



SLA GUIDELINES

This Document provides some guidelines that relate to Service Level Agreements (SLAs) specific to technology supplier partnerships. The guidance should however be of use regardless of industry sector.

For any additional procurement support, please contact the **Buying Support Agency** (tel: 0845 555 3344). We have lots of other procurement related topic guides which can be found on our website (www.buyingsupport.co.uk).

CHANGE HISTORY

Version	Change Details	Author	Date

Track the sections that you change and give a summary of any key updates made.

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PREFACE

Whether entering into a new supplier relationship or supplying new services to consumer or business customers, you will want to establish baselines for performance measurement either as a check on services received or as a differentiator in the marketplace.

In 1999, the *Gartner Group* reported that over 60% of all IT outsourcing contracts worldwide are substantially renegotiated within three years of being signed. In February 2000 a large US corporation estimated that lack of robustness in one of its contracts and associated SLAs was costing it \$19m a year in direct costs. This did not reflect the costs in lost management time, customer-related issues, and delays in processing other business, dispute resolution and relationship issues.

When asked why some of the service level arrangements fail, readers of *Datamation Magazine* recorded in 1999 the following top four reasons:

1. Poorly specified requirements
2. Relied on relationship
3. Business changed
4. Inadequate contract

Note 1: None of these directly relate to poor service delivery, but to a failure to secure robust contracts.

Get them right and they will support negotiations through to service delivery and beyond. The following guidelines aim to provide a structured approach to building robust SLAs and are intended to support both internal and external technology SLAs, comprising defined section headings, checklists and examples of service level objective (SLO) modules that can be combined or plugged in to your draft SLA. They are equally applicable to services such as hardware, software, middleware, carrier, security and content.

It is recognised that one size does not fit all with SLAs, but there are common elements which can be standardised to provide a common look-and-feel format and one which is recognisable as a service level agreement.

The intention is to provide the Company with a common format, especially the tabulated sections, which can be queried and extracted with ease into CRM and OSS systems.

Lastly, this is a living document and should be actively reviewed periodically to ensure that it still reflects your supply requirements.

Note 2: Any numbers (times, percentages) quoted below are meant as examples and should be the subject of negotiation between customer and supplier. Similarly the Call Escalation section should be adapted to suit the support organisational structure as it is at the time and be amended at regular service review meetings.

1 Service Description

1.1 INTRODUCTION

This document defines the scope of the service offering to be delivered by the Service Provider describing the following:

- The service, its supporting environment and client pre-requisites
- The measurement conventions
- What is to be measured
- How it is to be measured
- The service level criteria expected of the service
- Commercials
- Service Level Objectives (SLO) modules
- Schedules

1.2 SERVICE DESCRIPTION

- Alignment with the Company's Business Objectives
- What is being provided: prime contractor for ...
- Support type – phone on-site, developer-level access
- Exclusions and restrictions

1.3 SERVICE ENVIRONMENT

- **Service Provider platform**, including 3rd party dependencies, sub-contracts to complete coverage
- **Operating environment**: power, ventilation/temperature-controlled, location or data security, local or remote access
- **Service presentation**: means of delivery – live video feed, rack mounted, free-standing, APIs, cable presentations, encrypted, format
- **Database environment**
- **Disaster recovery process**
- **Support environment**: call centre 24x7, 1man & dog, carrier edge visibility, dedicated resource, spares ownership

1.4 CLIENT ENVIRONMENT

- Identify **Beneficiaries of service**: Internal, company-wide, consumer, SME, FTSE100 companies, target market
- **Geographic location** of beneficiaries
- **Technical pre-requisites** to use the service: browser type, cable presentation, ISDN backup, network connectivity, application bandwidth required

1.5 MEASUREMENT CONVENTIONS

- Agree key **Terminology**
- High Level Pass on **Measurement considerations**
 - Frequency of sampling: the **measurement period**
 - Agree units of time and percentage calculations
 - Time zone where appropriate
 - Time source(s)
 - Time Offsets: manual interventions to measured flow, interrupted delivery by courier or carrier-pigeon
 - Schedule of operations: 24x7, 12x5, 8x5
 - Business, service and operational support hours definition

1.6 MEASUREMENT MANAGEMENT

- **How will the measurements be taken**
- List systems and services used to evaluate the Service Provider's compliance with SLOs. **Note 3:** Service Provider and Client may use mutually acceptable independent systems to verify service levels.

2 Commercials

2.1 SERVICE MODIFICATION

- Requests for additional users: time to availability
- Requests for additional storage: time to availability
- Requests for additional circuits: time to handover
- Requests for increased service levels or measurement criteria
- Requests for reduced service or service levels
- Identify non-chargeable items

2.2 SERVICE DEGRADATION and IMPROVEMENT

- Description of acceptable boundaries in performance, deviations from the norm over a time period as set out in SLO modules
- Transferable credit system
- Over achievement objectives with quantifiable ROI benefits
- Rebate and remuneration limits, targeting savings in Q4
- See Section [4.6 SERVICE CREDIT ARRANGEMENTS](#)

2.3 DISPUTE RESOLUTION or MEDIATION

2.4 PAYMENT POINT

2.5 TERMINATION or EXIT MANAGEMENT

This should include transfer of assets, inventory and other information necessary for the service to continue without interruption. In cases of proprietary techniques or software, this will entail a data conversion routine and documentation to be supplied to ensure that continuation.

3 Service Level Objectives

3.1 SLO MODULES

Examples of the types of components expected to be covered are included in separate sections below. These provide the framework for defining SLOs in detail below. Each of the components should have its own associated SLOs, which should be limited to business-aligned goals and **be few in number**.

Software	Middleware	Hardware	Carrier	Security	QoS
O.S.	Core modules	Terminals	Leased lines	Firewalls	Streaming
Restoration and Backup	Adapters	Network equipment	Frame Relay	PKI	Interactive
Patch/bug fix	IPR agreement	Servers	ATM	AAA(A)	Conversational
Upgrade distribution	RTU licensing	Node Bs	Dark fibre	Virus check routines	Background
Maintenance			Roaming Peering	Virus update interval	
				Legal Intercept	

Table 1: SLO Modules

3.2 SERVICE LEVEL OBJECTIVES

Provides **middle level detail** on **what is to be measured, how it will be recorded and when it will be reported on** at regular reviews. Few additions or changes should be required at this level.

Examples:

- Service availability
- Service degradation by application response time, jitter, throughput, packet loss, cell drops, DE bits set, call set up time
- Outage notification - define what constitutes an 'outage'
- Service interruption – time from detection to customer notification
- Restoration times, upgrade responsibilities, non-disruptive expectations
- Maximum application logins/simultaneous sessions permitted by region or location
- Break and fix arrangements, sparing
- Virus checking interval and Service Provider update interval
- Regulatory compliance

- FrameRelay CIR/EIR (burst over what interval before DE set), ATM SCR/PCR and CDV
- Management reports by #s clients affected, call drop and seizure rates, priority calls cleared, SLO met/unmet, call terminations by vendor equipment
- Management reports to be provided 5 business days before review meetings

4 Schedules

4.1 SCHEDULES

Lower level detail comprised of lists and procedures. These items will need revising most as data becomes out of date.

- Call priority classification (on both Service Provider and the Company sides) and related reporting expectations [See 4.2 CALL PRIORITY CLASSIFICATIONS below](#)
- Call escalation procedures on both sides [See 4.3 CALL ESCALATION below](#)
- Response and restoration times [See 4.5 RESPONSE and RESTORATION TIMES below](#)
- Service Credit arrangements [See 4.6 SERVICE CREDIT ARRANGEMENTS below](#)
- Contact Information
- Lead Service Manager on both sides
- Inventory of spares, revision levels, expected release dates

4.2 CALL PRIORITY CLASSIFICATIONS and REPORTING DEFAULTS

Priority One

Description: Failure or **degradation** of one or more services that are business or customer affecting, time-critical and for which no immediate workaround is available.

Result: Functionality of services fail, rendering the services wholly or partially inoperative or causing data corruption, loss or duplication.

Reporting requirement: Full root cause analysis performed within <timeframe> and timetable for permanent fixes to be provided

Priority Two

Description: Failure or **degradation** of a single service that is business or customer affecting, will become time-critical and for which a workaround is available but is unsatisfactory in the near term.

Result: Functionality of service fails or degrades to the point of unusability on an intermittent or frequent basis, rendering the services wholly or partially inoperative or causing data corruption, loss or duplication

Reporting requirement: Full root cause analysis performed within <timeframe> and timetable for permanent fixes to be provided for service failures. Detailed analysis of potential causes and solutions to be provided with timetable for anticipated resolution of service degradation

Priority Three

Description: Failure of one or more components (hardware, middleware or software) of a service that has no immediate business impact and remains operational through a temporary or automated workaround, but requires a permanent replacement or solution to be developed.

Result: Functionality of one or more components fail, service is unaffected as workaround routes around the problem area

Reporting Requirement: Resolution timetable for permanent replacement component or solution to be provided.

Priority Four

Description: Failure of a single component (hardware, middleware or software) of a service that is non-business affecting and remains operational through a satisfactory workaround and has been requested or is expected to be included as a fix, patch or feature of the next release.

Result: Functionality of a component fails; service is unaffected as workaround routes around the problem area

Reporting Requirement: Timetable of feature, patch or hardware release to be provided.

4.3 CALL ESCALATION

The following is provided as an example of escalation expectations.

Event	The Company	Supplier	3 rd Party Supplier
Priority 1 fault	1 st Line perform preliminary diagnostics		
Escalation point 1	2 nd Line escalate to 3 rd Line		
	3 rd Line attempt resolution		
Escalation point 2	3 rd Line escalates to Supplier if no resolution	Supplier accepts request for assistance. Supplier accepts the Company's fault classification.	
		Supplier performs fault diagnosis and resolution as per SLA and/or >>>	Supplier backs off secondary fault diagnostics to 3 rd Party who resolves
Escalation point 3	3 rd Line inform the Company's line management	Supplier fails to resolve fault within agreed SLA timeframe Supplier informs Supplier line management	3 rd Party fails to resolve within their SLA with Supplier
Line Management Entry point	H3G Line management and Supplier Line management discuss and agree appropriate action plan		
Escalation point 4	Supplier and the Company agreed action plan fails to resolve Priority 1 Fault. Line management inform Senior Management	Supplier and the Company agreed action plan fails to resolve Priority 1 Fault. Supplier informs Supplier Senior Management	
Senior Management Entry point	Senior management and Supplier Senior management discuss and agree appropriate action plan		
Priority 2 fault	To follow the same procedure as that for a critical fault.		
Priority 3 fault	Recorded in Trouble ticket system	Recorded and reported in monthly management reports	
Priority 4 fault	Recorded in Trouble ticket system	Recorded and reported in monthly management reports	
Information Request	Recorded in Trouble ticket system	Recorded and reported in monthly management reports	

Table 2: Call Escalation expectations

4.5 RESPONSE and RESTORATION TIMES

The following is provided an example of response and restoration expectations. Table 5 is geared around the attendance of a supplier agent on site (e.g engineer).

Entries below will be aligned with business needs and are the subject for negotiations. Typical times are quotes for conventional support activities. These do not apply to Content suppliers.

Fault Category	Response Time (call returned)	Attendance on Site (If Required)	Time to restore service or to find workaround solution	Time to Permanent Fix	Time to Escalate to Management
Priority 1	<i>30 minutes</i>	Arrive on site within 2 hours	4 hours	Immediate and continuous effort until resolved	4 hours and every 2 hours thereafter
Priority 2	<i>30 minutes</i>	Arrive on site within 4 hours	8 hours	Immediate and continuous effort until resolved	8 hours and every 2 hours thereafter
Priority 3	<i>1 Working Day</i>	To be agreed between the Company and Supplier on a case-by-case basis	Next Hardware/Software Release or Update or agreed on a case-by-case basis		
Priority 4	<i>2 Working Days</i>	To be agreed between the Company and Supplier on a case-by-case basis	N/A		

Table 3: Response and Restoration expectations – Agent Attendance

4.6 SERVICE CREDIT ARRANGEMENTS

The following provides one approach to claiming credits for failure to comply with SLAs.

Where appropriate a points system can also be used to iron out glitches in performance for those providing a managed service. More information is available from the Service Assurance Team subject to its applicability to the service provided.

4.6.1 Traditional Service Credit Clause example

All figures in the table below are the subject of negotiations. Typical clauses, which precede such tables, are

The Company shall deduct a percentage from the Quarterly Maintenance Charge (QMC) due in respect of a <time> period if <supplier> fails to meet its obligations under this System Support Agreement in accordance with the system described in Clause xxx

If a failure of the System caused by a Fault is not restored within the timescales specified in Table 4 then penalties shall apply to <supplier>, as shown below, subject to a maximum deduction of x % for any one QMC

Each occurrence of a Priority 1 Fault	x% of the QMC
Each occurrence of a Priority 2 Fault	x% of the QMC
Each entire 24 hour period following the initial logging of the Priority 1 Fault during which that Priority 1 Fault remains uncorrected	x% of the QMC
Each entire 7 day period following the initial logging of the Priority 2 Fault during which that Priority 2 Fault remains uncorrected	x% of the QMC

Table 4: Quarterly Maintenance Charge reduction by Penalty

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