

Metric of the Month: First Level Resolution Rate

By Jeff Rumburg

Every month, in the Industry Insider, I highlight one key performance indicator (KPI) for the service desk or desktop support. I 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.

First Level Resolution Rate

First level resolution (FLR) is a measure of a service desk's ability to resolve tickets at level 1, without having to escalate the ticket to level 2 (desktop support), level 3 (internal IT professionals in applications, networking, the data center, or elsewhere), field support, or vendor support. But first *level* resolution is not to be confused with its close cousin, first *contact* resolution. Let me provide an example to illustrate the difference.

Take the situation where a level 1 agent accepts a call and logs a ticket, but fails to provide a solution to the caller on the initial contact. Rather than escalate the ticket, the level 1 agent researches the user's issue, identifies an appropriate solution, calls the user back, delivers the solution, and closes out the ticket. Although the ticket was not resolved on the first contact, it was resolved at level 1. Now, let's take the situation where the level 1 agent accepts a call, logs a ticket, and warm transfers the caller to a level 3 IT professional who works in the NOC. The level 3 professional takes over the call and provides a solution for the ticket before the user hangs up. This ticket was resolved on first contact, but was not resolved at the first level.

It is also helpful to note that first contact resolution is a *quality* metric that strongly affects customer satisfaction, while first level resolution is a *cost* metric that strongly influences total cost of ownership for end-user support.

Net vs. Gross FLR

To have a meaningful discussion of FLR, we have to make a further distinction between *gross* first level resolution and *net* first level resolution. Gross FLR is the ratio of all tickets *resolved* at level 1 to all tickets *logged* at level 1. Net FLR, by contrast, is the ratio of all tickets resolved at level 1 to all tickets that can *potentially* be resolved at level 1.

Gross FLR is self-explanatory. It is a simple ratio that, for most people, is very intuitive. However, to fully appreciate net FLR, we must define the term **carve-out**. A carve-out is a ticket type that for one reason or another cannot be resolved at level 1. A carve-out can be the result of a physical limitation (e.g., it is physically impossible to replace a hardware component remotely at level 1), or it might be the result of policy or security restrictions placed on level 1 support, such as when level 1 is denied access rights to certain systems. The denominator of the net FLR ratio is equal to the number of tickets logged at level 1 minus the number of carve-outs.

Net FLR is by far the more important of the two metrics, for it measures the true effectiveness of the level 1 service desk to resolve tickets within their purview of defined responsibility.

First Level Resolution and Total Cost of Ownership

Figure 1 illustrates the cost per ticket for resolution at different support levels. This data represents North American averages and is a fully-burdened cost, including agent salaries and benefits, salaries and benefits for indirect personnel (e.g., trainers, workforce schedulers, etc.), facilities expenses (i.e., rent, lease, or depreciation for the occupied facilities), insurance, telecommunications, desktop technology (e.g., licensing fees, desktop/laptop computers, etc.), travel, training, and office supplies. Clearly, as a ticket is escalated, and resolution moves further away from the level 1 service desk, the cost of resolution increases. Furthermore, these costs are cumulative. If a ticket is logged at level 1 and then escalated to level 2 (desktop support) for resolution, the average cost of resolution is not just \$62, but \$62 plus \$22, for a total of \$84.

The cost of resolution increases at each successive level for a number of reasons, including longer handle times and higher salaries at support levels above the service desk. So, for example, a ticket that might be resolved in ten minutes at level 1 could take thirty minutes or more at level 2 because it requires a visit to the user's location. The same ticket, when resolved at level 3, involves personnel that are more highly paid than level 1 agents, and who are (frankly) slower to resolve tickets because they are not full-time support professionals. The clear implication is that any ticket that can be resolved at level 1 *should* be resolved at level 1, and that maximizing FLR is the equivalent of minimizing TCO!

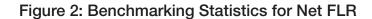
Figure 1: Average Cost per Ticket (North America)

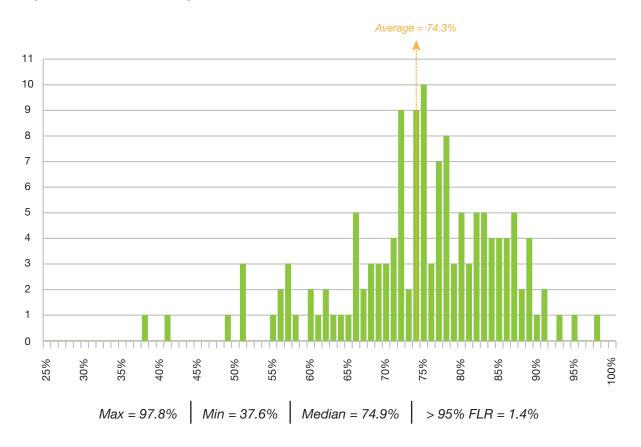
	Support Level	Cost per Ticket
	Vendor Support	\$471
3	Field Support	\$196
	Level 3 Support (e.g., apps, NOC, networking, etc.)	\$85
	Level 2 Support (Desktop Support)	\$62
	Level 1 Support (Service Desk)	\$22

Benchmark Ranges for Net FLR

MetricNet's benchmarking database shows that the average net FLR for service desks worldwide is about 74 percent. This number varies widely, however, from a low of about 38 percent to a high of 98 percent. Those at the low end of this range are predominantly log-and-dispatch service desks that resolve simple issues, such as password resets, but dispatch anything more complex to a higher level of support. Those performing at the upper end of this range generally have highly trained agents that are equipped with tools that enable them to resolve more than 90 percent of eligible contacts at level 1 (e.g., knowledge management systems, remote diagnostic capabilities, etc.).

Figure 2 shows the distribution of FLR statistics for a representative cross-section of service desks worldwide.





Please join us for next month's Metric of the Month, **technician utilization**, an important productivity metric that drives cost per contact for the service desk.

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