Outsourcing the Software Testing Effort:
A Negotiating Checklist

Cem Kaner, J.D., Ph.D.

STAR East, 2000

This Session

- My plan is to
  - introduce the outline (15 minutes), then
  - illustrate issues by bringing them out in discussion.

Outsourcing?

■ Process in which a company transfers all or part of one of its departments to an outside vendor who then handles the company's affairs for a price that is spelled out in the outsourcing contract.

■ Most of the employees who ran the equipment (i.e. the information systems (IS) employees) are either terminated or hired by the vendor.

Software Test Outsourcing?

- Sometimes done to eliminate test dept.
- More often it supplements rather than replaces the department.
- Many reasons to outsource **some** of software test, such as load balancing, independence, available expertise, certification, cost control, or in-house political logjams.

Software Test Outsourcing?

- **There are predictable risks, too:**
  - Bureaucracy (communications and management costs inappropriate to your business model)
  - Ignorance of your market's needs
  - Oblivious to human factors or "design" issues (often, intentionally oblivious)
  - Huge cost overruns
  - Shallow work
  - Security leaks, conflict of interest, loss of intellectual property rights, etc, etc,

The Outline

■ Lawyers and testers often work from detailed outlines.

■ This helps us make sure that we aren't overlooking critical details.

■ But the risk is that we'll spend too much time trying to deal with everything.

■ There are over 1000 issues in the outline, you have use common sense thinking about your priorities.

Structure of the Outline

- Deciding that (if) you want to outsource
  - Potential benefits
  - Risks
  - Benefits to the outsourcer
  - Circumstances that motivate outsourcing
  - Favorable conditions for outsourcing
  - Thinking about the services to be provided

Structure of the outline (2)

- Forming the relationship
  - Agree on your schedule
  - Work through the costs
  - Define the services
  - Other benefits you might realize by outsourcing
  - Qualifying the outsourcer
  - Dispute resolution and risk management
  - Intellectual property

Structure of the outline (4)

- Additional standard contractual issues
  - Confidentiality
  - Non-competition
  - Employment issues
  - Conflict of interest or obligations
  - Liability for quality of the work
  - Other liability clauses

Structure of the outline (5)

- Managing the ongoing relationship
  - Who has the final authority on testing priorities?
  - How independent is the outsourcer?
  - How will you supervise the effort?
  - Where does the outsourcer's staff work and who manages them?
  - What status reporting do you expect?
  - Deliverables
  - Approvals
  - Measurement of performance

Structure of the outline (6)

- Testability issues
  - Background info for the tester
  - Visibility and control
  - Configuration management and change control
  - Comparable equipment
  - Bugginess
  - Automation support
  - Support for early testing

Structure of the outline (7)

- Other standard contracting issues
  - Assignment of rights / responsibilities
  - Integration clause
  - Choice of law and forum
  - Relationship of the parties
  - International legal issues
  - Severability
  - Notice

Acknowledgements