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# ACCEPTANCE TESTING

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## VOLUME 5

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### *“Acceptance” sounds so simple, so what’s the big deal? (Part 1 of 2)*

**Acceptance is one of the most important terms in any Consulting Services Project.**

- **Most payment obligations are triggered by acceptance, so if it's not accepted, it's not invoiced and the Customer does not pay for the Service;**
- **The Customer's warranty rights start on the date of acceptance;**
- **The Consultant is allowed to recognize revenue upon acceptance;**
- **The Consultant does not reassign project personnel until after acceptance.**

The acceptance criteria should be clearly defined within the SOW, this will determine what functionality will be tested. SOWs typically include a very broad range of functionality and it's just not practical to test everything under every possible circumstance. However, within any business operation certain functionality is essential to a successful operation. That functionality should be tested against not only average use cases but also extreme demands and peak usage. Flushing these details out is the job of your acceptance test. Candidly, it is the due diligence of talking to your staff and the overall effort of going through the process of defining meaningful acceptance criteria that forces a deep and thorough Customer understanding of the required functionality. Every Customer thinks they understand what they require, but until they are forced to define the functionality in the SOW acceptance test criteria, they never finalize those expectations. Consultants are falling into an age old trap of allowing Customers to change scope by deferring this task until later in the Service Delivery Project.



Would you hop in the car and start driving before you knew your destination? Of course not, and you should follow the same discipline with your SOW relative to Acceptance; Frankly if you attempt to do this, those acceptance criteria will change as the project proceeds, so it becomes impossible to control. Do not start doing the work, or if you are the Customer allowing the work to commence, until this

critical test is properly defined. Whether you are a Consultant delivering the Project, or a Customer crafting the Project, don't assume the SOW will make obvious what is expected; take the time to clearly state your expectations. When a contract proactively defines the acceptance test, it reflects a thorough understanding of the Project requirements. That preparation sends a positive message about the skills and professionalism of the Consultant, or if you are the Customer, it demonstrates a detailed understanding of the task at hand. The process instills a level of confidence for both parties, which helps establish loyal business relationships; i.e. you are prepared to execute on the project delivery. **(see *Acceptance Testing, part 2 next month*)**

We represent buyers and sellers of IT products and services, Cloud based SaaS offerings and software licensing matters. If you, or the organization you work for, is tired of trying to develop, negotiate and/or modify consulting contracts, licenses, SOWs, HR Agreements, and other business related financial transactions, please contact me for a free consultation.

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**Call (732) 219-6641 or email [Johnpobrienesq@verizon.net](mailto:Johnpobrienesq@verizon.net)**

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Take advantage of a 30-minute free consultation to review a SaaS agreement, highlight anything important and/or provide the extra assurance of adequate protection. Users may be surprised at the errors and/or omissions that occur within most standard SaaS license agreements.

#### **About John O'Brien**

John O'Brien is an Attorney at Law with 30+ years of legal technology experience. John helps companies of all sizes develop, negotiate and modify consulting contracts, licenses, SOWs HR agreements and other business related financial transactions. John specializes in software subscription models, financial based cloud offerings, and capacity on demand offerings all built around a client's IT consumption patterns and budgetary constraints. He has helped software developers transition their business from the on-premise end user license model to a hosted SaaS environment; and represented clients in many inbound SaaS negotiations. Please contact John for a free consultation if you or the organization you work for is tired of trying to develop, negotiate and/or modify contracts and agreements of any type. John can be reached at (732) 219-6641 or email [Johnpobrienesq@verizon.net](mailto:Johnpobrienesq@verizon.net).

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# ACCEPTANCE TESTING

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## VOLUME 6

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*“Acceptance” sounds so simple, so what’s the big deal? (Part 2 of 2)*

**Please see URL: [johnpobrienesq.com/blogs\\_for\\_part\\_1](http://johnpobrienesq.com/blogs_for_part_1)**

Acceptance is a transformational event in the world of Consulting Service Projects whether you are the Customer or the Consultant. On one side, everything leading up to acceptance is pre-sales (i.e. non-billable), and everything afterwards is post sale (billable), and you have very different legal rights depending upon what side of that line you stand upon. Perhaps the most import of these legal rights is simply the right of the Customer to cancel the order; once a Project is accepted you generally have warranty rights to address defects, but you no longer have the right to terminate the project (In "extremely" limited circumstances, Customers may rescind acceptance.) Prior to acceptance, Customers often have certain rights to cancel "with cause" (Consultant has not complied with the Agreement and has not cured the defect) or "without cause", in which case the Customer generally pays for services delivered through date of termination. However, if acceptance is unfairly delayed, Consultants are often forced to try to pay their staff while they continue to deliver Services beyond those services that they expected and budgeted (i.e. free service) to induce the Customer to accept. One of the key issues with any acceptance clause is to place an affirmative duty on the Customer to faithfully proceed with the acceptance process upon delivery completion. If you divide the service delivery into Milestones, it can help manage the risk for both parties. Essentially, one set of deliverables would be defined as Milestone 1, which would need to be accepted before the service delivery continues into Milestone 2; Each milestone would have its own individual acceptance test and most likely the overall project would have a Project-wide Acceptance test at the end to demonstrate the Milestones work together. It might seem easy when you are getting started if the entire Project is lumped into a single large deliverable, but your project will not have the mile markers AKA "milestones" necessary to help keep the service delivery on track and to protect both parties interests.

***Remember, you are depending upon participation from both parties to make a service delivery project successful; i.e. the other party cannot make up for your lack of timely participation.***

It is often said an ounce of prevention is worth a pound of cure. With regards to

Acceptance Test Criteria and Planning, that relationship is understated. Acceptance Tests should not be



viewed as a trial drive, it is intended to be much more rigorous than a few hours or days meandering through unplanned user testing:

**If you have an important Project that you are negotiating, look at the acceptance criteria in the SOW:**

- 1.) Do they adequately define all the critical functionality required;**
- 2.) Is the project divided into a logical sequence of deliverable Milestones;**
- 3.) Does it properly anticipate the expected and the specific operational environment;**
- 4.) Does it define exactly what constitutes each Milestone's success; and**
- 5.) Does it provide how much time the Consultant has to cure acceptance test defects.**

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