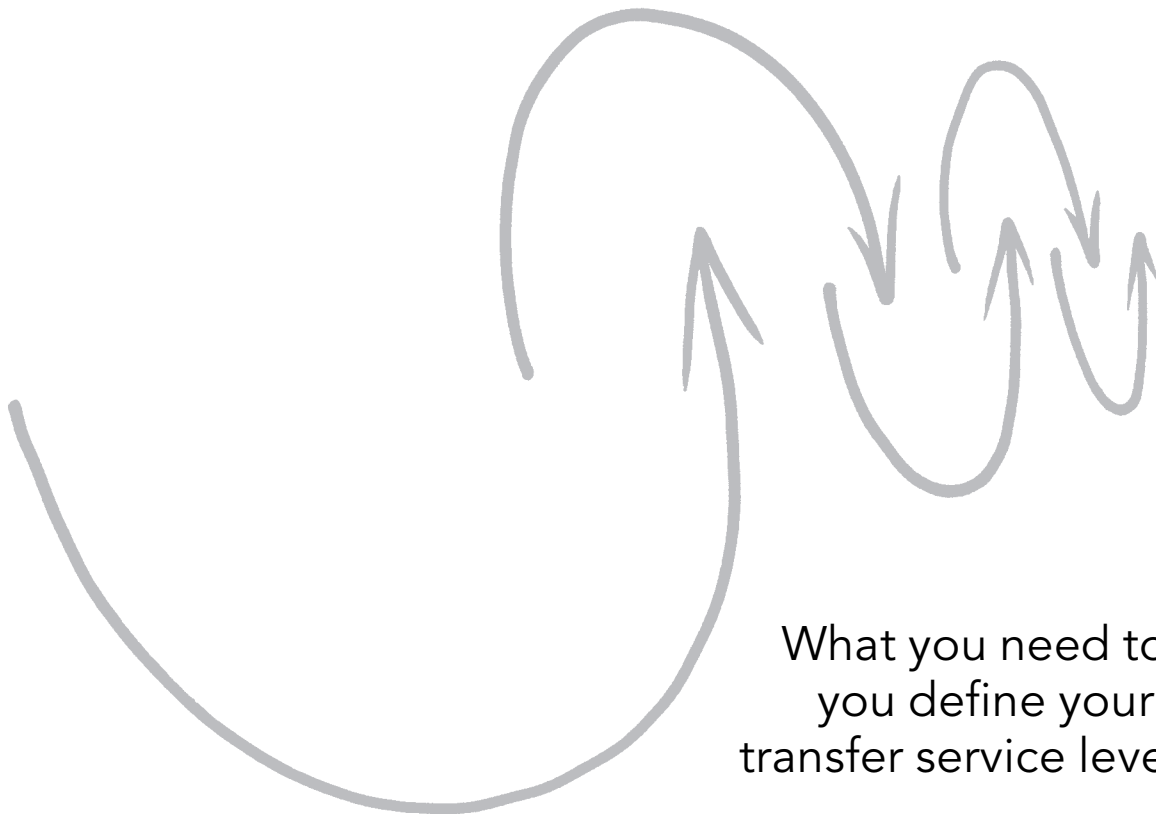


The Five Critical SLA Questions



What you need to know before
you define your managed file
transfer service level agreements

Introduction

A Service Level Agreement (SLA) is a formal, negotiated agreement that spells out the level of service that will be delivered from a service provider to its customer. In this way it is both a commitment and a score card.

You know the definition. But are you aware that the use of SLAs as part of the service delivery management process is on the rise—regardless of whether it's for external use, internal use, or outsourcing agreements?

According to Oblicore, external use remains ubiquitous at about 91 percent; internal use is up to 84 percent from 60 percent in 2005; and in outsourcing, it is up to 88 percent from 57 percent in 2005.¹

Are you now looking at an SLA commitment? If you're going to succeed, you'll have to do your homework. This paper identifies the five critical steps you should take before you define your Service Level Agreements.

1. "2007 Service Level Management Survey: Results, Trends and Analysis," May 2007, Oblicore, Inc.

SLAs: Tools to ensure performance

Whether you yourself are initiating the setup of SLAs, or you are doing so at the request of customers, SLAs are critical tools that can help ensure appropriate performance.

Traditionally, SLAs have been used in the IT space to measure simple 'feeds and speeds'. In dealing with data or file transfer, it has covered such things such as whether a process or file started or stopped within a certain timeframe.

Go beyond the feeds and speeds

This method of measurement requires capturing, retaining, and analyzing volumes of data that can prove or disprove compliance with specific provisions of an SLA. But does compliance actually measure customer satisfaction, which is the real root of SLAs? It doesn't matter what numbers you produce to prove compliance; if your customers aren't happy, they won't be customers for much longer.

Make your SLAs more meaningful

For a successful SLA, you need to tailor the measurements to specific business processes and goals that have an impact on revenues and profits. And measurement of the things that impact revenues and profits will ultimately measure how happy your customer is. For example, your customer may not care to know that every file starts on time. But they will want to track that specific critical transfers are completed in a certain time window. They will also want visibility into indicators that support root cause analysis. This will include your time to respond and time to resolve. Do you have the processes and the resources needed to backup your SLAs?

Avoid the typical pitfall

But what if you don't have SLAs in place right now? Where do you start? One common mistake in creating SLAs is to begin with the SLA itself.

Typically, SLAs are first drawn up by people in marketing and legal departments, and then they are implemented by systems administrators. But this method has problems:

- You are forced to deal with a set of measurements you can't actually measure
- It will take a significant investment to address the required measurements
- None of the measurements actually gauge customer satisfaction

The better place to start is at the beginning. Actually, the best place and time is before the creation of the actual SLA.

Before you even draft an SLA, do your homework. Figure out what metrics would add valuable information and insight. Understand whether and how you can take measurements on an ongoing basis. And benchmark yourself to help ensure you can meet defined SLAs. You should also get the marketing and sales people involved so they know your strengths and weaknesses and what you can write effective SLAs against. You want to avoid a situation where you have to monitor and manage to an

impossible SLA that was defined by someone else; but you also want to be sure that once you identify appropriate metrics, sales and marketing has buy-in so they can help guide the process with the customers.

According to Shally Bansal Stanley in Network World, “The truth is that SLAs are nothing more than insurance policies. Just as life insurance doesn’t guarantee life, SLAs don’t guarantee levels of service. They provide you with compensation in case something goes wrong.”² As the vendor, you want to be sure that you are writing SLAs that you can meet, so you don’t have to deal with the situation of having to provide compensation.

Realize that SLAs are a high level scorecard for a range of activities. Take a look at the business and IT processes that are required to support the SLA to which you have committed. This includes staffing, systems, and processes that you will need to have funded and operational.

Know the steps, then get started with confidence

Here are five easy steps you can take before defining the official SLA. Take them to heart and you’ll have a firm foundation for SLA success—for you and your customers:

1. Identify the specific business processes and goals to be measured.
2. Identify the metrics that will demonstrate success for the processes and goals.
3. Define and implement repeatable processes for gathering the metrics so they are reliable and trustworthy.
4. Define and implement repeatable processes for monitoring and reporting on the SLAs.
5. Benchmark yourself against your defined metrics and using your defined processes.

Step 1: Identify the specific business processes and goals to be measured

Your SLAs will probably be individual per customer. But you should have a good starting idea of your company’s business, the services you specifically are offering, and the value of those services to your customers. The business processes and goals you identify to measure for a customer should have real impact on the business, ideally impacting revenues and profits. If the business processes and goals don’t directly tie back to the customer’s success then there is little point in spending the effort to track them.

For example, in the financial services industry, electronic settlement has become a way of life. And because of the increasing use and importance, delays in settlement increase both cost and risk of the transaction itself. In fact, delays of a few seconds or minutes can make a difference of thousands of dollars. Therefore, electronic settlement transactions would be identified as crucial business processes. And the corporate and regulatory guidelines governing those processes—such as timeframes for completion—would define the goals.

2. “Strengthen Service Level Agreements”, Shally Bansal Stanley, Network World, May 6, 2002

Step 2: Identify the metrics that will demonstrate success for the processes and goals

The next step is critical—identifying how service effectiveness will be measured. In most cases, brainstorming can produce a long list of possible metrics. Therefore, an important part of this step is narrowing down the list to some realistic and meaningful metrics. While it is potentially possible to include every identified metric in the SLA, creating such a comprehensive SLA could dramatically increase the monitoring and management burden, thereby indirectly and unintentionally increasing the cost of the service itself.

One of the first criteria you should use in culling down the list is to evaluate whether the metric can be captured today with current systems, and monitored programmatically. According to Oblicore's service delivery management research, the rapid increase in implemented SLAs has led to manual processes for management and monitoring. However, while respondents to the survey consistently rated management of the SLA process as very important, they simultaneously rated their effectiveness in management of the process as very low.

Therefore, if you cannot capture and monitor metrics today electronically with current systems, it is important to understand how much investment would be required to do so. This is important for two reasons. First, as mentioned above, efficiency of the process. Second, a significant investment to enable capturing a metric could actually increase the cost of the service.

You should also critically evaluate each metric to ensure that it really does make the service better. In the settlement example used above, for example, you might originally identify a metric that a file transfer occurs within a fifteen-minute window. That metric is valid and is measurable, but does it ensure that the service meets expectations? What if the transfer was supposed to arrive by 5 pm but it doesn't arrive until 5:20 pm, even though the transfer itself occurred within the 15-minute window? In this example, you would have met the SLA criteria, but the customer would be dissatisfied. Reevaluating the criteria, it would be better to identify the metric as the transfer being completed by a certain time.

Step 3: Define and implement repeatable processes for gathering the metrics so they are reliable and trustworthy

Some research has indicated significant gaps in perception of service actually delivered. In fact, 66 percent of suppliers believe they meet service levels more than 90 percent of the time, while only 40 percent of service consumers think that same service level is met. Once again, even if you can "prove" that you met agreed service levels, if your customer is not happy, you have a problem.

One of the keys to closing this gap is defining and implementing repeatable processes for gathering the metrics, and then communicating those processes to the customer. The process may not actually be included in the SLA itself, but the trust it can help develop between you and your customer could be crucial. If customers believe your

reports are reliable, they will be less likely to question the results, which could lead to costly and time consuming audits or reviews.

One of the ways you can build trust is by being able to demonstrate how and where your numbers come from. Utilizing a centralized system for gathering the information can reduce the need for extensive integration or data warehousing, which will drive up the complexity of the SLA process. Identifying how and where you will gather the data can also provide pointers for accumulating additional information. In fact, some metrics can be defined in such a way that, through appropriate monitoring, you have the opportunity to correct issues before an actual problem has to be reported. Even if an actual problem is reported by the customer and it activates provisions of the SLA, you still need to have defined notification, escalation and resolution processes to correct it in a timely manner.

For example, in Step 2 we reviewed the case where the SLA condition may be that a type of file is required to have arrived by a specific time, 5 pm. However, through this metric and process definition exercise, you can easily see that if you identify a metric that measures when a file transfer starts, you may be able to alert someone before it is actually missed. This enables you to correct potential issues before they become real issues. Or, for gold-level customers, you may be able to proactively notify them of error or other conditions that might impact them. Both of these are proactive actions that could go a long way in gaining credibility and trust of your customer.

Step 4: Define and implement repeatable processes for monitoring to and reporting on the SLAs

In most cases, data is abundant and readily available. In fact, if you aren't careful it can be downright overwhelming. In an SLA process, your customer only really cares about the defined conditions of the SLA. You, on the other hand, care about both the defined conditions of the SLA and any other indicators that could be early warning signs of missed conditions. Not only do you want to be able to report on successfully meeting your SLAs, you want to be able to identify potential issues—before they become reportable issues against an SLA.

Previously we discussed narrowing down the specific metrics that you want to monitor. This step is equally important to prevent data overload in the ongoing management and maintenance process. While it is important to gather the appropriate data to be able to report appropriately back to your customer, you also need ongoing visibility into the data so you can handle exceptions as they occur—both real-time and historical.

The historical view is important so that you have the data for reporting to your customer. It is also important for trending and analytics so you can keep up with the trends of your customers and track how well you do against your SLAs. This will enable you to improve performance over the long term, arm you with the information for changes to existing SLAs when they come up for renewal, and ensure that future new SLAs are reasonable and appropriate.

In general, you want to be sure you have the ability to monitor both successes and variances. Your successes you definitely want to be able to report to your customer, and your variances need to have internal visibility for root cause analysis and correction.

Flexibility is crucial throughout the process, but it is particularly crucial in the analysis and reporting process. The ability to customize should be built in from the beginning. SLAs will vary from customer to customer. And even though you may be able to design in such that they are all using the same type of metric, chances are that the actual thresholds will vary. Plus, they will all have different escalation procedures and they will all want different reports.

Step 5: Benchmark yourself against your defined metrics and using your defined processes

One point we haven't addressed so far is the actual threshold of the metric, or the variances allowed by the SLA. If you don't know how you are actually performing today, you won't know whether your SLA is achievable. In other words, if you set up an SLA that says you will deliver 100 percent of certain file types within a certain timeframe, but historically you only achieve 98 percent, then you will miss your SLA commitments, even though 98 percent may be considered above average in the industry.

This benchmarking step may also identify areas for improvement, before you even enter into an SLA. You might even find that you can avoid implementing costly SLAs at all. This can be accomplished through small performance improvements and by managing performance expectations through better documentation and communication with your customers.

Cover all the bases with IBM Sterling Control Center

IBM® Sterling Control Center provides centralized monitoring and consolidated management features that allow you to meet stringent SLAs and improve performance against service levels. It is used around the world for file transfer activities being completed via IBM® Sterling Connect:Direct®, IBM® Sterling Connect:Enterprise®, and IBM® Sterling B2B Integrator.

You can count on Sterling Control Center for visibility into both server and transaction status. For example: is a file in danger of not completing on time, is a server up or down, or did a file transfer complete on time or not. What's more, Sterling Control Center provides these capabilities in a non-intrusive manner. It is installed into existing file transfer infrastructures without requiring changes to existing processes.

When you take the powerful capabilities of Sterling Control Center and apply its use to specifically preparing for implementation of SLAs—as opposed to simply monitoring file transfer processes—the value derived becomes even greater. Traditionally, data about file transfer processes is extensive. To complicate the issue, a robust enterprise file transfer solution most likely supports multiple platforms, among multiple business units, and across multiple geographies. So, even though the data exists that would be

needed to analyze and identify appropriate metrics, it may be in different systems or difficult to access.

Sterling Control Center addresses this issue by providing a centralized and normalized repository for all the data about the file transfer processes. And, once it is centralized, it becomes considerably easier to view and correlate the data through a common graphical interface. In this way, it facilitates making smart business decisions based on reliable data.

Access to this centralized data becomes available simply by identifying the file transfer servers into which you want visibility. In other words, through a simplified GUI setup, you identify the file transfer servers that you want visibility into, and the data immediately and automatically begins to be programmatically captured. This process to gather the information is non-intrusive and does not require changes to existing file transfer processes.

With the data gathered and normalized in one location, it is then a simple matter of setting up the rules and events to track per the specific SLA you want to monitor. Setting up the rules and events is completed through the standard user interface and does not require programming knowledge.

Because of the ease of the user interface and the fact that the data is collected in one place, there is a large degree of flexibility in how you can monitor the data itself. For example, you can monitor when a file transfer started, when it ended, how long it took, whether or not it occurred at all, etc. And you can compare that data against the defined SLA which might identify when it was supposed to start or end, or how long it was supposed to take. You can also monitor whether a file transfer is in danger of not completing on time, thereby enabling you to proactively address error situations.

Sterling Control Center also enables you to send notifications using a variety of mechanisms. For example, for internal purposes, a user could track exceptions through the Sterling Control Center GUI itself. This mechanism provides rich access to all the data about the file transfer and related exceptions. You also can send notifications of positive or negative events via e-mail. This means that your end customer, whether or not they have access to Sterling Control Center, can be notified about a variety of events.

And finally, Sterling Control Center can send information via SNMP traps to other systems. For example, if you have a centralized trouble management center or system, the information could be sent there.

With budgets and resources shrinking at the same time responsibilities are increasing, Sterling Control Center offers a way to improve overall customer satisfaction by enabling an easy way to monitor according to customer requirements and proactively deal with and communicate successes and exceptions.

About Sterling Commerce

Sterling Commerce, an IBM® Company, helps organizations worldwide increase business agility in their dynamic business network through innovative solutions for selling and fulfillment and for seamless and secure integration with customers, partners and suppliers. More information can be found at www.sterlingcommerce.com.

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