7 Secrets of Effective Service Level Management

Most of us know Service Level Management (SLM) as a complex process described in the IT Infrastructure Library® (ITIL®) framework of best practice. ITIL clearly defines Service Level Management and fully describes the process, implementation, and content of the key deliverable the Service Level Agreement (SLA).

Question: Is the SLA really the key deliverable?

The ITIL framework states that SLM encompasses more than writing SLA’s. In particular, it discusses:

- Service Level Requirements (SLRs),
- Operational Level Agreements (OLAs), and
- Underpinning Contracts (UCs).

Successful SLM is more than simply reporting on how IT did last month. SLM drives the entire IT organization. Perform SLM effectively to get significant improvements and cost reductions, such as:

- Reduce cost through proactive performance,
- Eliminate redundant infrastructure investments,
- Refunds, rebates, credits through vendor management, and
- Higher discounts through consolidation.

If you are in the process of improving SLM in your organization using the ITIL framework, these seven secrets — tricks of the trade — will help you achieve these and other improvements.

Secret #1: Make Service Level Management More than Service Level Reporting.

Effective SLM seeks to proactively comply with SLA by predicting potential outages and taking action to prevent the issue before the outage occurs.

Many IT organizations have implemented service level reporting, not SLM. The problem with service level reporting is that it’s —

- old news,
- an error-prone manual process, and
- delivered typically in hardcopy.

Important distinction: SLM seeks to ensure uninterrupted quality of service, whereas service level reporting simply reports what happened.

Secret #2: Create Service-Driven SLAs for Effective SLM.

Effective SLAs clearly describe the range of functionality and capabilities the user will be able to do with the service, and may also provide a “way out,” should one be required.

SLAs represent the negotiated requirements of the customer, whether documented or agreed to. SLAs should be visible to both customers and IT.

Key: State SLAs in business terms that are easy to understand.
Secret #3: Define Service Level Requirements and Targets.

Effective SLAs are composed of Service Level Requirements (SLR) and one or more Service Level Targets (SLT) that express the negotiated needs of the customer. SLTs reflect the objectives of the IT service provider organization.

Important: SLRs and SLTs do not always equate, nor do they always align.

SLTs should be expressed as Critical Success Factors (CSF), and measured by Key Performance Indicators (KPI).

Effective SLAs are readable, clear, and concise. Related SLT statements are self-contained, measureable, and regularly reported as compliant or non-compliant.

Key: Keep the non-service legal stuff in a contract, not in the SLA.

Secret #4: Remember LOB Alignment.

Lines of Business (LOB) are tiers of customers or users. You may describe LOB by such factors as locations, specific applications, unique requirements, and hours of operation and support.

One SLA often cannot meet the needs of all your company’s LOB requirements. The only way to understand the unique service level requirement of each LOB is to discuss with customers and users their unique needs.

Only in this way can you establish the breadth and depth of the service level requirements needed in the SLA.

Secret #5: Give SLAs Breadth and Depth.

Effective SLAs require a detailed understanding of all dependent IT disciplines, including these examples: capacity, availability, performance, continuity, and security. Each of these disciplines should have clear and measureable objectives that support of SLA compliance. You define these objectives in terms of Operational Level Agreements (OLA) and Underpinning Contracts (UC).

Easiest way to look at an OLA:
OLA is an agreement within IT that does not include an external supplier or internal Business Customer. Sometimes an OLA does not focus on SLA items, such as Availability and Capacity. In these situations the OLA may merely state an agreement between IT areas, because there is no specific service to measure.

So, what’s the UC? The UC is a contractual agreement between third party suppliers to the IT Organization. This is different from the OLA and SLA, because the contract requires targets to be met, and threatens possible legal action for failure to do so.

Effective SLAs model how the IT organization and operational disciplines work together to ensure that targets can be met consistently. The OLAs and UCs pinpoint how these internal support teams and suppliers plan to comply in support of SLA targets.
Secret #6: Find The Right SLM Metrics.

Seek a balance between qualitative and quantitative SLM metrics. This balance ensures a complete perspective on service performance. Above all, ensure that service performance metrics represent business priorities — not simply the most convenient data to collect.

The right performance metrics depend on the nature of the service given, and the customer’s requirements. Performance of utility services, such as network or print services, for example, are measured differently than professional services, such as moves, adds and changes.

You can accelerate finding the right metrics by packaging or grouping services first. This means creating a menu of service and service-level options from which customers can review and/or select.

Key: This approach encourages customers to discuss and define a clear picture of the metrics for various service features and service levels that the business area and related SLAs require.

Secret #7: Use SLM Automation.

Make every effort to use automated SLM systems. Define targets with the customers for which you have or will obtain SLM tools. Then, eliminate as many of those programs and calculations as possible that require human interaction. The more human touch you have, the more chance you have for introducing “human error” into SLM reports and resulting SLM operations.

Several studies have shown that most SLAs are incorrectly reported. If done manually, it is a “Hero’s” job to aggregate all the target metrics and data, add them up, do the math, and then transcribe them correctly. The sheer volume of data and the calculations required to produce an effective SLM report will make the report prone to errors, using the Hero approach. If the heroes are off their game, then errors invariably get introduced, making the SLA report useless, and the resulting management operational decisions ineffective.

Key: Avoid the “hero” trap. Monthly reports done manually are too time consuming, almost always after-the-fact, and thus constitute service level reporting, not SLM.