

# MSP Guide to Managed Services SLAs

If you're like most managed service providers, your first love is technology, not the law. As a result, you probably hope to speed through the process of writing your first service-level agreement in as little time as possible.

That could end up being a big mistake. A service-level agreement (SLA) protects you from legal action. More importantly, by ensuring that you and your clients share a common understanding up front regarding what you will and won't be doing for them, a well-written SLA can actually prevent disputes from arising in the first place.

### Five Key Principles

Throughout the process of creating your SLA, be sure to keep these five essential guidelines in mind:

1. If it only takes you a few hours, you probably haven't done it well: Preparing a high-quality SLA isn't a task you complete in one sitting. Though few MSPs enjoy reading contracts, let alone writing them, do yourself a favor and take the time to do the job right. Otherwise, you could leave yourself vulnerable to costly complaints and lawsuits down the road.
2. Don't rely on templates alone: It's not hard to find SLA templates online, and there's nothing wrong with using such documents as a starting point or source of ideas. Just don't treat them as a substitute for drafting an SLA of your own. Though it may save you time in the short run, taking a cookie-cutter approach to SLA writing can be a dangerous mistake.
3. Yes, you do need a lawyer: You know what happens when someone with little technical ability tries to set up a network. It's the same story when someone with no legal training tries to write a contract. Hiring a lawyer to assist you with your SLA does cost money, but not hiring one will ultimately cost you more in the form of unhappy customers and legal fees. Think of procuring SLA advice as one more painful but necessary start-up expense for your new business, just like buying hardware and leasing office space.
4. An SLA is a legal document, not a sales document: Use marketing

collateral, not an SLA, to impress potential clients. While it's tempting to promise 30-minute response times and five-9's uptime in your SLA, committing yourself to that contractually only makes sense if you're sure you can follow through. An SLA should reflect your actual capabilities, not what sounds good to customers.

5. Strive to under-promise and over-deliver: Disappointing a client can be fatal to your relationship with them, so when it comes to service levels remember that you're better off guaranteeing too little versus too much, at least initially. You can always strengthen your SLA later if it understates your abilities.

### What Your SLA Should Cover

Throughout the process of creating your SLA, be sure to keep these five essential guidelines in mind:

- 1. Definition of services**

This section should list the services you provide and offer a detailed definition of each.

- 2. Performance measurement**

Assessing compliance with an SLA hinges on measuring service levels. This section of the contract defines which metrics you will use to quantify and report service levels, as well as whether you, your customer, or a neutral third party will do the quantifying.

- 3. Problem management**

This is where you tell customers how to report problems and how quickly you'll respond. Two important things to keep in mind:

- As a rule, customers believe every technical problem is an urgent one. In reality, however, an email server that's slower than usual is not as severe an issue as an email server that's stopped functioning. Accordingly, your SLA should define different severity levels for problems and indicate what your response time will be in each case. It should also identify who decides how severe a given problem is. Generally speaking, that should be you and not your client.

- Focus on response times in your SLA, not resolution times. How quickly you respond to an issue is within your control. How quickly you fix it often isn't. You may need help from a software or hardware maker, for example, and if they don't get back to you promptly there's usually little you can do about it.

#### 4. Warranties and remedies

Most of this section deals with legal fine points like indemnification policies, exclusions, and handling third-party claims. The portion that addresses remedies, however, is absolutely vital. If your SLA doesn't spell out exactly what happens if you fail to meet your obligations, the client or a judge will ultimately make that choice for you. You may not be happy with the decision they reach.

#### 5. Customer duties

Fulfilling your commitments to a client is often impossible without the client's cooperation. For example, you can't repair a hardware problem without access to your customer's office. This section of the contract should detail your customer's responsibilities under the terms of your agreement with them.

#### 6. Termination

This is where you describe the circumstances under which you or your customer can end your relationship. These could include failure by you or your client to meet the duties defined in the SLA, or passage of a monthly or annual renewal date. You should also specify the proper termination procedure, which usually includes advance written notification.

### Producing Your SLA

Your path to creating and completing an SLA should include these major steps:

#### Talk to peers

Your fellow MSPs can be a great source of advice on what to do—and not do—when preparing an SLA. If you don't have existing relationships to draw on, consider joining an IT reseller peer group.

#### Hire a lawyer

If you don't have one already, now is the time to get an attorney. Here are two



important points to keep in mind:

- Knowledge trumps location. Where your lawyer works doesn't matter. What he or she knows does. Rather than look for a local attorney, seek out someone who specializes in IT generally and managed services specifically. In the age of the Internet and cell phone, an attorney's office address is far less relevant than his or her expertise.
- Trust, but verify. Of course, any lawyer can say he or she is an IT expert, but that doesn't mean the attorney actually is. Always interview a lawyer and test his or her knowledge of IT and managed services before signing on as a client.

For further advice on hiring a lawyer, see:

- Nolo ([www.nolo.com](http://www.nolo.com))
- American Bar Association ([www.abanet.org](http://www.abanet.org))

### **Perform a self-audit**

Before writing your SLA, invest some serious time in a comprehensive and brutally honest self-appraisal of your company's capabilities. Make a list of your strengths and weaknesses. Examine the operational procedures you use to deliver each service you offer. If you have access to historical data on how long it typically takes you to respond to a helpdesk call, study it closely.

The information you collect during this exercise will help you determine what you can and can't realistically commit to in your SLA. For example, do you have a process for handling after-hours issues? If not, then promising 24/7 service is a bad idea. How many employees do you have? If it's just you and two others, there may be times when responding to a low-level problem within 30 minutes is impossible.

### **Prepare a draft**

It's usually best to let your attorney do this, but if you wish to do it yourself be sure to have your lawyer review and revise it.

### Test your draft

The language in a good contract is free of ambiguity. When the first complete draft of your SLA is ready, have a friend or family member (preferably someone from outside the IT industry) read it. Any passage they either don't understand or can read more than one way should be rewritten. Collecting feedback on your SLA from one or more managed service peers can be useful as well.

### Modifying Your SLA

Even the best SLA should be updated on occasion. However, knowing when to make changes and when not to is important:

- **Do** revise your SLA any time you add a new service or stop offering an existing one.
- **Do** revise your SLA any time your capabilities change. If a new technology you've deployed or new people you've hired enable you to provide faster response times, for example, your SLA should reflect that fact.
- **Do** review your SLA every 18 to 24 months, even if your services and capabilities haven't changed significantly. You may find out-of-date or inaccurate content anyway.
- **Don't** revise your SLA because a prospective client has asked you to. Your SLA is a direct reflection of your operational processes, and customizing those on a customer-by-customer basis is impractical and inefficient.

### Conclusion

Preparing a solid SLA is as essential to the long-term success of a managed services practice as designing service offerings and deploying remote management software. Fortunately, while writing an SLA does take time and effort, it needn't be a painful process. By following the recommendations in this guide, any MSP can create a document that will give their client relationships a solid and long-lasting foundation.

### About Continuum

Continuum provides a leading SaaS-based managed services platform that managed services providers (MSPs) use to efficiently backup, monitor, troubleshoot, and maintain desktops, servers and other endpoints for small- and medium-sized businesses. The comprehensive platform provides an intelligent remote monitoring and management (RMM) solution and an advanced backup and disaster recovery (BDR) offering branded Continuum Vault – all integrated with an industry-leading network operations center (NOC) and U.S.- based world-class Service Desk, delivering a single, unified managed services experience. The company currently employs more than 650 professionals worldwide, supports over 3,300 MSPs, and monitors more than a half a million endpoints. Continuum has also formed a non-profit foundation, called Continuum Veterans Foundation ([www.hire-our-heroes.org](http://www.hire-our-heroes.org)), which was established to provide financial support to local and national charities that focus on helping our veterans find jobs. The principal owner of Continuum is Summit Partners ([www.summitpartners.com](http://www.summitpartners.com)), a Boston-based growth equity firm that has raised more than \$15 billion in assets. For more information, please visit [www.continuum.net](http://www.continuum.net).