Agile Economics

Budgets

Contracts

Capitalization

=Pavel Dabrytski=
Concept

3m
18m

Business Case

Agile Business Case
# Inside a Business Case

<table>
<thead>
<tr>
<th></th>
<th>Team</th>
<th>Flavio</th>
<th>Name</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dev</td>
<td>Team A</td>
<td>Allison</td>
<td>$80</td>
<td>$80</td>
<td>$80</td>
<td>$80</td>
<td>$160</td>
<td>$60</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>2</td>
<td>Test</td>
<td>Team B</td>
<td>Flavio</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$120</td>
<td>$120</td>
<td>$120</td>
<td>$120</td>
<td>$120</td>
<td>$120</td>
</tr>
<tr>
<td>3</td>
<td>Test</td>
<td>Team C</td>
<td>Dadda</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>4</td>
<td>Dev</td>
<td>Team A</td>
<td>John</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>5</td>
<td>Test</td>
<td>Team B</td>
<td>Jane</td>
<td>$35</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>6</td>
<td>Dev</td>
<td>Team A</td>
<td>Mike</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>7</td>
<td>Test</td>
<td>Team B</td>
<td>Cadelo</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
</tr>
<tr>
<td>8</td>
<td>Test</td>
<td>Team B</td>
<td>Mike</td>
<td>$100</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>9</td>
<td>Dev</td>
<td>Team C</td>
<td>Matilde</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>10</td>
<td>Dev</td>
<td>Team C</td>
<td>John</td>
<td>$70</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>11</td>
<td>Dev</td>
<td>Team C</td>
<td>Phillip</td>
<td>$85</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>12</td>
<td>Test</td>
<td>Team A</td>
<td>Sean</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
<td>$160</td>
</tr>
</tbody>
</table>
Materiality

Smallest unit of labour?

Smallest increment of time?

2 x 40 x $160 x 7 people = $56,000
materiality
flip the triangle

water fall

fixed

25% ÷ 75%

variable time

cost

agile

undefined cost

time

variable scope

unlimited

Q

Q
Budgets

- NOT OK?
- OK
- projects

- OK
- OK
- OK
value stream funding
lean enterprise

1 day, 2 weeks, 6 months

[Diagram with arrows and light bulbs]
point of view

accountant
Share some cool things you know about budgets and business cases
upper limit
iterative contracts
fixed profit contract

$40,000 → $40,000
$56,000

profit $16,000
target price contract

Money for nothing changes for free
point of view

lawyer
share your experience on contracts
capitalization

revenue

profit

spend

assets

expenses
Capitalization in waterfall

Approved Business Case

OpEx  CapEx  OpEx

Go-live

IFRS

GAAP US
Capitalization in Agile

- Aggressive
- Conservative
### Story Point Capitalization

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>C</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Sprint Backlog:**

  - Total: 44
  - Percentage: 82%

\[
\$56,000 \times 0.82 = \$43,520
\]
Pavel Dabrytski

thinkagile.co.za

pavel.dabrytski@gmail.com

+27 73 616 33 92

@paveldabrytski
Agile Economics
Agile 2016
Pavel Dabrytski

youtube.be/Ly3D5J8m24U

slideshare.net/paveldabrytski