

# How to Drive ROI From Service Performance: Examining The Cost Benefits of Automated Service Level Management

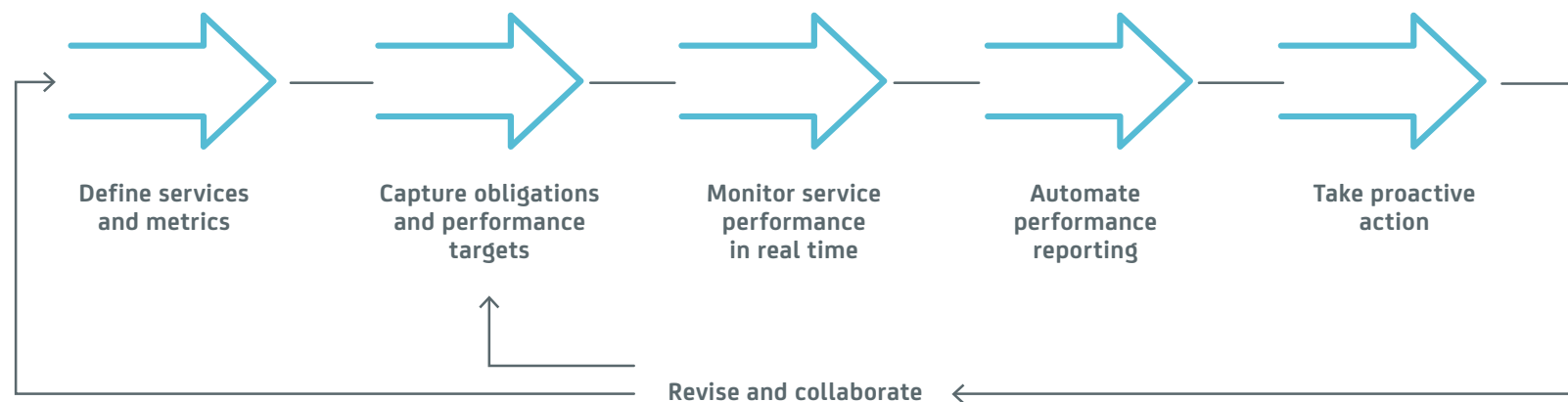
# Why Should You Manage Service Performance?



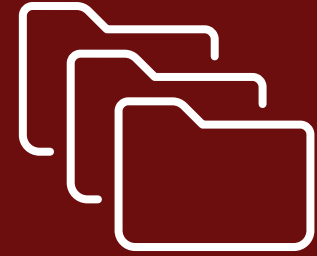
IT does not manage infrastructure in a vacuum. In addition to the day-to-day management and maintenance of the environment, IT has to support the immediate needs of business users, while also keeping tabs on company and customer objectives.

The challenge with these competing objectives is that when things go wrong, IT's priorities are typically directed to address the most recent and critical issues that have come up. Because higher-level feedback from the company and customers tends to be periodic, it often gets lost in the “noise” of the more frequent business users requirements. As a result, it is common for IT's focus to drift toward handling these operational concerns, rather than following through on strategic initiatives that could improve the business.

In the midst of this tug-of-war for IT's attention, internal and external service-level agreements (SLAs) must be a focal point, as they are typically the means a company uses to align performance to strategic objectives. Organizations hoping to meet and monitor service-related obligations can do so by implementing a service level management (SLM) process that includes the following steps:



# Balancing Service Performance Across the IT Supply Chain



Because the IT supply chain extends across supplier, customer and internal environments, IT organizations have to monitor service performance in three distinct areas of the business: inbound services from the supplier, outbound services to the customer and internal services within the enterprise. Each area creates a different set of challenges:

## **For Inbound Supplier Services**

IT has to monitor the underpinning contract to ensure that the organization is receiving the service it purchased, and if it isn't, that penalties are being collected from the supplier.

## **For Outbound Customer Services**

IT needs to proactively review customer SLAs to make sure it is meeting customer commitments – and that the organization is avoiding reporting and penalty costs.

## **For Internal Services Within the Enterprise**

IT must monitor SLAs and operating-level agreements (OLAs) to ensure that it is meeting its obligations to departments, business units and the organization as a whole.

In order to achieve these goals, IT organizations must actively manage relationships with customers and suppliers, improve costs, quality and agility around service levels and define and manage service-performance characteristics. However, if they are employing manual SLM processes, these tasks are easier said than done.

# The Challenges of Manual Service Level Management



It's not uncommon for today's organizations to manually manage their service commitments using spreadsheets and documents, which is an approach that creates numerous challenges. For one, when service contracts and SLA and OLA documents are drafted manually, they rarely leverage previous experience or best practices, so the time and effort that went into prior contracts is not effectively utilized.

What's more, the acts of manually gathering data from multiple points (e.g., network, applications, service desk, etc.) and measuring against contractual performance are inefficient, labor-intensive and costly. On top of that, reporting is often prone to errors and occurs after the fact, which means the organization cannot proactively address service issues.

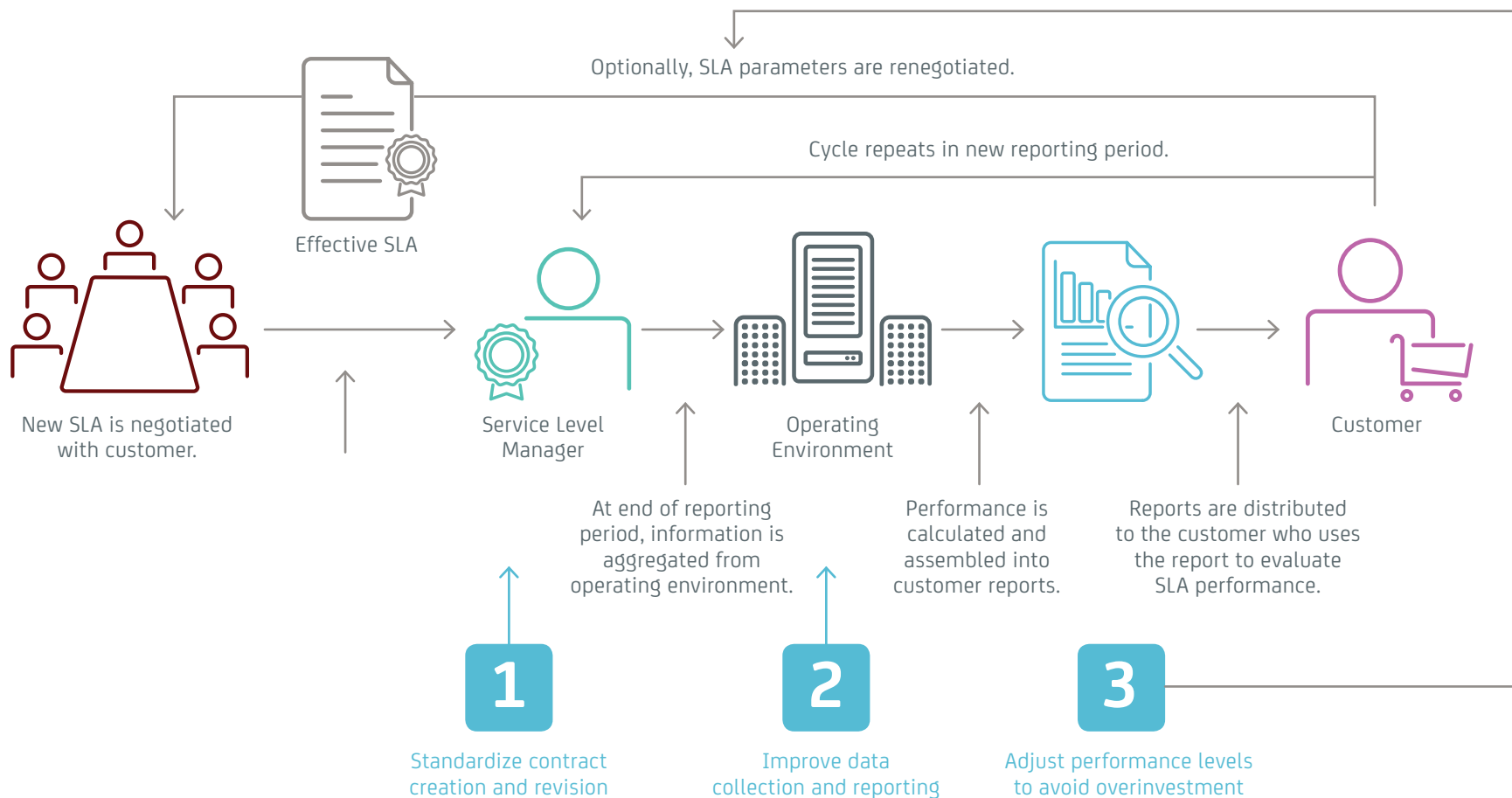
When these challenges occur, obligations are missed, internal and external customers become dissatisfied, which affects budgets and renewals, and the organization has to pay too many – or collect too few – penalties.

However, with an automated, best-practice SLM methodology, organizations can:

- Maintain a higher level of customer satisfaction with delivery assurance, while simultaneously improving management and reporting costs
- Identify correctable violations before they affect penalties, and provide guidance on the best areas to focus IT's efforts
- Standardize and automate the SLM and reporting process, while maintaining the existing operational infrastructure

# Driving ROI With a Best-Practice SLM Methodology

Organizations that implement an automated, best-practice SLM methodology have the opportunity to drive ROI from three key points in the SLA lifecycle:



# 1. Standardizing Contract Creation and Revision



## Manual SLM

- Creates inefficiencies that bog down the SLA creation and negotiation process
- Requires new contracts to be drafted for each customer, even when a service hasn't changed
- Increases data-collection work by generating unnecessary, custom metrics rather than standardized ones
- Wastes time, reduces productivity and creates opportunities for human error

## Automated SLM

- ✓ Increases standardization around contract creation
- ✓ Reduces labor-intensive processes and restores productivity
- ✓ Eliminates errors and encourages institutional learning around best practices



## 2. Improving Data Collection and Reporting



### Manual SLM

- Increases the burden of aggregating, correlating and analyzing data
- Makes it difficult to manage exceptions, such as planned outages, and adjust data accordingly
- Leads to reactive, error-prone reports that are often inaccurate and subject to scrutiny
- Reduces focus on strategic objectives, resulting in drift to operational events that can ultimately affect budgets or contract renewals

### Automated SLM

- ✓ Streamlines the data-collection process
- ✓ Eliminates the “reactive” paradigm
- ✓ Helps improve relationships with internal and external customers

### 3. Adjusting Performance Levels to Avoid Overinvestment



#### Manual SLM

- Leaves IT at the mercy of “loud” user requests that demand immediate attention and pulls them away from strategic objectives
- Prevents IT from monitoring SLAs in real time and potentially adjusting performance as necessary
- Reduces visibility into how the organization is performing the service over the lifetime of the SLA

#### Automated SLM

- ✓ Helps organizations transition away from a reactive, break-fix mode
- ✓ Directs IT's focus to tasks that keep services within SLA parameters
- ✓ Enables improved allocation of finite resources to meet business needs



# About the Solutions From CA Technologies

CA Business Service Insight enables you to move beyond simple monitoring of transactional performance, infrastructure elements and individual incidents, so that you can understand the impact of operational performance on contractual obligations. This means you can improve performance by creating accountability to contractual obligations, develop a collaborative environment for monitoring and reporting service performance, automate contractual performance reporting requirements and improve the ability to manage issues proactively.

Key features of CA Business Service Insight include:

- A Service Performance Library that standardizes contractual measurements
- SLA templates that enable rapid composition of common contract bundles
- A unique Aggregation and Correlation Engine that ties operational performance to obligation metrics
- An infrastructure-agnostic approach to data collection that negates the need for changes to an operating environment

With CA Business Service Insight, you can:

- Improve satisfaction by effectively communicating performance
- Improve penalty collection, reduce penalty outlay and limit over-provisioning
- Improve productivity around SLA management and reporting

# Examining the Benefits for Enterprises and Service Providers



Using benchmark data derived from industry research, subject matter experts and experiential analyses of current CA Business Service Insight customers' environments, CA has projected the following benefit impacts for organizations that implement the solution:

## Typical “Internal” Benefits

- Increased SLM productivity by 50-60%
- Increased recovered costs when outages occur by 25-35%
- Reduced effort required for reporting and contract maintenance by 50-60%
- Reduced risk of excessive IT costs and overhead expenses by 10-20%

## Typical Service Provider Benefits

- Increased customer growth and retention by 45-60%
- Increased revenue due to better accountability/fewer disputes by 15-25%
- Improved penalty prediction and avoidance by 20-30%

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<https://www.ca.com/us/register/forms/collateral/CA-Business-Service-Insight-Projected-Impact-and-ROI.aspx>

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