

# **THE COMPLETE GUIDE TO IT SERVICE LEVEL AGREEMENTS: ALIGNING IT SERVICE TO BUSINESS NEEDS, 3RD EDITION**

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### **EXCERPT FROM THE FOREWORD TO THE THIRD EDITION**

“Most suppliers lose around 16% of their customers each year. The reason? Poor service. Typically if you provide good service, your customer may tell five people. "Customer promiscuity" is the norm: your customers and prospects are one click away from your competitors. Discontented customers typically tell over ten people how bad you are. In the days of bulletin boards, a discontented customer can place messages that can impact - maybe even destroy - your business. In the often dangerous and unpredictable e-world, Service Level Agreements are imperative to protect both parties.

“Any support service, whether in-house, contracted or outsourced, stands to be accused of being insensitive to the requirements of its customers (or users). Equally, customers of a support service may have unrealistic expectations of what can be reasonably provided by it. Service Level Agreements can overcome these gulfs.

“All too often service level reports are misleading: bad statistics, measured in ways and at points that do not truly reflect the service experience of the customer. This book exposes pitfalls, problems and challenges in e-business Service Level Agreements and lays the foundation for harmonious and effective customer-supplier relationships to enable actual service delivery to become aligned to customer expectations.

“What, then, is a Service Level Agreement? A Service Level Agreement is simply an agreement between the support service and the user quantifying the minimum acceptable service to the user. SLAs are particularly valuable in real time activities of e-commerce where speed-to-market is crucial; where there is no time for mistakes; and where millions of dollars can be lost in minutes.

“A Service Level Agreement can create harmony between the parties, and avoid disputes between customer and supplier. It can justify investment and identify the "right" quality of service. It can mean the difference between business success and failure.”

- Dr Yvonne Gunn, Kingswell International

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### **EXCERPT FROM THE PREFACE TO THE THIRD EDITION**

“Some 15 years ago, the UK IBM Guide Operations Managers group (of which I was Chair) held a meeting in which we discussed the concept of SLAs. I had read about the pioneering work in this area by Bill Miller of American Airlines and developed by the Capacity Management Group. Seizing on the concept as good management practice, I first implemented them in the company for which I was then working. It really was leading edge stuff in those days and there was little guidance, so in 1988 I began to present training workshops on the topic. These aroused considerable interest and I was persuaded to write the first book on the subject, published by Elsevier. Believing this concept was equally applicable to any support or supply service, the second book, suggesting this transition,

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quickly followed. We began to receive inquiries about SLAs from a wide range of public and private sector enterprises, covering a broad spread of business and support functions. Since then we have presented on SLAs at conferences and workshops around the world and written literally hundreds of articles on the subject.

“My vision in SLAs is simple: SLAs are potentially a strategic tool to align all support services (especially IT) directly to business mission achievement. Sadly, few organizations use them in this way.

“The early SLAs were IT-centric, written in IT technical terms, and predominantly provided the IT user with service levels that had more to do with internal IT performance measurements than with business-oriented service achievement. Frequently metrics were inappropriate, measurements imprecise and monitoring weak. The SLA reports simply did not reflect the experience of the customer when using the service. Now, the more mature organization writes business-centric SLAs and has sophisticated performance measurement tools that accurately reflect the customer's or service user's actual experience. Unfortunately, we are now seeing the legal profession moving into the field of drafting SLAs, changing the concept from a crystal-clear definition of the service and of service levels, back into a muddy, legalistic puddle.

“Back full circle? It's time to start over.

“That is why this book is particularly important today. We must keep the service vision, definition and requirements clear - even more important today in a time of loose partnerships, complex - often virtual - supply chains and instant success or failure. In the e-world, particularly, customers are just one click from desertion.

“Where are SLAs going? Increasingly business-focused. Increasingly measured in real-time. Simple documents that cover complex service infrastructures. Providing competitive edge. Embracing penalties. The brave, who commit to tight SLAs and perform against them will win the commercial spoils.”

- Andrew Hiles, Oxon Bagpuize, England

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## **EXCERPT FROM THE INTRODUCTION**

“A sign of a maturing technology is that it gets so deeply interwoven into the fabric of business, industry, government and society that existence without it becomes inconceivable. Computing systems and telephony, data communication and Internet based services have permeated virtually every aspect of life and, consciously or not, society now relies on them. Air, road, rail and maritime control systems; banking and finance; wholesale and distribution; transport; retail; health; leisure; manufacturing industry; government; communications and the media - all are now as reliant upon these services as they are upon electricity, water or fuel. Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems create inter-related dependencies throughout the organization, while the growth of Electronic Data Interchange (EDI) and e-business extend reliance on computing from corporate dependence to inter-corporate dependence.

“The trend towards outsourcing has exacerbated supplier dependence. Over 50% of outsourcing contracts involve dispute at some stage - frequently ending in changing the supplier with consequent hiatus to both businesses. The cause is usually weak contracts or poor service specifications: how can we avoid such damaging attrition?

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“Call Centers have been one of the fastest growing areas in technology over the last few years. Many Call Center operations are outsourced. If the Call Center is unavailable, or if response is slow, customers simply go elsewhere - to the competition. High availability and quick response are vital for customer gain and retention.

“The rise of e-business adds to the increasing chain of interdependencies and, even more importantly, to the speed and concatenation of the impact of loss of service or poor service. Reliance on Internet Service Providers, Application Service Providers, Managed Service Providers and Total Service Providers and all their intermediate suppliers means that a failure in any link in this supplier chain becomes a failure of the whole chain, with potentially disastrous impact: one bank has claimed that failure of their ISP service could potentially cost \$1B in an hour.

“Yesterday's leading edge becomes today's utility and tomorrow's passé obsolescence. With Information Technology (IT) we are constantly facing a dichotomy: how do we manage the "bleeding edge", transformational technology as well as the well-established IT utility services?