CASE STUDY – L2 SLA improvement and Resource Utilization

A Confidential company consisting of 32 sub companies with 25,500+ employees, based out of Hamburg Germany with a turnover of over $5BN+ was one of my high-profile clients.
This case study explains how I reduced the average SLA of the issues and reduced the overall operation cost by building the guideline documents.

Contents

Challenges: High operational cost due to involvement of both L2 and L3

When an alert is raised from the system, L2 resources will be responsible for handling the alerts independently but that does not happen considering the complexity of the action that should take for an alert. Hence the L2 employees reach out to L3 for guidance.

Few Metrics before we proceed,

Employees considered for the case study – L2 & L3

No. of shifts per day: 3 (8hrs each – 24/7)

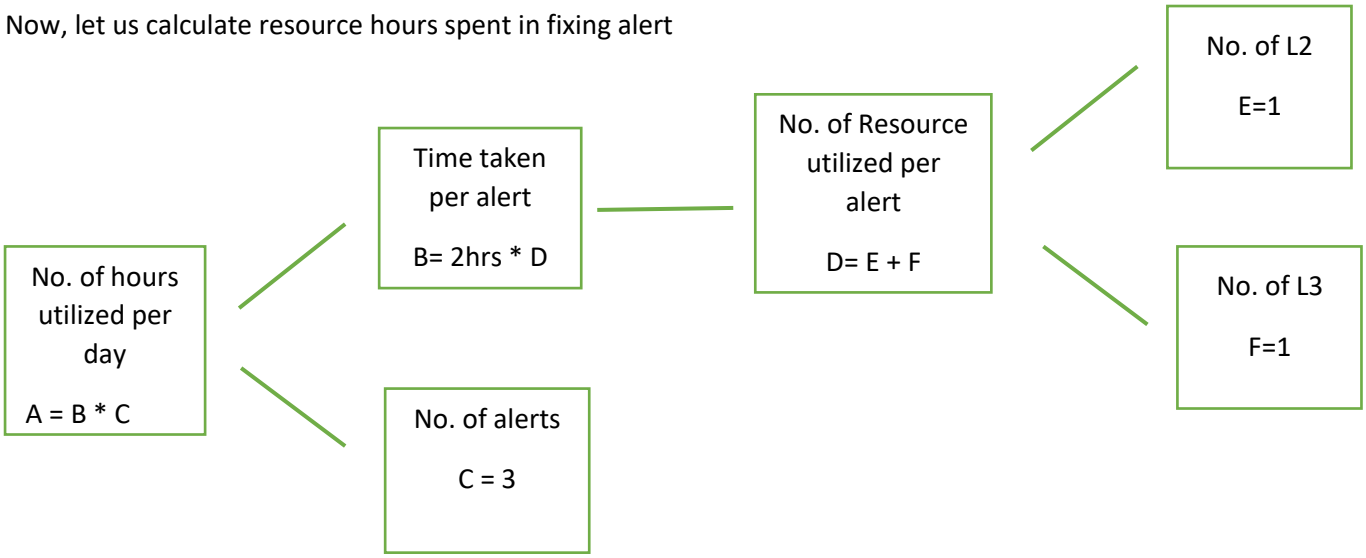
Avg operational cost of L2 resource per hour – Rs.260

Avg operational cost of L3 resource per hour – Rs.600

Avg No. of alerts (considered as P1) per day – 3

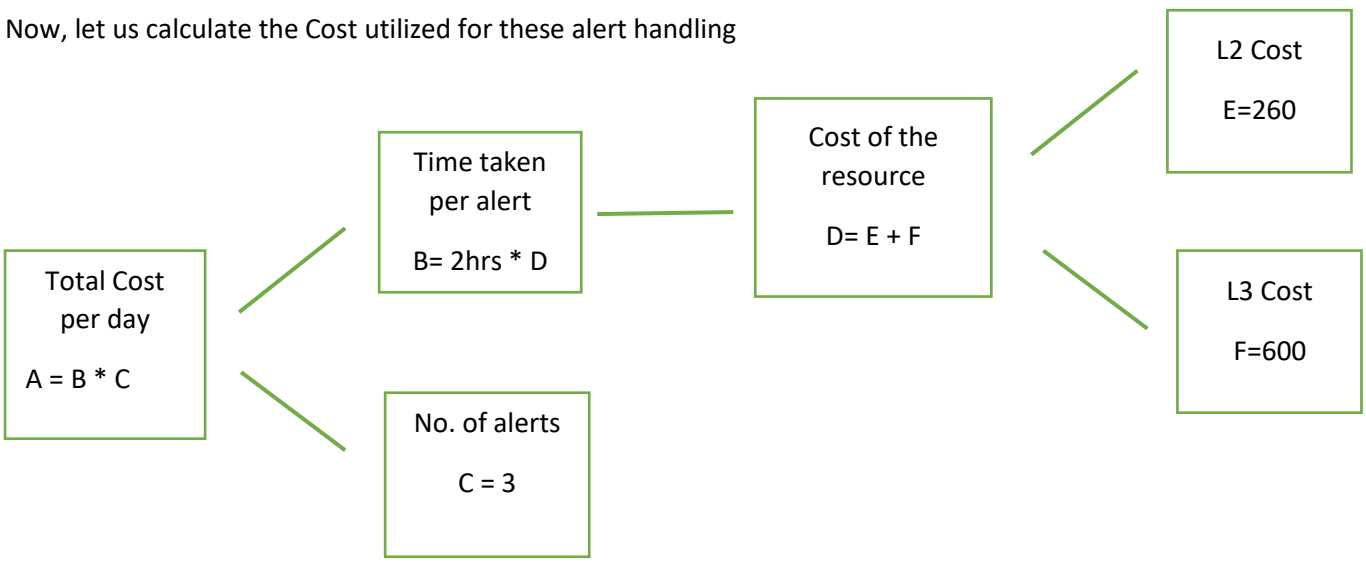
SLA for the P1 – 4hrs

Now, let us calculate resource hours spent in fixing alert



Cost utilization:

Now, let us calculate the Cost utilized for these alert handling



Time Spent	Cost Allocated
No. of hours utilized per Day A = B * C	Total cost spends on this activity per day A = B * C
No. of hours utilized per Day A = (2 * (1 + 1)) * 3	Total cost spends on this activity per day A = (2 * (260 + 600)) * 3
No. of hours utilized per Day = 12 hours	Total cost spends on this activity per day = Rs 5160
Average number of hours utilized per year = 12 * 365 = 4,380 hours (183 Days)	Total cost spends on this activity per Year = 5,160 * 365 = Rs.18,83,400

Hence, as shown above 4380 hours is spent in solving the alerts and a cost of Rs.18,83,400 is being spent in handling the alert as part of this project for a year.

Solution -1: Guide for each alert

To reduce the involvement of L3 resources, I created a detailed guide explaining all the alerts and a step by step guide to resolve the issues.
Now lets analyze the cost and resource hours spent post implementing the solution.

Initial cost:

Hours spent by L3 on preparing the guide: 4hrs * 40 alerts = 160 hours - One-time investment

Cost for it: 160 hours * Rs.600 =Rs.96,000 - One-time investment

Maintenance cost:

Hours spent by L3 on Maintaining/amending the guide: 20hrs per Year

Cost for it: 20 hours * Rs.600 = Rs.12,000 Per Year

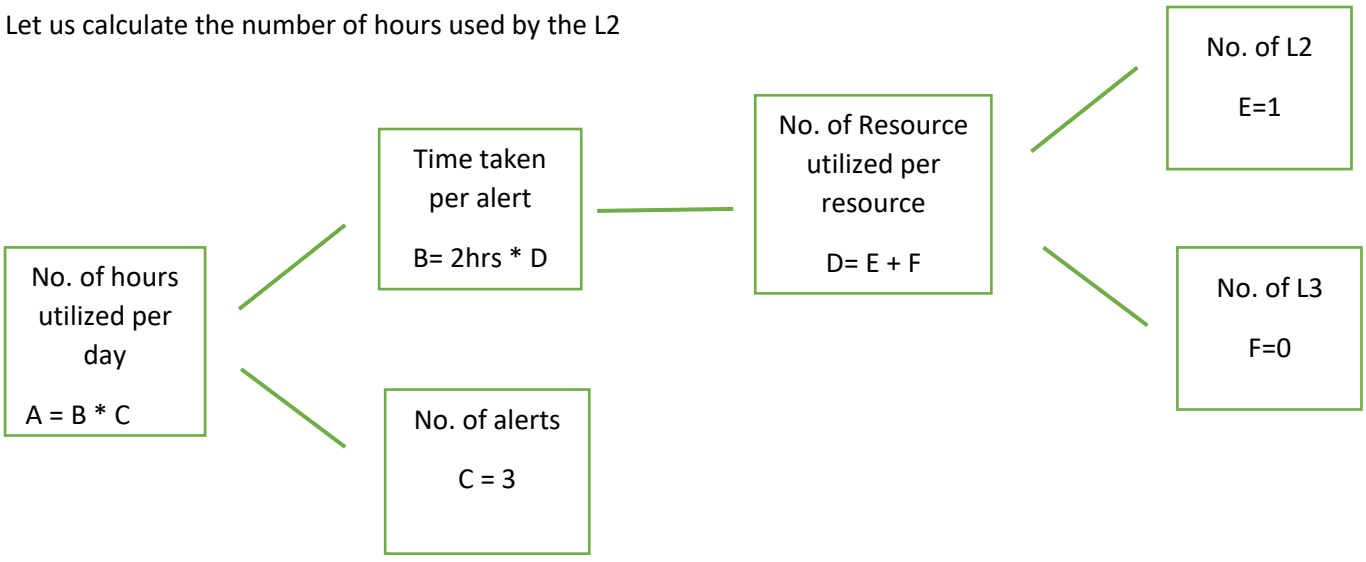
Total Cost = Initial + Maintenance = Rs.96,000 + Rs.12,000 = Rs.1,08,000

Results:

Alert handling with the help of Guide:

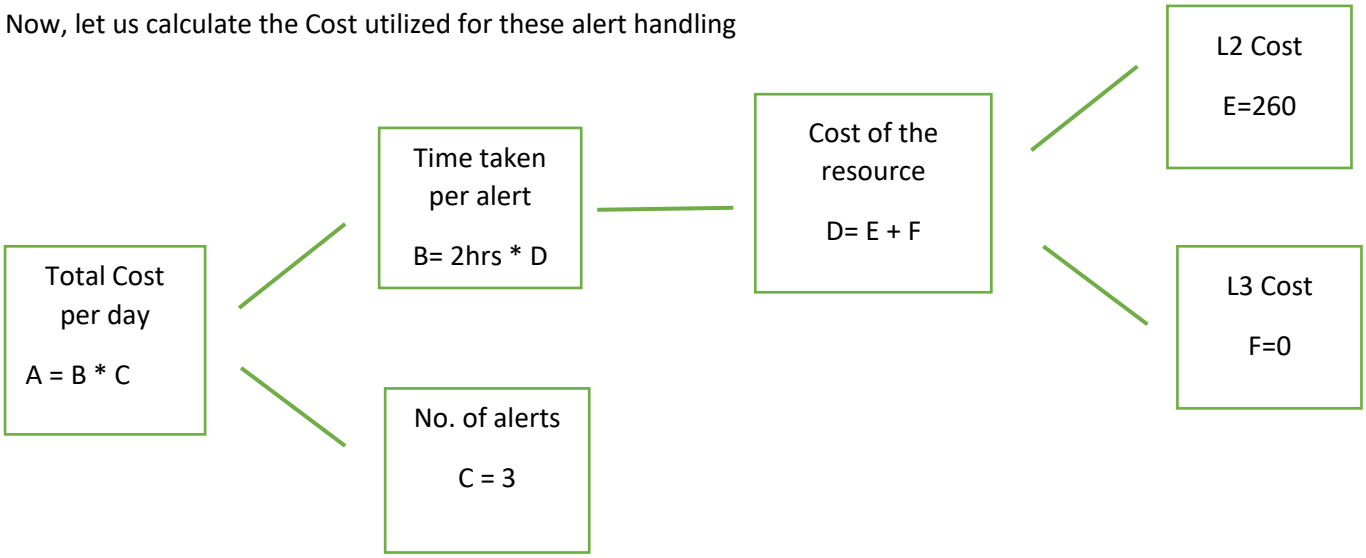
Now, L2 can able to handle the alerts with the help of the document, so the involvement of L3 is greatly reduced.

Let us calculate the number of hours used by the L2



Cost utilization:

Now, let us calculate the Cost utilized for these alert handling



Time Spent	Cost Allocated
No. of hours utilized per Day A = B * C	Total cost spends on this activity per day A = B * C
No. of hours utilized per Day A = (2 * (1 + 0)) * 3	Total cost spends on this activity per day A = (2 * (260 + 0)) * 3
No. of hours utilized per Day = 6 hours	Total cost spends on this activity per day = Rs 1560
Average number of hours utilized per year = 6 * 365 = 2190 hours (91 Days)	Total cost spends on this activity per Year = 46,800 * 12 = Rs.5,69,400

Comparing the old process and the new process with guide, a substantial resource hours and cost is saved.

Old Process	New Process
No. of hours utilized per YEAR = 4380 hours	No. of hours utilized per YEAR = 2190 hours
Total cost spends on this activity per Year = 1,54,800 * 12 = Rs. 18,83,400	Total cost spends on this activity per Year = 46,800 * 12 = Rs.5,69,400
Resource hours and Cost SAVED	
Saved Resource Hours	Saved Operational Cost
Total hours = Initial hours spent + Total operation hours Total hours = 2190 + 180 = 2370	Total Cost: Initial investment in documenting the changes + Total cost spends on the activity Total Cost = 1,08,000 + 5,69,400 Total Cost = Rs.6,77,400
Saved Hours = 4380 – 2370 = 2010 hours	Amount saved = Rs.18,83,400 - Rs.6,77,400 =Rs.12,06,000

Hence implementing the guided process saved Rs. 12,06,000 for the first year and more than that for the following year as there is no initial investment involved.

Solution-2: Consolidated Index Page for all the alerts

Having noticed the L2 resources spent time in navigating 40+ documents, I created a index for the guide for

Initial Cost:

Hours spend by L3 on preparing the index page: 4hrs - One-time investment

Cost for it: 4 hours * 600 = Rs.24,000 - One-time investment

Maintenance:

Hours spend by L3 on Maintaining/amending the Consolidated index: 4hrs per year

Cost for it: 4 hours * 600 = Rs.24,000 – Per year

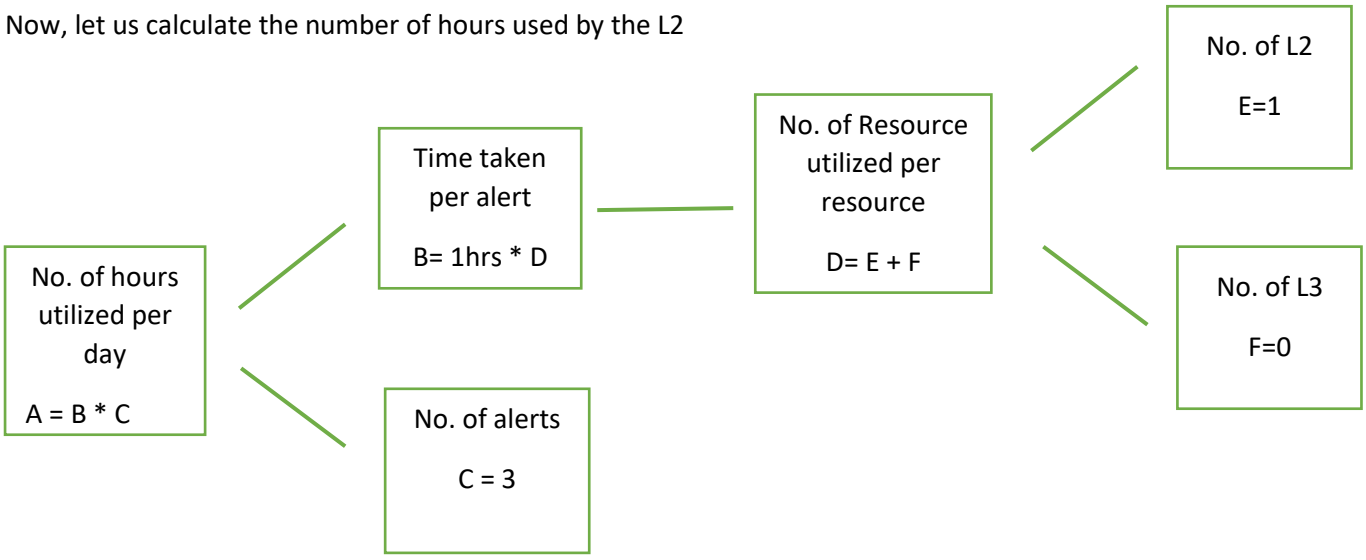
Total Cost = Initial + Maintenance = Rs.24,000 + Rs.24,000 = Rs.48,000

Results:

Alert handling with the help of Index and Document:

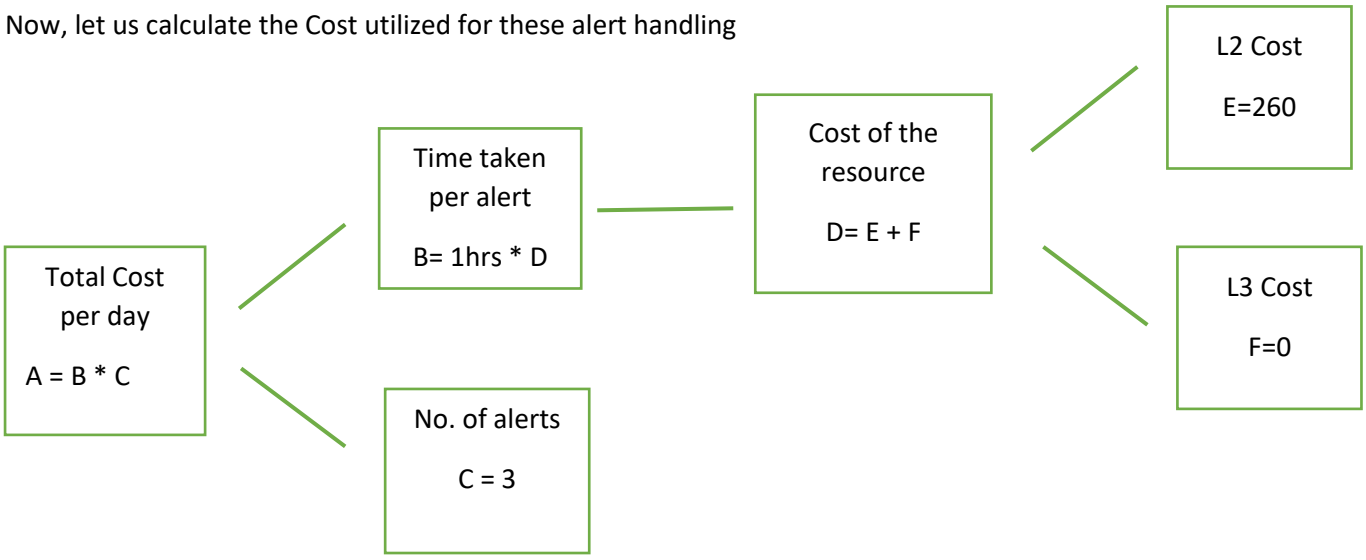
Resource Utilization in both the departments are drastically improved and managed to save an average of 1.5hrs per day per user.

Now, let us calculate the number of hours used by the L2



Cost utilization:

Now, let us calculate the Cost utilized for these alert handling



Time Spent	Cost Allocated
No. of hours utilized per Day A = B * C	Total cost spends on this activity per day A = B * C
No. of hours utilized per Day A = (1 * (1 + 0)) * 3	Total cost spends on this activity per day A = (1 * (260 + 0)) * 3
No. of hours utilized per Day = 3 hours	Total cost spends on this activity per day = Rs 780
Average number of hours utilized per year = 3 * 365 = 1095 hours (45 Days)	Total cost spends on this activity per Year = 780 * 365 = Rs.2,84,700

Comparing the old process and the new process with guide, a substantial resource hours and cost is saved.

Old Process	New Process
No. of hours utilized per YEAR = 4380 hours	No. of hours utilized per YEAR = 1095 hours
Total cost spends on this activity per Year = 1,54,800 * 12 = Rs. 18,83,400	Total cost spends on this activity per Year = Rs.2,84,700
Resource hours and Cost SAVED	
Saved Resource Hours	Saved Operational Cost
Total hours = Initial hours spent + Total operation hours Total hours = 1095 + 188 = 1283	Total Cost: Initial investment in documenting the changes + Total cost spends on the activity Total Cost = 1,08,000 + 48000+ 2,84,700 Total Cost = Rs.4,40,700
Saved Hours = 4380 – 2370 = 2010 hours	Amount saved = Rs.18,83,400 - Rs.4,40,700 =Rs.14,42,700

Hence implementing the guided process saved Rs. 14,42,700 for the first year and more than that for the following year as there is no initial investment involved.

Total cost for the following year = Rs.12000 + Rs.24,000 + Rs.2,84,700 = Rs. 3,20,700

Amount Saved = Rs.18,83,400 – 3,20,700 = Rs.15,62,700 for the subsequent years.

Conclusion

As explained above, using a guided process with detailed index, has led to a saving of ~ 14 lakhs for the first year and ~15 lakhs for the subsequent years. Considering the success, of this method, the same process was implemented for other client projects also contributing in saving millions to my organization.