# Software sourcing checklist

#### Aim of this checklist

This checklist is to help managers decide whether to use external suppliers to source software development for their products. It can also help them decide whether a particular supplier is suitable and whether the necessary arrangements are in place to help the collaboration succeed.

It assumes that these decisions are part of a larger *project*, and that there is a particular *task* within this project that may be performed externally. This task lies within a particular *functionality area* (e.g the user interface) of the product and within a particular *technology area* (e.g. speech processing).

#### What the checklist contains

The checklist is built round four *key issues*:

- 1. **Business Interest**: is it really in our company's interest to do this task externally? (page 2)
- 2. **Task Suitability**: how suitable is this task for performing externally? (page 4)
- 3. **Supplier Suitability**: how suitable is the proposed software supplier? (page 5)
- 4. **Collaboration Arrangements**: are the necessary arrangements in place? (page 7)

Each key issue has a corresponding section of checklist items.

#### How to use the checklist

The checklist helps you locate areas of possible concern. It does not decide for you what action to take in response. The document "software sourcing guidelines" associated with this checklist discusses these issues further and may prove useful when formulating actions, and when assessing particular checklist items.

To use the checklist:

- a. Record the project and task name below.
- b. Select a *key issue* that you are not certain about and turn to the appropriate page.
- c. Mark to what extent you agree or disagree with each checklist item. If you are unsure about a checklist item or if the item is not relevant in this particular case, then mark the checklist accordingly. You may need to draw on input from colleagues.
- d. Take note of your answers which lie in the zone marked "zone for potential concern". For each of these items you need to decide what action should be taken to mitigate any problems.
- e. When considering whether or not to source externally, the potential concerns identified should be considered against the business motivations identified in the Business Interest section.

Project name/identifier:	
Task name/identifier:	

# 1. Business Interest: is it really in our company's interest to do this task externally

Business Motivations	unsure	disagree	•	-	agree	not relevant	comment or pointer to evidence
By sourcing this task externally we want to:							
complete the task more quickly							
complete the task better							
complete the task at a reduced cost							
complete a task we do not know how to do							
learn from the supplier							
free up internal resources for other tasks							
maintain flexibility for future decisions							
access resources (e.g. market channels) controlled by a supplier							
other (please specify in comment slot)							

Business Importance	unsure	disagree	<b>∢</b> -		→	agree	not relevant	comment or pointer to evidence
The technology area is important to our business								
The functionality area is important to our business								
Business Risks								
By sourcing this task externally we might:								
create a potential competitor			П					
put intellectual property at risk								
lose critical future skills								
lose control of the future development of the product								
miss out on useful learning								
significantly damage inhouse morale								
create unacceptable inhouse political implications								
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zones for potential concern

### 2. Task Suitability: how suitable is this task for performing externally?

	unsure	disagree	•	 -	agree	not relevant	comment or pointer to evidence
The task can be clearly defined							
The task definition is unlikely to change significantly							
The task is independent of other inhouse development							
The task is independent of technical input from inhouse people							
The task output can be tested independently							
The effort required to validate and integrate this work is low							
There are no critical dependencies on this task							
Doing the task externally is invisible to our customers							
Doing the task externally does not cause complications with 3 <sup>rd</sup> parties (e.g. with coordinating development, licensing of tools, etc.)							

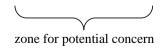
zone for potential concern

### 3. Supplier Suitability: how suitable is the proposed software supplier?

	unsure	disagree	<		 agree	not relevant	comment or pointer to evidence
Ability: can the supplier do the task							
Their previous customers on similar jobs were satisfied							
Their project team is of high quality							
Their project team has experience in the application domain							
Their project team has experience with the development environment							
They are experienced at doing outsourced work							
Their development processes are good							
Their development tools are industry standard							
Their quality processes are good							
Their project management is good							
Their current workload allows time for the project							
				ر			

zone for potential concern

	unsure	disagree	←	<b>→</b>	agree	not relevant	comment or pointer to evidence
Fit: can our two companies work well together							
Their proposal fits well with our business motivations (see section 1)							
Their costings (e.g. start-up, development, support) are acceptable							
They fit well with us culturally							
Their development processes will fit with ours							
They are committed to the project							
They are sufficiently flexible and responsive							
They are not a potential competitor nor owned by one							
The contractual issues (e.g. IPR, warranties, etc.) can be resolved							
Their site is easy accessible							
There are no language difficulties							
There are no time zone difficulties							
Robustness: has supplier got adequate resources							
Their project team will be stable							
They are able to integrate any new personnel required by the project							
They have adequate strength in depth of personnel							
They are financially stable							



# 4. Collaboration Arrangements: are the necessary arrangements in place?

	unsure	disagree	<	<b>→</b>	agree	not relevant	comment or pointer to evidence
The agreement includes							
a specification of all the necessary work products							
a clear allocation of roles and responsibilities							
a realistic schedule with clear milestones and deliverables							
provision for regular communication and progress reviews							
the method and nature of handover (e.g. acceptance tests)							
a method for detecting and handling major changes in the scope of the task							
a method for resolving conflicts							
agreement on the IP rights to the code and to the necessary tools							
incentives for the supplier to perform well							
arrangements for the long-term support of the software							
People and resources							
Those in both companies working on the task can work effectively together							
The communication infrastructure between us is adequate							
Adequate inhouse management resources have been allocated							
Adequate inhouse technical resources have been allocated							
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zone for potential concern