# Service Level Agreements – Example 3

Review the service level terms and discuss the questions listed below for each. All terms are taken from a “standard” service level agreement and terms represent all of what was included in that standard SLA. Remember to consider both what is in the SLA (and what expectation it sets) and what is missing and the implications of not defining standards.

Each group will have a different SLA to discuss.

### Questions

Discuss each question in your small group. If you would like to submit your answers, you can do so at [www.gfoa.org/poll](http://www.gfoa.org/poll)

1. What does the SLA do well?

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1. What in the SLA concerns you?

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1. What is missing from the SLA?

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1. On a scale of 1 to 10 (1 = terrible and 10 = good), please rate the SLA

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**Example SLA 3**

**1. Support Terms:**

VENDOR will provide Customer with support 24x7x365 (24 hours a day, 7 days a week, 365 days a year) in accordance with this SLA.

**2. Service Availability:**

VENDOR’s Service Availability commitment for a given calendar month is 99.7%.

Service Availability is calculated per month as follows:



**3. Definitions:**

* **Total** is the total minutes in the month
* **Unplanned Outage** is total minutes that the Service is not available in the month outside of the Planned Maintenance window
* **Planned Maintenance** is total minutes of planned maintenance in the month.

Planned Maintenance is four (4) hours for weekly maintenance, plus four (4) hours for monthly maintenance, plus four (4) hours for quarterly maintenance. VENDOR’s current weekly maintenance begins at 2:00 am (Eastern USA) on Saturday; monthly maintenance begins at 6:00 am (Eastern USA) on Saturday; and quarterly maintenance begins at 10:00 am (Eastern USA) on Saturday.

If actual maintenance exceeds the time allotted for Planned Maintenance, it is considered an Unplanned Outage. If actual maintenance is less than time allotted for Planned Maintenance, that time is not applied as a credit to offset any Unplanned Outage time for the month.

The measurement point for Service Availability is the availability of the Production Tenants at the VENDOR’s production data center’s Internet connection points. Upon Customer request not more than once per month via the Vendor case management system (“Customer Center”), Vendor will provide a Service Availability report.

**4. Service Response:**

Vendor’s Service Response commitment is: (i) not less than 50% of (online) transactions in one (1) second or less and (ii) not more than 10% in two and a half (2.5) seconds or more. Service Response is the processing time of the Production Tenants in the production data center to complete transactions submitted from a web browser.

The time required to complete the request will be measured from the point in time when the request has been fully received by the encryption endpoint in the Production data center, until such time as the response begins to be returned for transmission to Customer. Customer may request a Service Response report not more than once per month via the Customer Center.

**5. Production Data Center Disaster Recovery:**

Vendor will maintain a disaster recovery plan for the Production Tenants. Vendor commits to a recovery time objective of twelve (12) hours - measured from the time that the Production Tenant becomes unavailable until it is available again. Vendor commits to a recovery point objective of one (1) hour - measured from the time that the first transaction is lost until the Production Tenant becomes unavailable.

Vendor will test the disaster recovery plan once every six months and will make available a written summary of the results of the most recent test.

**6. SLA SERVICE CREDIT EXHIBIT**

In the event of a failure by Vendor to meet the Service Availability and Service Response minimums as set forth in the SLA, as Customer’s sole and exclusive financial remedy for such failure, at Customer's request, Vendor shall provide service credits in accordance with the following:

1. First month of missed availability or response minimum: The parties shall meet to discuss possible corrective actions
2. Second month in any rolling six (6) month period: 10% of the Subscription Fee paid for the applicable month for the affected Service application
3. Third month in any rolling six (6) month period: 20% of the Subscription Fee paid for the applicable month for the affected Service application
4. Fourth month in any rolling six (6) month period: 30% of the Subscription Fee paid for the applicable month for the affected Service application
5. Fifth month in any rolling six (6) month period: 40% of the Subscription Fee paid for the applicable month for the affected Service application
6. Sixth month in any rolling six (6) month period: 50% of the Subscription Fee paid for the applicable month for the affected Service application
7. More than three months in any rolling six (6) month period: Within sixty (60) days following the date that Vendor notifies Customer of such failure through its posted SLA attainment information Customer shall have the option to terminate the entire Agreement and upon such termination Customer shall receive a refund of all prepaid subscription fees that are unearned as of the date such termination is effective.
8. If more than one of the above (a through g) is triggered, Customer will be eligible for the greater amount for the applicable month only. Credits shall be deducted from subsequent invoices for subscription fees or other fees or, upon expiration or termination of the Agreement, paid to Customer directly.