

## TEMPLATE FOR SERVICE LEVEL AGREEMENTS

A “Service Level Agreement” (SLA) is a document containing specific contractual service level obligations.

A SLA describes the minimum service performance criteria that a service provider contractually promises to meet while providing a service. It typically also sets out the remedial actions and any liabilities that will take effect if the service provider’s performance falls below the contractually obligated services level obligations stated in the SLA.

The SLA is an essential sub-component of the larger overall contract between a service buyer-recipient and the service seller-provider.

The SLA often appears as a schedule, exhibit or addendum to a Statement of Work (SOW) under the Master Services Agreement between the service buyer and the service provider.

Good SLAs are distinguished by clear simple language with a tight focus on business. The benefits of a good SLA, as a management tool for the provision of services, can be substantial. A good SLA will improve quality, reduce risks, and strengthen relationships.

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**SCHEDULE / EXHIBIT / ADDENDUM \_\_\_\_\_**  
**SERVICE LEVEL AGREEMENT UNDER STATEMENT OF WORK \_\_\_\_\_**  
**OF MASTER SERVICES AGREEMENT**

### INTRODUCTION

This Service Level Agreement (SLA) is fundamental to the provision of services under the associated Statement of Work (SOW) \_\_\_\_\_ issued under the Master Services Agreement (Master Agreement). This SLA essentially documents and defines the parameters of the services relationship itself between the Client and the Consultant.

**PURPOSE:** This SLA is a negotiated agreement between the Client and the Consultant that is incorporated, by this reference, into the applicable SOW \_\_\_\_\_ under the overall larger Master Agreement.

It is designed to create an agreement on the applicable services, priorities, and responsibilities. The use of this SLA has been designed by the parties as a “mutual expectations-managing mechanism” with regard to service levels under the applicable SOW of the Master Agreement.

**BACKGROUND:** To develop this SLA, the parties collaborated by gathering information, discussing ground rules for working together, developing the SLA document, generating respective buy-in, and completing all applicable pre-implementation tasks.

**DEFINITION OF SLA:** This SLA is:

1. A communications tool. The value of this SLA is not just in the final product or service. The very process of establishing this SLA helps to open-up communications between the parties.
2. A conflict-prevention tool. This SLA helps to avoid or alleviate disputes by providing a shared understanding of needs and priorities of the parties.
3. A living document. This SLA is not a dead-end document consigned to the file. On a predetermined frequency ( \_\_\_\_\_ ), the parties to this SLA will review the SLA to assess service adequacy and negotiate adjustments (if necessary and mutually agreeable).
4. An “objective basis for gauging service effectiveness” This SLA ensures that both parties use the same criteria to evaluate service quality.

**IMPORTANT SLA TERMS DESCRIBED IN THIS SLA:** The following important terms are described below in this SLA: Stakeholders, Mandatory Outcomes, Minimum Requirements of supplier for each Mandatory Outcome, Minimum Service Standards, Key Performance Indicators (KPIs) with associated Purpose and Measurement per KPI, and Performance Measurement Scorecard.

**IDENTITY OF STAKEHOLDERS:** The Client’s Stakeholders are as follows:\_\_\_\_\_.

**DESCRIPTION OF THE SERVICES TO BE PERFORMED BY CONSULTANT:** The following services shall be performed by Consultant:\_\_\_\_\_

**SLA MANAGERS:**

1. The SLA Manager for Client is:\_\_\_\_\_

2. The SLA Manager for Consultant is:\_\_\_\_\_

3. Each party to the SLA has appointed its above-stated SLA Manager who will work with the other party's above-stated SLA Manager to manage the SLA. The SLA Manager’s responsibilities of each party include:

- Serving as the point of contact for problems or concerns related to the SLA itself and the delivery of services described in the SLA.

- Maintaining ongoing contact with the other party's SLA Manager
- Serving as the primary point of contact in the escalation of problems process
- Coordinating modifications (if mutually agreed by the parties) to service delivery and to the SLA itself
- Periodically assessing the effectiveness of mechanisms selected for service tracking and reporting
- Planning and coordinating service reviews
- Facilitating or participating in conflict resolution processes regarding service effectiveness Regularly assessing and reporting on how the parties can further strengthen their working relationship
- Delegating responsibilities to, or seeking the assistance of, colleagues, subordinates or members of the other party's staff to address issues that may arise under the SLA.
- Planning training designed to foster a heightened service attitude, create an enhanced awareness of the elements of high-quality customer service, and provide skills in service delivery.

#### MANAGEMENT REQUIREMENTS ELEMENTS:

The management requirements elements are as follows:

- How service effectiveness will be tracked:\_\_\_\_\_
- How information about service effectiveness will be reported and addressed:\_\_\_\_\_
- How service-related disagreements and problem-management issues will be resolved:\_\_\_\_\_
- How the parties will review and revise the SLA (if so mutually agreed)

SLA MANDATORY OUTCOMES: Mandatory Outcomes for the Consultant's services are as follows:\_\_\_\_\_.

[Note: Required Mandatory Outcomes are items such as acceptable/proficient quality services provided in a timely manner, knowledge shared/reused to achieve consistency without duplication of effort, maximize economies of scale and purchasing leverage, compliance with Client's policies/guidelines, retention of key Client staff, acceptable / proficient quality of performance, confidentiality maintained, and avoidance of conflicts of interest

SLA MINIMUM REQUIREMENTS OF CONSULTANT FOR EACH STATED MANDATORY OUTCOME:

The Minimum Requirements for the Consultant's services for each Mandatory Outcome are as follows:\_\_\_\_\_.

[Note: Minimum Requirements are sub-requirements for each Mandatory Outcome, such as, accuracy, timeliness, quality, technology systems, processes, competitive fees, good value, Client policies, Client guidelines, retention, succession, confidentiality, and.

SLA MINIMUM SERVICE STANDARDS FOR CONSULTANT: Minimum Service Standards for the Consultant's services are as follows:\_\_\_\_\_.

[Note: Mandatory Standards are items such as capability, service skills, managing fees and expenses, timeliness, COI, understanding Client needs, meeting Client needs, reporting, and resolving service complaints.]

KEY PERFORMANCE INDICATORS (KPIs): KPIs applicable to the Consultant's services are as follows:\_\_\_\_\_.

Note: KPIs are items such as the following factors:

- knowledge/skills/expertise/results (on-budget, quality of services, professionalism); matter management / administration (efficient staffing of skills vs. tasks,
- cost consciousness, control & reporting, cooperation, organization, planning, productivity, responsiveness, timeliness);
- use of systems / processes and technology (timely detailed accurate plans, progress reporting, budgets, timely detailed error-free invoices,
- accurate run-rate financial forecasting, effective communication, sensitivity to schedule & cost, use of processes); compliance with set goals, procedures, guidelines and policies (timely delivery, securing approval, prompt notice of significant changes,
- compliance with procedures, guidelines & policies); teamwork (within Consultant entity, Client entity, and other contractor entities);
- cost consciousness and control (willingness to consider discounts, caps, value-based pricing, award fee agreements, budget vs. spend vs. progress reporting); and Client Stakeholder satisfaction (sensitivity to wants/needs,
- anticipation of wants/needs, willing cooperation, resolution of conflicts, understands Client's business culture).

The individual KPIs for the Consultant's performance will be evaluated by Client every calendar quarter using the scoring range of

- 1 (significant improvement needed),
- 2 (some improvement needed),
- 3 (acceptable),
- 4 (consistently effective) or

- 5 (highly proficient).

**PERFORMANCE MEASUREMENT:** Quarterly (or as otherwise agreed-to by the parties) the Stakeholders will review and report to Consultant on Consultant's services performance under the applicable SOW regarding:

- (1) Compliance with Mandatory Outcomes;
- (2) compliance with Minimum Service Standards; and
- (3) achieving a score of #3 (Performance Target) or higher on each of the above) KPIs.

**SLA ASSESSMENTS:** In the event the Consultant: fails to comply with the Mandatory Outcomes or fails to comply with the Minimum Service Standards or achieves less than the Performance Target of a # 3 rating on each of the KPIs, an assessment (fee reduction or fee rebate) will be made against the Consultant and paid to Client as follows:\_\_\_\_\_. [Note: The SLA specific assessment details will be agreed-to by the parties prior to issuing the SOW and included in this SLA.]

**SLA CREDITS:** In the event the Consultant: complies with the Mandatory Outcomes, (2) complies with the Minimum Service Standards, and achieves more than the Performance Target of a # 3 on any one or more of the seven (7) KPIs, a credit [additional fee payment(s)] will be made by Client to Consultant as follows: \_\_\_\_\_ [Note: The SLA credit details will be agreed-to by the parties prior to issuing the SOW and included in this SLA.]

The parties have executed this SLA on the dates set forth below intending this SLA to become effective on the Effective Date of the Agreement.

**UNDERSTOOD AND AGREED**

Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_