



Service Level Agreements

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Tips for Implementation

1. Only set service levels on things you can measure.
2. Only measure things you care about.
3. Only measure things within the control of the parties involved.
4. Measure the outcome, not the activity.
5. Measure whole systems, not the pieces.
6. Measure business pieces that make sense.
7. Think about the cost involved in measuring.
8. Don't measure too many things.
9. What are the realistic penalties for failing to meet the metrics?
10. Consider what level of service you really need.

Service Level Agreements

If you have heard about service level agreements and thought they only applied to telecommunications carriers, it's time to think again. Use of defined service level agreements has spread rapidly to all sorts of external and internal service areas across all types of organizations. If you are in Court Information Technology and don't have service level agreements in place, you are probably about to be asked for one by your clients. This short guide will discuss many of the things you should know to create a productive and useful service level agreement for everyone.

Well-written Service Level Agreements ensure the service provider and the service deliverer have a common understanding of what is being provided, how delivery will be measured and the result of meeting/exceeding or underperforming the established service levels. If this sounds a lot like a well-written contract, don't be surprised. Service Level Agreements (SLAs) have given common terminology and guidance to good contracting practice that has existed for years. The new SLAs are distinguished by their clear, simple language and their tight focus on the needs and wants of the court.

Tip 1: Only set service levels on things you can measure. It sounds basic, yet many organizations will cite expectations they have no means of measuring. Be sure you have or can generate measures: how much, how many, how often, how long, etc. Think about the numbers and how they will be collected while defining the service level agreement.

Tip 2: Only measure things you care about. There is a temptation to build targets in service level agreements for things that are easy to measure. Volume of calls to a help desk may be easy to measure, but what does that tell you about your business? How does the proposed measure relate to business value?

Tip 3: Only measure things within the control of the parties involved. When building a service level agreement, consider the span of control of the parties involved. Can the service provider react to a sudden increase in volume within the existing contract terms? If they are constrained and the service deteriorates, what are the consequences to the business? To the agreement? If your computing service provider is dependent on a third party, say a telecom firm, what happens

when system availability measures cannot be met due to network failures?

Tip 4: Measure the outcome, not the activity. An easy trap to fall into is measuring the activity that goes on around a business function, rather than the successful completion of the business task. Looking at our help desk example again, volume of calls received, mean time to answer, and time to clear calls are all relatively simple to capture, but not nearly as valuable to the business as whether the person at the other end was able to complete their task. Better yet there should be a mechanism to capture common calls and avoid future help desk calls entirely.

Tip 5: Measure whole systems, not the pieces. Very similar to Tip 4, it is easy to think about and measure pieces of systems. Is the server up? Is the network running? Are the applications performing properly? To the customers trying to accomplish their jobs, all of these components must be working at the same time for the system to be functional. To monitor and report on this complex set of components is more work for the service provider, but provides a more valid, business-based, service level agreement.

Tip 6: Measure business pieces that make sense. Service providers may have several different customers for the same service. If you have multiple types of customers, each may need their own service level measurement. For example, a county with rural and urban courthouses may have more service interruptions at their rural locations due to telecommunications outages. But the service providers may meet a global service level goal, particularly if it were weighted by number of staff or computers impacted. Consider breaking the single goal into a set of measures that could incorporate the cost, impact, and required service levels of the various customer groups.

Tip 7: Think about the cost involved in measuring. Putting new service level measures in place can take time, staff, and dollars. If a satisfaction survey is required, plan on the time and staffing to develop, deliver, complete, and evaluate the survey. Ideally, measures will be automatically produced by the normal flow of business, but practically, complex measures of business effectiveness can be

costly to develop and administer. The cost of monitoring tools, and the expertise required to operate them, can escalate rapidly with the sophistication of their capabilities. Relatively inexpensive tools can monitor simple things – up/down status of a server, for example. However, to be able to correlate information between the up/down status of an application and hardware status requires a higher level of monitoring tool that is more sophisticated and costly. These costs must be built into the overall cost of the service.

Tip 8: Don't measure too many things. Putting too many measures in place can cloud the actual performance of the service provider. Focus on fewer key measures that really impact the performance of your business. Often you will find that measures are redundant or overlapping if you review them carefully.

Tip 9: What are the realistic penalties for failing to meet the metrics? When creating your service level agreement, think about the realistic penalties for failing to meet the metrics. Is this an in-house or out-sourced service? Can you really enforce any monetary penalties? Will you really move your business elsewhere? The intention of the SLA is to provide a satisfying level of service rather than a contractual means of severing the relationship. Are the failures and penalties set at commensurate levels? Could the penalties be too harsh for minor lapses? Could the penalties be too low or just a “cost of doing business”? Worse, could it be less expensive for your service provider to pay the penalty than to provide the service? Are there credits for exceeding the minimum service levels in areas that matter to your operation? Incentives to perform are always a good thing.

Tip 10: Consider what level of service you really need. When creating a service level agreement for application availability, for example, it is tempting to require 99.9999% availability all the time. In practice, the additional cost of the redundancy needed to achieve 99.9999% availability may make such a requirement much too expensive. Acquisition and maintenance of redundant and failover components add to the cost of service. Allowances for planned maintenance, lower targets for systems not needed in non-business hours, etc., could make a large difference in the cost. Providers have commented that they can

provide as many “9”s as the customer desires, as long as the customers can provide the “0”s on the check to pay for them.

Other considerations

If you are the service provider, a service level agreement may be your way of promoting the service actually provided. Sometimes monitoring and reporting actual performance can break down anecdotal perceptions that “the system is always down” or “the system is always slow” by putting actual figures on the table such as “availability in April was 99.8% during business hours”. Even if there are issues, it may help to highlight the business value of increasing the resources available to tackle the problem.

If you have never created a service level agreement before, there are templates and resources available to help you. From free examples to consulting services, a full range of options are available. A Google search on “Service Level Agreements Best Practices” returned over 16 million hits.

Summary

While it would have been possible to elaborate for several volumes on these topics and more, this paper attempts to reduce the discussion to a few critical questions. When developing a service level agreement for your environment there are many good references, such as those listed below, that you can use to further investigate the issues surrounding this topic in addition to simply searching on the Internet.

References

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Resources and Jurisdictions to Contact

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