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			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:

	unsure	disagree			agree	not relevant	comment or pointer to evidence
… create a potential competitor	☐	☐	☐	☐ ☐ ☐		☐	_____
… 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	☐	☐	☐	☐ ☐ ☐		☐	_____

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 3rd 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

	unsure	disagree			agree	not relevant	comment or pointer to evidence
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	☐	☐	☐	☐	☐ ☐	☐	_____

zone for potential concern

	unsure	disagree			agree		not relevant	comment or pointer to evidence

Fit: can our two companies work well together

	unsure	disagree			agree		not relevant	comment or pointer to evidence
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

	unsure	disagree			agree		not relevant	comment or pointer to evidence
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	□	□	□	□	□	□	□	_____

zone for potential concern

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

	unsure	disagree	← →		agree	not relevant	comment or pointer to evidence

The agreement includes

	unsure	disagree			agree	not relevant	comment or pointer to evidence
… 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

	unsure	disagree			agree	not relevant	comment or pointer to evidence
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	☐	☐	☐	☐	☐	☐	☐	_____

zone for potential concern