IT Service Management PV203

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ITSM, IT Services Delivery – part II.

Agenda for today :

- Delivery models

- Delivery levers

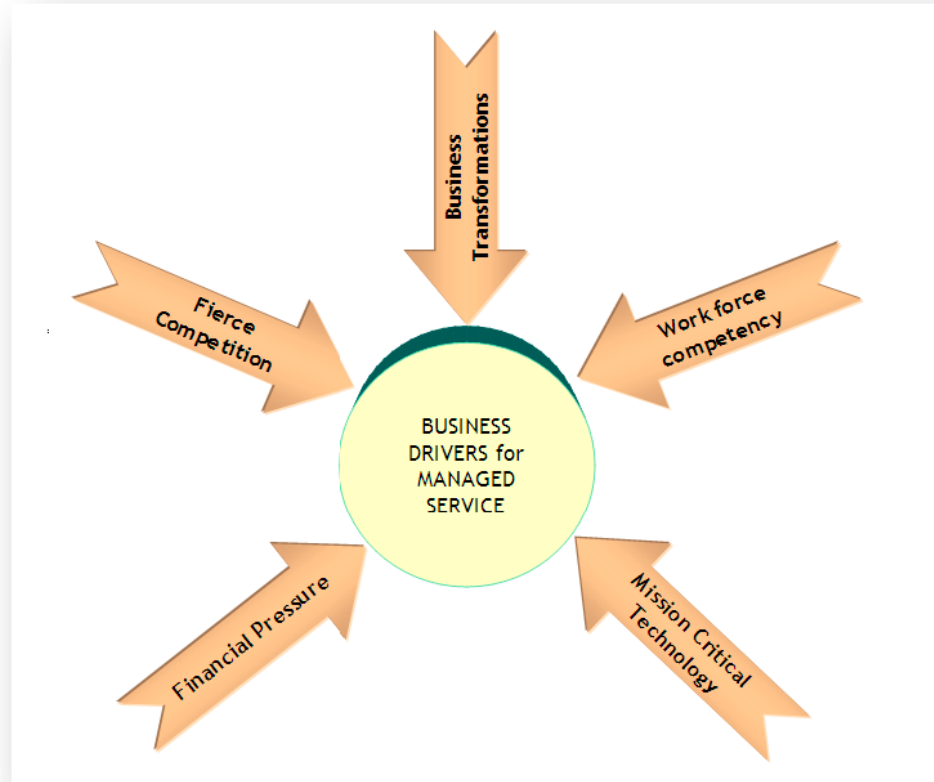- Service level agreement – the major service management "tool"

GLOBAL DELIVERY
MODELS

Outsourcing business models

1. **Staff augmentation**
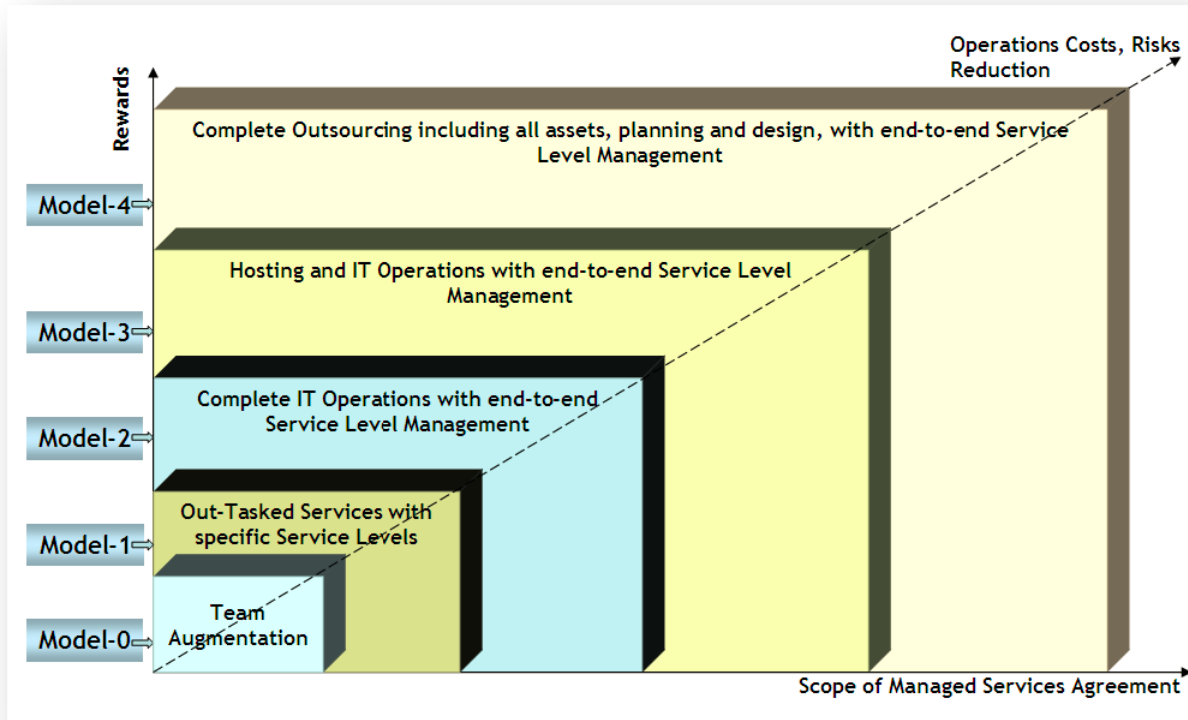
2. **Out-tasking**

3. **Project-based outsourcing**

4. **Managed services**

Business Drivers

Managed Services Models

Comparing the Models

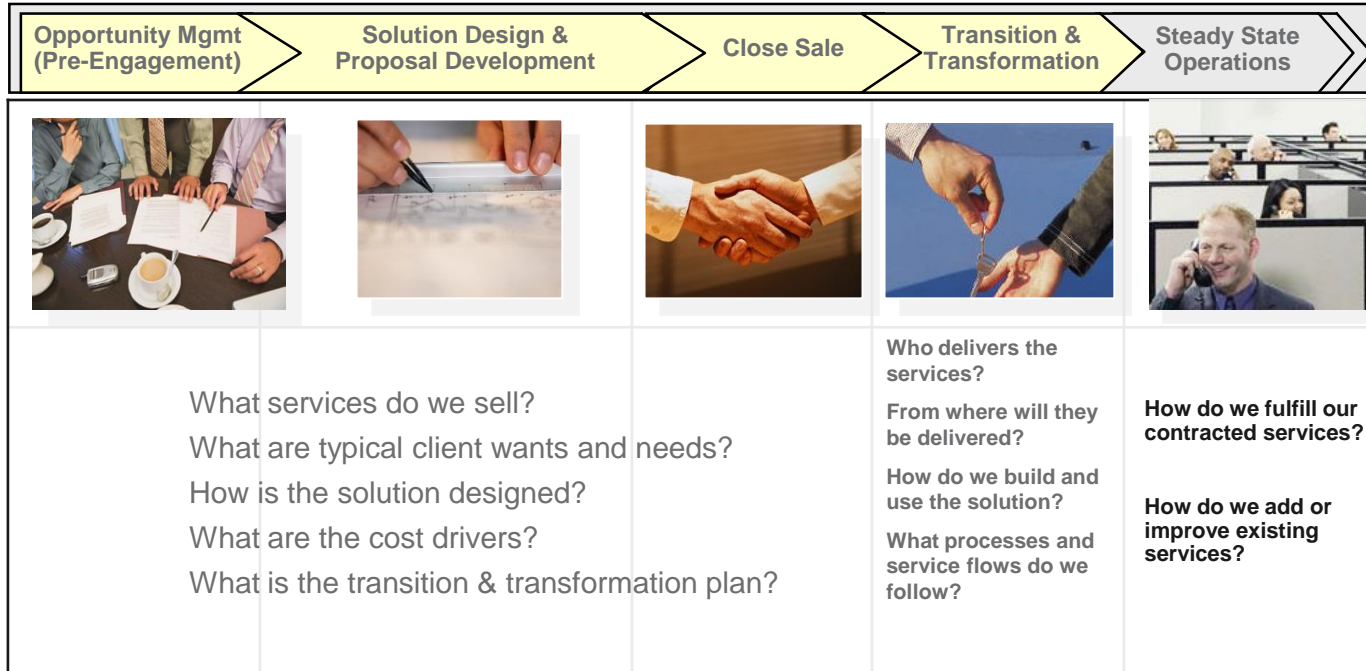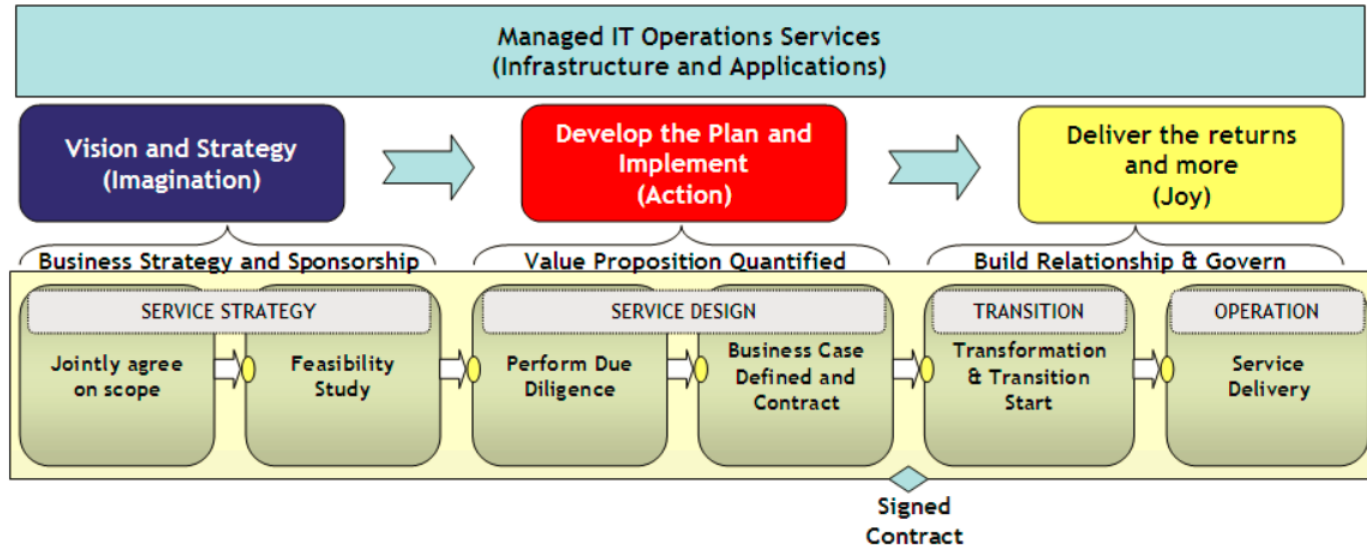| Managed Services Model (Outsourcing)	Staff Augmentation (Out-tasking)

• Supplier assumes control of all or part of the execution component of IT
  • Service delivery commitments expressed as "service levels"
• Committed scope and term
• Pricing tied to service levels and volumes where appropriate
• Supplier managed delivery model; processes and tools
 	
• Impacted employees; assets and contracts may be transitioned to supplier (supplier needs to acquire or have the capability to deliver)
• Knowledge must be documented and transferrable
• Supplier assumes the risk of transition and operations
	• Supplier commits to providing resources of defined capability at a price
	  • No Service delivery commitments relative to outputs
	• Limited commitment
	• Pricing tied to hours worked and availability
	
	• Customer manages the delivery model (including individual subcontractors); process and tools
	• No change to customer operating model
	
	• Knowledge vested in the individual
	
	• All delivery risk remains with client

Commitment to deliver an outcome	*Commitment to provide an input*

7

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Basic steps of the managed services model

Outsourcing is not just the delivery

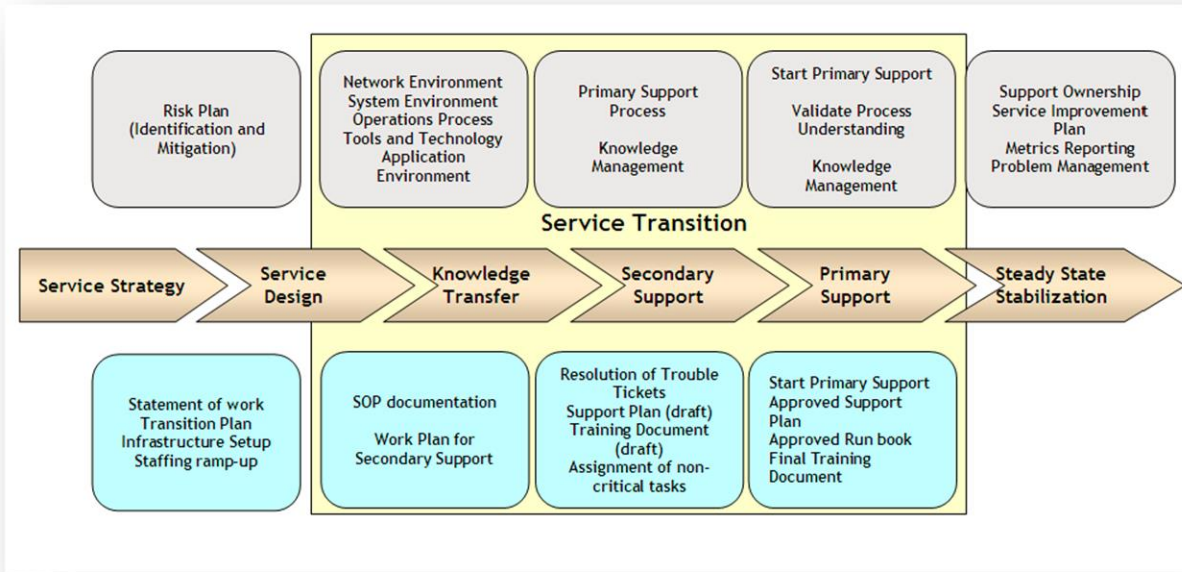| Opportunity Mgmt (Pre-Engagement)	Solution Design & Proposal Development	Close Sale	Transition & Transformation	Steady State Operations
	What services do we sell? What are typical client wants and needs? How is the solution designed? What are the cost drivers? What is the transition & transformation plan?		Who delivers the services? From where will they be delivered? How do we build and use the solution? What processes and service flows do we follow?	**How do we fulfill our contracted services?** **How do we add or improve existing services?**

Managed IT Operations Services

Service Transition

To differentiate on the basis of HOW to deliver services and apply outsourcer assets, data, and insights to client's challenges

Standardize through Process and Work Design:
- ITIL consistent processes componentized and described in a services catalog
- Embed dispatching that routes work to the right pool of skilled resources
- Defect prevention and best practice sharing across pools

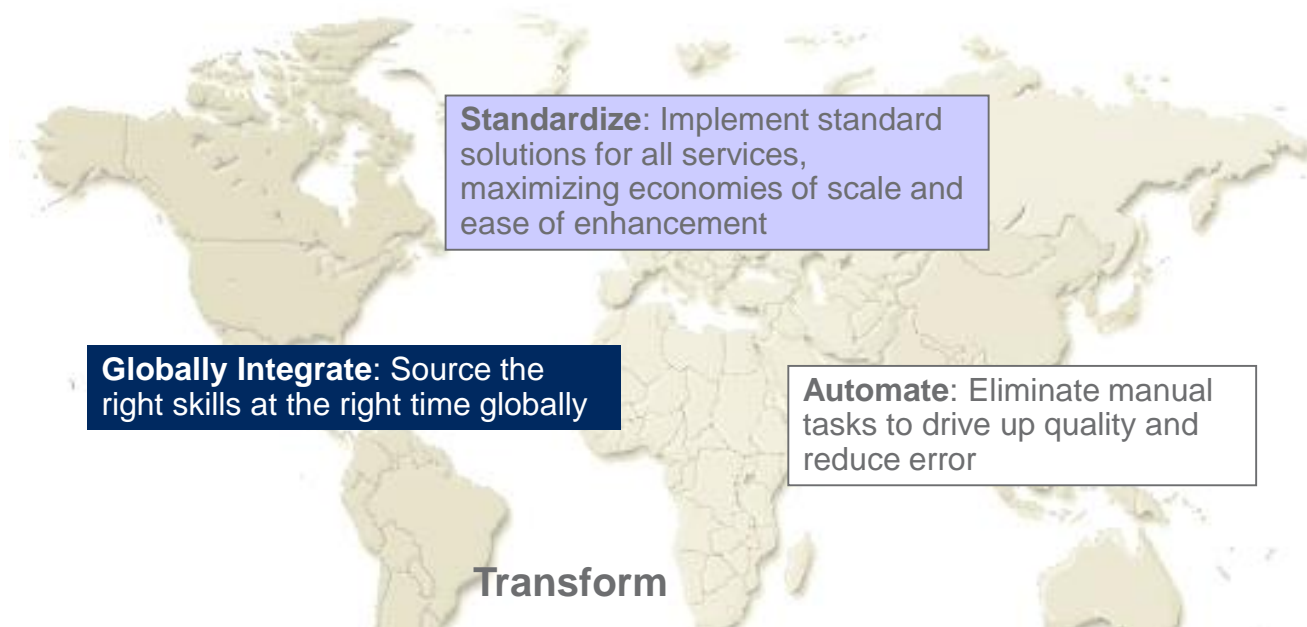**Globally Integrate through Flexible Skill Deployment:**
- Labor and skills sourced globally at optimal performance and cost to match client needs
- Scalable pools to meet demand changes
- Strong management systems in place to drive continuous improvement

Automate through Applied Assets and Tools:
- Assets from other parts of `vendor integrated in the delivery (SPL offerings, virtualization, Systems Technology Group, Software Group)
- Incorporate our Research capabilities
- Invest in world-class data center capabilities

The **3 key levers** to drive **quality** and **productivity**

Standardize: Implement standard solutions for all services, maximizing economies of scale and ease of enhancement

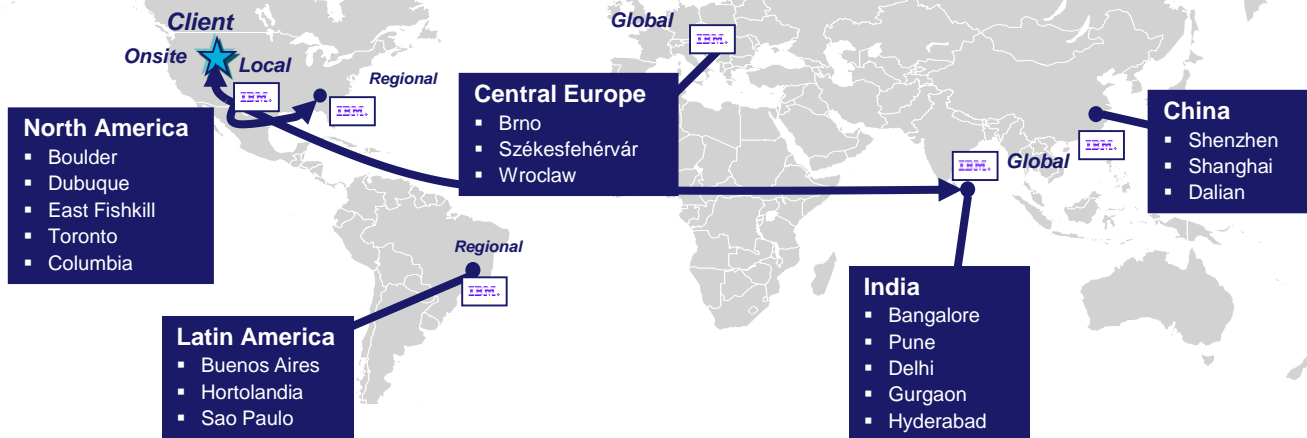**Globally Integrate**: Source the right skills at the right time globally
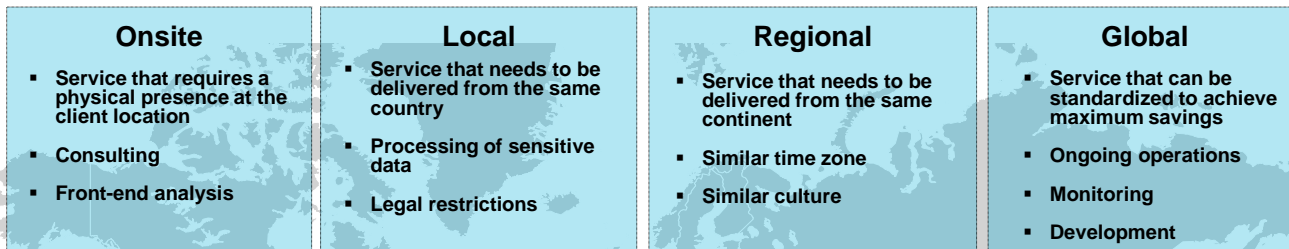
Automate: Eliminate manual tasks to drive up quality and reduce error

Transform

We are continually investing in key innovations and intellectual property to differentiate our services through exceptional quality outcomes
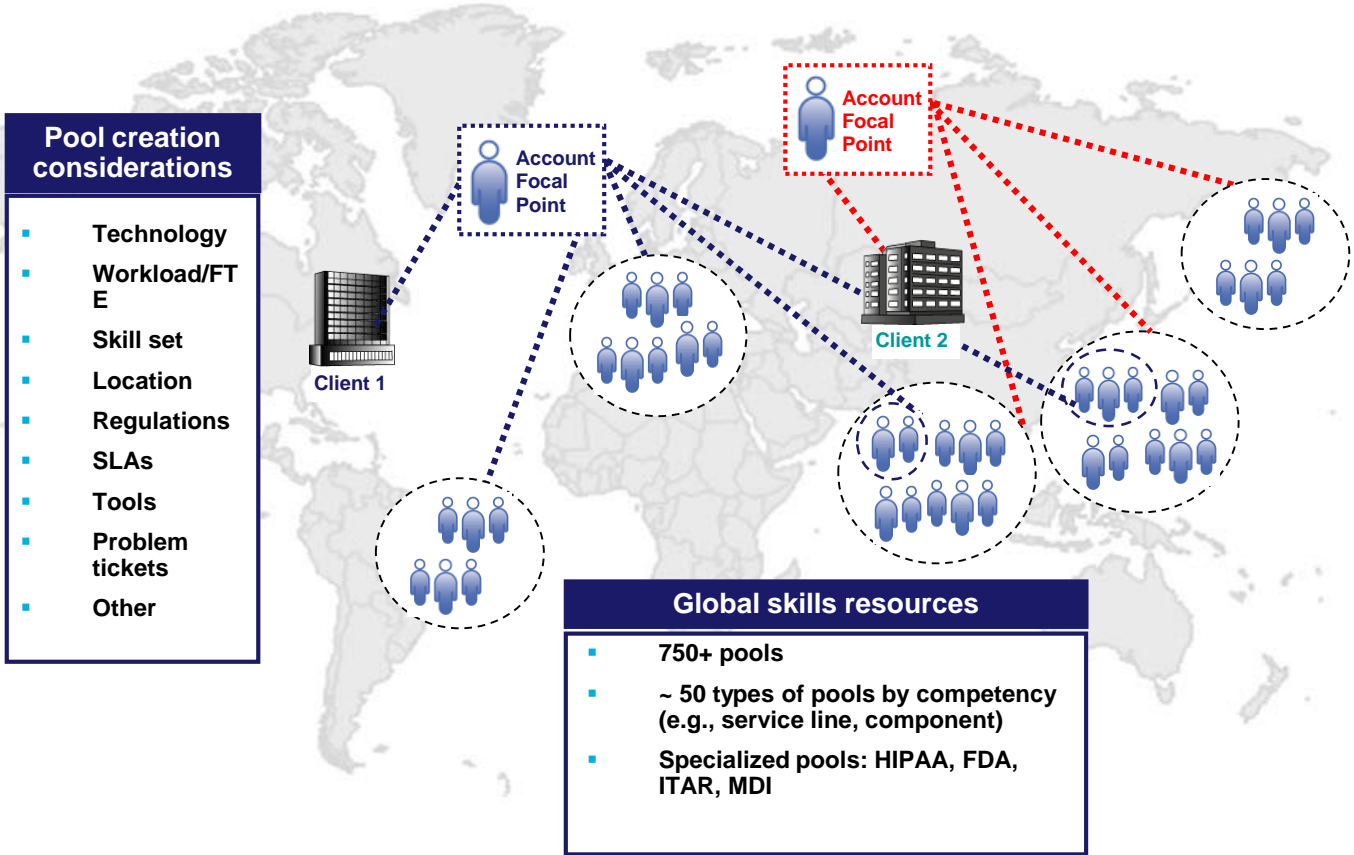
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To have the broadest and deepest talent in the business working together to fulfill our client delivery commitments

Onsite
- **Service that requires a physical presence at the client location**
- **Consulting**
- **Front-end analysis**

Local
- **Service that needs to be delivered from the same country**
- **Processing of sensitive data**
- **Legal restrictions**

Regional
- **Service that needs to be delivered from the same continent**
- **Similar time zone**
- **Similar culture**

Global
- **Service that can be standardized to achieve maximum savings**
- **Ongoing operations**
- **Monitoring**
- **Development**

Client
Onsite *Local*
Regional
Global
Global

North America
- Boulder
- Dubuque
- East Fishkill
- Toronto
- Columbia

Central Europe
- Brno
- Székesfehérvár
- Wroclaw

China
- Shenzhen
- Shanghai
- Dalian

Latin America
- Buenos Aires
- Hortolandia
- Sao Paulo

India
- Bangalore
- Pune
- Delhi
- Gurgaon
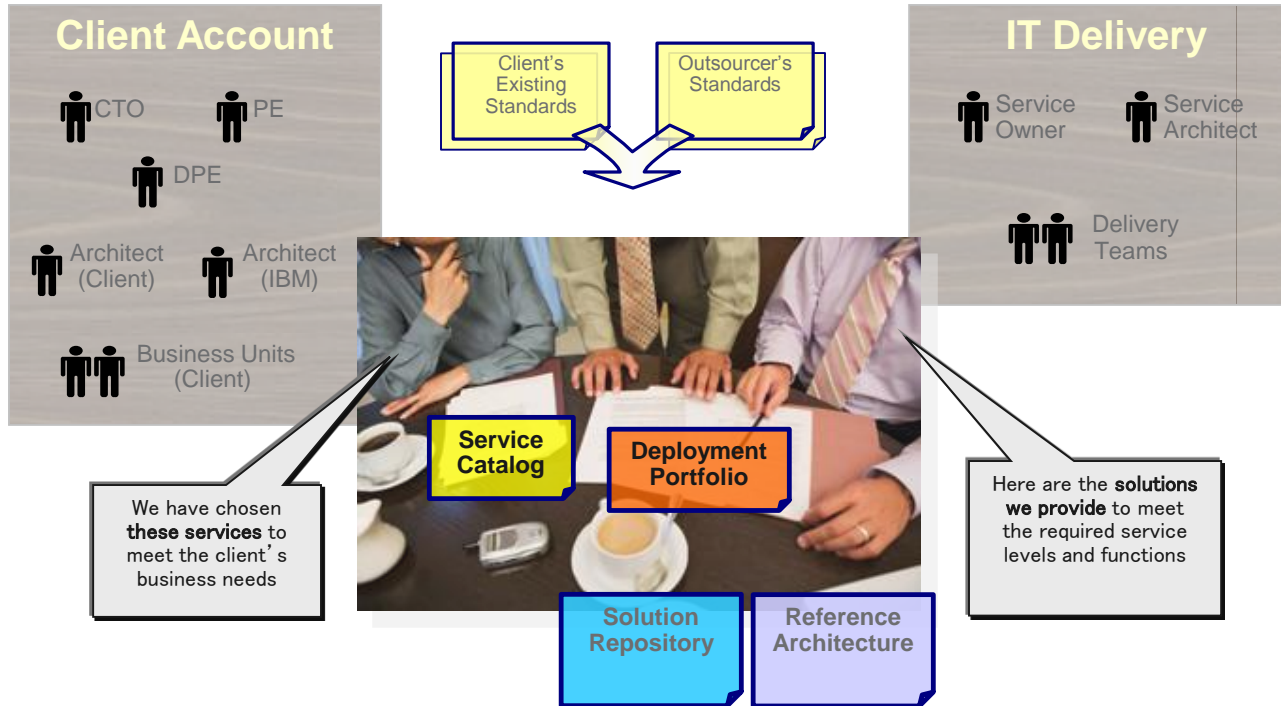- Hyderabad

All follow uniform, best-practice service management processes

To be able to dynamically create work groups/pools across the globe to best meet clients' business needs

Pool creation considerations

- Technology
- Workload/FTE
- Skill set
- Location
- Regulations
- SLAs
- Tools
- Problem tickets
- Other

Account Focal Point

Account Focal Point

Client 1

Client 2

Global skills resources

- 750+ pools
- ~ 50 types of pools by competency (e.g., service line, component)
- Specialized pools: HIPAA, FDA, ITAR, MDI

The outsourcing relationships

Accounts and delivery providers benefit most from an IT transformation based on <u>shared, reusable assets</u>. The message here is how important our standardization strategy is in our outsourcing relationships.

Client Account

- CTO
- PE
- DPE
- Architect (Client)
- Architect (IBM)
- Business Units (Client)

Client's Existing Standards

Outsourcer's Standards

IT Delivery

- Service Owner
- Service Architect
- Delivery Teams

Service Catalog

Deployment Portfolio

Solution Repository

Reference Architecture

We have chosen **these services** to meet the client's business needs

Here are the **solutions we provide** to meet the required service levels and functions

Clear and specific roles, processes and proven solutions are essential to the success of these relationships.

What is the Service Level Agreement (SLA)

An SLA is a negotiated agreement between two or more parties designed to create a common understanding about the service

It is :

❖ A communications tool

❖ A conflict resolution tool

❖ A living document

❖ A method for gauging service efectivness
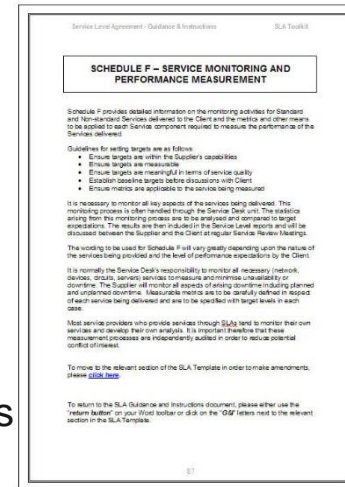
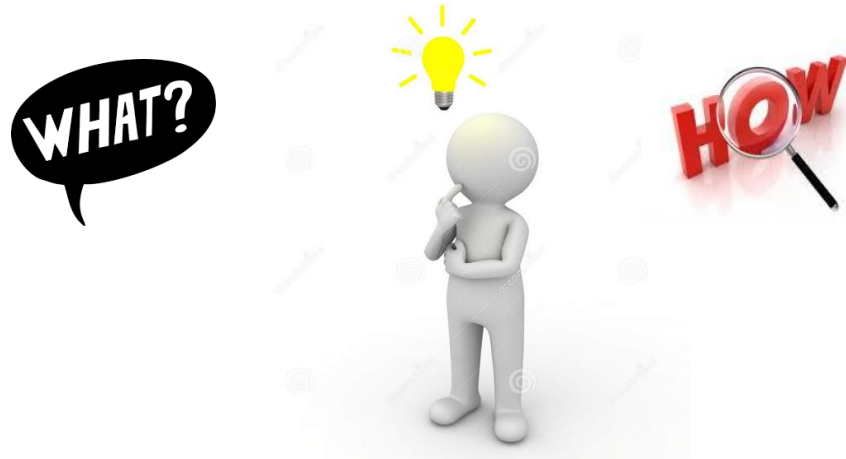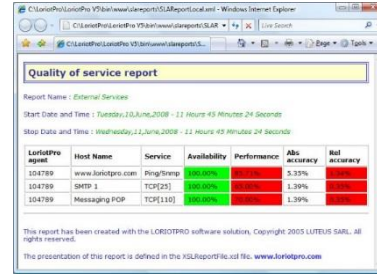# What Are Key Components of an SLA?

Service Elements cover the „WHATs"

Management Elements cover the „HOWs"

Service Elements

Service Elements communicate :

- ✓ What services will be provided

- ✓ What are the conditions of service availability

- ✓ What are the service standards

- ✓ What are the responsibilities of both parties

Management Elements

Management Elements communicate:

- ✓ How service effectiveness will be tracked

- ✓ How information about service effectiveness will be reported and addressed

- ✓ How service-related disagreements will be resolved

- ✓ How the parties will review and revise the agreement

Seven Key Steps to Establishing a Service Level Agreement

Gather Background Information	Document Expectations	Plan SLA	Develop SLA	Generate Buy-in	Complete Pre-Implementation Tasks	Implement and Manage SLA
• Review and clarify service / customer needs and priorities • Baseline current performance • Identify performance limitations • Communicate expectations to staff	• Identify affected customers • Agree on expectations • Discuss customer concerns • Hold open discussions	• Establish ground rules • Discuss division of responsibilities • Discuss scheduling issues and constraints • Discuss communication styles and preferences • Identify potential roadblocks	• Create SLA structure • Discuss and negotiate structure • Create SLA content • Solicit input / feedback on content • Finalize draft agreement	• Have all stakeholders review draft • Address stakeholders questions • Implement changes • Gain approval from all stakeholders • Finalize buy-in	• Develop performance tracking mechanisms • Establish reporting processes • Reinforce roles / responsibilities for cross-functional services • Provide necessary training	Establish POCs to: • Resolve problems related to the SLA • Maintain ongoing contact with the other party • Conduct service reviews • Coordinate and implement modifications to SLA

Factors that Affects The Timeline of SLA Implementation

- The service environment

- The proximity of the parties

- The span of impact of the SLA

- The relationship between the parties

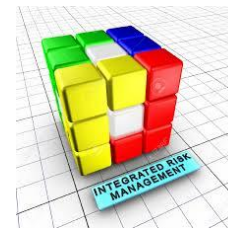- The availability of a model

- Prior SLA experience

The SLA should address the following …

- A brief service description

- Validity period and/or SLA change control mechanism

- Authorisation details

- A brief description of communications, including reporting

- Contact details of people authorized to act in emergencies, to participate in incidents and problem correction, recovery and workaround

- Business or service hours (e.g. 08:00 to 17:00), date exceptions (e.g. weekends, public holidays), critical business definitions, ..

- Scheduled and agreed service interuptions, incl notice to be given and number per period

- Customer responsibilities (e.g. security)

- Service provider liability and obligations (e.g. security)

- Impact and priority guidelines

- Escalation and notification process

- Complaints procedure

- Service targets

- Workload limits (upper and lower), e.g. the ability of the service to support the agreed number of users/volume of work, system throughput

- High level financial management details, e.g. charge codes etc.

- Actions to be taken in the event of service interruption

- Housekeeping procedures

- Glossary of terms

- Supporting and related services

- Any exceptions to the terms given in the SLA

SLA Objectives example

Service Level	Objective	Common Metric
Web Availability	Measures the availability of the Web-hosted application. This provides the organization with the percentage of time that the applications were available for use in a specific month.	99.96% availability.
Disaster Recovery (DR) Systems	In the event of severing of business services due to a man-made or natural disaster event, the time to restoration of normal business activity.	4 hours.
Storage Area Network (SAN) Availability	The percentage of time the SAN will be available for normal business operations. The goal is often 99.99% uptime.	99.90%
Call Time to Answer	90% of calls will be answered less than 30 seconds by a person after call is front-end-directed by automatic call distribution (ACD).	85% of calls are answered within 30 seconds.
Customer Satisfaction	80% "very satisfied" or "satisfied" for ticket surveys and total user group surveys (customer satisfaction process will not start until six months after contract initiation and project/activity initiation).	80% (4.0 on a scale of 5.0).
Messaging Availability	The percentage of time that messaging infrastructure is available for normal business operations.	99.00% availability.
Application Availability	The percentage of time that the application is available for normal business operations.	99.50% availability.
Variance to Application Budget	Total cost to complete program requirements will come in at the budgeted cost.	Total cost or workload estimates will +/-10% of budget for projects.
Data Network Availability	The percentage of time that the data network is available for normal business operations.	99.5% availability.
Internet Availability	The availability of the Internet to the customer. The percentage of time that the Internet is available for normal business operations.	99.80% availability.
Response Time – Network	Time required for a packet to go between an end-user demarcation point and the host site front-end processor (FEP) or similar device.	0.5 seconds.
WAN Availability	The percentage of time that the WAN is available for normal business operations.	99.90% availability.
LAN Availability	The percentage of time that the LAN is available for normal business operations.	99.90% availability.

Source: Adapted, in part, from Gartner's "Negotiating Effective SLAs for IT Infrastructure, Applications, IaaS and Business" Feb, 2014.

Example : IT Help Desk SLA

Your Company, Inc. IT Help Desk

Service Level Agreement

Provider of Service
XXX IT Help Desk staff

Type of Service
IT Help Desk primary first level support

Service Period
January 1, 20.. through December 31, 20..

Performance

In order to provide optimal first level support service to all departments, all problem and repair calls must be received by the Help Desk.

The company XXX IT HELP DESK will provide (Customer Name/Department Name) with the following support:

First level problem determination where

1. All problems will be recorded.
2. Problems will be resolved or assigned to the appropriate specialist.
3. Problems will be monitored.
4. Users will be notified of commitment times and any problems that occur in meeting the established commitment.
5. Problem resolution will be documented and available in report status.
6. Monthly reports will be provided.

A single point of contact with the XXX department for

1. Orders for new equipment.
2. Equipment moves, adds, and changes (Equipment includes personal computers, printers, and telephones).
3. Services such as data entry, building access authorizations, new computer user IDs and passwords, voice mail, Centrex lines, mainframe connections, file server connections, reports, and application program problems and requests.
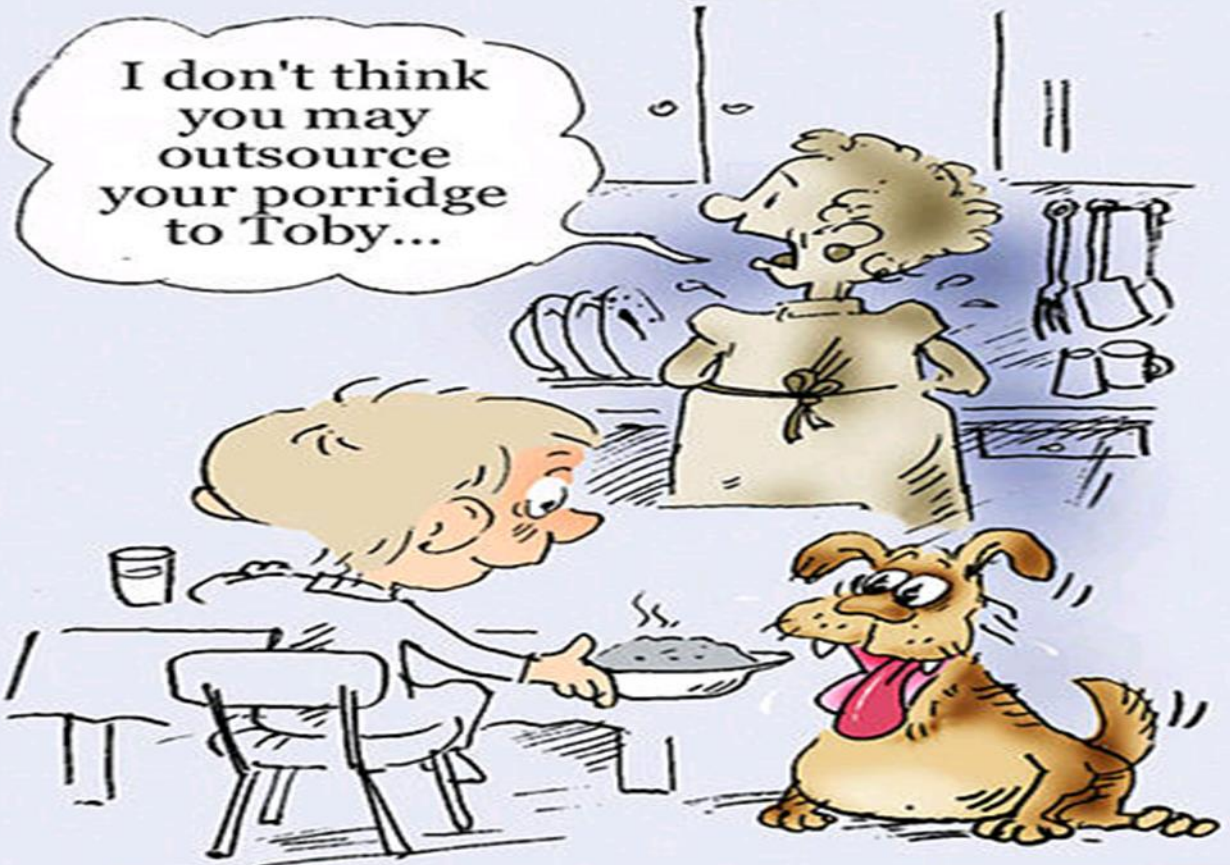
Will IT Outsourcing Continue to Grow in the Years to Come?

Outsourcing will definitely survive in the future.

To know more let's see each other next time ...