**Q1. Name the most appropriate contract type to use in the situation**. **[ 5 ]**

|  |  |
| --- | --- |
| **Situation** | **Type of contract** |
| You need to hire a contractor to perform research & development. |  |
| You are buying a standard commodity |  |
| Work to be done is well defined & documented. |  |
| Requirements are captured but want to finish the project as soon as possible. |  |
| Level of effort is unknown but price per units are known. |  |

**Q2. What are the advantages and disadvantages of Net profit, Payback period and Return on investment? [5]**