

Metric of the Month: Cost per Ticket

By Jeff Rumburg

Every month, in the Industry Insider, I will highlight one key performance indicator (KPI) for the service desk or desktop support. I will define the KPI, provide recent benchmarking data for the metric, and discuss key correlations and cause/effect relationships for the metric. The purpose of the column is to familiarize you with the KPIs that really matter to your support organization, and to provide actionable insight on how to leverage these KPIs to improve your performance.

Cost per Ticket (Desktop Support)

Cost per ticket is the total monthly operating expense of desktop support divided by the monthly ticket volume. Operating expense includes the following components:

- Salaries and benefits for desktop support technicians;
- Salaries and benefits for indirect personnel (team leads, supervisors, workforce schedulers, dispatchers, QA/QC personnel, trainers, and managers);
- Technology expense (e.g., computers, software licensing fees, etc.);
- Telecommunications expenses;
- Facilities expenses (e.g., office space, utilities, insurance, etc.); and
- Travel, training, and office supplies.

As you might expect, the vast majority of costs for desktop support are personnel-related. Figure 1 below shows the average breakdown of costs for North American desktop support organizations in 2010.



Figure 1: The Cost of Desktop Support

Why It's Important

Cost per ticket, along with customer satisfaction, are often referred to as the foundation metrics of desktop support. They are the two most important metrics because, ultimately, everything boils down to cost containment (as measured by cost per ticket) and quality of service (as measured by customer satisfaction).

In any service delivery organization, cost, or, more accurately, unit cost, is critically important. Cost per ticket is a measure of how efficiently desktop support conducts its business. A higher than average cost per ticket is not necessarily a bad thing, particularly if accompanied by higher-than-average quality levels. Conversely, a low cost per ticket is not necessarily good, particularly if the low cost is achieved by sacrificing quality of service. Every desktop support organization should track and trend cost per ticket on a monthly basis.

Deconstructing Cost per Ticket

Desktop support tickets are comprised of incidents and service requests, as shown in Figure 2. Just as cost per contact gives us the unit cost for the level 1 service desk, cost per ticket, cost per incident, and cost per service request give us the unit costs for desktop support.

Figure 2: Tickets, Incidents, and Service Requests



Incident Volume + Service Request Volume = Ticket Volume

In general, incidents require less time to resolve than service requests, so the cost per incident is almost always less than the cost per service request. Since the cost per ticket is a weighted average of the cost per incident and the cost per service request, the mix of incidents and service requests will strongly influence the cost per ticket.

Let's assume, for example, that at Company ABC the cost per incident is \$50, while the cost per service request is \$100. Additionally, 75 percent of ABC's tickets are incidents, while the remaining 25 percent are service requests. The cost per ticket can be calculated based upon a weighted average as follows: $($50 \times 75\%) + ($100 \times 25\%) = 62.50

Now let's take the example of Company XYZ, which has the same cost per incident and cost per service request as Company ABC, but a very different mix of incidents and service requests. Specifically, at XYZ only 40 percent of tickets are incidents, while the remaining 60 percent of tickets are service requests. The weighted average cost per ticket for XYZ can be calculated as follows: ($$50 \times 40\%$) + ($$100 \times 60\%$) = \$80.00

So, although ABC and XYZ have the exact same cost per incident and cost per service request, their unique mixes of incidents and service requests yields a very different cost per ticket. If both organizations were to handle 5,000 tickets per month, Company XYZ would spend \$87,500 more per month on desktop support than Company ABC, simply because a larger percentage of their tickets are service requests!

Another key factor that influences the cost per ticket is user population density. Desktop support technicians working in a high-density user environment (e.g., a high-rise office building with lots of cubicles) are able to handle a larger volume of tickets per month than a technician supporting a work environment spread across a vast geographical area (think desktop support for a retail bank with hundreds of branches across the country).

Benchmarking Ranges for Cost per Ticket

The North American averages and ranges for cost per ticket, cost per incident, and cost per service request in 2010 are shown in Figure 3.

Figure 3: North American Desktop Support Costs

Metric Type	Desktop Support KPIs	North American Statistics		
		Average	Minimum	Maximum
Cost	Cost per Ticket	\$62	\$27	\$490
	Cost per Incident	\$48	\$19	\$312
	Cost per Service Request	\$113	\$41	\$556

The ranges on these metrics (minimum to maximum) are enormous, varying by more than an order of magnitude (10X). Again, the reasons for this include user population density and the mix of incidents and service requests.

Please join us for next month's Metric of the Month—level 1 resolution rate—a service desk metric that is sometimes confused with first contact resolution rate, but which provides important insights into total cost of ownership (TCO) for end-user support.

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