How to define an SLA and where to start

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How to define your SLA

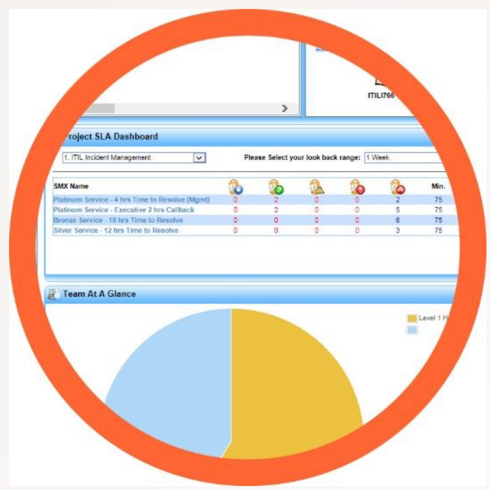
A SLA, Service Level Agreement, is a mechanism to manage customer expectations. The term agreement is often used in contract form, where the organization describes its services for the client. Sometimes service contracts actually have penalties in the contract. Using the SLA in this approach can result in a complaint mechanism, where the provider is judged against what he did not achieve.

We believe that the SLA's purpose is to give the organization a tool which can be used to continuously monitor its performance in order to continuously try to increase customer satisfaction.

As soon as the customer and the organization both treat the SLA exactly to the letter you get in a situation that the service team only works against the SLA instead of working for the client.
For example it could well be that the SLA determines that an issue must be resolved within 48 hours and the service desk actually achieved this, but the customer is very unhappy. The solution could have been to help the customer to get the job done within 24 hours with a completely different solution and the actual issue be solved in 72 hours way outside of the actual agreed service level and this customer is very happy.

So think of an SLA as

- Communications tool. The value of this agreement is not the signed contract. It is the process to implement the agreed service and continuous improvement of this agreement. The SLA should be there to measure against and to use as a discussion platform together with the client. It gives you the instrument to talk.
- Collaboration tool. The SLA is something which is agreed upon between 2 parties. It clarifies what one party offers in services and it sets the right expectation at the other party what they can expect. It helps to avoid conflicts.
- A living document. As organizations change during their lifecycle the SLA should grow with the organization. For example an organization moving more to the internet will have a different need.
- A basis to measure service effectiveness.



Do you really need an SLA?

Think carefully if you really need an SLA. Many organizations seem to think that an SLA will solve the problems they have with their vendors or with their IT department. If you think like this the SLA is more used to increase the pressure on your supplier and is mostly used as a stick to beat someone with. Most organizations can significantly improve their ability to manage expectations with some relatively simple service improvements. One such improvement is to create service standards and to document and communicate them. Having done so, you are one step closer if you decide to establish an SLA.

What should be in the Service Level Agreement?

The SLA should contain two elements. The actual service elements and the management elements. The service elements clarify what the service organization communicates

- The services you provide
- Service availability
- Service standards like Time to Resolve, Time to Fix, Time to Respond, etc..
- Responsibility of the service provider as well as the client. It should be very clear where everyone's responsibility starts and ends. For example. A service provider can be responsible for software on a server, where the server can be the clients responsibility
- Cost vs Service trade off. The highest level of service might be only achievable at a high cost. For example an SLA with a software vendor where you agree upon 99,99% availability might be only achievable if the vendor is responsible for both hardware and software and can only be achieved if there is a full service redundant system and software available. Is this really necessary? Is the complete business down because of a 4 hour downtime for example? I would say yes if this concerns a trading software for a business working on the stock exchange. I would say no if it is a software that is not business critical. This last example is an example which we actually regularly receive ourselves as vendors of service desk software. Whenever we than say, ok we can do that, but are you sure? It is not that your service desk team cannot help your customers anymore. Very often the client thinks about this and realizes it does not really make sense. In other words. Be realistic.
- Escalation procedures.

Management elements

Continuous service improvement can only be achieved if you know what your team's performance is. The SLA therefore describes things like:

- How you will track service effectiveness
- How you report on the service provided
- How you will resolve disagreements
- How you will review and revise the agreement

Work towards the agreement together with the client

It is in the name… **agreement**… something you agree upon. If both parties are happy with the agreement it will work best. Often vendors have predefined agreements which should work for all clients. Defining the content of the agreement asks effort from both parties.

Make an inventarisation

The service provider must get a good understanding of the business. Any service desk should work in line with the business goals. Often we see the service desk as an isolated business in the company responsible for hardware, software and infrastructure. Their goal to keep it all in good shape. Their service model is focused on the health of all this equipment. The business however might ask a focus on specific areas in order to guarantee business continuity where other areas are less important. Different serviceable times and escalations are needed.
No standard SLA will fit this business. Therefore set up a series of meetings to understand the organization and the business.

Don’t go too detailed

Don’t get stuck in too many details. Often agreements get so detailed that it becomes unworkable. Don’t have too many different times to resolve, times to respond, etc.. too many escalation paths and too many email notifications also don’t help.

Implementing the agreement

The SLA is not just a piece of paper. Once agreed upon it should be implemented. This means that all service desk staff must support it. A good way to approach this is to get the service staff involved. Service desk staff should see an SLA as a tool that helps them to keep in control of their work. To show them what is more important. Often people working at the service desk see the SLA as a stick they might get beaten with. Obviously it is important that people live up to agreed serviceable times, but the essence of an SLA is not too control people but to improve service and guarantee business continuity. Therefore get the team involved and keep them involved once implemented.

Develop the agreement

As mentioned before is the agreement a living document. Continuous evaluation of what is agreed upon and what is important for the business is important.
Therefore set up evaluation meetings every few months. Both with your client and your service desk team. This helps you to identify if your agreement is realistic and needs to be changed.

Start simple

When implementing a SLA for the first time keep it simple. It does not help to overload the service desk team with all kind of new rules. A simple time to respond would do to start with. Make sure your service desk tool is able to visualize this for the team. So they can get used to working with serviceable times. Don’t send too many notifications and don’t over act with escalations. The best approach is to start simple and get used to it. Evaluate weekly to see if it works, if it is clear. Then slowly implement more.

How to define the Serviceable times?

According to ITIL should you work with a matrix which defines the priority. That is the Urgency of an issue versus the Impact the issue has on the organization defines the Priority the issue should be dealt with.
If your tool supports this Matrix and is able to set rules against Priority this is an excellent approach.

For example the matrix below defines the Priority

		Urgency			
		Low	**Medium**	**High**	**Urgent**
Impact	User	Prio 1	Prio 1	Prio 1	Prio 2
	Department	Prio 1	Prio 2	Prio 2	Prio 2
	Company	Prio 2	Prio 3	Prio 3	Prio 3

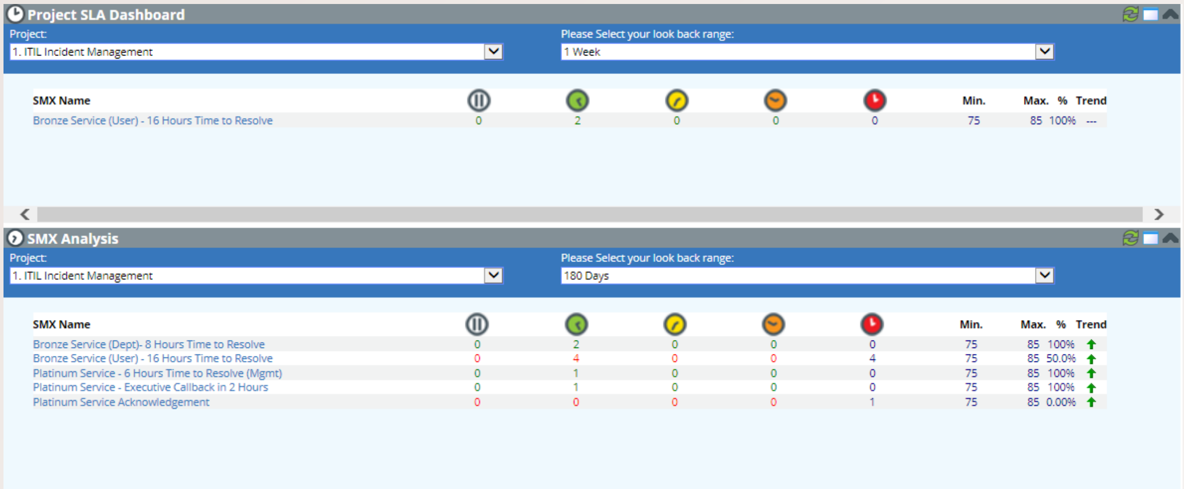
This can result in the following Time to Respond

Sla's (hours)	TTR
Prio Low	80 hours
Prio Middle	20 hours
Prio High	8 hours
Pro Urgent	4 hours

How Can IncidentMonitor help

IncidentMonitor contains a service level management area that encompasses three sections:

- Service Hours section – allows for each unique area to have designed service hours that organizations have contractually or verbally agreed to ensure that service violations will only occur based on contractual agreements and not linear time.
- Service Matrix – enables an organization to define its service policies based on the contractual or agreed to Service Level Agreements (SLA’s) also providing the facility to define serviceable hours.
- Service Level Rules – provides a customizable service management engine that allows organization specific service level rules to be defined based on contractual obligations with rules able to be bound to any user defined state.



Project SLA Dashboard

Project: 1. ITIL Incident Management

Please Select your look back range: 1 Week

SMX Name						Min.	Max.	%	Trend
Bronze Service (User) - 16 Hours Time to Resolve	0	2	0	0	0	75	85	100%	---

SMX Analysis

Project: 1. ITIL Incident Management

Please Select your look back range: 180 Days

SMX Name						Min.	Max.	%	Trend
Bronze Service (Dept)- 8 Hours Time to Resolve	0	2	0	0	0	75	85	100%	↑
Bronze Service (User) - 16 Hours Time to Resolve	0	4	0	0	4	75	85	50.0%	↑
Platinum Service - 6 Hours Time to Resolve (Mgmt)	0	1	0	0	0	75	85	100%	↑
Platinum Service - Executive Callback in 2 Hours	0	1	0	0	0	75	85	100%	↑
Platinum Service Acknowledgement	0	0	0	0	1	75	85	0.00%	↑

A Final Word About IncidentMonitor™

IncidentMonitor enables you to easily adapt to the needs of your organization. With its configuration capabilities and unique project concept you are able to start with a simplistic linear request management system and grow this over time. We see many implementations start with a simplistic Incident Management approach which simply aggregates all of the out-of-band (i.e. e-mail, chat, web requests, etc.) and in-band data (service requests, incidents, change requests etc.) into a single system for reporting and statistics. Then as the organization matures (by organization we mean your service organization and your end user community) other aspects are turned on (or enabled).

A Final Word About Monitor 24-7 Inc.

Monitor 24-7 redefines service management by helping organizations improve their customer-facing functions. Monitor 24-7 provides simple solutions that tackle complex help desk processes -- right out of the box. Our goal is to help customers reduce running costs, manage change, implement a fully functional advanced software solution and lower the cost of ownership.

Monitor 24-7 is a Canadian software development organization focused on service management. The software is purely developed by Canadian and Dutch developers. Years of experience and many different customers have brought us where we are today. We believe we have proven ourselves and we are very proud of our flagship IncidentMonitor -- an enterprise service management solution which is being used in many different environments.

- 100% dedication to Service Management since 1999
- Over 250 customers, more than 10,000 licenses sold
- Active in 10 countries

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