

## Agile Estimation Reconsidered... Again

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The Agile framework has changed the way we approach software development while awakening a new dilemma about the need for project estimates. Many Agile enthusiasts make the argument that agile projects need ***budgets*** instead of ***estimates***. Budgets help make high-level decisions while estimates focus more on detailed planning and forecasting. Our experience working with organizations around the globe, however, shows that both are still necessary and are in high demand.

Whether you are estimating or budgeting, story sizing continues to be the main driver. While Agile practitioners tend to gravitate toward newer metrics for sizing (such as Story Points), traditional metrics like Function Points and Lines of Code have proven to be more effective. While Story Points are easy to use and require little to no training, they lack the standardization and consistency provided by a more formal sizing approach. This can lead to a series of issues such as Story Point inflation, inability to benchmark, and inconsistent inputs for cost calculations. At Galorath, we have seen many customers succeed using straight Function Points for Agile estimation. We have also learned to take the best from both worlds and combine the advantages of each into a sizing approach that delivers optimal value to the organization: Story Point sizes are analyzed in order to measure the amount of functionality involved and a Function Point value is assigned to each size. The mapping is calibrated so that SCRUM teams continue to benefit from the simplicity of Story Points, while the parametric estimation tool is fed with the underpinning Function Points.

Velocity is the other variable present in the Agile metrics table, especially for detailed estimation. While true Agile organizations tend to preserve teams (i.e. do not disassemble teams after a project ends) and develop a consistent velocity measure, the vast majority of the teams are formed at the beginning of a project. Using industry or historical productivity data is then the best way to predict the velocity of a new team, and to do this, a standard size metric like function points is essential. The combination of a robust sizing approach, industry/historical data and a good estimation model are the common denominators we continue to find at successful organizations.