

# Service Level Management: A CA Service Management Process Map

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JANUARY 2010



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## Table of Contents

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<b>Executive Summary</b>	<b>1</b>
<hr/>	
SECTION 1: <b>Challenge</b>	<b>2</b>
Simplifying ITIL®	
How to Use the CA Service Management Process Maps	
<hr/>	
SECTION 2: <b>Opportunity</b>	<b>3</b>
Service Level Management	
Service Level Management Integration Points	
Designing SLA Framework	
Monitoring Performance	
Gather Customer Satisfaction	
Conducting Service Reviews	
Revise SLAs/OLAs	
Manage Issues	
Report Achievements	
Integrating Service Level Management With Other ITIL® Processes	
Selecting The Appropriate Service Level Management Solution	
Keys To Success In Service Level Management	
<hr/>	
SECTION 3: <b>Benefits</b>	<b>9</b>
Benefits of Service Level Management Best Practices	
<hr/>	
SECTION 4: <b>Conclusions</b>	<b>9</b>
<hr/>	
SECTION 5: <b>About the Author</b>	<b>10</b>

# Executive Summary

## Challenge

The Information Technology Infrastructure Library Version 3 (ITIL® V3) process framework approaches IT Service Management (ITSM) from the lifecycle of a service. The Service Lifecycle is an organization model providing insight into the way ITSM is structured, and embodies critical guidance for IT organizations seeking to improve service quality and align more closely with business goals to create value for the business and its customers.

One of the Challenges IT organization face is to transition from the traditional mode of operation based on “IT-devices” to a “service-centric” based operation. The challenges start often with the questions: how does a SLA look like for the services we already “offer” and what needs to be reported (internally/externally). In an environment of rapidly changing business requirements, driven by providers in the market, increasing demands and unrelenting cost pressure, this transition may lead to an ineffective operations and therefore increased costs.

## Opportunity

The Service Level Management (SLM) process provides a transparent overview, both to the customer and the provider, of service performance with respect to the service levels defined in the contract, i.e. Service Level Agreement (SLA). It is therefore the cornerstone for building a trustworthy customer relationship and governing the continuous improvement process. To optimize this process, IT needs to strike the right balance between business expectations and what it can actually deliver.

The SLM process is highly dependent on other ITIL® processes such as the definition and specification of services (Service Design) in Service Catalog Management and the data gathered by Capacity Management, Availability Management, and key process performance indicators (KPI) of the service desk (incident reaction time, incident resolution time, etc.). The maturity of those “precede” processes decides on the complexity and success of SLM.

Bear in mind that SLM often brings with it organizational and cultural change, as customers and IT personnel move away from traditional-based thinking in “systems” to “service” based thinking.

## Benefits

The CA Service Level Management process map enables IT organizations to manage services and better align IT to the needs of the business. Following the Service Level Management map provides:

- Ability to understand and communicate the quality of service to users
- Proper management of customer expectations
- Improved user / customer satisfaction
- Customer review meetings with profound service reporting
- Trend-spotting to avoid service degradation and the ability to adapt services accordingly

## SECTION 1:

*CA ITSM Process Maps illustrate at a high level how best to navigate a journey of continual service improvement guided by strategic controls throughout the service lifecycle. Each map describes the relevant ITIL® processes and activities you will need to work with to reach your goals.*

## Challenge

### **Simplifying ITIL®**

The ITIL® V3 process framework focuses on the service lifecycle and the way that service management components are structured and linked. It embodies critical guidance for IT organizations that are seeking to improve service quality and align more closely with business goals.

But, the ITIL V3 best-practice guidelines across the five phases of the service lifecycle (service strategy, design, transition, operation, and continuous improvement) are complex and challenging to interpret. Moreover, they are not designed to provide definitive advice about implementing IT Service Management (ITSM) processes. Many IT organizations consequently undertake an ITIL journey without a firm idea of their goals and the path to achieve those goals.

CA has developed a unique approach to charting the ITIL journey through a visual representation of the ITIL® framework and its interdependent ITSM processes modeled after an urban subway system. This three-part map (Figure A) presents an easy-to-navigate, high-level view of the ITIL terrain. IT executives, strategists, and implementers can use these service management process maps along with the family of CA Service Management process map technology briefs that expand on them. The maps and technology briefs provide a common reference point for understanding and communicating about ITIL and help you with program planning and implementation.

### **How to Use the CA Service Management Process Maps**

CA's Service Management process maps (Figure A) illustrate every process (or track), each activity (or station) and the key relationships that are relevant to navigating continuous IT service improvement. The ITIL quality cycle takes the form of a "circle" with each Plan-Do-Check-Act (P-D-C-A) step as a process integration point (junction) on the line. Junctions serve both as reference points when assessing process maturity, and as a means to consider the implications of implementing a process in isolation.

Strategic controls (Service Portfolio Management, Demand Management and Financial Management) are needed to reduce risk and optimize integration across the service lifecycle, as illustrated on the three points of the triangle centered in the P-D-C-A quality circle (seen more easily in Figure B). These strategic controls help in evaluating, prioritizing, and assuring the appropriate levels of financial and human resources for existing and new services.

This paper is part of a series of Service Management Process Map technology briefs. Each brief explains how to navigate a particular ITIL process journey, reviewing each process activity that must be addressed in order to achieve process objectives. Along each journey careful attention is paid to how technology plays a critical role in both integrating ITIL processes and automating ITIL process activities.

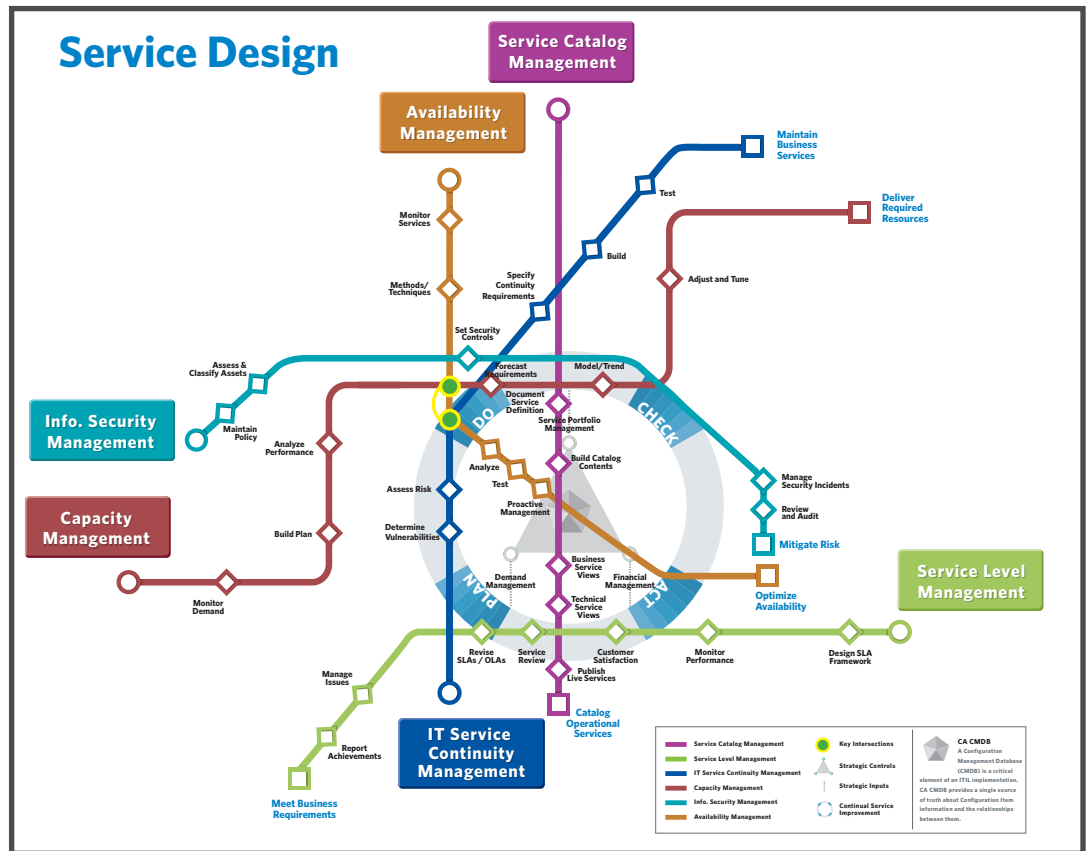
FIGURE A

CA has developed three maps: Service Design, Service Transition and Service Operation since most ITSM discussions focus on these critical ITIL® disciplines.



FIGURE B

The Service Design map represents a journey of improving the processes for the service “creation” that lays the foundation for the service transition and operation processes.



## SECTION 2:

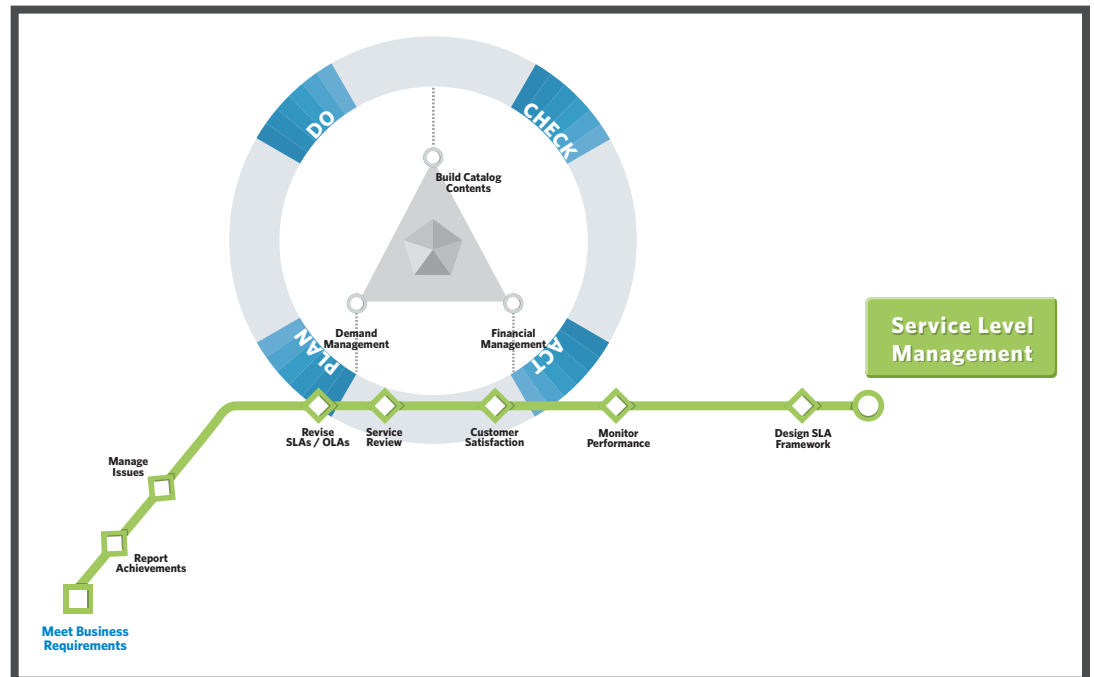
## Opportunity

### Service Level Management

The SLM process allows for planning, coordinating, supplying, agreeing, monitoring, and reporting on the Service Level Agreements (SLAs). In addition, ongoing service reviews will be conducted to ensure that the service quality satisfies the agreed requirements and can be improved where needed.

FIGURE C


Service Level Management track



Service Level Management is dependent on other processes and requires inputs for effective functioning. The most important inputs are:

- Information from strategic planning and service portfolio
- Service design and service specification coming from the service catalog
- Business Impact Analysis (BIA)
- Service monitoring metrics definitions and data
- Service customers/consumers
- Legal aspects/contract/frameworks

Also, SLM requires certain roles to ensure effective functioning. The Service Level Management Process owner (SLM Manager) is responsible for designing the SLM framework and negotiating between the customer requirements and the capabilities of IT and legal aspects. It is quite common to find fundamental differences between what the customer and the consumer (users) want, what they really need, and what they are willing to pay.



*Many IT organizations spend too much time defining the service bottom-up i.e. concentrating on the technical and operational aspects of the service. SLM can enhance ITs value to the business by gathering first the SLRs from the customer/consumer and then working their way down to the technology. By mapping SLRs to SLAs and moving further down to existing technical and operational metrics (part of Operation Level Agreements- OLAs) the gap between the “is” and “to be” state becomes transparent and can be closed (top down design bottom-up construction).*

However, the design of the SLM framework occurs in an environment of rapidly changing business requirements, driven by providers in the market, increasing demands and unrelenting cost pressure. Satisfying the customer’s Service Level Requirements (SLRs), time-to-market, and the quality of service at an acceptable cost is important for the success of the provider. Depending on the number and complexity of the services, “Service Line Managers” may be held accountable for individual services, their capabilities, cost, and the service advancement within their lifecycle.

From an ITIL® perspective, successful SLM results in sound working relationships, as SLAs are met as part of legal contracts. Unfortunately, some service providers still use service contracts to convey services delivery in terms that are not relevant or meaningful to the customer, which often creates conflict. This demonstrates that Service Level Management is a journey for both the service provider and its customers and highlights that one of the main goals of SLM is to manage customer and consumer expectations.

ITIL® V3 helps to define meaningful service contracts by introducing the concept of “business services” and “technical services”. The business services are the IT services delivered to the customer—i.e. are consumed by the end users to support them in their business processes. The business services represent the customer view of the service catalog and rely on technical services. The technical services are the building blocks for the business services and together with relationships to the supporting services, shared services, components and CI’s support the provisioning of services to the business. In general, the technical services are not directly visible to the customer.


The seven main process stations within Service Level Management include:

- Design SLA Framework
- Monitor Performance
- Gather (Monitor) Customer Satisfaction
- Conduct Service Reviews
- Revise SLAs/OLAs
- Manage Issues
- Report Achievements

### **Service Level Management Integration Points**

Although there is no integration point depicted on the subway map, SLM is dependent on the service specifications, as outlined in the Business Service Catalog. The service catalog process develops and maintains a business and technical service catalog that includes accurate details of all operational services and those being prepared to run operationally. Since the logical relationship between these two processes is very close, they are often integrated.

Apart from this logical relationship, in most medium to large sized organizations the words service catalog can mean many different things to different people. In fact when we look at ITIL®’s definition, there is a possibility for interpreting it in different ways. CA has published a technology brief entitled “Service Catalog Management” that charts out the process map and describes in more detail guidelines to produce and maintain an effective service catalog.



In this brief we need to understand the role and importance of the service catalog from an SLM perspective. Originally conceived as more of a static list of services that IT provides, this has matured into having both a business and technical view. In all cases, the service catalog describes a business process, a product, an enterprise service or collections of discrete service components, and any value-adding capability that assists the organization or its individuals to drive business forward. We collectively call these “services” and it is important they are described in a way that is meaningful from a business perspective.

As service catalogs mature they must be able to deliver value by standardizing service definitions and being able to publish their descriptions to the business. They must also reduce cost by automating the service request process, by reducing manual intervention, and increasing economies of scale. This means that the service catalog is the key publication and subscription mechanism for the IT organization to the business for live services.

The service definition usually includes the goal of the service, price of the service, agreed service levels, and a detailed service description. The detailed contents of the service definition will depend on the audience for the catalog. These can generally be broken down into technical users and business users. The service catalog should facilitate different views depending on role and business.

The service catalog can be a critical resource in providing an industrialized delivery capability to the business organization by including the facility for automating the request, approval, and reporting process and mapping that to the provisioning and fulfillment process. The only way this can be a success is by implementing ITIL®.

### Designing SLA Framework

In general, IT service providers have been in operation for some time now. So, the SLM process starts with the list of business service definitions that come from the service catalog process. The next step is determining and documenting the exact quality requirements from the customer for existing and new services to produce SLRs. Based on this input, SLM has to design the best possible SLA, so that all services can be provided and clients can be serviced in a manner that meets mutual needs. To ease this process, typically the service provider introduces various forms, questionnaires, checklists, and document standards (SLR and SLA templates). These form the SLA framework to make the process more efficient and repeatable. Often SLA categories are introduced as well, to offer one and the same service in different qualities and cost (i.e. Gold, Silver, and Bronze). This allows for further standardization of services and formalization of the process. Deviations from the service standards will occur regularly, but should not become the standard itself. Typical aspects that are relevant for the service provider and the customer in a SLA are:

- Service Description (should come from the service catalog)
- Coverage of the agreement  
(the consumers, locations, exclusions, etc.)
- Service times  
(for example 7x24 or Mo.-Fr. in business hours between 7 am and 7pm)
- Maintenance intervals

- Availability  
(i.e. 99.5 during service times except during maintenance intervals)
- Service Level  
(an example could be: SL Gold = Incident resolution time within 5 business hours)
- Service Level measuring point/methodology  
(Dimension of measuring point could be location or a point in time; Methodology might be customer experience monitoring (real transactions), synthetic transactions etc.)
- Communication, Complaint and Escalation procedures

### Monitoring Performance

Before the various best possible SLAs (thresholds) can be identified, benchmarking data about the services and its components should be gathered. This provides valuable information on the standards behavior and limits of the services.

With regards to the SLA in the contract, the performance of the business service and the overall outcome has to be reported. This requires that everything incorporated in the SLA is measurable; otherwise disputes may arise, which damages the confidence and therefore can ruin the customer relationship. Depending on the type of service (and the service provider model) the SLA business service performance metric might be the same metric as for the technical service covered in a OLA (i.e. storage capacity for SAP) or might be a total different metric (i.e. dialog response time for an SAP transaction or the response time by the service desk for specific incidents related to a service).

### Gather Customer Satisfaction

Besides the “hard-facts” in the SLA, it is recommended to improve the client relationship by noting how the customer experiences the services rendered in terms of “soft” criteria. With some business services this might be an easy task, by incorporating customer experience metrics in the SLA like dialog response times etc. With other services, where the human factor is heavily involved, this might become an extra task by using additional feedback forms. An example could be the perceived competency and friendliness of the call-center agents.

### Conducting Service Reviews

Based on the measured business service performance in an SLA and the gathered customer satisfaction information, service reviews with the customer are conducted regularly. These reviews allow for evaluation of the services with respect to the customer changes and the market (competitors) and identifying possible improvements for service provisioning. The importance should be attached to those improvements, which yield the greatest benefit to the business of the customer. These service improvements should be documented and maintained in a Service Improvement Plan (SIP).

### Revise SLAs/OLAs

Along with the Service Improvement Plan the provider has to check and confirm that the associated SLAs are still relevant and sufficient. If Service Levels become more stringent, the supporting OLA's have to be verified on meeting the new requirements.



### Manage Issues

In any of the above activities, issues may arise. These issues typically represent a conflict between meeting the SLRs of the customer with one or multiple services in an economic way. In addition, monitoring representative service performance data for reporting may be a challenge.

To successfully establish the SLM Process, the following principles have proved themselves:

- Always define services and service levels by collaborating with the customer/consumer.
- Take into account that SLAs are often used as a basis for financial management.
- Proactively look for integration to other ITIL processes. It is vital to understand that there is a certain level of integration (inputs become outputs) that naturally takes place among ITSM activities.
- Automate service level monitoring and breach notification.

### Report Achievements

It is the service provider obligation to report on the delivery—i.e. the performance of the business services against the SLAs and to document them in service reports. During service level review meetings the provider has the opportunity to discuss the perceived quality of the service level reports by the customer and improve it successively. Quite often the understanding of the customer for service level violations increases by presenting them with a measurable improvement plan to correct the identified weak spot.

At this point a provider of internal approval for reports might be important, since reported service degradations can result in financial penalties for the provider. SLM will enhance its value by identifying and documenting the source for the degradation. This way, financial penalties can indirectly be forwarded to the provider of the OLA, in case it has been outsourced.

### Integrating Service Level Management With Other ITIL® Processes

To be truly optimized, SLM needs to integrate with other ITIL processes. For example, configuration items (CI) define the relationships between CI, people, and processes that make up the IT services offered through the Service Catalog, and which form the foundation for SLA and OLA and underpin contract development, negotiation, and monitoring.

With such an all-encompassing, critical process, process automation is vital, and should deliver the following capabilities:

- Monitoring of service levels and notification of service level thresholds and breaches that provide automatic alerts based on the SLA, business rules, and escalation procedures
- The ability to build and measure OLAs and aggregate to SLAs and contracts
- A controlled and secure means of access
- Web-enabled client access offering integration with other applications and the Configuration Management Database (CMDB)
- Ability to build and present an online actionable and fully integrated Service Catalog



## Selecting The Appropriate Service Level Management Solution

Tools that support the Service Level Management process provide:

- Connection to the business Service Catalog definitions and specifications
- Allowance for defining SLA definitions, metrics, and thresholds
- Management of SLA contracts with SLA metrics and thresholds definitions
- Ability to measure and import customer experience data from the business services
- Definition and calculation of SLA service and contract breaches
- Definition, calculation, and monitoring of service levels and quick notification on breaches
- Automatic creation of OLA and SLA Reports

## Keys To Success In Service Level Management

Unlike with other ITIL processes, one important success factor for SLM lies outside the provider's sphere of influence. The proper implementation of the SLM process relies on the role of the customer (i.e. service requestor). Still this role is sometimes not defined in detail (for example, who is responsible for defining service times across different locations?) and often customers simply don't know the exact requirements of the service consumers. The following are some of the most important areas to focus on within the Service Level Management process:

**UNDERSTAND THE BUSINESS.** Understand and document SLRs stated by the customer and note how they affect the customer's business. At later points in time try to suggest service advancement that give the customer an advantage in the market over its competitors.

**DESIGN SLAS THAT CAN BE MEASURED AND MET ONLY.** Benchmark (baseline) the services before defining the SLA thresholds. Use SLA metrics that are relevant or meaningful to the customer.

**QUICKLY ADAPT SLAS AND BUSINESS SERVICE TO NEW CUSTOMER REQUIREMENTS.** Particularly in IT departments, we see an environment of rapidly changing business requirements. Driving customer satisfaction and change to grow the business should be a goal for any service provider that wants to be a strategic partner.

**AUTOMATE SERVICE LEVEL MONITORING AND BREACH NOTIFICATION.** Real-time or semi real-time monitoring and early breach notification allows securing—i.e. stabilizing service delivery operations with extra capacities or resources to avoid financial penalties. It's the chance for the service provider to take action before the SLAs are breached at the end of the reporting period.

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## SECTION 3:

### Benefits

#### Benefits Of Service Level Management Best Practices

The benefits of implementing an effective Service Level Management process aligned with ITIL® best practices include:

- Deliver Business Services that are relevant to the customer
- Continuously improve quality of business service to consumers
- Improve customer/consumer satisfaction
- Build a trustworthy, mutual beneficial relationship.
- Become a strategic partner to the customer that understands and helps drive business
- Create satisfied reference customer to gain market share as a service provider

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## SECTION 4:

### Conclusions

The main objective of Service Level Management is to build and maintain a customer oriented focus, moving away from traditional based thinking in “systems” to “service” based thinking. This often includes organizational and cultural change.

On the other side, SLM plays a key role in defining IT service (delivery) standards, laying the foundation for further IT industrialization. This analogy in mind, SLM is the process that provides the metrics and the dashboard to drive the IT fabric.

Service Level Management makes sure, focusing externally, that the services provided meet the customer requirement throughout their lifecycle. Focusing internally, the defined and agreed-upon standards help IT to further tailor and optimize operation to decrease cost maintaining the service quality.


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## SECTION 5:

### About the Author

Romano Tesone has 10 years of experience in IT Service Management. He has been consulting in the development and delivery of ITIL® solutions for large clients in the Services, Manufacturing, and Financial industries. He has performed these Service Management consulting services throughout Europe.

Tesone has been speaker on various ITIL® congresses including the SMF Service Management Forum and the CECMG in Germany. His Service Management process strengths lie within Service Catalog, Service Level Management and Financial Management and Service Monitoring (SLA and OLA).



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