



Session Code: IE
Service Level Agreements
(That Actually Work)

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8:00 – 9:00 am

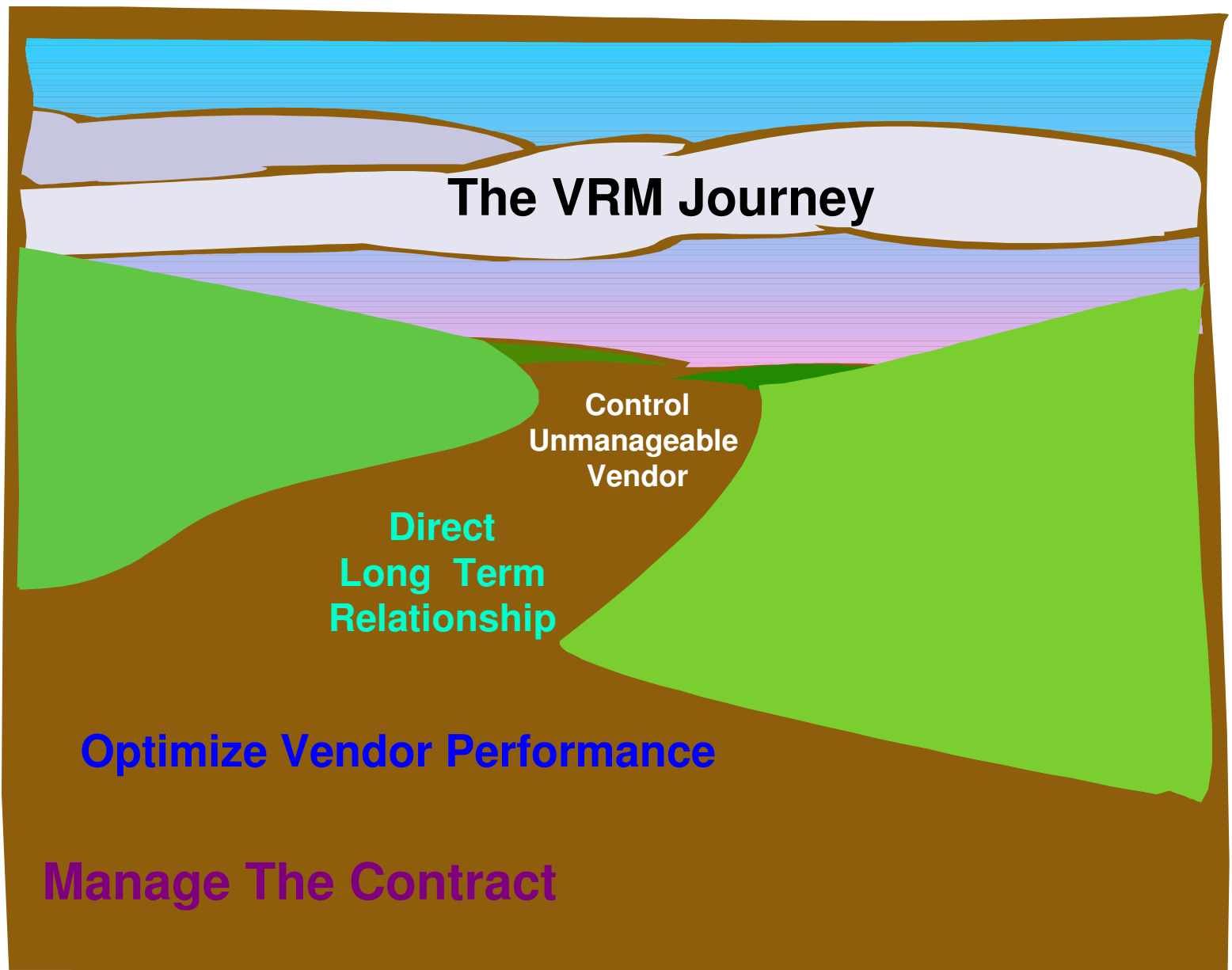
Service Level Agreements

(That Actually Work)



Topics

- The Role of Service Levels
- Developing Service Levels
- Key Contract Issues
- Challenges





Manage The Contract

◆ Manage the “Paper Trail”

◆ Manage the money

◆ Manage your assets

◆ Manage changes



Optimize Vendor Performance

◆ Track & Measure

◆ Compare

◆ Act!

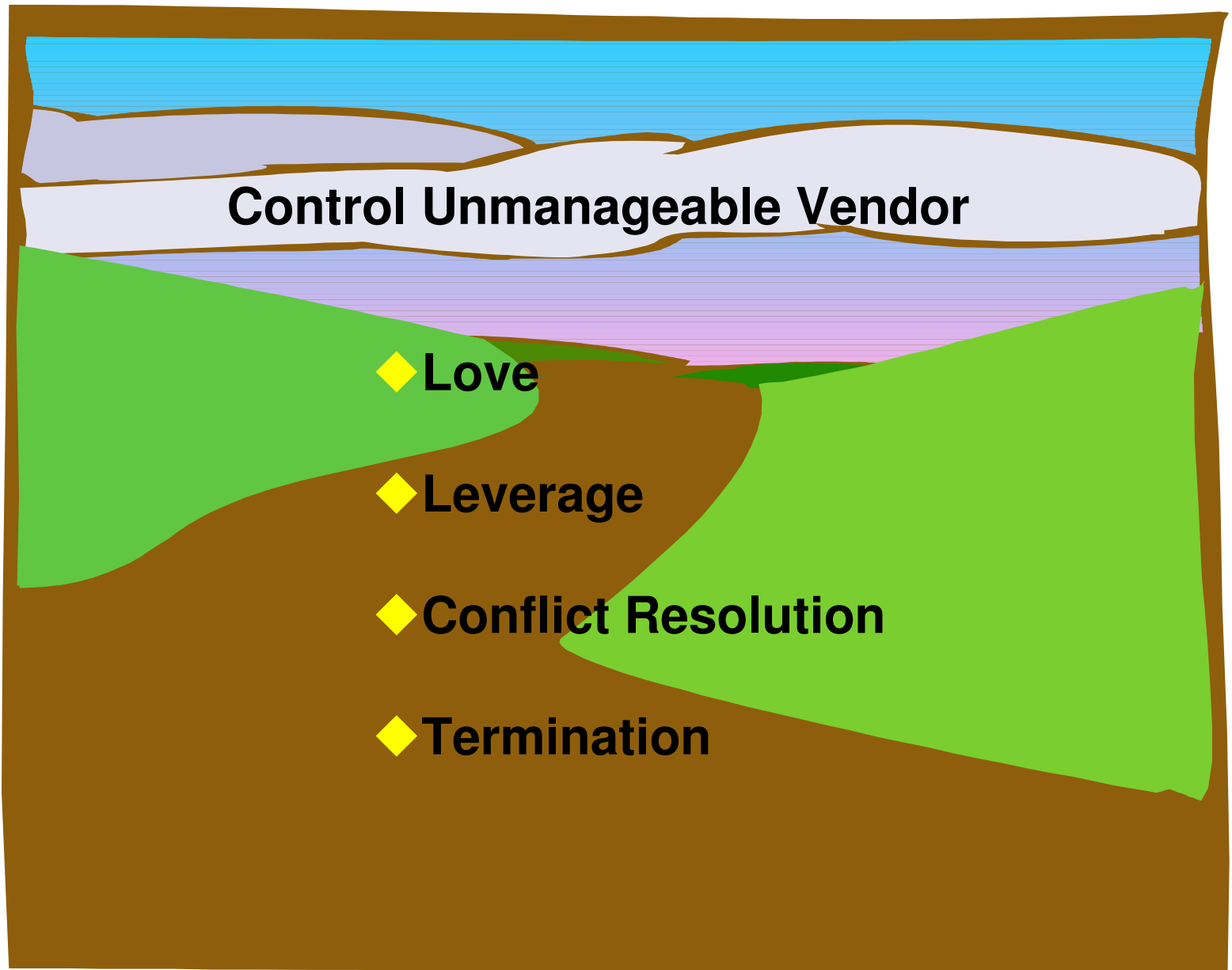
◆ Incent



Direct Long Term Relationship

◆ **Establish Correct Relationship**

◆ **The True Strategic Supplier**





Role Of Service Levels

- Why?
- What?
- Service Level Agreements Cost
- Use Of Service Levels
 - Supplier
 - Client



Benefits

- Get what you negotiated
- Get more than the minimum
- Improve performance
- Improve communication
- Eliminate confusion



Developing Service Levels

- Deliverables vs. Steady State
- Objectives? Targets? Goals?
- Categories



Deliverables vs. Steady State

- “Deliverables” stresses:
 - Stages
 - Milestones
 - Deliverables
- “Steady State” stresses:
 - Availability
 - Reliability

Objectives? Targets? Goals?

| Service Description | Objective |
|--|--|
| Support the purchase and delivery of in-stock standard systems according to catalog and standard practices. Order system, complete pre-delivery preparation, schedule delivery to user's site and install user, including User Ids and LAN connectivity. Up to 30 minutes of deskside support is included. | Within 5 days of order, schedule delivery to user's site. Complete delivery within 7 days of order. |
| Maintain physical inventory of equipment and software assets. | Maintain an accurate asset inventory. |

Objectives? Targets? Goals?

| Service Description | Objective | Metrics |
|--|--|--|
| Support the purchase and delivery of in-stock standard systems according to catalog and standard practices. Order system, complete pre-delivery preparation, schedule delivery to user's site and install user, including User Ids and LAN connectivity. Up to 30 minutes of deskside support is included. | Within 5 days of order, schedule delivery to user's site. Complete delivery within 7 days of order. | 95% of all orders are delivered within 7 days. 100% of orders are delivered within 10 days. |
| Maintain physical inventory of equipment and software assets. | Maintain an accurate asset inventory. | As measured by the quarterly "spot check" process, the inventory will be 99% accurate. |



Service Level Categories

- Availability
- Reliability
- Performance / Workload
- Accuracy / Quality
- Recoverability
- Security
- Satisfaction



Key Contract Issues

- Consequences For Missing SLA's
- Commencement Of Obligations
- Changing SLA's
- Double Dipping
- Repetitive and Chronic Failure
- Cost or Affordability

Service Level Remedies

| Category | Wght. | Value (1-25) | % of At Risk | At Risk |
|-------------------------|-------|---------------------|--------------|-------------------|
| Maintenance | | 13 | | |
| Response time | 25% | | 9.6% | \$ 35,846 |
| Time to repair | 60% | | 22.9% | \$ 86,029 |
| Repeat visits | 15% | | 5.7% | \$ 21,507 |
| | | | | |
| Software Support | | 12 | | |
| Dropped calls | 20% | | 7.1% | \$ 26,471 |
| Average response rate | 40% | | 14.1% | \$ 52,941 |
| Critical fix time | 30% | | 10.6% | \$ 39,706 |
| Escalation rate | 10% | | 3.5% | \$ 13,235 |
| | | | | |
| Support Response | | 5 | | |
| Report submission | 40% | | 5.9% | \$ 22,059 |
| Query Response Time | 60% | | 8.8% | \$ 33,088 |
| | | | | |
| Escalation | | 4 | | |
| Escalation timeliness | 65% | | 7.6% | \$ 28,676 |
| Escalation notification | 35% | | 4.1% | \$ 15,441 |
| | | | | |
| At Risk Amount | | \$ 2,500,000 | 15% | \$ 375,000 |



Lessons Learned

- SLAs are easiest to establish during the RFP stage
- SLAs often fail due to lack of remedies
- Have clear calculations to enable collection
- Control the money to expedite collection
- Suppliers will demand commitments from Clients too
- Many failures not contemplated in RFP, scoring, or contract
- Don't pay extra for what should already get
- Don't pay extra for performance you don't need



5 Keys to Success

1. Executive support
2. Teaming stakeholders
3. Preparation
4. Measurement
5. Service Level Agreement



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