An Introduction to Service Level Management

- Understanding the lifecycle

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1. Objective

The objective of this document is to provide an overview of Service Level agreements, Service Level Management, and the typical lifecycle of Service level management from Transition to Steady State. The document outlines the important steps in Service Level management and briefly outlines some of the major steps to be undertaken to,

- Understand the SLAs
- Document the exceptions
- Ensure all agreed SLAs are discussed and reported
- Create roadmap for future agreed SLAs
- Measurement and baselining.

2. Introduction

Service level management is the quantitative depiction of the Quality, Consistency and Reliability of the Service provided by a Service provider and also ensures they are aligned to Scope of Work and agreed Service Level agreements.

Pre-requisite Documentation,

S.no	Pre-requisite
1	Signed Contract Document
2	Identified Stakeholders list
3	ITSM Tool access
4	Risks, exceptions documented during Due Diligence and Negotiation phase
5	Any existing reports, data dump

Target Audience

S.no	Target Audience	Involvement in SLM
1	Service Transition Manager (ITSM Process)	During Transition
2	Application Transition Manager	During Transition
3	Delivery Project Executive	Transition and Steady state
4	Technical SME	Transition and Steady state
5	Overall Transition Manager	During Transition

3. Service Level Management – Key words and definitions

Service Level agreement (SLA)	A contract between a Service Provider and Customer defining the type and standards of services to be offered (eg, Incident Management – Incident Response time). It sets the expectations of the services to be delivered, list the metrices to be measured with which the (a) effectiveness (b) quality (c)responsibility (d) reliability is monitored, recorded, reported and discussed and continually improved.
Service Level Management (SLM	Main responsibility is to ensure that all current and planned IT services are delivered to agreed and achievable targets as per the mutually agreed SLAs.
Key Performance Indicator (KPI)	The targets that would you to measure progress against the most strategic objectives. (e.g) In order to ensure Effective Change Control and Management, Change induced Incidents can be measured as KPI.
IT Service Management (ITSM)	Describes how an organization manages its IT Services with Framework such as ITIL which provides processes, procedures, and guidelines for managing and provisioning IT Services.
Service Level Requirement (SLR)	A Customer Requirement for an aspect of an IT Service. SLRs are based on Business Objectives and are used to negotiate agreed Service level targets.
Service Level Target	A commitment that is documented in a Service Level Agreement. Service level targets are based on Service Level Requirements, and are needed to ensure that the IT Service Design is Fit for Purpose. Service level targets should be SMART, and are usually based on KPIs.
Underpinning Contract (UC)	A Contract between an IT Service provider and a Third party. The Third party provides goods or Services that support delivery of an IT Service to a Customer. The Underpinning Contract defines targets and responsibilities that are required to meet agreed Service level targets in an SLA.
Operational Level Agreement (OLA)	An Agreement between an IT Service provider and another part of the same Organization. An OLA supports the IT Service provider's delivery of IT Services to Customers. The OLA defines the goods or Services to be provided and the responsibilities of both parties. For example there could be an OLA: Between the IT Service provider and a procurement department to obtain hardware in agreed times. Between the Service Desk and a Support group to provide Incident Resolution in agreed times

4. Lifecycle of Service Level Management

a. Understanding and Decoding SLA, Key Performance Indicator (KPI):-

One of the key factors in the Service Level Agreement is 'negotiation'.
Customers will have desire to achieve higher Service levels, but the underlying Infrastructure and Application landscape may not support.. Negotiation helps to ensure right SLA targets are mutually agreed and recorded.
A Roadmap has to be proposed on how we can gradually improve the Service Levels post in-dept analysis of Customer landscape and baselining the current performance and capabilities.

The following steps are critical to ensure a good Service Level understanding

- Write down the SLA, KPI metrices short description (this needs to be atleast a 1-liner)
- Description should be available in Contract document, refer the document → have internal discussions to arrive to short description → ensure all are on the same page
- Check if SLA are applicable to the services being agreed upon and offered
- Determine what can be measured and what cannot be measured
- Understand the Service level credits or service penalties
- Dependencies and responsibilities for measurement
- Exceptions for SLAs to be agreed, if possible propose a roadmap

b. ITSM Tool Configuration

During Contract and SLA negotiations, ITSM Manager and Tools admins from client side might not be involved considering the nature of discussions would be limited to Director of CX level. Due to this the applicability of any metric or the feasibility of that metric being measured through ITSM tool is not validated at negotiation or contract signature stage.
It is recommended to involve both the roles during SLA negotiation

While starting Service Level management process, it should be noted that due to the ITSM tool limitation not all the SLAs can be automated. Therefore, Service Transition manager should understand what can be measured via ITSM tool and what should be manually calculated. Not all SLAs needs to be reported from Day I of Operations, hence SLA Prioritization is paramount. This should be done in collaboration with ITSM Tools admin or Tool SME.

During Service Transition kick-off SLM workshop should be proposed to have a walkthrough with Client Point of Contact (POC) and ITSM Tool admins to brainstorm and arrive to common ground for the following

(It is recommended to have the below as WBS in the Project Plan and allocate efforts)

- SLA Prioritization
- Method of measurement – whether its automatically reported via tool or manually calculated
- If manual, ways to measure and how to measure
- Proposed ITSM tool changes to ensure effective monitoring, recording, and reporting
- Agreement on the changes, effective Change management process
- Timelines for completion,
- Responsibility matrix for change coordination
- Arriving to Use cases for testing
- Acceptance testing for the completed changes
- Mutual acceptance

With the completion of the above, we can rest assured that SLAs can be reported as agreed.
It is important that identified Service Transition Manager, Delivery Manager, Application Transition Manager have access to all modules, instances of the Service Management tool.
Risk Assumptions Information and Dependencies (RAID) Tracker should be appropriately updated.

c. Documenting Exceptions

What is an SLA Exception or exclusion?
Exception / Exclusions – where SLAs do not apply, and Service provider will not be responsible for the failure.
Below are couple of exception examples, exceptions are not limited to below examples.

Types of Exceptions

TYPE 1

Example: For Incident management, we might have SLAs namely Response time target and Resolution time targets.
Let us consider Resolution Time – When a ticket is put in Pending status – waiting for Information from requestor or from 3rd party or someone else, the SLA clock should stop. This is an example of SLA Calculation exception. Based on the various SLAs agreed, there could be multiple exceptions

TYPE 2

Examples: Other exceptions like Tool exception and applicability exception, not limited to the below scenarios

- When the tool doesn't have the capability to measure a particular SLA,
- A particular ticket characteristic cannot be captured, and it requires OEM intervention,
- When a particular service or an application has Sunset prior to Transition initiation,
- When is a particular service no longer be measured.

These details should be recorded as a part of the Meeting minutes and be duly signed by Customer POC.

d. Developing Operational Level Agreement

Service providers rely on efficient operations between Internal users (departments) to deliver product and/or service to Customers. Organizations often user Operational level agreements to outline their scope and how they should perform. An OLA aims to define the scope and depth of responsibilities and duties by company departments and would clearly outline the expectations from the team to fulfil the contractual responsibilities. These contracts are different from SLA. SLA delivery depends on OLA performance, hence departments should negotiate carefully.

OLA's helps to establish

1) The relationship between the internal users / departments with Accountability and Responsibility
2) Consistency
3) Transparency
4) Structured operations.
   For a service provider who outsource Technical labour, often user OLA's to meet SLA's.

SLA vs OLA vs UC

Type	Description
SLA	Outline the contractual obligation to a Customer
OLA	Defines relationships between an organization's internal users, responsibilities, and duties by companies departments. OLA represents the commitment to maintain the service
UC	Legal document which defines the relationship between a Service provider and a 3rd party Vendor

e. Identifications of Source Data and field for SLA Report generation

When we get in to SLM workshops with Customer Point of Contact, we shall be having the following Entry criteria's,

1) Agreed and feasible SLAs
2) ITSM Tool access to respective stakeholders
3) Short description of SLA, KPI's and their targets
4) Out of scope SLA and KPI's.

During the workshop, existing data dump can be used for sample calculations.

It is preferred to have most of the SLA calculation automated with minimum level of manual effort to ensure precise and quality reports. Service Credit calculation should be thoroughly understood by respective stakeholders of the project. Ensure both Service Provider and customer agree on these aspects.

As an output of this exercise, we should be able to

1) Identify and finalize the data source for SLA calculation
2) Differentiate manual and automated reports and propose
3) Roadmap should be proposed for the following scenario and should be tracked as part of the Continual Service Improvement (CSI) Tracker
    a. SLAs with intense manual effort
    b. SLAs which do not have the feasibility to be measured

f. Service Level Management Handbook documentation

Service Transition manager now consolidates all the information gathered in Service Level handbook.

QMS Service Level Handbook is enclosed in document reference. Once all the document sections are updated and post an internal review, ST Manager should have a walkthrough session with Client POC and other identified stakeholders. Feedback (if any) should be documented and sign-off should be proposed.

Open action items should be handed over to Service provider's Delivery Manager or Delivery POC. Post Transition, this document should be reviewed on periodic basis and to be updated accordingly.

g. Measurement Baselining and Dashboarding, Developing measurement capabilities

Post Transition, its recommended to have SLA baselining period for 2 to 3 months during which SLA shall be measured and reported. During this period the SLA targets and Service level credits will not be effected.

During this period, the respective stakeholders should discuss and arrive at the formats for the Daily / Weekly / Monthly / Quarterly SLA reporting.

SLA dashboards are limited by the ITSM tool's capability. Based on the tool's capability and ITSM Tool admin competency, the SLA dashboard can be configured to ensure easy representation of data and access to one-click dashboards to stakeholders. Most of the time SLA dashboards are created post Transition and during SLA baselining period.

Daily / Weekly / Monthly discussion should happen during the SLA baselining as these meetings would set the governance baseline for SLA measurement.

h. Contract Change Control Board

CCB need to be setup during the steady state that will govern the modifications like addition / deletion of SLAs, KPI's and other changes.

Why do we need CCB?

Consider the following scenarios (but not limited to)

1) Service Provider consistently misses SLA targets
2) New Services have been added to scope
3) Service has been removed from scope due to application/infra being sunset
4) SLA Service Improvement candidate.

In order to accommodate any of the above scenarios, Changes to the contract should be performed in a Controlled environment with necessary approvals. Contract Change management helps us to achieve this.

Stakeholders expected to be part of CCB

1) Steering Committee – both Service Provider and Customer
2) Contract Management team
3) IT Procurement
4) Vendor Management Team
5) Delivery Manager – both Service Provider and Customer
6) Project Manager – both Service Provider and Customer

i. Conclusion

It is very important to measure and report Service levels accurately, precisely and on-time. Service level management is the quantitative depiction of the Quality, Consistency and Reliability of the Service and ensure the Service provider is aligned to Scope of Work and agreed Service Level agreements.