

SERVICE LEVEL MANAGEMENT:

THE DIFFERENCE BETWEEN WORKING IN IT AND MAKING IT WORK

This white paper outlines the business value of Service Level Management (SLM) and provides a best practice approach to successful adoption.

Hornbill white paper
authored by John Moore
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ABOUT THE AUTHORS

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About Hornbill

Hornbill is an industry leading ITSM solutions provider founded in 1995. Hornbill's award winning Supportworks service management software is designed to suit your level of IT Service Management maturity. Supportworks applications enable customers to get up and running quickly with minimal need for professional services. Unique Human Touch features improve the service experience, while powerful workflow automates ITSM processes. The highly configurable Supportworks platform and design tools enable customers to tailor the application, or build service desks for HR, Facilities, Customer Service and other areas of the business.

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1 BACKGROUND

Even if you don't have any spare resources or budget, you can transform IT's relationship with the business and lay the foundations for dramatic improvements to customer satisfaction. It's largely a matter of opening up a dialogue about service needs, say John Moore and Patrick Bolger

1.1 What is Service Level Management?

Service Level Management (SLM) is the vital link between IT and the business. It provides a foundation for consistent delivery of high quality, timely, and cost-effective IT services, while facilitating prioritization and continual improvement.

By implementing SLM, IT managers can proactively monitor, measure, and report on IT performance against an agreed list of defined services, documented in Service Level Agreements (SLAs), Operational Level Agreements (OLAs), and Underpinning Contracts.

The true value of effective SLM lies in strengthening the relationship between IT and the business. By maintaining an ongoing dialogue about service requirements, and tracking performance against business-defined targets, you manage customers' service expectations and experiences. In this way, you, the IT manager, can actively increase customer satisfaction.

A recent review of several industry studies¹ highlights customer satisfaction, cost control, and faster response/resolution as the main benefits sought from ITIL® adoption. Therefore, SLM is arguably the most important process within the framework, as it enables IT to determine precisely the measures that need to be established to ensure realization of these benefits.

1.2 Why SLM can be a matter of survival

Why should you, as an IT manager, bother to think about SLM at a time when money is tight and IT resources are overstretched? The brutal answer is that if you don't, you could find IT being outsourced to an external service provider, because you won't be able to counter offers to do things better, faster, and more cheaply.

Suppose an external service provider approaches your CEO offering to provide a more competitive or higher quality IT service. Confronted with this situation, could you respond to questions like:

- How much does it cost per user to provide this service currently?
- How much of the IT budget is spent on just keeping the lights on?
- Compared with external service providers, is the internal IT function providing value for money?

If you can't answer, you're not alone. Less than 50% of internal IT functions have adopted SLM². Hence, most cannot demonstrate or quantify the value their IT services provide to customers. They are focused on creating technology solutions, and have no real model of how services are actually delivered. They have not clearly documented, or even defined, their service offerings and attributes. They have no concept of the costs involved in providing IT services, and they do not systematically control quality, prioritize service requests, or increase efficiency.

Instead of using SLM, most of these internal IT functions work to loosely defined Service Level Agreements (SLAs), or targets based on the response level that they think they can achieve. The resultant metrics may even demonstrate that IT is meeting its service level targets, but this is far removed from proving that it is meeting business needs, or delivering business value. It is not surprising that in Hornbill's ITIL: State of the Nation survey³ fewer than half of business managers saw IT as an excellent, or even a competent, partner to the business.

1 http://www.best-management-practice.com/gempdf/Review_ITIL_Studies_White_Paper_Nov11.pdf

2 <http://www.hornbill.com/campaigns/itil-state/>

3 <http://www.hornbill.com/campaigns/itil-state/>

The fact that this is a common predicament is not much consolation when you realize your department is vulnerable to challenges from external service providers. More than ever, businesses are looking to reduce costs, so unless you can prove you are delivering value, and unless IT is perceived as an asset, not an overhead, executives may be tempted to pursue other options.

For external service providers, SLM is second nature. They deliver services within a strictly controlled budget, measuring and reporting service levels, and showing evidence of continual improvement - and that gives them a major advantage over the average internal IT function.

By adopting SLM internally, you close this gap between IT function and external service providers. With SLM in place, IT can counter the outsourcing threat with ease. Not only can you measure, monitor and report performance as well as any external competitor, you can also demonstrate a thorough understanding of business outcomes and direct IT effort where it delivers maximum business value.

1.3 The business value of SLM

For the business, retaining control of IT in-house is usually the preferred option, because the IT function knows the business better than an external provider ever will. Adopting SLM leverages this advantage. An ongoing service dialogue and improved visibility of the value IT delivers instills confidence in senior management that the internal IT function is an asset to the business.

Key benefits reported by IT functions that have implemented SLM

Stronger relationships

Simply talking to users about the service and asking for feedback strengthens relationships enormously. Users don't expect to be asked, and will be delighted when they are. IT and business can share vital information: the business's understanding of what's needed, and IT's understanding of what's possible within a given budget.

Customer perspective

By launching a regular cycle of service reviews, you can shift IT's perspective from inside-out to outside-in. Instead of looking inward at servers and networks, IT staff will see the service from the customers' viewpoint.

Consistency

You'll achieve a consistent approach to service provision: one that enables continual improvement and drives up customer satisfaction.

Better prioritization

Business-led prioritization means you can avoid waste (and reduce operating costs) by providing the exact level of service the customer needs, where and when they need it - there's little point in providing 24x7 availability if the service in question is not used between 8pm and 8am.

Demonstration and quantification of value

You will be able to show what you're doing for the business, what it costs, why it's good value for money, and how you are improving over time. In this way, you'll build trust between the business and IT: if something goes wrong, the business will know that you're pulling out all the stops to fix it.

Becoming the advisor of choice

Shadow IT (where user departments bypass IT to purchase services externally) will be less of an issue once IT shows that it can meet business needs at reasonable cost. Users will see IT as a trusted advisor and facilitator of change, and come to you first when new services are needed.

Being seen as an asset, not an overhead

The business gets assurance of the value of IT's services, raising the perceptions of credibility and professionalism, and countering any temptation to outsource. By maintaining the dialogue with the business and taking on SLM activities, IT will be seen to raise its game, so becoming an asset rather than an overhead.

2 PRACTICAL GUIDANCE

2.1 The starting point is to engage with the business

SLM is not something IT can do in isolation. If you, the IT manager, decide to embark on SLM, your first step is to open a dialogue with the user community to find out what they really want: what services they need in business terms and what their priorities are. Often, IT managers are surprised to find that a service they thought was a high priority is not all that important - or vice versa.

With this dialogue under way, IT and business can start to agree service targets for key business services, taking into account the costs of provision. Then, by measuring and managing itself against those business-relevant targets, IT can demonstrate conclusively that it is in fact delivering value to the organization - and continually improve the way it does so.

It's also important to manage expectations about what's possible, letting customers know the cost. Customers have a habit of requesting 100% availability 24x7 until IT communicates the cost.

By understanding business needs and priorities, and sharing cost data, you can pin down what users really need, and redirect funds and efforts in the areas that really matter. But remember, business needs change regularly, so it's crucial to maintain an ongoing dialogue.

2.2 A step-by-step approach to SLM

For anyone wondering how to get started with SLM, we recommend a simple process, shown in the diagram below and described in this section.

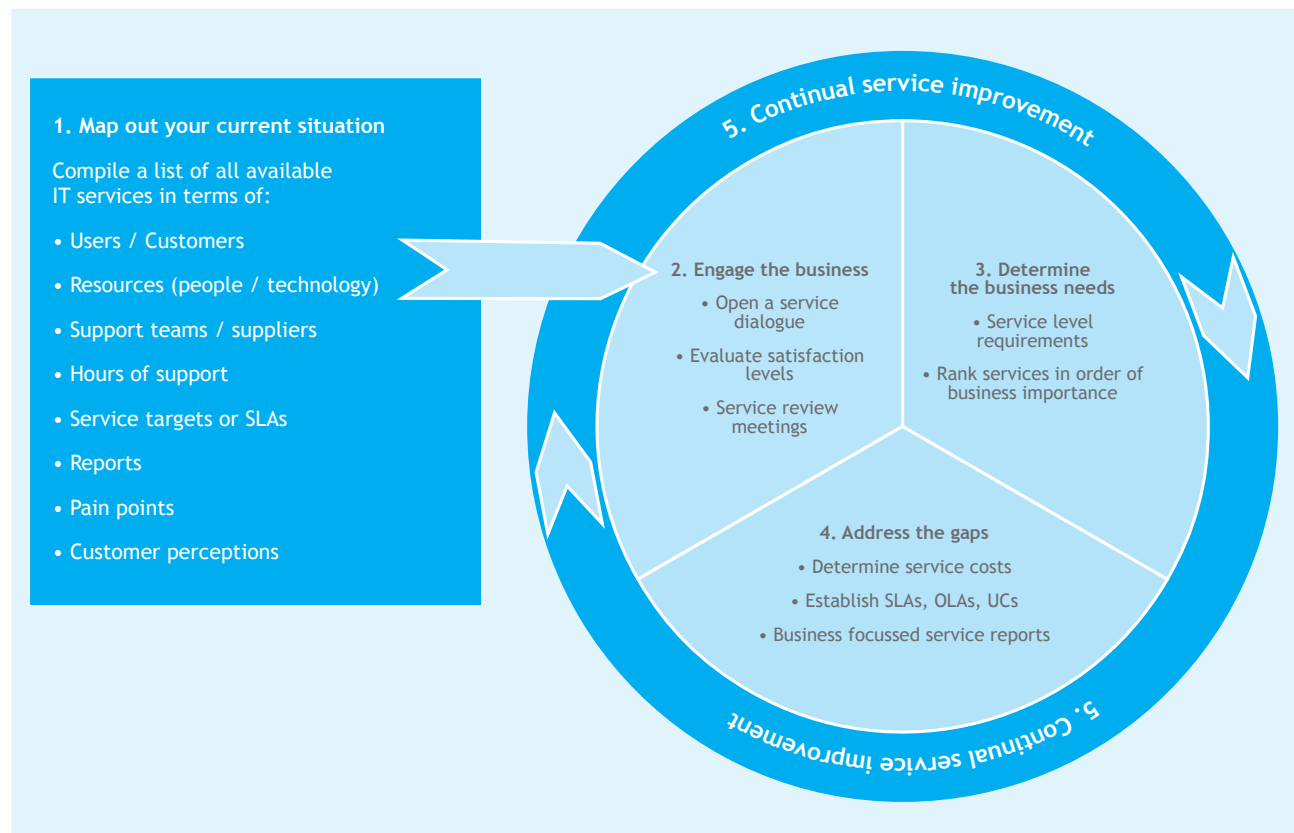


Fig 1. A step by step approach to SLM

1 Map out your current situation

To allow an informed conversation with the business, it is useful first to map out what you've got, or think you've got, in terms of IT services, technology, support teams, third parties, agreements, hours of support, SLAs, pain points, customer perceptions, and so on.

2 Engage the business

Next, start chatting informally to customers about what they want and what they're currently getting. Evaluate current satisfaction levels as a baseline, and explore customers' perceptions of where the problems are.

3 Find out what the business needs

After a few weeks of this, open a formal conversation with business users about what they need from IT. Establish a monthly service review cycle and get it in everybody's diary. Approach the regular reviews in a structured way, just as an external service provider would, preparing an agenda, formal reports, and minutes.

Identify service elements that the business deems important, and document them in business terms - for example, talking about the availability of order processing, not of a given server. Rank these elements in order of importance to the business. The resultant service catalog can be quite simple at first: try focusing only on business-critical services.

4 Address the gaps

Map responsibilities for provision of the key service elements from customer to IT (both internal and external) and find out where there are gaps.

Work out the current cost of providing these service elements. For each service element, define the required performance from the business's point of view, and then translate the business definition into IT terms.

In each case, calculate the cost implications of moving to the required level of performance, and discuss with the business whether additional cost is justified by the value that will be provided. Also, identify where you can save money by reducing service levels because a service is less important than you thought, or doesn't actually need round-the-clock availability.

Document the agreed Service Level Targets and back them up with Operational Level Agreements (OLAs) with internal teams and Underpinning Contracts with external service providers.

5 The continual service improvement cycle

Keep the review cycle going to maintain the dialogue. Years later, you can still be picking up valuable pieces of new business information that will allow you to keep improving the service.

How SLM is benefiting organizations today

Managed service provider (MSP)

This company achieved a significant contract renewal in 2010, in the face of aggressive peer competition. It attributes its success to the strength of relationships with the business, and quantified, tangible value, both of which had been achieved through effective SLM.

Major UK transport organization

In 2011, the CIO of this organization asked his internal IT department to develop a basic service catalog, along the lines recommended here. He was able to use this first-cut, high-level catalog to present the value of IT to internal business customers, launching a meaningful dialogue with the CFO by demonstrating IT's value for money.

IT services company

This company implemented SLM internally to align ad hoc service provision across a number of contracts. Previously each project had had its own service report template; introducing a consistent company-wide template significantly reduced the time that service managers spent manually generating reporting data across contracts.

2.3 Anticipating the challenges

Although it's not difficult to get started with SLM, IT managers should be aware of challenges that regularly arise.

IT resistance

Your people may be resistant to change because old ways look easier to them: if you simply aim to have everything available 100% of the time, you don't need to bother talking to the business. IT people may also assume that they already know what users want. To overcome inertia, explain to your staff why the current approach cannot deliver value from the user's point of view. Also consider having service desk staff spend time sitting with users. Seeing the IT services from the users' perspective - and seeing the impact of IT on the users' job - will reveal why change is necessary.

Business resistance

The business may be too busy to participate in an SLM dialogue. A history of mutual incomprehension, or failed attempts to implement SLAs, may increase their resistance. It is important to keep trying, using the expected business benefits as your sales pitch. Once again, arranging for IT service desk people to sit alongside users can help gather enough information to make a start. Once the users start seeing benefits they will quickly realize that IT is committed to service improvement, and that an ongoing dialogue is worthwhile. You now need to keep it going though!

Budgetary constraints

When money is tight, people may not want to invest in SLM. Counter this objection by explaining that SLM doesn't have to cost money, but can actually save it. The reason is that SLM directs IT effort where it delivers maximum business value, and eliminates the waste of over-providing with respect to less valuable services.

Cultural issues

The IT department will need to shift toward more of a service culture. It is crucial to understand, though, that cultural change will not happen overnight, but requires sustained commitment. Behave as if you were an external provider: find out what the customer really needs and put those needs into a contract. Make sure your people understand that managing the service against this contract will prove the value of IT to the business.

Over-complexity

Start simple. To test the SLM process, consider initially only bringing in one or two IT services most critical to the business under formal reporting. It is easy to get yourself into a situation where you spend days each month pulling reports together from spreadsheets. Be careful what you commit to, and make sure that you are not creating an administrative legacy for yourself. The right service management technology can help here.

Tips for ongoing SLM success

Be persistent

Like any other project or initiative, SLM requires sustained effort and commitment if it is to deliver ongoing benefits and avoid the "failed IT project" label. One way to keep the business-IT dialogue going is to agree up front to a schedule of appointments for the monthly service review meetings: for example, the second Tuesday of every month. Get these in the calendar for the whole year - or just leave the end date blank. Service review meetings arranged ad hoc are likely to slip or be cancelled because of competing operational pressures.

Start a user forum

Consider coordinating a face-to-face, quarterly user forum with selected members of the business community to discuss services from a user perspective, at an operational level. Users will probably tell it like it is, which can be difficult for IT to hear, but these forums can be a surprisingly rich source of operational knowledge. Simple conversations can often create opportunities for IT to improve services at little or no cost, with remarkably positive effects on customer satisfaction.

3. SUPPORTWORKS CAN EASE YOUR TRANSITION TO SLM

Once you get started on SLM, you may find that you require technology to support you. Hornbill's Supportworks ITSM Enterprise includes 11 ITIL® processes (certified by PinkVerify™), with flexible Service Level Management capabilities that meets the needs of both internal and externally facing service desks.

If you've already made real progress with SLM and perhaps even defined your Service Catalog, you'll find that Supportworks ITSM Enterprise has all the components you'll need to manage the Service Portfolio, track service costs and subscriptions and assign SLAs to service offerings.

Supportworks also includes OLAs and Underpinning Contracts to support the management of other IT groups and external service providers, offering visibility of service performance across the entire IT supply chain.

If you're just starting out with SLM, Supportworks ITSM Enterprise has all the functionality you'll need to establish your foundation, with headroom to expand as your SLM processes mature. When tickets are logged with the service desk, an intelligent impact/urgency matrix is used to suggest the priority and preferred assignment for each request.

Configurable SLA rules allow every request to be tracked by Supportworks, with automatic alerts and escalations provided to service desk staff and managers, ensuring that action can be taken before any SLA timer is breached.

Configurable options include the ability to reassign requests, send messages and provide visual alerts to ensure that workload is correctly prioritized.

Comprehensive reporting and dashboards provide drill down metrics to manage SLA performance and ensure that corrective action can be taken before SLAs breach agreed thresholds. Several reports are supplied out-of-the-box and wizards allow reports to be created and modified.

Managers can often spend hours, or even days, collating monthly reports. Supportworks removes this burden, enabling you to generate reports showing how well you are meeting the business's service needs, and have them automatically distributed to the right people.

The unique Human Touch features of Supportworks provides service desk staff with additional information such as visibility of a users satisfaction, so that every request can be tailored to the needs of the individual.

Fig 2 - SLAs, OLAs and Underpinning Contracts.

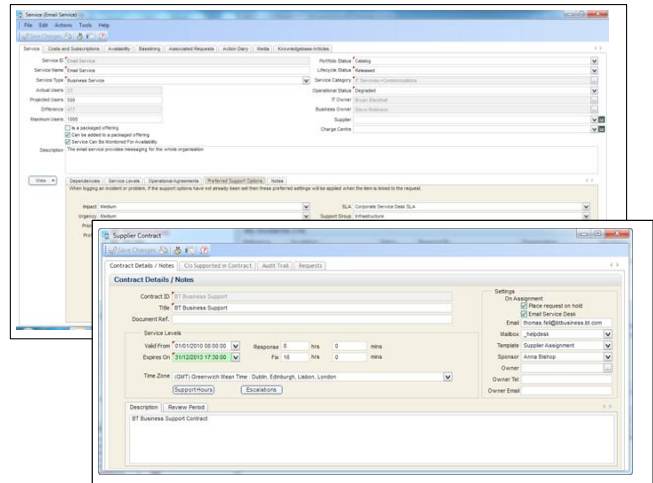


Fig 3 - Configurable SLA Rules

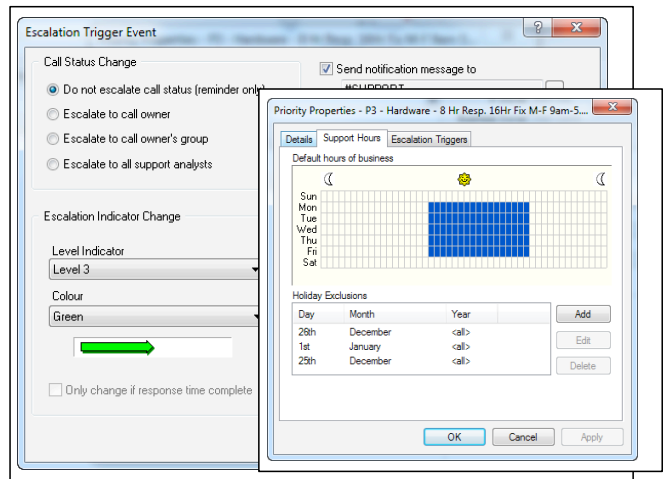
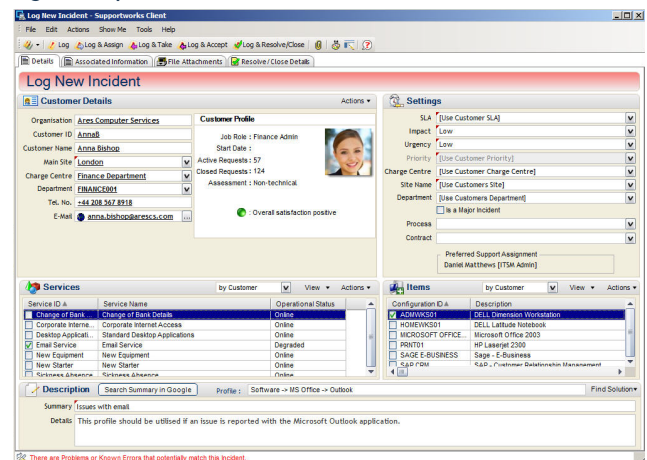


Fig 4 - Unique Human Touch Features



4. NEXT STEPS

For additional guidance on implementing SLM within your organization, read *Service Level Management - a Practitioner's Guide*, 2nd Edition published by The IT Service Management Forum UK (itSMF UK). Written by members of the itSMF UK SLM Special Interest Group, this guide shows you the best way to design a SLM roadmap and implementation project plan, compile a service catalog, put together service level agreements, and much more.

Additionally, this book comes complete with a free CD packed with sample templates and supporting documents. You can tailor these templates to your specific needs using the advice and guidance in the book.

Order your copy here: www.itsmf.co.uk/SLM

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