



Case Study: Fixed Price Model to Evaluate the Partner Reliability

The Situation

The Client is an actively growing US-based SaaS provider, one of the leaders in log management services segment.

Right from the foundation, the Company chose an aggressive market strategy extensively expanding product development scopes to include all the perspective features the new clients demand.

At some point, the Company faced the problem of shortage of development resources. Management decided to hire an R&D outsourcing subcontractor as it would not only provide an easily extensible resource pool but also allow to cut development costs.

Provider Selection

Chief executive of the Company got a reference about Apriorit as a reliable R&D partner with an extensive security project experience, which was vital for the upcoming tasks. The Company planned to find an exclusive outsourcing provider so it was essential to evaluate the reliability of potential partner and compatibility of the business processes.

Apriorit offered to start with a Pilot project delivered by the fixed-price model. This would perfectly illustrate processes while providing real-value results with minimal risks for the Client.

Work

Partners started to work with a series of pilot projects around the solution security features, by the fixed-price model. This model minimizes the client's risks as after estimation and approve project budget is never changed.

Each pilot scope was within an average Apriorit fixed-price project duration – 1-1,5 month. Keeping in mind initial Client's requirements, Apriorit provided very granular estimates including auxiliary activities like code review or test plan preparation. Such level of detail allows the client to validate the estimates and be sure about what the money is paid for.

Significantly lowering the client's risks, fixed-price model has a slightly higher cost as compared to other models, e.g. dedicated scheme, as the time to produce in-depth estimates is included in the total project cost, and no volume discount is available.

The series consisted of 9 Pilots, then the Client made an evaluation of Apriorit as a partner: all projects were delivered within the timeframe; evaluation confirmed the high level of provided code; and detailed estimates allowed to check the reliability of the Apriorit's quotes and maturity of its processes. Once again, Apriorit proved that it is able to provide a working product rather than just development resources.

After the evaluation, the Client signed a new agreement with Apriorit, switching to the dedicated scheme for a team of 2 developers and 2 quality assurance specialists managed by a part-time project manager. By the Client's request, assigned PM was the one who had managed all Pilots. It guaranteed painless transfer of all processes to the new scheme.



The Impact

Dedicated scheme lowered the Client's costs more than twice as compared to the option of hiring and managing in-house resources for the new development scopes. Besides competitive basic rates, it supposed volume discounts and shorter planning stages than in the pilot projects. Although it theoretically makes development risks higher, the Client trusts Apriorit estimates and skills basing on the previous project experience.

This case is showing typical stages of riskless choice of R&D outsourcing provider. Fixed-price model is ideal for a pilot project with limited scope minimizing budget and development risks. Granular estimates and integral value peace as a deliverable allow the client to evaluate potential partner. At the same time, dedicated scheme is a good option to continue partnership after communication and project relations are established: it gives additional benefits in terms of cutting time and money costs.

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