

# 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/taken-over
- 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:

|         |      | IMPACT |     |     |
|---------|------|--------|-----|-----|
|         |      | High   | Mid | Low |
| URGENCY | High | 1      | 2   | 3   |
|         | Mid  | 2      | 3   | 4   |
|         | Low  | 3      | 4   | 5   |

| 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”)
- Additional change requirements are paid separately based on price of extraworks

# 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