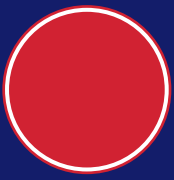




# southernSCOPE

puts software development control **in the hands of business**



## avoiding software budget blowouts

The Victorian Government has developed a new project management approach to software development called southernSCOPE. It can help your business avoid software budget blowouts which slow your business down.

### the problem

The majority of software development projects have two things in common. They regularly blow their budgets and rarely meet time deadlines.

These problems were documented in The Standish Group's CHAOS Report, which found that 32 per cent of projects terminate before delivery and only 11 per cent are completed on budget. Of the remaining 57 per cent of projects that are completed, the average budget overrun is 87 per cent.

The report also found that large companies with large software development projects had the lowest chance of completing a project successfully.

### a solution

The southernSCOPE method has already been trialed and refined on a number of government projects over the past three years.

A review of its effectiveness has found that projects using the southernSCOPE approach:

- complete successfully
- provide customers with software that meets their needs providing a high level of customer satisfaction
- cut the average budget over-run to less than 10 per cent

- provide software value-for-money within the top 25 per cent of industry best practice.

### what is southernSCOPE?

Previous approaches to paying for software development were either based on a fixed price proposal using specified requirements or paying an agreed rate for inputs such as time and materials.

The southernSCOPE method is an alternative approach.

The approach is similar to the building industry developing costings per square of floor space, the road construction industry costing projects by the kilometre, magazines paying freelance journalists by the word or builders subcontracting painters on a dollar price per square of house to paint.

southernSCOPE now allows businesses to take the same kind of approach to software acquisitions. It allows project managers to set a price based on cost per function point, rather than on how much time has been spent on the development.

A function point is a unit of measurement that puts a number to the amount of functionality delivered to the users by a software application. Function points are to a software application what squares are to a house. Whereas the average house is 15 squares the average software application is 500 function points.

## case study: business licence information service

The Department of State and Regional Development commissioned redevelopment of the Business Licence Information Service (BLIS) using the southernSCOPE method. southernSCOPE provided the Department with the flexibility to meet business objectives, but also retain control over the project budget.

BLIS provides general information on starting a business and other specific business activities via the Internet and call centres. Built using Lotus Notes technology, the database holds information about licences, permits and regulations from all levels of government. Because keeping information accurate is so important, BLIS includes Internet-based distributed authoring by more than 200 Victorian and local government representatives.

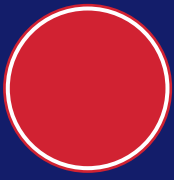
In 2000, BLIS was a finalist in the National Awards for Excellence in Information Technology, and won a Victorian Gold Award in the Government Technology Productivity Awards. Contributing to the success of BLIS was use of the southernSCOPE method.

*"The southernSCOPE method gave us a good mechanism to control the budget, but still obtain the functionality that met our primary business objectives."*  
Dr. Grahame Jackson, Director of Electronic Services Delivery

## how does the method work?

These are the eight steps to the southernSCOPE method.

1. The customer identifies that a need exists to acquire application software and engages a 'scope manager'. The scope manager is an independent person who specialises in software measurement.
2. The scope manager performs a preliminary function point count and provides an early but sound cost estimate and a realistic development timeframe for the project.
3. The customer prepares a short document outlining the need for the software and the constraints of the project and invites proposals to develop the software.
4. The customer selects the best proposal and engages the successful developer with payment for the software based on the dollars per function point of the software delivered.
5. The development begins with a phase of analysis that produces a Requirements Specification.
6. The scope manager conducts a function point count on the Requirements Specification. Using this count, the customer decides exactly what functionality will be needed to produce the business outcomes while meeting the budget and the delivery date.
7. During the project, the scope manager ensures changes to the scope are understood and that the customer and the developer agree upon their price impact.
8. At the conclusion of the project the customer makes payment to the developer on the basis of software delivered plus the agreed changes.



southernSCOPE

## what others think of southernSCOPE

**Pam Morris Managing Director, Total Metrics Pty Ltd**

*“southernSCOPE puts the control of the project's cost and schedule in the hands of the client, where it belongs.”*

**Professeur Alain Abran Université du Québec à Montréal**

*“southernSCOPE allows a change to the whole dynamics of project management and project contracting – it provides a rigour which compels both the customer and the supplier to focus on the customer's priorities.”*

**Peter Minck Managing Director, Prologic Pty Ltd**

*“Outsourcing all too often does not deliver what was promised. southernSCOPE can provide the means to measure the functional size of software development projects, even before they go to tender.”*

**Professor Andrew Flitman Monash University, Australia**

*“There is no doubt that southernScope is a significant move forward in ensuring that IS projects match end-user expectations.”*

### for more information

Free information and full documentation of the southernSCOPE method is available from the Multimedia Victoria website at [www.mmv.vic.gov.au/southernSCOPE](http://www.mmv.vic.gov.au/southernSCOPE)

- **southernSCOPE case studies:** examples of how the southernSCOPE method was applied successfully on two Victorian government software projects
- **presentation for project sponsors:** a Microsoft PowerPoint presentation of 30 minutes duration providing project sponsors with information on the approach and benefits of the southernSCOPE method
- **computer based training package:** a two-hour computer-based training course to support project managers during the software development and teaching the why, when and how to apply the southernSCOPE method
- **reference manual:** specifying the approach and the roles of the different parties involved (also includes a draft contract between the developer and the customer).