IMPLEMENTING SERVICE LEVEL MANAGEMENT

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Table Of Contents

1   EXECUTIVE SUMMARY

Implementing formal Service Level Agreements (SLAs) is a primary objective of many IT organizations; however this activity can often lead organizations into a difficult position with their business customers. What we must remember is that the SLA is an output of the Service Level Management (SLM) process and if we focus too strongly on developing SLAs without their supporting process then we may miss some key process activities that are critical dependencies to ensure the efficiency and effectiveness of delivering services.

In reality every organization already has some type of SLAs in place, as there are three basic types of SLAs:

- **Formal Explicit SLAs** are clearly documented and outline the level of service, quality of service, roles and responsibilities and have been agreed to and signed by the IT Organization and the Customer

- **Implicit SLAs** are those SLAs that are not documented but are implied based on how service has been delivered in the past. If you have provided good service then there is an expectation that you will continue to provide good service. If you have provided bad service then there is an expectation you will continue to provide bad service. The challenge with Implicit SLAs is that if someone provides even better service then what typically is provided then, this becomes the new baseline that customers will measure future service expectations against

- **Psychological SLAs** are often the simple things we do but don't realize the message we are conveying. An example of a Psychological SLA is where we put a message out to customers that says something like "if you need help, call our Service Desk at extension xxx". This simple message creates the Psychological SLA by acknowledging that someone needs help, and that help is obtained by calling the Service Desk. Now the Implicit SLA kicks in because if customers have found the Service Desk to be less than reliable, then they most likely won't call the Service Desk and will try to find another way to obtain the help they need

The main objective of IT Service Management (ITSM) is to deliver services our customers want and value while IT manages the cost and risks. To achieve this goal there is no doubt that Service Level Management is one of the critical processes that should be implemented as part of an ITSM program. For example, there are customer relationship management outcomes that are beneficial to the goal of effectively delivering services even when there are no formally documented and signed SLAs. In fact, there are many organizations that do not have formal SLAs but still have a great working relationship between the IT Organization and their customers.

This whitepaper will discuss the key activities of Service Level Management.

2 SERVICE LEVEL MANAGEMENT AND CONTINUAL SERVICE IMPROVEMENT

Below is the Continual Service Improvement (CSI) approach that can be used to identify key activities that become part of implementing the SLM process.
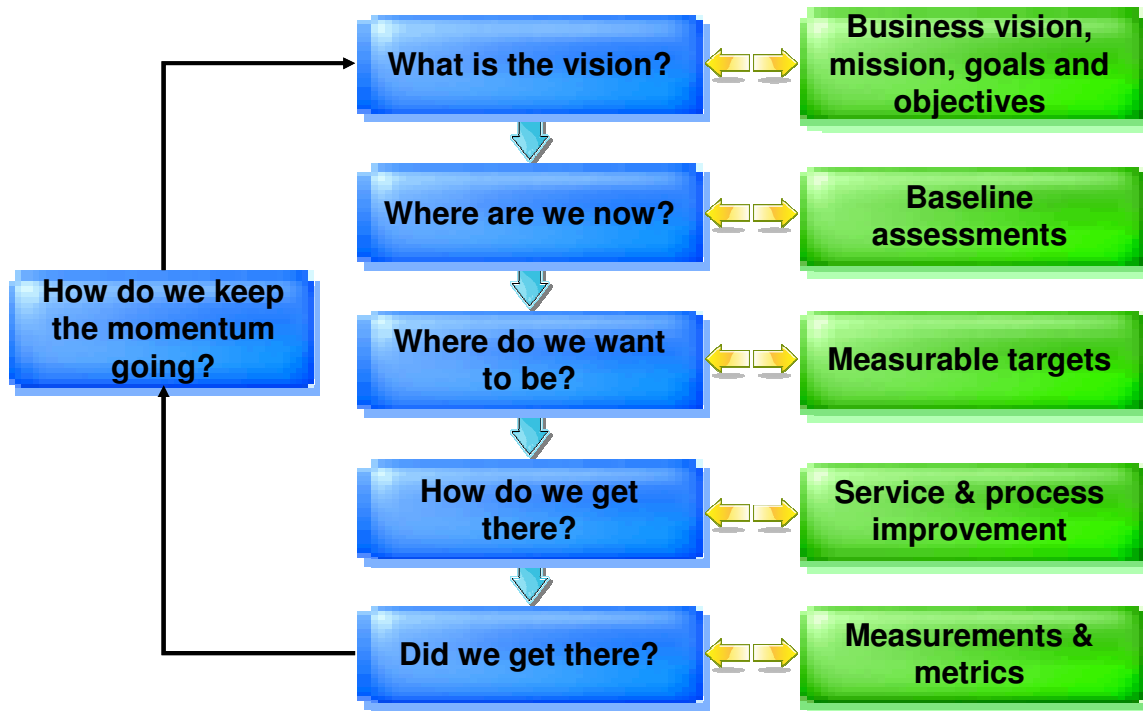
What is the vision? One of the critical success factors when implementing Service Level Management is a close relationship with the Business. It is important for the IT Organization to clearly understand the Business strategy, goals and objectives in order to deliver effective services. For years we have heard about the need for IT and Business Alignment, but that isn't strong enough as it implies that IT is somehow external to the business organization's goals. Rather the concept of Business and IT integration implies a shared vision and mission. This close and integrated perspective requires the need for the IT Organization and Business to meet on a regular basis to promote ongoing communication, management of expectation and the definition of priorities so there aren't any surprises for either party.

Where are we now? When considering the SLM process it is important to have an understanding of how well service levels are currently being met. If not currently known, it is recommended to select a few key services and create an initial baseline on current service levels being achieved. Initially, this may be around monitoring and measuring availability of an application, but ultimately it is important to be able to monitor and

measure the end-to-end service including not only the application, but the availability of the full technology system including the network, server, database, etc.

Also since external providers often play a critical part in the IT value chain it is also important to know and manage the existing Underpinning Contracts in place with the various IT Suppliers / Contractors.

Where do we want to be? As part of the SLM process it is critical to meet with the Business on a regular basis to clearly understand their functional and non-functional requirements. As part of the ongoing process, Service Level Requirements (SLRs) should be clearly documented as attributes of the Service Design Packages and become input in developing a true SLA. However, even before formal agreements are developed with the customer, the SLRs can also provide input in developing Service Level Targets or Service Level Objectives that are not agreed to but are clearly documented as the requirements expected to be delivered to the Business.

Requirements can be in the form of security, availability, reliability, performance, IT Service Continuity, etc. Monitoring, measuring and reporting requirements should also be documented as well as Incident handling such as prioritization, notifications and escalations.

It is important to ensure that what the Business is requesting is truly a requirement and not simply a wish to have.

Establishing Operational Level Agreements: Another critical success factor and activity of Service Level Management is to work with the different functional groups within the IT Organization to understand the capability to actually deliver what the customer needs. This is often an overlooked step and the IT Organizations end up over committing and under delivering which is a no win situation. The output of this information is input into the creation, negotiating and documenting of an Operating Level Agreement (OLA). An OLA is also another document that is often overlooked and is a key activity as part of the SLM process. OLAs should be documented to validate and support any SLAs, Service Level Targets or Service Level Objectives.

When setting targets it is important to ensure that existing Supplier Contracts and OLAs underpin the SLA, Service Level Target or Service Level Objective. Any gaps create a risk to the IT organization being able to meet the required service levels.

Understanding the gap between the baseline, requirements and target become input into a Service Improvement Plan (SIP).

How do we get there? Once the business requirements have been determined and there is internal agreement on the ability to meet the requirements then this data becomes input

into the definition of new service offerings and guide the rest the rest of the service lifecycle of designing, building, transitioning and operating the service.

For existing services this activity is focused on Continual Service Improvement by improving in the areas that are not meeting the targets. This could be accomplished by identifying and implementing some technology changes such as creating additional redundancy to support the high availability requirements of critical services or by improving the Change Management process to increase the effectiveness of making changes to this service.

Did we get there? This is the last step in the improvement process where the monitoring, measuring and reporting comes into play based on the pre-defined service performance requirements. Measures and Key Performance Indicators provide information on the success or failure of ervice level achievements in the form of reports to the Business and the IT Organization Senior Leaders.

As another practical activity at this stage of the improvement model it is recommended that the IT Organization host internal service review meetings to discuss the service level achievements. These meetings should take place before the external service review meetings held with the customer. Both meetings are important and should not be overlooked.

3   QUICK WINS

Most organizations have the ability to identify and implement some quick wins associated with Service Level Management. The following quick wins can add immediate value without implementing an entire process.

People Quick Wins

- Document roles and responsibilities for the Service Level Manager, Business Relationship Manager and/or Account Manager
- Allocate staff to fill the defined roles

Process Quick Wins

- Begin regular meetings with the Business and internal IT Groups
- Begin analyzing the service level measures being captured
- Document the trends and then analyze the trends
- Identify and implement obvious service improvement opportunities related to people, process, product and partner aspects of your service model
- Develop some basic OLAs with key functional groups to underpin existing Service Level Agreements, Service Level Targets or Service Level Objectives
- Review and document any gaps between Supplier contracts and existing SLAs, Service Level Targets and/or Service Level Objectives

Technology Quick Wins

- Identify what you are currently monitoring
- Establish clear threshold targets and escalation paths for monitored devices
- Identify one or more services to begin monitoring from a customer perspective

Metrics and Reporting Quick Wins

- Create and document a basic Priority Model with Mean Time to Repair Timelines
- Prepare basic reports on service availability - use Incident Data if necessary

4 CONCLUSION

Service Level Management is about building and maintaining relationships with the Business, internal functional groups and the suppliers.

Building and maintaining relationships requires ongoing communication and discussions on future business requirements, service level achievements and identifying areas for improvement.

It is important for IT to be engaged with the Business at a strategic level and as part of the overall planning process.

Before making a decision to implement the full SLM process, identify some of the existing pain points and see if there are certain SLM activities that can be implemented that will address the pain points and improve the relationship between the Business and the IT Organization.