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Meaningful SLAs

by Ciaran Roche

Network managers have never been in a better position to negotiate meaningful Service Level Agreements (SLAs) with the outsourcing partners. SLAs have traditionally been fairly toothless, vanilla, 'one-size-fits-all' metrics applied by carriers to all customers with little in the way of customization. They also tend to play to the carriers' core strengths, i.e. the resiliency of the core backbone network, with availability - and perhaps latency - being the key components. Now, clearly, having the network up and running is crucial, but there are some more detailed criteria that need to be considered.

The first is that, invariably, these metrics are monitored internally by the carrier with no independent review. In terms of ensuring the integrity of the SLA, this is a little like putting the foxes in charge of the henhouse. The second point is that availability and latency, while important, are blunt instruments when it comes to the overall performance of the network. There are a variety of other metrics which may have a stronger bearing on ensuring that mission-critical business processes are maintained.

• Proactive versus reactive fault resolution: Proactive identification of 70 percent of faults may sound unreasonably optimistic, but customers can obtain these kinds of commitments from some network providers. Taking these kind of metrics into account at the SLA stage puts the onus of fault identification onto the partner provider and can have a hugely beneficial impact on the performance of the network.

• Time to fix (not time to site): This is not simply about fielding a junior employee who may or may not have the experience to resolve a problem within a fixed time simply in order to tick a box and keep a promise made to a customer. (Wired Magazine in the US refers to these employees as 'Appeasement Engineers'.) Having 80 percent of problems fixed within five minutes and resolving 98 percent of faults without a site visit is a realistic commitment. The goal should be problem resolution, not simply a meaningless olive branch.

• Time to provision: The last thing an organization needs is for delays in provisioning at the start of the relationship to impact on the performance of the network.

• Management reporting: Online reporting is becoming more important as a means of providing visibility of network performance.

• Application-specific SLAs: Nobody wants a network for its own sake. It is there as an infrastructure for business applications. After all, the network manager of a transportation company may be able to live with intermittent interruptions to e-mail traffic, but will take a very different stance to the same problems occurring with the company's core logistics package.

Another key issue is whether SLAs are truly end-to-end. In many cases, performance guarantees are only applied across the carrier backbone while the tail circuits - the "last mile" of connectivity from the carrier's Point of Presence to the desktop - are often excluded from any agreement. This can lead to a finger-pointing exercise with the carrier saying, "It's not our fault," but that is of little consolation to the end-user who is denied access to applications or network resources. In truth, this is beginning to be addressed by some carriers, but the penalties for non-compliance are usually laughably inadequate.

So, the first step in negotiating SLAs is to make sure that the criteria genuinely reflect the requirements of the business. The second step is ensuring that the penalties for non-compliance have real teeth and provide more than just a slap on the wrist for an offending carrier. An SLA that strikes at the very lifeblood of a carrier, however draconian that sounds, would provide a real incentive for change. When our company strikes an SLA with its customer, we contract to rebate a significant proportion of our management fee if we fail to satisfy the criteria laid out up front. As this is our primary source of income, non-compliance has a direct impact on our bottom line and we are therefore highly motivated to ensure that problems either don't arise in the first place or are fixed promptly.

If there are serious, ongoing problems with the performance of a network, or with significant portions of a global network, then customers should have negotiated the right to swap out that part of the network for an alternative. If this is not an option open to a customer, then the value of the SLA must be called into question.

In its most extreme form, significant network underperformance should be punishable by the cancellation of the contract - without penalty. Naturally, the terms under which this can be invoked need to be carefully agreed, but that is true of any element of an SLA. Again, customers trying to negotiate this with a carrier should expect extreme push-back as the carrier business model relies on heavy up-front investment recouped over a long period of time. Still, if a network is a mission-critical part of a business's infrastructure then this must be an option if the customer is to have any peace of mind.

The fact is that SLAs can be structured to provide a high level of performance guarantees and appropriate penalties. In what is now an incredibly competitive telecoms environment, customers are now better placed than ever to extract from carriers service levels that have a meaningful relationship to their business. If we can make the economic realities bite sufficiently hard then we can emerge with the telecoms industry we deserve, rather than the one that we are saddled with at the moment.

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