CONCEPT

Agile Contracting and Supplier Management: Commercial Models, Increment Acceptance and Exit Rights

3 – 7 January 2027
Dammam - Eastern Province five-star



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Introduction:

Agile contracting fails when organisations buy iterative software work on fixed-scope, fixed-price terms written for construction or equipment supply. Scope freezes too early, every backlog change becomes a costly variation, suppliers pad estimates and acceptance disputes stall payment. This Core Concept course equips buyers of digital services to choose a commercial model per increment, express scope as a product vision and backlog, tie payment to accepted sprints, protect source code and exit rights, and run supplier performance and multi-vendor governance. Participants build an Agile Contract Structure and Term Sheet for a case digital product.

Course Objectives:

- Diagnose where a fixed-scope contract will break on an iterative software or digital service engagement and select a better-fitting commercial model
- Structure time and materials with a cap, capped fixed price per increment, target cost with pain/gain share, outcome-based and managed service deals and compare their risk transfer
- Set up framework agreements with call-off orders so product increments can be awarded directly or through mini-competition
- Define contractual scope through a product vision, prioritised backlog, sprint acceptance rules and a definition of done that release payment
- Negotiate IP and source code ownership, warranties, escrow and termination for convenience between increments without losing continuity of the product
- Design a joint steering structure, supplier scorecard and multi-vendor coordination model and consolidate them into an Agile Contract Structure and Term Sheet

Target Audience:

- Procurement and category managers who source software development, cloud and digital services
- Contract managers who administer supplier agreements for iterative technology work after award
- In-house legal counsel who negotiate IP, liability and exit terms with technology vendors
- IT delivery and product managers who direct supplier teams and sign off sprint outputs
- Vendor management office leads who monitor performance across several development suppliers
- Commercial finance managers who approve budgets, payment schedules and cost caps for digital programmes

Course Outline:

Day 1: Why Fixed-Scope Deals Break for Iterative Software Work

- Agile Manifesto Value of Customer Collaboration Over Contract Negotiation as a Commercial Premise
- Waterfall Contract Failure Patterns: Early Scope Freeze, Variation Spirals and Estimate Padding
- Cone of Uncertainty and Risk Premium in Supplier Pricing for Emerging Requirements
- Buyer and Supplier Incentive Mapping Across the Product Life Cycle
- Current Technology Supplier Contract Health Check Against an Agile Readiness Scorecard

Day 2: Commercial Models and Framework Agreements for Agile Suppliers

- Time and Materials With Maximum Price Ceilings and Not-to-Exceed Caps
- Capped Fixed Price per Increment and Money-for-Nothing, Change-for-Free Clauses
- Target Cost Pricing With Pain/Gain Share Ratios and Fee Adjustment Formulas
- Outcome-Based and Managed Service Models Tied to Business Outcome Indicators
- Framework Agreements With Call-Off Orders, Direct Award and Mini-Competition Rules

Day 3: Scope, Acceptance, Payment and Change in the Contract Schedules

- Product Vision Statement and Prioritised Backlog as the Contractual Scope Schedule
- Sprint Acceptance Protocol and Definition of Done as Objective Acceptance Criteria
- Backlog Reprioritisation Clause Replacing the Formal Change Request Procedure
- Payment Milestones Linked to Accepted Increments, Retentions and Holdbacks
- Velocity, Team Rate Cards and Capacity Commitments in the Pricing Schedule

Day 4: IP, Warranties, Exit and Multi-Vendor Risk

- Source Code Ownership, Background IP Licences, Open-Source Components and Escrow
- Warranty Periods, Defect Remediation Sprints and Technical Debt Allowances
- Termination for Convenience at Increment Boundaries and Knowledge Transfer Obligations
- Joint Steering Committee Charter, Escalation Ladder and Dispute Resolution Tiers
- Supplier Scorecard and Multi-Vendor Integration Model With Shared Release Cadence

Day 5: Case Digital Product and the Agile Contract Term Sheet

- Case Digital Product Brief: Citizen or Customer App Built by Two Competing Suppliers
- Commercial Model Selection Matrix and Pricing Scenario Comparison for the Case
- Agile Contract Structure Drafting: Framework Terms, Call-Off Template and Schedules
- Term Sheet Build: Caps, Acceptance, IP, Exit and Governance Positions
- Term Sheet Defence Before a Mock Supplier Negotiation and Legal Review Panel

Skills You Will Gain:

- Agile Commercial Model Selection
- Pain/Gain Share Structuring
- Framework and Call-Off Design
- Backlog-Based Scope Definition
- Increment Acceptance Management
- Technology IP and Exit Negotiation
- Agile Supplier Performance Management
- Multi-Vendor Governance

Why Attend This Course:

- Leave with an Agile Contract Structure and Term Sheet tested against a mock supplier negotiation and legal review
- Stop paying for change requests on every backlog reshuffle while keeping budget caps that finance accepts
- Keep the right to exit a weak supplier between increments without losing source code or product knowledge
- Compare agile buying practice with peers from banking, telecoms, public services, retail and energy

Conclusion:

Agile suppliers deliver value when the contract rewards accepted increments, not frozen specifications. The course moves from the reasons fixed-scope deals fail, through time and materials with caps, capped fixed price per increment, target cost, outcome-based models and framework call-offs, to backlog scope schedules, sprint acceptance, payment milestones and change handled by reprioritisation, then IP, warranties, exit rights, joint steering and multi-vendor coordination. The final day produces an Agile Contract Structure and Term Sheet for a case digital product.