Your guide to the time & material delivery model

Easy access to IT skills and expertise when you need them

Atos

Welcome to the definitive guide on navigating the complexity of professional services, with a special focus on the time and materials (T&M) model.

In today's dynamic and fast-paced digital landscape, businesses rely heavily on technology to innovate, streamline operations and stay competitive. However, harnessing the full potential of technology often requires specialized expertise and resources that may not be readily available in-house.

Whether you are an industry veteran or a newcomer seeking to understand the nuances of technology engagements, this handbook from Atos Technology Services will provide you with comprehensive insights, practical strategies and invaluable tips to optimize your approach to T&M.

We will examine the various aspects of the T&M model, dissecting its advantages, challenges and best practices for effective implementation.

From establishing clear project objectives and scoping requirements to managing resources, timelines and client expectations, we will draw on real-world examples and industry expertise explore every facet of the T&M delivery model.

1   What are professional services?

Professional services refer to specialized support and expertise provided by companies or individuals to help businesses implement, manage and optimize their technology systems. These services can include:

Consulting: Advising organizations on how to best use technology to meet their business objectives.

Implementation: Assisting with the deployment of technology solutions, such as software or hardware installations.

Support and maintenance: Providing ongoing technical support and ensuring systems are up-to-date and running smoothly.

Custom development: Creating tailored software solutions to meet specific business needs.

Training: Educating your staff on how to effectively use technology products and services.

These services are essential for organizations that lack the in-house expertise or resources to manage complex technology infrastructures and need external assistance to leverage technology for business growth and efficiency.

2   How are professional services delivered in a T&M model?

Professional services delivered via a time and materials (T&M) model typically involve engagements where the service provider offers specialized expertise on a flexible basis. This can include:

Software development: Custom software solutions are developed, with the client paying for the actual time developers spend on the project and the resources used.

Consulting: Expert advice is provided on various aspects of technology, such as system implementation, optimization or digital transformation strategies.

Project management: Overseeing and managing technology projects, ensuring they align with business goals and are delivered efficiently.

Technical expertise: Ongoing support for technology systems, where the service provider is compensated based on the time spent.

The T&M model is particularly advantageous for projects where the scope is not clearly defined from the start or is expected to evolve over time. As such, they require a degree of flexibility that other contract models may not provide. T&M allows clients to adjust their requirements, add new features or pivot their strategy as the project progresses, paying only for the services consumed during the billing period.

3   What are the benefits of the T&M model?

The T&M model offers several benefits, such as:

No expertise required: Enterprises often need to quickly deliver business value and then begin addressing gaps in expertise.

Quick start: Projects can begin almost immediately without lengthy negotiations, allowing for a faster response to market conditions.

Fair pricing: You pay only for the actual work done, avoiding the risk premiums often included in fixed-price models.

Flexibility: The model is highly adaptable to changes, whether it's adding new resources or adjusting project scope.

Pay-as-you-go: This approach allows for convenient payment schedules, typically on a monthly basis.

Customer engagement: Your teams are more involved in the development process, leading to better alignment with your needs.

These advantages make the T&M model a strategic choice for projects where scope and requirements are expected to evolve over time.

4   What are the challenges of the T&M model?

The T&M model offers flexibility and adaptability, but also presents several challenges:

Potential cost overruns: Without a clear definition of project requirements, there may be a risk of the project extending beyond the estimated time and budget.

Unpredictable financials: The absence of a fixed budget can make it difficult for companies to plan financially, as costs can fluctuate based on the time and resources used.

Scope creep: The flexible nature of the T&M model can lead to continuous changes or additions to the project scope, which can result in higher costs and extended timelines.

Greater oversight requirements: You must be actively involved in the project to monitor progress and expenses, which can be resource-intensive.

Increased vendor reliance: Some companies may become overly reliant on vendors for expertise, potentially leading to a lack of internal knowledge transfer.

These challenges require careful project management and clear communication between you and your and service provider to ensure successful project outcomes.

5   What are the best practices for managing scope creep in a T&M project?

Managing scope creep in projects delivered in a T&M mode is crucial to ensure project success. Here are some best practices:

Define clear objectives: Start with a clear definition of your project goals and deliverables.

Document requirements: Have detailed discussions with stakeholders to document all features, requirements and deliverables.

Create a scope statement: Develop a comprehensive scope statement that outlines all inclusions, exclusions and deliverables.

Establish scope management processes: Set up clear processes for managing scope changes, including tracking and communication protocols.

Develop accurate estimates: Estimate the time, resources and costs needed to complete the defined scope, including contingency buffers.

Obtain sign-off on scope: Ensure all stakeholders formally review and agree on the scope definition and project plan.

Control access to scope document: Limit access to the scope document after sign-off to prevent unauthorized changes.

Implement change management process: Have a formal process for submitting, evaluating and approving or rejecting scope change requests, including impact analysis.

By adhering to these practices, you can minimize the risk of scope creep and maintain control over your T&M project's objectives and costs.

6   How to manage stakeholder expectations in a T&M project?

Managing stakeholder expectations in a T&M project is crucial for project success. Here are some steps to effectively manage these expectations:

Identify stakeholders

Recognize all individuals or groups with a vested interest in the project.

Understand expectations

Engage stakeholders to understand their needs, concerns and success criteria.

Communicate clearly

Maintain open, transparent and frequent communication to keep stakeholders informed about project progress and changes.

Set realistic expectations

Be honest about what can be achieved within the project's constraints and manage any unrealistic expectations from the outset.

Document agreements

Ensure all expectations, roles and responsibilities are documented and agreed upon.

Create a project scope document

Have stakeholders approve a detailed project scope document to serve as a reference point.

Develop a stakeholder management plan

Outline how you will engage with and manage stakeholders throughout the project.

Provide regular updates

Use reports and meetings to keep stakeholders updated on project status, budget and roadblocks.

Manage changes effectively

Implement a change management process to handle any scope changes systematically.

By following these steps, you can build trust, prevent misunderstandings and ensure that all parties are aligned with the project's goals and progress.

7   What are the delivery models in T&M?

In the context of T&M contracts, delivery models refer to how services are structured and delivered to the client. Here are some common delivery models associated with T&M contracts:

Staff augmentation: This model involves supplementing your workforce with skilled professionals on a T&M basis to work under your direction. This could be local professional services or remote professional services, combining remote delivery (on-, near- or offshore), agile ways of collaborating and monitoring outcomes, a dedicated onboarding process, and secure access to your environment.

Dedicated team: The service provider offers a team dedicated to your project, and you pay for the team's time and materials used. The team could be assembled as a skill center, blended resources or specialized service centers. This is often called massification.

Managed services: While not exclusive to T&M, this model can operate on a T&M basis where the service provider manages specific services or operations for you.

Project-based: A project is scoped and a team is assigned to work on it, and you are billed for the time spent and materials used.

These models provide you with varying degrees of control, flexibility and scalability, depending on your specific project needs and goals.

8   What to look for when choosing a T&M supplier?

When selecting a T&M partner, consider the following factors to ensure a successful relationship:

Experience and expertise: Look for a T&M partner with a proven track record and expertise in your industry (dedicated expertise, industry knowledge).

Transparency: Choose a partner who is open about their processes and provides clear documentation of work and costs.

Employee loyalty: Check how your partner reduces attrition and ensures employee retention to avoid loss of skills.

Communication: Ensure the partner has strong communication practices, keeping you informed throughout the project.

Flexibility: Your T&M partner must be adaptable to provide you with new skills when required.

Billing practices: Review your partner's billing procedures to ensure they are fair and align with your financial planning.

Quality assurance: Ensure that your partner has quality control measures in place to maintain high standards of work.

References and reviews: Ask for and check references or reviews from previous clients to gauge reliability and customer satisfaction.

These considerations will help you choose a T&M partner who can meet your project needs and contribute to its success.

9   What does the cooperation between a client and a T&M supplier look like?

The cooperation between a client and a T&M partner typically involves a collaborative effort where both parties work closely to achieve the project's objectives. Here's an overview of how this cooperation might look:

Alignment of objectives

You and your partner align on short- and long-term business goals, setting mutual targets and developing joint plans to achieve these objectives.
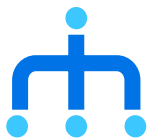
Communication

Effective and transparent communication is established, with regular meetings and updates to ensure both parties are informed and in agreement about the progress of the project.

Flexibility

Both you and your T&M partner must stay flexible to adapt to changes in project scope, requirements or unforeseen challenges.

Collaborative planning

Engage your partner in joint business planning, identifying areas of opportunity for collaboration such as growth, innovation, productivity, quality and margins.

Shared risk and reward

The T&M model allows for shared risk, where the partner may contribute resources and expertise in exchange for a potential share in the project's success.

Trust and partnership

A high level of trust is built, with the supplier often considered a strategic partner rather than just a vendor, contributing more to the project's value than mere service delivery.

This cooperative approach can lead to improved outcomes, innovation and a stronger relationship between you and your T&M partner.

10   What is the "catalog of skills" in T&M?

A T&M model typically offers a broad range of skills and expertise covering end-to-end application lifecycle and infrastructure — from design, build and run to ongoing maintenance. As an example, the catalog of skills could include:

Technical skills: Such as software development, system architecture, cybersecurity and data analysis.

Project management: Expertise in leading and coordinating projects, including Agile, Scrum or Kanban methodologies.

Business analysis: Ability to assess business needs and translate them into technical requirements.

Quality assurance: Skills in testing and ensuring that the deliverables meet the required standards.

User experience design: Competencies in creating user-friendly designs and improving the usability of products.

Support and maintenance: Providing ongoing assistance and updates for technology systems.

This catalog is essential for companies to understand their T&M partner's capabilities, and for the provider to showcase their strengths and match project needs with the right set of skills.

11   What is the approximate duration of a T&M contract?

The duration of a time and materials contract can vary greatly depending on the project's scope, complexity and your specific needs. Generally, T&M contracts are best suited for projects where the scope and duration are unpredictable before work begins. However, it's not uncommon for T&M contracts to include a "not-to-exceed" clause to protect against runaway costs, which can also imply a rough timeline.

For more tightly-governed projects, T&M contracts might last from a few months to one or more years. In construction or large-scale software development (where the scope is more likely to change), the duration could be longer. It's essential to define the project goals and maintain clear communication between you and your T&M partner to manage the timeline effectively.

12   What are the trends in T&M?

The trends in the T&M model reflect the evolving needs of businesses and the software development industry. Here are some notable trends:

Increased flexibility: T&M contracts are preferred by clients due to their flexibility, allowing for changes in scope and requirements as projects evolve.

Focus on value: Clients and T&M partners are focusing on the value delivered rather than just the hours worked, leading to more outcome-based T&M arrangements.

Transparency and communication: Enhanced tools and practices for tracking time and expenses are becoming standard, improving transparency and communication between clients and suppliers.

Hybrid models: Combining elements of T&M with fixed-price or milestone billing to balance flexibility with cost predictability.

Outsourcing and cost reduction: Many companies are outsourcing software development services under T&M contracts as a strategy to reduce costs while maintaining quality.

These trends indicate a shift towards more collaborative and adaptive project management approaches within the T&M framework.

Power your digital projects with the skills and expertise you need, when you need it, on-site or remotely with Atos Professional Services

Atos Professional Services cover the entire IT project lifecycle, from application design, build and run to infrastructure.

We specialize in in staff augmentation and time-based pay-per-use models.

We offer two delivery models that can be combined:

- Local professional services
- Remote professional services
  Combining remote delivery (on-, near- or offshore), agile ways of collaborating and monitoring outcomes, a dedicated onboarding process and secure access to your environment.

You can rely on a workforce of **6,800+ trained** and **certified experts**

Why choose Atos Professional Services?

Simplicity

Get easy access to the skills and expertise of a world leader through one-time requests or framework agreements, while project management responsibilities remain in your hands.
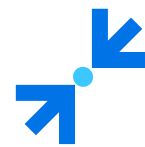
Speed of execution

Source the resources you need as quickly as possible, avoiding complex and time-consuming bidding processes.

Overcome skills shortages

Take advantage of Atos's leading training and certification plans, reinforced by the operational effectiveness of our Tribes (communities of expertise).

Improved capabilities

Free up capacity to focus on your most strategic projects.

What makes us unique?

Customer-centric approach

- Tailored services (location, tooling, methods, etc.)
- Proximity, long-term collaboration and understanding

End-to-end coverage

- From consulting services to infrastructure, through application design, build and run.

Deep technical expertise

- Decades of hands-on experience
- Ambitious training and certification plans
- Highest level alliances of a world-class leader

Global footprint

- 24 countries with strong development capabilities outside of Europe
- Rely on Atos broad footprint and expertise (95k+ employees across 69 countries)

Workforce management and Human Resources

End-to-end management to enhance the quality of our services and your satisfaction

Large scale recruitment and internships
- Millennials and experts focus
- 1.250 new hires in 2023

Foundational Performance Management
- From objectives to Individual Development Plan (IDP)
- Talent management

Mission monitoring to secure quality
- Both employee and client's sides
- Prevent potential issues

"We are Atos" program
- Boost diversity, social value and wellbeing
- 98% of employees feel safe and supported

State-of-the-art competency framework
- Each function is precisely defined
- Facilitate staffing and onboarding

Training as a key driver
- Focus on cloud, devops and digital
- Average 50h per employee in 2023

Collective Intelligence DNA
- Knowledge Management and expertise communities
- Best-of-breed collaborative suites

Atos Professional Services

Easy access to skills and expertise for your IT projects — when you need them.

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About Atos

Atos is a global leader in digital transformation with 105,000 employees and annual revenue of c. € 11 billion. European number one in cybersecurity, cloud and high-performance computing, the Group provides tailored end-to-end solutions for all industries in 69 countries. A pioneer in decarbonization services and products, Atos is committed to a secure and decarbonized digital for its clients. Atos is a SE (Societas Europaea) and listed on Euronext Paris.

The purpose of Atos is to help design the future of the information space. Its expertise and services support the development of knowledge, education and research in a multicultural approach and contribute to the development of scientific and technological excellence. Across the world, the Group enables its customers and employees, and members of societies at large to live, work and develop sustainably, in a safe and secure information space.

Find out more about us
atos.net
atos.net/career

Let's start a discussion together

About Tech Foundations

Tech Foundations is the Atos Group business line leading in managed services, focusing on hybrid cloud infrastructure, employee experience and technology services, through decarbonized, automated and AI-enabled solutions. Its 52,000 employees advance what matters to the world's businesses, institutions and communities. It is present in 69 countries, with an annual revenue of € 6 billion.

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