

The SLA Way to IT Success:

Building Confidence and Credibility with IT Service Level Management

IT organizations are now challenged to build credibility and confidence with business decision makers. This challenge will become especially demanding as the economy further tightens and cost-cutting pressures mount. According to Gartner¹, the top CIO priorities of 2009 include improving business processes and reducing the cost of IT.

To ensure their organizations remain a vital and respected contributor to business value, IT managers must aggressively monitor and report on service levels. Service Level Agreements (SLAs) are now the key factor in translating IT effectiveness into measurable business value. Service Level Management (SLM) is the emerging discipline that revolves around ensuring these agreements are appropriately governed and met.

Given the emergence of SLM, several key questions have arisen:

- What are the key drivers that make it increasingly critical to monitor and report on IT service levels?
- How will IT organizations address this challenge and confront the failure points that have undermined past efforts to implement Service Level Management?
- What are the capabilities of an advanced SLM solution and what benefits should they deliver?
- What are the key decision criteria that should guide one's decision on an SLM solution?

This paper will address these questions and provide actionable advice to help IT leaders make Service Level Management a powerful reality. You'll learn the best practices to embrace – and the worst practices to avoid – as you embark on your effort to build greater confidence and credibility with the business.

¹ Gartner, "The 2009 Gartner Scenario: The Current State and Future Direction of the IT Industry" and "Cost Optimization for Infrastructure and Operations"

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The Key Drivers of Service Level Management

Several market trends are now playing out that will force IT to rethink how it interacts with the business and how it communicates its impact. Here are the top trends observed:

- **Tightening economy forcing IT to further justify its investments and defend its value.** As the current downturn forces companies to cut back, one place senior management will look for cuts is in IT. While some trimming may be inevitable, the severity of cut backs and downsizing will certainly be related to IT's ability to justify the value of its ongoing efforts.
- **Rising pressure to ensure IT and business are fully aligned.** While the "alignment question" has long been hanging in the air, it is now reaching a new intensity as the business looks to IT as an enabler of innovation, growth and operational execution. To be perceived as truly valuable in this era, IT must be increasingly aligned with business strategy and embedded in business operations. Client expectations are rising.
- **Growing emphasis on measuring IT value, impact, and performance.** IT's increasing ability to measure its own impact is creating demand for more measurement. Senior managers increasingly expect reporting and analysis that captures top measures and indicators of the IT organization's performance. By meeting this demand, IT operates more like an independent, responsive, and client-focused business as opposed to a mere source of overhead.²

Leaner times are clearly forcing greater accountability on everyone. IT managers are responding to the rigorous demands of the moment by embracing Service Level Management.

Emergence of Service Level Management as a Discipline

What is Service Level Management? It's the monitoring and management of service quality using a set of key performance indicators. SLM requires the IT organization to compare actual performance with pre-defined expectations, determining appropriate actions, and producing relevant performance reports.³

Organizations rely on Service Level Agreements to define appropriate levels of stability, reliability, and performance for IT infrastructure. By employing SLM, organizations can identify potential performance issues and set alerts to minimize the risk of downtime. By documenting expectations in SLAs and meeting them, IT organizations can build confidence and ensure they are meeting the service levels they've negotiated.

The emergence of SLM has created a demand for new tools and solutions that advanced the discipline. "By keeping track of service levels over time and analyzing historical service-level trends, IT organizations can use SLA monitoring and reporting tools to predict and prevent problems before they impact business users," according to Gartner.⁴

² Andrew Hiles, "Service Level Management: Seeing the Big Picture," <http://www.nextslm.org/media/andrew-hiles/player.html>

³ Carol Hildebrand, SearchCIO.com, "Service Level Management: Link IS Performance to Business Goals," Sept. 25, 2003 http://searchcio.techtarget.com/news/article/0,289142,sid182_gci929482,00.html#

⁴ Milind Govekar, Debra Curtis, Gartner, Inc. "Hype Cycle for IT Operations Management, 2007," June 22, 2007

Why is SLM on the rise? It enables IT to actively monitor and report on results that are relevant to the business unit – results that are clear and have been negotiated in advance. SLM further enables IT to successfully align its efforts with business expectations. This improves communications with the business and enhances the credibility of IT. The business unit, in turn, gains confidence in the ability of IT to deliver on established metrics and performance levels.

On the other hand, IT organizations can undermine their credibility in the eyes of the business by executing SLM poorly. The SLM initiative will naturally raise customer expectations, creating disappointment if those expectations go unmet. That's why it's critical to approach SLM in a rigorous and disciplined fashion – helping to ensure a successful outcome.

First Steps toward SLM

IT organizations that are just getting started in SLM are encouraged by industry experts to monitor current service levels to establish a baseline of service quality. That enables them to gauge whether they can meet the expectations of the business units with existing resources or if they will need to make added investments in infrastructure to achieve expected levels.

Then, it's necessary to begin defining the metrics that must be managed to meet expected service levels. It's critical that the IT organization strive toward defining business-oriented and client-facing services that reflect the day-to-day concerns of the business unit. This may lead to a special set of service level metrics.

But there also are other metrics that will matter. Gartner recognizes two kinds: service delivery metrics and service availability metrics.⁵

Service delivery metrics might pertain to the time it takes IT to respond to particular service requests. How long, for instance, will it take IT to respond when a user calls the service help desk to report a specific type of problem?

Service availability metrics might be linked to business applications or IT infrastructure that is operational in a production environment. Can a business application, for instance, be available 99.5% of the time on a 24 by 7 basis? Can a particular business transaction be completed in less than 3 seconds?

By monitoring and reporting on such metrics, IT ensures that it is performing to the expectations it has set and strengthens its linkage to the business. Unfortunately, there are multiple failure points that can undermine an IT organization's efforts to succeed with SLM.

⁵ Interview with Debra Curtis, Gartner, Summer 2008, Gartner and up.time software podcast:
<http://www.uptimesoftware.com/gartner.php>

Three Failure Points in Service Level Management

To successfully roll out an SLM initiative, IT organizations must be aware of – and avoid – the typical failure points that have undermined those who have preceded them.

Among these points of failure:

- **Failure to measure properly.** It's vital to have metrics that address the real-world concerns of the business unit. Metrics on server availability and network capacity may be useful to IT, but they do not reflect the objectives of the business. IT organizations fail when they stop short of translating service level metrics in ways that are relevant to the business. At the same time, IT needs to be prepared to renegotiate metrics when circumstances change – when the business exceeds forecasted demand, for instance.
- **Failure to evolve.** The demands of the situation are subject to change. Both IT and the business need to be prepared to rework, refine and renegotiate their SLAs if and when circumstances change. If demands increase, IT may need to make new investments in performance monitoring tools and infrastructure.
- **Failure to build momentum.** Some organizations make the mistake of treating SLM as an expansive, enterprise-wide initiative that must be rolled out with great fanfare from the beginning. Others make vast commitments to big framework solutions that are difficult to deploy or open source solutions that lack sophistication. Whatever the case, SLM is vulnerable when IT organizations fail to identify short-term wins that can generate momentum and support for SLM.

With these risks and failure points in mind, IT managers should identify a Service Level Management solution that helps overcome them.

Enhanced Service Level Management Solutions

In order to build confidence and credibility with the business, IT organizations are now embracing Service Level Management solutions. Enhanced SLM solutions are easy to implement and provide monitoring and reporting capabilities that ensure IT is meeting its established commitments. They clearly demonstrate the value of IT to the business.

Enhanced SLM enables you to quickly set and follow your SLA status. Stay on top of SLAs with intelligent alerting and get notified if your SLA is at risk. When potential issues are spotted, quickly drill down to service level objectives to determine which components of your infrastructure are putting your SLA at risk. Then, take decisive action to correct the problem, get the SLA back on track and avoid future risk of non-compliance. Consider some of the key benefits associated with the right solution and what you should expect:

- **Visibility.** Solutions should **easily map business needs to IT infrastructure.** The business units aren't worried about servers or network issues; they care about mission-critical services and applications like Email, Payroll, and CRM. Solutions should map the business needs to the infrastructure used to deliver it, helping you provide high value reports and graphs that the business can understand.

- **Immediate Results:** While some conventional SLM solutions take months or years to deploy, the power of today's most advanced solutions is that they can deliver results rapidly. This enables IT groups to quickly take steps that will enhance business alignment and prove their business value. Solutions should deploy quickly and start reporting SLAs within days.
- **Predictability.** Advanced solutions should **remove risk. You should be able to quickly learn**, based on your past performance, if you would have hit, missed, or exceeded the SLA targets before you commit to them. The solution should use proactive SLA 'what-if' type modelling that's based on historical data. Using existing data, you can quickly learn how well a proposed service level would have fared in the past. Then, you can set realistic, forward-looking SLA thresholds. Your IT group can then prove its value with the separate lines of business in the enterprise and safely deliver on its service level promises.
- **Responsiveness.** Advanced solutions should provide real-time SLA dashboards showing SLA status and trending. Detailed SLA reporting measures the impact of each infrastructure element on SLA delivery. Straightforward graphs and reports help business managers immediately understand and act on the information they've been presented. Alerting shows if your SLA is trending to meet, exceed, or miss its target in the future.

SLM in Action: Toll Holdings Group - Case Study



Podcast Available: For the full story, listen as Gartner explains best practices for SLM and Toll Holdings Group describes their very successful and quickly deployed SLM initiative.

Podcast Link: <http://www.uptimesoftware.com/gartner.php>

Toll Holdings Group is a leading provider of integrated logistics services in the Asia-Pacific region with annual consolidated revenues of \$7.5 billion. With a string of successes that started back in 1996 with a management buyout, Toll Holdings has produced growth both organically and through acquisitions. Unsurprisingly, the company's growth has created a complex IT environment with diverse infrastructure.

To address the varying demands and requirements of Toll's different business units, the company's IT organization implemented a Service Level Management initiative. "One of the things that we've been having a lot of problems with was mapping [their requirements] back on to the IT services," says Stephen Boucher, Unix Infrastructure Manager for the Toll Holdings Group. "[W]e have been concentrating more and more on that service-level arrangement with the business units, so that not only are we delivering the services, but we're also meeting their requirements in such a way that they can track it today."⁶

As Boucher explains, the SLM initiative "brought the business more on board." It has clarified and helped solve existing problems relative to IT services delivery. It has also made the business units more accountable for their own capacity planning, he adds, avoiding problems that previously emerged when it was too late to address them effectively.

⁶ Interview with Stephen Boucher, Toll Holdings Group, Summer 2008, Gartner and up.time software podcast: <http://www.uptimesoftware.com/gartner.php>

What advice would Boucher offer other organizations that are just now embarking on an SLM initiative? “Start as simply as possible,” he says. “It’s the most important thing I can suggest. One of the things we found was that by producing some quick wins, getting the cost level down, we could deliver immediate benefit to the business.”

This advice is reflective of his group’s key criteria in choosing an SLM solution. “The main [concerns] were around quick delivery,” he says. “We wanted something that was both simple initially but also fairly powerful from an expandability point of view. And then the other criteria that we had were from a reporting and analysis point of view, where we wanted to be able to produce simple but detailed reports that were easy enough to understand for the business.”

As he explains, it was crucial to have these capabilities out of the box. Deployment speed was critical. “[People] lose patience very quickly,” he adds. “Once people lose interest, they all go off in their own little directions.”

How did Toll Holdings choose its solution? “We looked at a whole stack of stuff,” Boucher explains. “In previous companies, I had a lot of experience with the larger tier of vendors. While they had some wonderful functionality later on, part of the problem that we’ve had with them all the way along was being able to return those quick results. We also looked at some of the open-source solutions, and there are a few of those out there too. The main issue that our people had with them was the reporting output.”

Ultimately, the team chose ‘up.time’ to provide its SLM solution. “I’d had recommendations on up.time from a few people, and therefore we decided to give it a look,” says Boucher. After a test deployment of the top contenders, Toll found that up.time “just stood out as a quick deployment and quick results solution,” he concludes. “The business was very happy with the style and content of the reporting, the trending, all of the functionality that’s built in.”

Five Steps to Success with SLM

Experience in the field suggests there are several best practices to follow if you want to achieve success with Service Level Management. Among them:

1. **Get quick wins.** Don’t boil the ocean. It’s critical to define and confine the scope of the project upfront. This helps the IT organization get quick wins and build momentum for ongoing success with the SLM initiative. By contrast, enterprise rollouts are fraught with risk and liable to get bogged down along the way. By getting small successes, you can establish a template or format that works for your company.
2. **Determine metrics that matter to the business.** By ensuring your measures are the ones that interest the business, you align the IT group with them and get everyone speaking the same language. Once you have the metrics that matter, you can map them to your IT infrastructure management efforts.
3. **Set realistic and achievable SLA targets.** IT organizations get in trouble when they don’t have meaningful baselines to build from. Guessing is not appropriate when setting service levels. But they also get in trouble when they overextend themselves. It’s important to set clear and attainable levels and refine them over time. This limits risk and increases client satisfaction.

4. **Move beyond the rigid and complex framework solutions.** Many of the most recognized IT Service Management frameworks offer SLM capabilities. The trouble is that they are difficult to deploy and use. By increasing cost, risks and time-to-implementation, they reduce the likelihood of success. Best to move to one of today's advanced SLM solutions.
5. **Think win-win.** Service Level Management is about building a relationship between IT and the business. It's not about policing. If all parties approach SLM with an attitude of mutual respect, they can strengthen relationships – and service level agreements – over time.

Service Level Management clearly is an issue with growing resonance in the marketplace. As pressure on IT budgets becomes more severe, the importance of such initiatives will only grow. Whether you are in a large, mid-sized or small enterprise, this may be the time to start exploring an SLM solution that can deliver quick wins at minimal expense.

Potential Solution:

'up.time' from uptime software, is systems management software created to meet and exceed the needs of Service Level Management and Reporting. In addition, up.time is on the cutting edge of virtual and physical infrastructure monitoring and management through a 'Single Pane of Glass.' up.time focuses on working with customers 'in the trenches' to meet and exceed the needs of its enterprise clients around the globe. uptime software is driven to provide **exceptional value**, with simple, low cost licensing and a flexible and nimble client engagement approach that is unique in the industry. If you are interested in **solving your IT infrastructure monitoring and management problems in a cost-effective way**, please have your team evaluate up.time to see how quickly and effectively up.time can give you both control and cost savings. **up.time can be downloaded and installed to trial in less than ten minutes.**



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Across multiple Locations & Environments: Centrally monitor, manage, and report on your entire global infrastructure, across locations and for both virtual monitoring and management and physical systems monitoring and management. Create customizable, role-based, cross-regional enterprise dashboards and reports to better align and optimize global IT resources. See enterprise-wide service availability and performance from a single dashboard and easily manage global service level agreements and enterprise applications. See across Solaris, AIX, Windows, Linux, HP-UX, Novell, and VMware (server monitoring, capacity planning, SLA Management, application monitoring, IT services monitoring, network monitoring, and full virtual systems and VMware monitoring and management).

Integrate and Deploy Quickly:

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Easily Monitor and Manage your Virtual Infrastructure:

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