

"I like working with TESTCo because they're going to bid it accurately, they're going to do it on time and they're going to do it thoroughly."

Jim Ford
Founder and CEO
Guard-IT



Guard-IT Ensures the Validity of Software Escrow Deposits with On-Demand TESTCo Services

Challenges

- ◆ Need for rapid, reliable testing for projects in escrow
- ◆ Unusual predicament pits developer IP interests against client transparency interests
- ◆ Bids from previous provider were often inaccurate and subject to change
- ◆ Guard-IT specializes in escrow solutions, not testing or ancillary services

Solution

- ◆ Rapid TESTCo testing keeps contracts and projects on-time and on-track
- ◆ Thorough, on time, accurate project bids
- ◆ Project scope, size and complexity determined by TESTCo
- ◆ TESTCo experience with large, complex projects helps
- ◆ Verification and validation catches missing project components

Benefits

- ◆ 30% to 50% cost savings
- ◆ Strong trust and reliability between Guard-IT and TESTCo
- ◆ Customers appreciate security benefits
- ◆ Security benefits improve sales/contract/licensing prospects for clients
- ◆ No surprises
- ◆ Neutrality and credibility built in

About Guard-IT

Guard-IT, a leading software escrow provider, is a third party holding company for source code, data and other intellectual property. They act as an intermediary between technology developers and the companies that contract them. The company's low-cost, easy-to-use online tools allow developers and their clients to place development materials in an escrow account so they can be safely and legally retrieved when certain conditions are met, or in the event of an accident or mishap.

If, for example, a developer files for bankruptcy or gets hit by a bus in the middle of a project, the client has access to source code and other key items in the escrow account. Guard-IT is authorized by both parties to hold a copy of materials in safe-keeping, authenticate ownership, and act as an administrator or executor for access.

The company services all kinds of organizations of every conceivable industry and size. They're currently doing business in 24 countries and have been in operation since 1999.

Situation

Guard-IT needed a software testing company that could test and verify the state of various development materials before being placed in escrow. "Escrow contracts are usually entered in good faith," said Guard-IT's founder and CEO Jim Ford. "Clients can usually trust that the developers are going to place the necessary components into escrow. However, from the licensee's or beneficiary's standpoint, it is wise to have that material verified or tested to make sure everything is present and everything works."

If the customer has to execute the escrow and release the IP, they need to be confident that a viable product has been archived — as opposed to some bits and pieces that might not function. “Most escrow arrangements are entirely friendly,” said Ford. “But we’ve seen some contentious situations.”

Guard-IT needed an add-on service for this kind of verification. They wanted a partner that could rapidly and reliably conduct testing during contract and project launch stages. This would require very responsive, rapid testing and verification capabilities.

Challenges

According to Ford, the escrow process places each party in an unusual predicament. “With large government deals and sophisticated development projects, the client wants a copy of the source code for their own security,” he said. “That puts the developer in an obvious bind from an intellectual property standpoint. Developers don’t want to give up the code because that’s their bread and butter.”

The escrow agreement eliminates that stalemate and actually preserves the intellectual property. Yet problems may arise if there’s no testing component. “If a client releases an escrow deposit to a beneficiary and it’s missing building instructions or something like that, there’s trouble,” explained Ford.

“Think of it as a time capsule. You want everything in there that you’re going to need in a catastrophic situation, a worst-case situation. You want to be able to take it out of the box, load it up and run it. But that’s not going to happen if something’s missing or the code is not viable.”

The right verification and testing solution, combined with Guard-IT’s escrow services, would help both parties rest easier. “I can’t imagine why anyone licensing proprietary technology and going so far as to implement an escrow agreement would not also request verification,” said Ford. “If you recognize the need for the escrow, then verification would be the sensible follow-up.”

Solution

After some less than productive arrangements with another testing company, Guard-IT found out about TESTCo’s On-Demand Software Testing services (ODT). TESTCo ODT applies trained, experienced and managed Test Engineers to each of Guard-IT’s client projects within one business day. “I like working with TESTCo because they’re going to bid it accurately, they’re going to do it on time and they’re going to do it thoroughly,” said Ford.

TESTCo’s Test Engineers and QA Managers have logged years of testing time with large, complex applications, so the types of projects Guard-IT is involved with are nothing new. Specific ODT methodologies dramatically decrease the amount of time needed to test software, so Guard-IT can easily and accurately bid each of their escrow contracts with confidence.

“TESTCo’s ability to accurately quote individual verification projects is very important to us, as the projects vary in scope and size,” said Ford. “Also, we do not know the ease or complexity of a verification project until TESTCo digs into it and assesses it.”

TESTCo verification and validation of escrow deposit materials catches items that are missing and ensures that all code is in working order per contract stipulations. “On one particular project we turned over the escrow deposit materials to TESTCo so they could rebuild and verify the escrow deposit,” said Ford. “They discovered pretty quickly that there were some operating system components missing. While we had the component code, we also needed the right OS platform for the build environment.”

On another occasion, a start-up developer needed to license some software to a large client base (up to 5000 clients). Their built-in escrow and testing agreements allowed them to automatically enroll every new client without worrying about IP issues and disagreements. “From day one, the company could really appreciate the security benefit,” said Ford.

“With TESTCo, trust and reliability is the key,” continued Ford. “The two companies know, trust and like each other. That makes for a good business relationship.”

The Guard-IT and TESTCo services are especially valuable to developers that use them proactively. Instead of using the services on an “as needed” basis, developers can build the security benefit into their deals in order to sell more and reduce resistance in the sales process, said Ford. “Product managers can actually sell more of their product when they build the security benefits of the escrow and verification package into their early-stage marketing efforts. Guard-IT and TESTCo make that very easy for them.”

Benefits

In addition to solving their escrow testing needs, Guard-IT realized a significant cost savings over their prior testing methods. “We’re saving probably 30 percent to 50 percent of what we were paying previously, and we get things done faster and more reliably,” said Ford. He added that project management and communications are handled much more efficiently and clearly with TESTCo.

“And I didn’t have any surprises with TESTCo,” he said. “That was really key, particularly when it came to bidding or completing the job.”

“We highly recommend software testing for our escrow agreements,” continued Ford. “With a neutral, third-party solution like the Guard-IT/TESTCo option, our developer clients gain the highest level of value and credibility.”