

Contracting Considerations under IBM's [REDACTED] Powered by SAP Activate Method

Under a “pure” Agile approach; scope would be flexible and each sprint the client and IBM would decide what work fits into the next sprint and would manage the backlog together. This would indeed be a very Time and Materials oriented approach.

However; the demands of the market for SAP in North America continue to dictate a fixed scope with fixed price or not to exceed commitments to deliver this fixed scope.

The [REDACTED] Powered by SAP Activate approach is more of a “hybrid” agile and is fully compatible with this market demand.

Recap of Key Characteristics of [REDACTED] that allow for Fixed Fee contract structures:

- SAP's Activate method is built around the “Activation” of an RDS – Rapid Deployment Solution. IBM has 9 different Industry Solutions that are certified RDS's and available under ECC, SoH, [REDACTED] 1503, 1511 and 1610. These IBM Industry Solutions Certified under SAPs RDS program are branded Impact – example, IBM's Impact for Automotive.
- IBM performs a Fit Gap against the list of processes covered by this Impact pre-configured solution, known as a Quad A classification. Then; when we estimate the project; we distinguish between what can be Adopted right from Impact vs what requires an Adjust or Add. Thus; the scope of work in terms of the processes to be delivered is very well established; again lending itself to a Fixed Fee commitment.
- Under [REDACTED] we execute both the Explore and Realize-Build phases under an Agile framework; running a series of Iterative Sprints; 3-6 weeks in duration; organized into Release Trains with Integration Sprints between each Release Train (typically 3 sprints before an Integration Sprint).
- Under a traditional agile approach; you would determine the details of each sprint as you move from one to the next. However; under our [REDACTED] framework; we have a very specific set of processes we are enabling from Impact. In addition; we understand the technical dependencies in SAP. Thus; we plan out the processes to be covered in each sprint during the Prepare Phase before ever moving into Explore (Impact comes with a default sprint plan as one of its accelerators). The Sprint Plan is basically a set of End to End Scenarios assigned to each sprint; both from a functional and RICEF perspective. We retain the flexibility to move End to End Scenarios backwards or forwards across Sprints and Release Trains. However; by the time we get to the go live; all the committed Scenarios must be completed even if we had to move around when we worked on them.