



# How to maintain the budget of an IT project

Best expert **practices**



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# **You are ready to start your IT project, but you realize that budget management may be one of your biggest challenges.**

Problems you may face along the way, include unexpected costs, delays in implementation, and even exceeding planned expenses. The above list of challenges will lead to frustration and stress and can have a negative impact on the overall quality of the entire project.

That's why we've prepared an e-book for you, where you'll find the answers to questions on how to keep your budget of an IT project. You will learn the criteria for choosing a good software house, billing models, and the most essential elements that will put you in control of the project and ensure that you are going in the right direction. And thanks to the best practices delivered by our experts, you will keep your budget under control.

Let's get it started!

A photograph of two men in an office setting. One man is seated in the foreground, wearing a light-colored shirt, and the other is standing behind him, wearing a dark shirt and holding a laptop. The background is a blurred office environment. A red semi-transparent overlay covers the bottom half of the image.

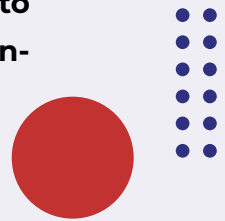
**How does working with  
a good software house  
translate into budget,  
depending on the stage  
of the project?**



Working with a software house is a way to benefit from the experience and knowledge of specialists in the field of software development. It is an ideal solution when you want to develop your business by creating a new product or improving an existing one but you don't have enough specialists in a particular field or you need additional resources for a specific project.

Before starting cooperation with a software house, it is important to define the requirements of the project and establish a budget.

**The more specific the requirements, the easier it will be to determine the cost of implementation and avoid misunderstandings or non-expected additional expenses.**



It is also worth paying attention to how detailed the documentation is – whether additional services are needed (e.g. system maintenance) and what is the timetable for carrying out the work.



**A shorter deadline usually comes with a higher price, especially if the project is very complicated.**

It is also worth remembering about establishing the safety buffer that can cover possible risks associated with the implementation of the project.





## The process of cooperation often includes the following stages.

### 1 Business needs analysis

At this stage, the software house conducts a detailed analysis of your client's needs and expectations, defines the scope of the project and prepares a cost estimate.

A professional software house will tell you which elements of the specification must be established at the beginning, and what can be specified later, during the project, so that it has the minimum impact on the budget.

### 2 Design

Once the cost estimate is approved and the client accepts the project, the software house proceeds to design the solution. At this stage the prototype is created and it allows the client to see how the finished solution will look like.

### 3 Project work

Once the prototype has been approved and accepted for implementation, the software house starts to work on the solution. At this stage, it takes care of code development, testing, and integration of individual elements, as well as optimization of the solution in terms of performance and security.

## 4 Testing

Once the software house has completed the solution, it conducts a series of tests to verify that the solution works properly and meets the client's expectations. The project teams include specialists experienced in selecting the appropriate types of tests, both manual and automated, and in creating their scenarios. This gives you confidence not only in the highest product quality, but also the use of cost-optimized testing solutions.

## 5 Implementation

After successful testing, the solution is ready for implementation. The software house installs and configures the solution and conducts training for users so that they are able to independently benefit from the new tool.

An experienced implementation team is able to properly plan and prepare training and workshops, which can be supported by using an e-learning platform. Thanks to this, the time allocated for learning is utilized efficiently and translates into significant savings.

## 6 Technical support

Once the solution is implemented, the software house provides the client with technical support and assistance in case of any problems within the functioning of the tool.

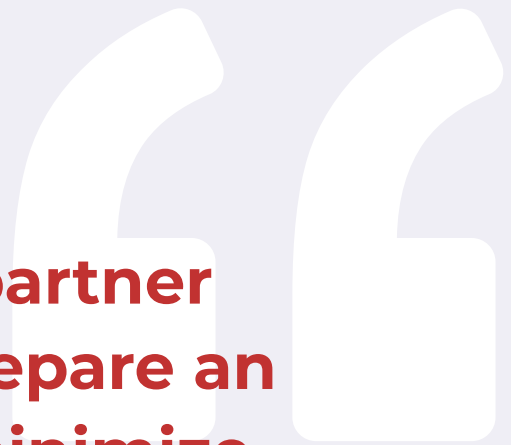
A reliable partner will be able to determine what the client's costs are expected at the beginning of the cooperation, so it will be possible to determine the height of the budget also in the long term.



## Above you can get acquainted with the process of developing software on the basis of the waterfall approach.

However, a software house with as much experience as SOFTIQ, should be able to adapt to your needs and the specifics of the project also in terms of the methodology of it. Thanks to this, when implementing work with the use of agile methodologies, we are able to guarantee you **the same benefits** in terms of control over the budget, as well as the quality of the product.





## The role of a business partner such as SOFTIQ is to prepare an appropriate plan and minimize the risks.

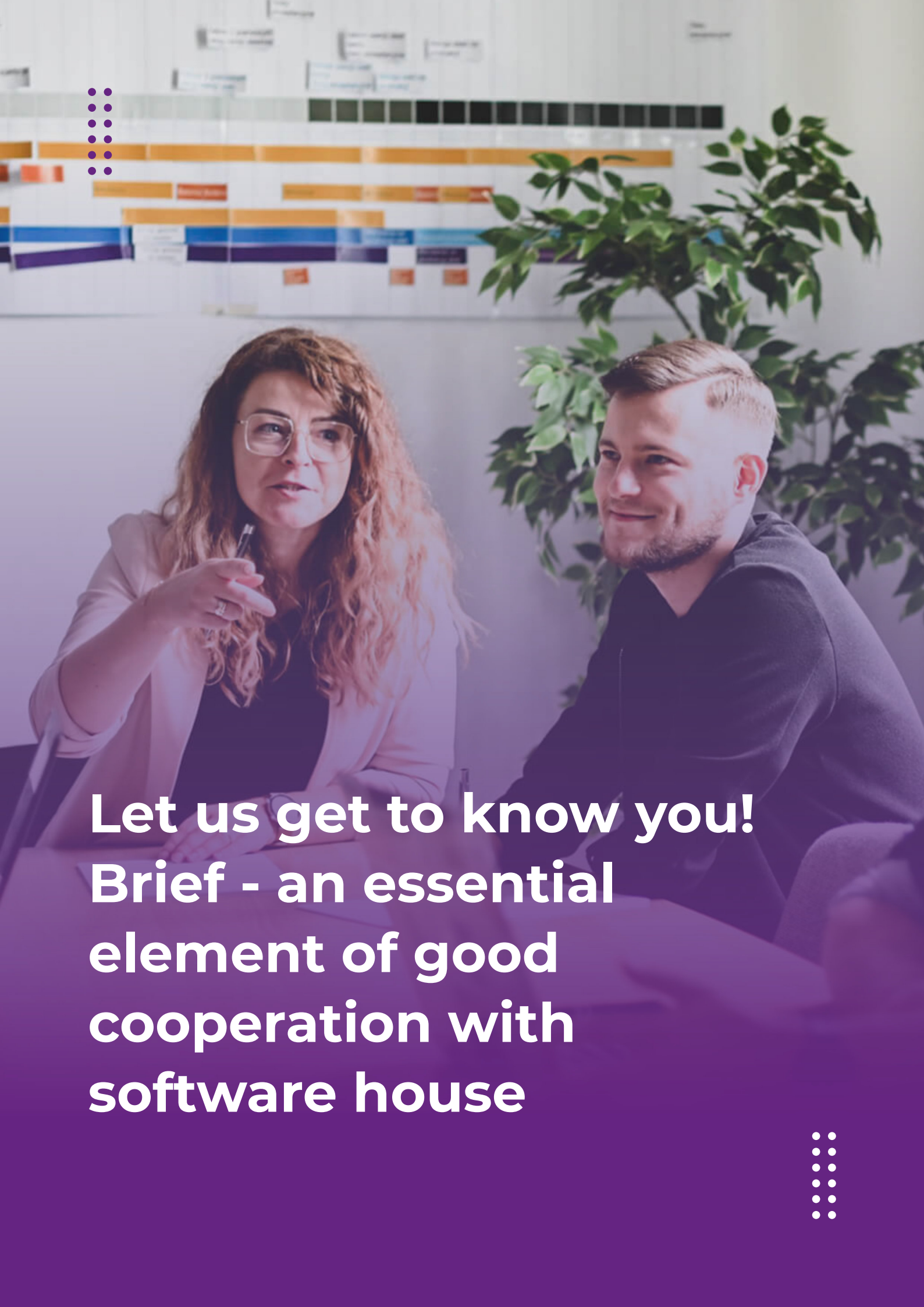
Without a doubt, choosing an experienced software house ensures you that at every stage of the project, the client can **count on support** in maintaining the assumed budget.

It is important to remember that in any IT project, regardless of its complexity, unexpected difficulties may arise. Often there may be several ways to solve the problem, but each of them will have a different impact on the project budget.

If unexpected situations arise, the role of the software house is to choose a solution that will entail the lowest possible cost while maintaining **the highest possible quality**.



**Piotr Żurawlow**  
CEO SOFTIQ



**Let us get to know you!  
Brief - an essential  
element of good  
cooperation with  
software house**



**Brief, a concise description of the project, is an important part of good cooperation with a software house. It is a document that defines the scope of work, goals and expectations associated with the implementation of the project.**

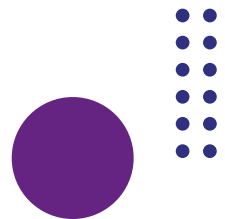
Before you start working with a contractor, it is a good idea to prepare a document that will contain all necessary information about the scope of work. The brief includes: a description of the problem to be solved by developing the software, a description of the expected functionalities and features of the software, information about the recipients of the application, a description of the software. wania, information about the recipients of the application, and technical and financial limitations.

**The brief is extremely important** because it allows the software house to understand your needs and expectations, and adequately price and plan the work associated with the implementation of the project. Thanks to it, you will avoid misunderstandings that can lead to delays and additional costs.

It is also a good tool for communication between you and the software house, because it allows you to establish clear and precise rules of cooperation. Brief is not only a document, but also a process. It is important that at the stage of its creation you write out the most important information and **carefully analyze your needs**.

Keep it updated and adapt it to changing circumstances and requirements!

**By preparing the brief properly, you can be sure that the quote you receive from the software house will be as detailed as possible. This will allow you to avoid unexpected changes in the project budget at its later stages.**





# The elements of a good brief:

- A brief description of your company
- What are the goals of the project
- What functions should the system/application have (the most important element for Fixed Price model, which we will discuss in the following chapters)
- Information about the users of the software/application
- What problems is the software supposed to solve
- Time and available budget
- Additional information





# Before submitting an inquiry about the possibility of cooperation you can prepare the brief yourself

A good contractor should arm you with these questions at the very beginning of the cooperation. At SOFTIQ, our priority is to create products that **make our customers' daily work easier**, so the brief is the basis for further discussions and preparing the best solution for you. Even if you approach us with an inquiry without a prepared brief, you can be sure that we will ask you the right questions, and our offer will include all the necessary elements.

This will help you avoid surprises at a later stage of implementation and you can be sure that the budget amount will not be affected by possible deficiencies in the description of requirements at the beginning of cooperation with us.



**Marcin Grzanka**

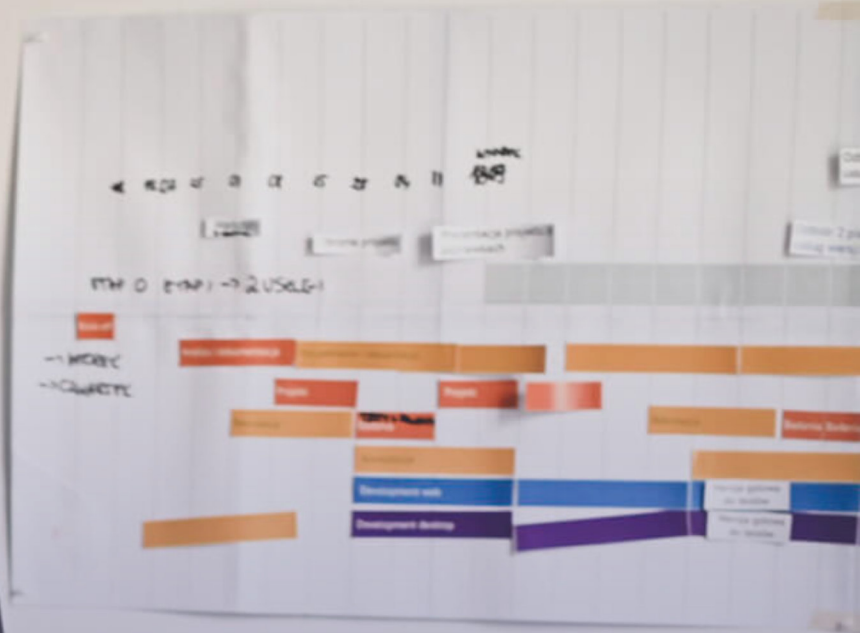
PMO Director SOFTIQ

As you can see, there are many factors that affect the value of an IT project's budget. Not only choosing the right partner is of great significance, but also defining your requirements.

Another element that will significantly affect the ability to secure the adequate implementation of budget assumptions, is the settlement model you decide on in cooperation with a software house.

How can you decide which billing model is right for you? We will help you by analyzing the two most commonly used models in IT projects - **Fixed Price and Time & Material**.





# Fixed Price or Time&Material? How does billing model translate into an IT project budget





## **One of the key elements, you should pay attention to when looking for a software provider, is the billing model.**

It has a major impact on the entire project implementation process and on your satisfaction with cooperation.

In the IT industry, there are two most popular billing models: Fixed Price or Time&Material. Each of them has its advantages and disadvantages, so it is important to carefully analyze your needs and choose the one that will be best for you.

Let's take a closer look at them.

# Time&Material

The Time&Material model is billing by hours worked and materials used. The software house does not set the price in advance, and you, as the client, pay for each hour of work.

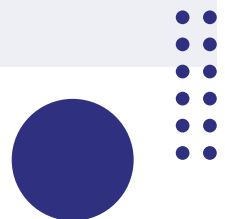
The process of software development in the Time&Material model is very flexible, and such billing method allows for ongoing modification of the scope of work and implementation of new functionalities.

With this billing model, you have more freedom in shaping the project, as you can adjust the number of working hours to your needs.

**The Time & Material model allows you to dynamically manage your budget and adjusts ongoing expenses to your capabilities.**

However, the high degree of flexibility can be at risk when your team lacks a person verifying modifications and features that are needed to be implemented first.

In such a situation, a good software house will be an invaluable support, providing advice rather than just adding new tasks to the "to do" list.



The Time&Material billing model has advantages and disadvantages that are worth considering.

**Take a look at the table below.**

| Advantages of the Time & Material model                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Disadvantages of the Time & Material model                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>✓ The ability to start cooperation quickly, without the need to prepare a detailed specification</li><li>✓ Possibility of dynamic budget planning depending on the current situation of the customer</li><li>✓ High flexibility in adding new functions in the course of work and reacting to unforeseen changes on an ongoing basis</li><li>✓ The ability to continuously monitor the progress of work and provide comments on an ongoing basis</li></ul> | <ul style="list-style-type: none"><li>⊖ Requires a lot of commitment on the part of the client and competencies allowing for the assessment of the delivered effects</li><li>⊖ Starting works based on an estimated cost makes it difficult to plan the budget in the long term and may result in a higher final cost resulting from decisions made during the works</li><li>⊖ Uncertainty as to the date of product delivery, depending on the changing scope of work</li></ul> |



## Fixed Price

The Fixed Price model involves setting the price of a project at the planning stage and defining it as an unchangeable amount. This means that you know in advance how much you will pay for the project, and the software house bears the risk of any additional costs.

This billing model is good **for customers who need an exact, precise budget** and want to be sure that the price will not change during the implementation.



A project carried out under the Fixed Price model has the advantage that you are responsible only for specifying your requirements and controlling the effects of the work of the software house. This is beneficial for you because of better management of the entire project. However, in order to avoid misunderstandings, it is necessary to accurately estimate the scope of work, which will allow you to plan your expenses in advance.



**Remember: any change in the scope of the project during its implementation involves the need to update the quote and contract.**

Fixed Price billing model has both advantages and disadvantages which are worth taking into account:

| Advantages of the Fixed Price model                                                                                                                                                                                                                                                                                                                                                                  | Disadvantages of the Fixed Price model                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>✓ Budget is determined before the start of work</li> <li>✓ A strictly defined schedule that allows planning expenses during the entire project</li> <li>✓ Requires little to no involvement on the client's side after the project launch</li> <li>✓ The customer knows from the beginning what product he will receive, based on his requirements</li> </ul> | <ul style="list-style-type: none"> <li>✗ Lack of flexibility in the software development process</li> <li>✗ Few software houses want to agree on the Fixed Price model for long, complex projects, which may make it difficult to find the right partner</li> <li>✗ The need to provide precise requirements before starting work on the project</li> <li>✗ if the requirements are incorrectly specified, the final software may not meet the customer's expectations</li> </ul> |



## Fixed Price vs Time&Material – what to choose?

Just listing the most frequently cited advantages and disadvantages of the two major billing models is not enough to determine which one will be optimal for your project. In this regard, it may be helpful to make a detailed **comparison of both models of cooperation**, which we have prepared based on our experience at SOFTIQ:

|                                                                       | Fixed Price model                                                                                                                                                                                                                               | Time&Material model                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Software requirements specification</b>                            | Necessary to start work, it does not change during the project and is the basis for the final budget calculation                                                                                                                                | It can be created as the software is developed, it is not permanent and evolves with the development of the project                                                                                                                                                                   |
| <b>Software development cost</b>                                      | Determined on the basis of a closed specification, it cannot increase during the project, except in strictly defined cases, specified in the contract                                                                                           | It is not precisely defined at the beginning of the project; it changes depending on the amount of work required at each stage. It may exceed the estimated budget when the final product significantly differs in terms of functionality and complexity from the initial assumptions |
| <b>Project timeframe</b>                                              | Strictly defined in the contract, both as a strict deadline for final product delivery, and in the case of division of works into stages. They are binding and cannot be modified without the consent of both parties and amending the contract | The final deadline is estimated and it ultimately depends on the direction of project development. The works are divided into billing periods, the length of which is agreed upon individually between the supplier and the customer.                                                 |
| <b>Project size</b>                                                   | Any, but in medium and large projects, it is more difficult to find an experienced software house to properly estimate the risk margin without overestimating the budget                                                                        | Any                                                                                                                                                                                                                                                                                   |
| <b>Project start</b>                                                  | Delayed, subject to the collection of all information necessary to prepare detailed specifications and budgets                                                                                                                                  | Immediate, thanks to the ability to define the scope of work during the project                                                                                                                                                                                                       |
| <b>Type of necessary involvement of the client during the project</b> | The client is involved in the project by specifying the requirements and acceptance of the completed works, however, he does not need to have knowledge about the work methodology and task prioritization                                      | High. The client actively participates in the work, both by accepting the results delivered in individual iterations and deciding on the scope of work at subsequent stages. At the same time, he must have knowledge of the manufacturing process and task prioritization            |
| <b>Ability to make changes to the project</b>                         | Limited. Each change requires consultations on both sides, preparation of a new valuation, and amendment of the contract                                                                                                                        | Significant. The customer can decide on major changes at virtually every stage, and the only limitation is the amount of additional billed hours that he is willing to accept                                                                                                         |

In conclusion: when choosing a software provider, it is worth paying attention to whether the company is willing to adapt the billing model to the specifics of the project and your needs.

**The Time&Material model is not always the optimal solution, especially in the case of larger projects, so it is worth considering the possibility of billing it in the Fixed Price model.**

It is important that the contractor has experience in using different billing models and is able to propose the optimal one, taking into account the specifics of your project and needs. It is also advisable to choose a supplier who will act as a partner supporting the project, rather than just a contractor.



# In our cooperation with the client, we focus on open-minded approach, transparency and partnership in action

At SOFTIQ, we are not afraid to offer our clients to settle the work in the Fixed Price model, because we have a broad experience in planning and implementing large projects using this form of cooperation.

Valuing projects according to the Fixed Price model, we can **adequately estimate the margin of risk**, without overestimating the budget, unlike many other software manufacturers.

At the same time, we do not limit ourselves to only this one type of billing and we always match it according to the specifics of the project.

**Marcin Grzanka**

PMO Director SOFTIQ





**How to choose the  
best software house  
to keep the budget  
in check?**





## Only the best practices!

Once you know what elements affect the budget and how to approach the billing model, you're probably wondering about the possibilities of hiring a software house. They are the ones responsible for creating the software that will allow you to achieve success. However, choosing the right company is not an easy task.

So how to choose the one that will meet your expectations and at the same time help you keep your budget in check?

### 1 Avoid very low-priced offers

Of course, everyone wants to save as much money as possible, but it's not worth the risk when it comes to important projects for your company. Prices that are too low can be a signal that the company doesn't have the right skills or doesn't want to take the time to thoroughly understand your needs. If this is the case, there is a high risk that the final product will be underdeveloped and will not meet your expectations.

### 2 Compare the offers

Before you decide on the company of your choice, do some research on the market and compare the offers of different software houses. Don't be afraid to ask about prices, project implementation time, scope of services and possible options for system development. This will give you some comparability options and it will be easier for you to choose the best option for your business.

### 3 Size matters

If you need a project that is complicated and complex, it is better to aim at a larger company that has more experience and resources. A small team may be flexible, but it often lacks the right number of specialists to handle more complex projects.

### 4 Ask about the team

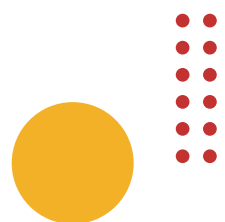
When working with a software house, it is important to have a diverse team in terms of skills and experience. Ask about its composition and whether there are specialists from different fields in it, such as developers, analysts, testers, designers, etc.

### 5 Check out the portfolio/case study

Before you decide on the company of your choice, it's worth checking what projects it has completed in the past. By looking at the portfolio, you can get an idea of what technologies and tools the company uses and whether it has experience in projects similar to yours.

### 5 Ask about testing

Software testing is a very important element that allows you to detect errors and improve your product. A good software house should have knowledge and experience in software testing to ensure its high quality and reliability. So ask about the testing process and what tools the company uses for it.





## It's not worth taking shortcuts



Regardless of the type and scope of services you are interested in, the decision to choose a particular software house will be crucial and will translate into **every aspect of future cooperation**, both financially and organizationally.

To find the right partner, you should both thoroughly analyze and define your needs, and gather as much information as possible about potential candidates for cooperation. We always encourage our clients to take their time at this early stage and analyze the proposal.

After all, it is worth remembering that often this first order is the beginning of many years of cooperation, the course and effects of which depend on how well the software house will be **tailored to your needs and expectations**.

**Piotr Żurawlow**

CEO SOFTIQ





# Conclusion – summary

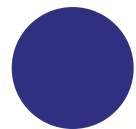


For you, cooperation with a software house is a guarantee of professional and effective problem-solving process that arise during the implementation of any IT project. Thanks to specialists' knowledge and experience, you can be sure that you will receive a tool that will be tailored to your individual needs and expectations.

Cooperation with a software house also means saving time and money. You don't need to hire and train your own specialists nor spend a lot of money on development and maintenance of the tool. Software house makes sure that the solution is always up-to-date and working properly. The choice of the appropriate billing model depends on your individual needs, preferences and the nature of the project.

If you need flexibility and the possibility of changes during the course of the project, the Time&Material model will be a better choice. If cost is of great importance to you, and you do not plan to make changes during the project, choose the Fixed Price model.

**It is important to have a good understanding of your needs and, in understanding with the software house, to choose the right billing model that will be most beneficial to you.**





## Being a business partner of a software house, such as SOFTIQ, you are assured that...

the budget of your project will be stable and you will not face any unpleasant surprises. **You are guaranteed by our years of experience**, a team of more than 200 experts, able to develop any solution from scratch, as well as full transparency in cooperation.

You can expect the support at every stage of the project, starting with identifying the requirements and selection of the optimal billing model, through design, development, Quality Assurance and Quality Control, to post-implementation support. When choosing a partner such as SOFTIQ, you can be sure that regardless of the size and type of your project, **the rules of cooperation will always be clear** and you will not encounter any unexpected or hidden costs.



**Piotr Żurawlow**  
CEO SOFTIQ



# Make an appointment for a free 30-minute consultation

Find out what tools and technologies will be the best suited to the goals you want to achieve and how we can **support the implementation of your project.**

**Contact us**



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