Service level agreement

PV028 AIS

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Contract for work → SLA

- Typically, service for SW is provided by the same company who has delivered the system
- Contract for service begins after the system is being handed-over/takenover
- Service contract often has a flat monthly rate
- Per year, the service can represent 5-20 % of the total cost for system development, which is an interesting source of income for IT companies

Four basic areas typically covered by SLA

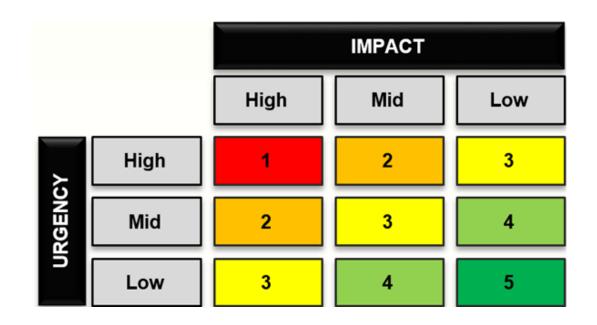
- 1. Incident management
- 2. Change management
- 3. Consultations, training
- 4. Prophylaxis (prevention)

Incident management

- Solves any kind of problem with the SW, no matter who have caused it (either client, you as provider, or some third party)
- Incident needs to be reported through a defined communication channel
 - Hotline
 - In writing
 - Helpdesk some ticketing system (e.g., Atlassian JIRA)
 - Availability: 5x10 / 7x24
- SLA may define how incident must be submitted (screenshots, description how to replicate problem, system log files, etc.)

Incident management

- Typically, two deadlines are specified in the SLA:
 - 1. First response time
 - 2. Time to resolve
- Incidents are categorized, category has impact on the due times:



PRIORITY	Time to resolve [h]
1	2
2	8
3	24
4	36
5	160

Change management

- Sometimes called as "development"
- Customers often want to improve the system even when it is officially "finished"
- Any improvement (adding new data field, changing print templates, improving existing features...) that does not count as incident falls into the change management category

Change management

- Typically, SLA has some predefined amount of work expenditure covered (e.g., 5 MD per month)
- Unused MD may be transferred to a next month, typically with some cap (e.g., no more than 15 MD can be "collected")

Consultations, training

- SLA may define availability of a service provider for consultations
- Consultations are any questions by a customer regarding how to operate the system, where to find some button or functionality, etc.
- The extent of consultations provision (and by which means) differs:
 - Documentation of code
 - User Manuals
 - "How-to" videos
 - Periodic trainings or workshops (e.g., once per year or after major update is released, etc.)

Prophylaxis - Prevention

- SLA may define periodic "health checks" of the system, e.g. twice a year
- Prophylaxis is planned such that it will not affect everyday business of the customer (prophylaxis usually takes more than one business day)
- Provider will run system tests to determine performance, usage of disc space, CPUs, etc.
- Follow-up report is provided to determine, when preventive update of HW will be commendable to avoid system failure in the future

Penalties / Sanctions

- Every SLA defines penalties for provider to ensure quality of service
 - Missed deadlines
 - Incident: first response, time to resolve
 - Penalty differ per incident category
 - Development: time to deliver new feature
 - Repeated unavailability of hotline or helpdesk
 - Fixed cost of penalty (e.g., 2000EUR) or percentage of monthly rate (5 %), typically with some cap (no more than 100 % of monthly rate)

Termination of SLA

- SLA may be defined for a fixed time (e.g., ten years of operation)
- Often times, SLA contract is signed for indefinite period
- Termination from any party has to be announced in advance (e.g., 2 year ahead)
- SLA may define conditions under which contract may be terminated immediately (serious breach of contract)

Your Homework / Last assignment

- 1. Consider the system you have described in your previous assignment
- 2. Suggest a suitable concept of SLA for this system
 - 1. Is the system critical? Will it need 24x7 support? Or 10x5?
 - 2. Think about the typical areas covered by SLA (incident and development are covered almost every time, consultation and prophylaxis not necessarily)
 - 3. Think of potential sanctions
- Aim of this assignment is to think about importance of SLA and to know what areas it typically covers
- It is not necessary to go into details, but at least 1 page is required