SERVICE LEVEL AGREEMENT FOR  
<TYPE OF SERVICE>  
BETWEEN THE GNWT  
AND  
<SERVICE PROVIDER NAME>

**Help Using This Template**

This document is a template for establishing a Service Level Agreement with an external vendor providing application support and maintenance. A Service Level Agreement can help you manage vendor performance, control costs, mitigate risk and protect the government’s interests. A SLA is not a legal document (i.e. a contract) but can become legally binding if properly embedded into the contract. Consult your procurement group for advice on how best to include the SLA.

A [similar template](http://www.fin.gov.nt.ca/ocio/sim/sdlc/3/resources/sla.htm) exists in the SIM that is more appropriate for internal SLAs.

*Delete this box after reading.*

**Revision History**

|  |  |  |  |
| --- | --- | --- | --- |
| Revision # | Date | Author | Comment |
| 1.0 | <YYYY-MM-DD> | <Your Name> | Original Document |
|  |  |  |  |

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# Confidentiality Statement

This document contains confidential and proprietary information of the Government of the Northwest Territories (GNWT) and <Service Provider Name> (the “service provider”), which must be kept confidential. Duplication or use other than for evaluation purposes in connection with negotiating and implementing a definitive written agreement for the provision of application maintenance outsourcing services is strictly prohibited. This document must be returned to the GNWT in the event such an agreement is not enacted.

# Parties and Timeline

This service level agreement is between the service provider and the GNWT from <Start Date (YYYY-MM-DD)> to <End Date (YYYY-MM-DD)>.

* This service level agreement is effective as of the date of the signatures below. The GNWT and the service provider shall review at least quarterly to determine if any modifications or amendments are needed to reflect the GNWT’s support requirements and service provider’s services.
* The purpose of this service level agreement is to document the service delivery of the service provider to the GNWT. The service provider shall deliver the services set forth in this document. The GNWT shall pay for the services covered by this Agreement in accordance with billing and payment terms that have been agreed upon by the GNWT and service provider.

# Service Catalogue

The service provider will provide the following services to the GNWT:

|  |  |  |
| --- | --- | --- |
| Service | Description | Examples |
| User Support | Receive, document, and prioritize issue tickets and help GNWT staff in the use of existing applications or services. | * Provide help desk support * Answer queries about applications. * Receive and document bug reports. * Collect and document requests for changes. * Share status of requests. |
| Problem Correction | Bring an application back to its original functionality before the problem arose. This may include a permanent fix or a temporary work around until a permanent fix is found. | * Fix bugs. * Retrieve functionality after abnormal program terminations. * Complete root cause analysis. |
| Application Enhancement | Modify the functionality of an existing application. | * Apply new functionality. * Fulfil regulatory requirements. * Enhance run-time efficiency. * Modify applications based on new releases of hardware or software. |
| Process and Application Improvement | Assist GNWT in planning the better use of applications to meet business strategy and goals. This is a proactive attempt by the service provider to improve applications and processes, based on the service provider’s increased application and business knowledge over time. | * Help GNWT staff to make strategic decisions that meet business goals. * Provide functional, architectural and process improvements as required for the support and maintenance of the system areas in scope. |
| <Other Services> |  |  |

# Rewards and Penalties

Each SLA is measurable and associated with a financial penalty if not met. Some SLAs are associated with rewards for exceptional performance.

* **Penalty.** A deduction from the service provider’s monthly invoice expressed as a percentage of the agreed upon service delivery fee for the month in which a particular SLA was not met.
* **Reward.** A premium added to the service provider’s monthly invoice expressed as a percentage of the agreed upon service delivery fee for the month in which a particular SLA was exceeded.

# Reporting

The following processes will be used in order to manage the application maintenance outsourcing agreement:

## Weekly Status Report

The service provider to provide the GNWT with a weekly status report that gives an overall summary of the following:

* Project health
* On-going activities
* Completed tasks
* Upcoming milestones and releases
* Bug fixes
* Risk identification and mitigation plan
* Action items across different application areas

## Monthly Review Meeting

Metrics will be tracked by service provider, summarized in a dashboard format, and discussed in a monthly meeting. This activity includes the following:

* Tracking unresolved issues from maintenance projects which impact the SLA
* Updating maintenance project progress and resolving critical issues
* Capturing agreements and disagreements and items needing escalation

## Quarterly Review Meeting

A quarterly review meeting will include the following:

* The SLA will be reviewed with the IS managers involved and an amendment addendum will be created if required
* Review process will be through teleconference or face-to-face meeting session which will be booked in advance
* Review document prepared by service provider will include overall project status, issues list, metrics reporting, supporting reasons for metrics deviation, and items that need adjustment within SLA (e.g. scope, metrics, etc.)
* SLA changes will be tracked by version number and date

## Reporting Service Levels

|  |  |  |
| --- | --- | --- |
| Type | Measurement | Penalty |
| Weekly Status Report | Delivered at not less than seven calendar day intervals | 5% of monthly invoice |
| Monthly Status Report | Delivered at monthly intervals and not less than two business days before scheduled review meeting | 5% of monthly invoice |
| Quarterly Status Report | Delivered at quarterly intervals and not less than five business days before scheduled review meeting | 5% of monthly invoice |

# User Support and Problem Correction

The following procedures will be used to respond to problems that are received by the help desk. A problem is defined as an unplanned system event which adversely affects application processing or application deliverables.

Measurement period for User Support and Problem Correction SLAs is a calendar month. For example, if an SLA is not met during the month of April, one penalty deduction (as outlined in the SLA associated with that particular service) will be applied to the invoice for the month of April, and if it is not met for the month of May, an additional penalty deduction will be applied to the invoice for the month of May.

## Prioritization Approach

Service requests for problems received by the help desk will be given a Severity Code from 1 – 4 based on how important responding to the problem is to the primary business of GNWT as a whole, as well as the availability of workarounds. The Severity Code will be the basis for scheduling work on the backlog and assigning resources to the request. Critical, important, and supportive application functions are defined in the section below on Application Function Type, with a complete list of application functions included in this agreement listed in [Appendix A](#_Appendix_A).

|  |  |
| --- | --- |
| Severity Code | Definition |
| 1 | A problem has made a critical application function unusable or unavailable and no workaround exists. |
| 2 | A problem has made a critical application function unusable or unavailable but a workaround exists.  or  A problem has made an important application function unusable or unavailable and no workaround exists. |
| 3 | A problem has diminished critical or important application functionality or performance but the functionality still performs as specified in the user documentation. |
| 4 | A problem has diminished supportive application functionality or performance. |

## Application Function Type

The table below provides a brief definition of critical, important, and supportive application functions. See [Appendix A](#_Appendix_A) for a complete list of the application functions included in this agreement.

|  |  |  |
| --- | --- | --- |
| Application Function Type | Description | Example |
| Critical | These application functions are critical to ensuring business profitability or GNWT reputation. Extended failure will impact profit or damage GNWT reputation. | Oracle Financials, Accounts Receivable  Custom Application, Price index engine |
| Important | These application functions are important to business productivity, but are not critical to profitability or GNWT reputation. | <Add functions as necessary…> |
| Supportive | These applications support productivity, but are not essential to business effectiveness. | <Add functions as necessary…> |

## Response and Resolution Times

Severity codes are used in order to determine appropriate response and resolution times. Response and resolution times are measured from when the incident is opened by the help desk. If the problem is not resolved within the defined timeframe, continuous effort will be applied until the problem is resolved.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Severity Code | Initial Response | Estimation Response | Subsequent Responses | Resolution |
| 1 | 15 minutes | 2 hours | Every 30 min. | 4 hours |
| 2 | 30 minutes | 2 hours | Every 2 hours | 8 hours |
| 3 | 1 hour | 8 hours | Every 4 hours | 4 calendar days |
| 4 | 1 hour | Next business day | Weekly | 20 calendar days |

* **Initial Response** is when a ticket is opened and acknowledged by help desk staff.
* **Estimation Response** is when the user that logged the ticket is informed of an estimated resolution time.
* **Subsequent Responses** is the frequency with which the user that logged the ticket is updated on the resolution status.
* **Resolution** is the point at which the problem is resolved and the application function is returned to a usable and available state.

## Response and Resolution Service Levels

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Measurement | Reward | Penalty |
| Severity 1 Resolution | All Severity 1 problems are resolved in less than 2 hours. | 10% of monthly fees | NA |
| One or more Severity 1 problems are resolved in over 4 hours. | NA | 10% of monthly fees |
| Severity 2 Resolution | Less than 95% of Severity 2 problems are resolved in 8 hours. | NA | 10% of monthly fees |
| Severity 3 Resolution | Less than 95% of Severity 3 problems are resolved in 4 calendar days. | NA | 5% of monthly fees |
| Severity 4 Resolution | Less than 95% of Severity 4 problems are resolved in 20 calendar days. | NA | 5% of monthly fees |
| Response/Estimate | Less than 95% of Initial Response, Estimation Response, and Subsequent Response times are met. | NA | 5% of monthly fees |
| End user satisfaction | More than 95% of completed scores on problem resolution satisfaction survey have a rating of satisfied or very satisfied. | 5% of monthly fees | NA |
| Less than 80% of completed scores on problem resolution satisfaction survey have a rating of satisfied or very satisfied. | NA | 10% of monthly fees |
| Maximum Problem Backlog | There are always less than <maximum> unresolved problems. | 5% of monthly fees | NA |
| Maximum Problem Aging | No problem is older than 60 days. | 5% of monthly fees | NA |

* **End user satisfaction** is the rating provided by end users after the problem they logged is resolved.
* **Problem backlog** is the maximum number of unresolved problems.
* **Problem aging** tracks unresolved problems that are older than 60 days.

## Application Availability

Availability is defined as the ability of an end user to access and execute any of the included application functions from a functioning workstation and live network connection. For an application to be available, all of its supporting systems must be operational.

|  |  |  |  |
| --- | --- | --- | --- |
| Application Level | Business Hour Availability | Off-Hour Availability | Scheduled Down-Time |
| *Definition* | *Monday - Friday 8:30am-5:30pm MST* | *Monday – Friday 5:31pm-8:29am MST AND Saturday – Sunday 8am – 8am MST* |  |
| Critical | 99.5% | 99.5% | Sunday 12:01am – 8am MST |
| Important | 99% | 98% | Sunday 12:01am – 8am MST |
| Supportive | 98% | 98% | Sunday 12:01am – 8am MST |

* Any additional outages must be scheduled and approved by the GNWT at least two weeks in advance, unless there is an emergency.

## Application Availability Service Levels

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Measurement | Reward | Penalty |
| Critical Application Availability | Availability exceeds 99.5% every day in a 1 month period. | 10% of monthly fees | NA |
| Availability falls below 99.5% for more than 2 days of the month during regular business hours. | NA | 10% of monthly fees |
| Important Application Availability | Availability falls below 99% for more than 2 days of the month during regular business hours. | NA | 10% of monthly fees |
| Supportive Application Availability | Availability falls below 98% for more than 2 days of the month during regular business hours. | NA | 5% of monthly fees |

# Application Enhancement

Application enhancement projects involve functional enhancements made to a properly working application to accommodate new or changed user requirements. Examples include increasing an application’s performance, enhancing a user interface, or optimizing code.

Application enhancements can be requested by the GNWT or proposed by service provider. The GNWT will prioritize the order in which enhancements are performed.

## Project Management

The service provider is expected to manage application enhancement projects in a structured, organized, and cost effective manner.

* **Measurement period** for Project Management SLAs is either the entire project span or the milestone completion span.

## Project Management Service Levels

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Measurement | Reward\* | Penalty |
| Project Delivery | Total elapsed days until delivery is more than 20% greater than planned. | NA | 10% of the amount invoiced for the project. |
| Total elapsed days until delivery is 20% less than planned. | 5% of the amount invoiced for the project. | NA |
| Project Budget for Time and Material Based Projects | Total billed hours for the project are more than 10% greater than the planned hours. | NA | 10% of invoiced hours for the project multiplied by the average hourly billing rate for such hours. |
| Total billed hours for the project are less than 80% of the planned hours. | 5% of the amount invoiced for the project. | NA |
| Project Milestones (for Conventional Projects) | Total elapsed days until milestone completion is 20% less than planned. | 5% of invoiced hours for the milestone task multiplied by the average hourly billing rate for such hours. | NA |
| Total elapsed days until milestone completion is more than 20% greater than planned. | NA | 10% of invoiced hours for the milestone task multiplied by the average hourly billing rate for such hours. |
| Sprint Outcomes (for Agile Projects) | Total elapsed days from the start to the end of sprint are greater than planned.  or  Functionality planned for a sprint is not delivered or documented. | NA | 15% of the amount invoiced for the sprint. |
| Documentation Updates (both technical and functional) | service provider provides documentation later than 1 week after user acceptance testing is completed. | NA | 5% of the amount invoiced for the project. |

## Software Quality

The service provider will apply appropriate process and practices in order to deliver high quality software to the GNWT containing as few defects as is practical. Defectscan include the following:

* Software bugs (*e.g.* errors or faults in source code or design that cause an application to produce an unexpected result).
* Software that is made up of working code but does not meet the initial requirements laid out by the GNWT and described in the functional specifications.

## Software Quality Service Levels

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Measurement | Reward | Penalty |
| Success Rate at User Acceptance Test | More than 95% of user acceptance test cases in this month pass on the first execution. | 10% of monthly fees | NA |
| Less than 80% of user acceptance test cases in this month pass on the first execution. | NA | 20% of monthly fees |
| Number of Severity 1 problems post production | There is no increase in the number of Severity 1 problems for 30 days after release to production | 10% of the amount invoiced for the project. | NA |
| There is more than a 15% increase in the number of Severity 1 problems for 30 days after release to production | NA | 15% of the amount invoiced for the project. |
| Number of Severity 2 problems post production | There is no increase in the number of Severity 2 problems for 30 days after release to production. | 5% of the amount invoiced for the project. | NA |
| There is more than a 15% increase in the number of Severity 2 problems for 30 days after release to production | NA | 10% of the amount invoiced for the project. |
| Number of Severity 3 problems post production | There is more than a 20% increase in the number of Severity 3 problems for 30 days after release to production. | NA | 10% of the amount invoiced for the project. |
| End user satisfaction | Less than 80% of completed scores on application enhancement satisfaction surveys have a rating of satisfied or very satisfied. | NA | 10% of the amount invoiced for the project. |

*\* When compared to the most recent month in which there were no new application enhancements released into production.*

# Process and Application Improvement

The service provider will help the GNWT to improve its applications and application maintenance processes over time, in line with the GNWT’s business goals and strategy. As service provider gains increased application and business knowledge, it is expected that service provider will help the GNWT to plan the better use of applications to meet business goals.

There are no SLAs associated with Process and Application Improvement.

# Signatures

|  |  |
| --- | --- |
| For the service provider  Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | For the GNWT  Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

The service provider and the GNWT agree to the service levels and terms outlined in this agreement.

# APPENDIX A – Application Functions

## Critical Application Functions

The critical application functions included in this agreement at the time of writing this document are listed below. In the future, new applications can be added by planning for appropriate knowledge transfer.

|  |  |
| --- | --- |
| Application | Critical Functions |
| Oracle Financials | Payroll Module |
| PeopleSoft | All |
| Custom Application | All |
| <Other applications> |  |

## Important Application Functions

The important application functions included in this agreement at the time of writing this document are listed below. In the future, new applications can be added by planning for appropriate knowledge transfer.

|  |  |
| --- | --- |
| Application | Important Functions |
| <Other applications> |  |
|  |  |
|  |  |

## Supportive Application Functions

The supportive application functions included in this agreement at the time of writing this document are listed below. In the future, new applications can be added by planning for appropriate knowledge transfer.

|  |  |
| --- | --- |
| Application | Supportive Functions |
| <Add applications as necessary> |  |
|  |  |
|  |  |