Professional Practices
HU-511(BSCS), HU-601(BSIT)

Dr. Arbab Waseem Abbas

ICS/IT, FMCS, The University of Agriculture, Peshawar.

Lecture 6(week 13)

Lecture # 6

Computer Contracts

Contents

- What is a Contract
- Contact for the supply of custom built software
- Other types of software services contract

What is a Contract

- A contract is an agreement between two or more persons creating rights & duties and which is enforceable by law.

- A contract is a promise or set of promises that are legally enforceable and, if violated, allow the injured party access to legal remedies.

- An agreement between persons which obliges each party to do or not to do a certain thing.

What is a Contract

- Contracts
  - Setout the agreement between the parties
  - Setout the aim of the parties
  - Provide rules for the issues arising while contract is running
  - Ways of terminating the contract
  - Consequences of termination

What is a Contract

- A contract
  - Should be set out in a clear and logical manner
  - should be complete and consistent
  - Should have no ambiguity
  - Should be free of doubts regarding the rights and duties of concerned parties

What is a Contract

- There are four types of contractual arrangement which are widely used in connection with the provision of software services
  - Fixed price
  - Contract hire
  - Time and materials
  - Consultancy

Contracts for the Supply of Custom-built Software at a Fixed Price

Structure of the Contract

- A short introductory section
- A set of standard terms and conditions
- A set of appendices or annexes

The Introductory Section

- The introductory section states that it is an agreement between the parties whose names and registered addresses are given.

- It is dated and signed by the authorized representatives of the parties.

What is to be Produced

- Contract must state what is to be produced.
- Two level references is normally used.

What Is to be Delivered

- Producing software is not simply handing over the text of program.
- Some other possibilities are
  - Source code
  - Command files for building the executable code from the source and installing it.
  - Documentation of the design and code.
  - Different manuals
  - Test data and test results

Ownership of Rights

- Contract should state what legal rights are being passed by the software house to the client under the contract.

Confidentiality

- *Confidentiality* is the protection of personal information. *Confidentiality* means keeping a client's information between you and the client, and not telling others including co-workers, friends, family, etc.

- It should be highly considered while writing a contract.

Payment Terms

- Standard terms and conditions will specify the payment conditions like

  "payment shall become due within thirty days of the date of issue of an invoice. If payment is delayed by more than thirty days from due date, the company shall have the right to terminate the contract or to apply a surcharge at an interest rate of 2 per cent."

Calculating Payments for Delays and Changes

- The contract should make provision for payments to compensate the wasted efforts.

- It must specify the process by which these extra payments are to be calculated.

Penalty Clauses

- Delays caused by suppliers are handled by penalty clauses.

Obligations of the Client

- When work is being carried out for a specific client, the client will have to fulfil certain obligations, if the contract is to be completed successfully.

Some other sections of a contract

- Standards and Methods of Working
- Progress meetings
- Project managers
- Acceptance procedure
- Warranty and maintenance
- Indemnity(insurance)
- Termination of the contract
- Arbitration(settlement)
- Inflation
- Applicable law

Contract Hire

Contract Hire

- Contract hire agreements are very much simpler than fixed price contracts.
- Reason is the much less involvement and responsibility of supplier.

Times and Materials

Times and Materials

- It somewhere lies between a contract hire agreement and 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 on the basis of the cost incurred, with labor charged in the same way as for contract hire.

Consultancy Contracts

Consultancy Contracts

- Use of consultants is now widespread in both private and public body.

- Consultancy projects are usually undertaken for a fixed price but the form of contract is very much simpler.

Basic understanding of the Types of Agreements in large computerization projects

Mutual conformity of things

- Types of Agreements
- Implementation Agreements
- Maintenance Agreements
- License Agreements

Implementation Agreements

After Mutual conformity of things put (a decision, plan, etc.) into effect

- Documentation– User's Manual

- Training

- Timetable – "Bundles" of functionality

- Progress Meetings/Reports

- Data Transfer/Conversion – No data destruction

Maintenance Agreements

After Mutual conformity of things **give aid to (a cause, party, etc.) for repair**

- **When you purchase a Maintenance Agreement, you receive the following benefits:**
- Automatic free upgrades as they are released. i.e. free upgrades of all product releases are automatically sent to you throughout the length of the Maintenance Agreement.
- Product support. i.e. Phone support and email support are other reasons to purchase the Maintenance Agreement.
  - You designate up to four people to maintain contact with our Help Desk through email and by phone.
  - You receive priority technical support attention.
- You have access to our toll-free support line.
- Special pricing should you increase your population license.

License Agreements

- A software licensing agreement is a legal contract between the software buyer (users) and software manufacturer (and/or manufacturer's reseller). The exact composition of the agreement varies. It is best to think of a licensing agreement consisting of three parts:
- The Master Agreement
- The End User License Agreement (EULA)
- The Software Product

The Master Agreement

- Explains the conditions of sale. Generally:
- It explains the cost of acquiring the licensing agreement, the software being licensed.
- Who can use the software.
- For what purposes the software can be used.
- The conditions of the maintenance contract and tech support services.
- How the software can be installed and accessed by users.

The End User License Agreement (EULA)

- EULA explains specific rules and restrictions governing the use of the product being licensed such as:
- The classifications of illegal usage and the termination of the user's right to use the software.
- Conditions of redistribution of the software.
- Rules and restriction governing how the software can be incorporated into another product.
- And disclaimers of warranties.

The Software Product

- The software product also brings implicit conditions of use and performance capabilities. The expectation that the software can perform under every circumstance and condition should not be a certainty. For example, Windows applications such as Microsoft Office and Microsoft Excel may not work with every product that can emulate(try to equal) the Windows operating system such as the Linux VMware and Win4L.