



Computer Contracts

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Outline

- Introduction
- Computer contracts for supply of custom-built software
- Other types of software services contracts

Introduction

- An agreement between two or more parties for doing or not doing of something specified
- Contracts serve the following purpose:
 - Set out agreement between the parties
 - Set out the aims of parties
 - Provide for matter arising the contract is running
 - Ways of terminating contract and the consequences

Intro (cont.....)

- If the contracts are harsh or unfair causing any issue between parties to be unresolved, it is the responsibility of contract laws to contemplate the rules.

Intro (cont.....)

- There are almost never disputes over contracts which run perfectly. Example marriage.
- Example of a ship carrying a cargo.
- In order to avoid disputes and future difficulties its is better to draft document which sets out:
 - The terms on which both parties is to work
 - Methods of payments
 - Appropriate ways to terminate the contract-notice required

Intro (cont.....)

- The contract should be clear, concise, and consistent. There should be no puzzle and the parties to the agreement should be left in no doubt as to their rights and duties.
- Puzzle and doubts can lead to performance which is viewed as unsatisfactory. This can lead to disagreement and the waste of time, effort, and therefore in money, resolving the matter.

Contract for the supply of custom-built software at a fixed price

- Software suppliers try to use what are known standard form contracts, which are used or intended to be used many times
- Such a contract might consist of:
 - A short introductory section
 - A set of standard terms and conditions
 - A set of appendices

Introductory section

- It states that it is an agreement between the parties whose names and registered addresses are given.
- It is dated and signed by authorized representatives of the parties.
- It often begins with a set of definitions of terms used in the course of the agreement, set out either in alphabetical order, like a dictionary, or in the order in which they appear in the rest of the contract -The Company, The Client

Other parts

- Terms and conditions
- Appendices must include any document stated like SRS. This is to avoid, for example, the situation in which statements made by an obsessive salesman while trying to win the business are claimed by the client to constitute part of the contract.

Issues dealt with standard terms & Conditions

- What is to be produced?
- What is to be delivered?
- Ownership of rights
- Payment terms
- Calculating payments for delays and changes
- Penalty clauses
- Obligations of the client

Issues dealt with standard terms & Conditions

- Standards and methods of working
- Progress meetings
- Project Managers
- Acceptance procedure
- Warranty and maintenance
- Termination of the contract

Other types of software services contract

- There are four types of contractual arrangements which are widely used in connection with the provision of software services:
 - fixed price
 - contract hire
 - time and materials
 - consultancy

Contract Hire

- The supplier agrees to provide the services of one or more staff to work for the client
- The staff works under the direction of the client
- The supplier's responsibility is limited to providing suitable competent people and replace them if they become unavailable or said unsuitable by the client
- Payment is based on a fixed rate for each man day worked
- Issues such as delayed payments, acceptance tests

Time and Materials

- It is somewhere between a contract hire agreement and a fixed-price contract.
- The supplier agrees to undertake the development of the software in much the same way as in a fixed-price contract but payment is made based on the costs run up, with labor charged in the same way as for contract hire
- The supplier is not committed to completing the work for a fixed price, although a maximum payment may be fixed beyond which the project may be reviewed

Consultancy Contracts

- Consultants are typically used to evaluate some aspect of an organization and to make proposals for improvements.
- The end product of a consultancy project is therefore usually a report or other document.
- Consultancy projects are usually undertaken for a fixed price but the form of contract is very much simpler



THANK YOU