposals (RFPs) and contracts is the new norm for enhancing software pricing and costing transparency, comparability, and precision.
- In this presentation, we will provide a comprehensive understanding of strategies for embedding FP Analysis, Simple FP, and/or SNAP Points into RFPs and contractual agreements.
- When implemented, these strategies can significantly enhance the likelihood of ensuring a competitive price on your software contract and a more likely successful delivery of the contract.
- The presentation will outline the challenges and best practices derived from case studies, offering a wealth of knowledge if you are thinking about adapting this strategy.
- The aim is to inform attendees about how IFPUG sizing can be effectively utilized in RFPs and contracts to mitigate risks and foster a mutually beneficial agreement between stakeholders.
- We invite software developers, project managers, and especially procurement officers to reevaluate and potentially standardize their contract preparation processes, promoting a more systematic approach to software development by utilizing IFPUG sizing standards in your future negotiations.

