

Defining the Payoff: Are Maintenance Agreements Worth it?

Is a maintenance agreement (also commonly known as a Service Level Agreement or SLA) on your phone system worth the investment? First, let's define what these agreements really are, and what they should cover. A maintenance agreement:

1. Defines the service(s) required by the client and what will be provided by the vendor.
2. Sets quality standards to be followed by the vendor.
3. Defines any deliverables, such as regular performance or downtime reports.
4. Defines a means of compensating for failure to meet the standard of service required.

Now, does a maintenance agreement really pay off over the life cycle of your phone system? The answer in most cases is yes — for four simple reasons:

1. Fixed costs — a maintenance agreement keeps the annual upkeep cost on your system consistent. No surprise expenses results in real budget numbers that you can rely on.
2. Affordability — the typical cost for a maintenance agreement is 9-10% of the original cost of the system. (Example: If you have a \$30,000 system, you would be paying about \$2,700 annually for maintenance.) A single service call could likely exceed \$3,000 without a maintenance agreement in place.
3. Staffing — you're wasting resources if you have employees on staff with dedicated phone system PBX expertise. Unless your system experiences outages on a regular basis, you are paying for experience that you are not utilizing efficiently. A maintenance agreement gives you expertise on demand. Also, with most of today's phone systems containing proprietary equipment, the reseller that installed the system is really the best one to maintain it.
4. Convenience — most phone system vendors offer a variety of options to provide a maintenance agreement that efficiently, and cost effectively, gives you the protection you need. Some vendors offer a maintenance plan tied into the lease. It's another way to fix costs, so you get all of your phone service — maintenance included — for one flat monthly fee.

Strategies for a Successful Maintenance Agreement

Use the following strategies to ensure that you negotiate the right agreement for your enterprise:

1. Identify service levels that make the agreement comprehensive without paying for additional services that you're unlikely to use.



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2. Be sure to clearly define the reseller's responsibilities.
3. Focus on what services are being guaranteed, how they will be measured, the process for remediation of issues, and the amount of time the vendor has to correct problems.
4. Be sure the agreement defines measurement and processes for enforcement that come into effect as soon as the equipment under consideration is installed.

Defining Availability

When negotiating your agreement, you must consider what is really meant by "availability." When a contract specifies a percentage of availability per time period, the total downtime is accumulated over that specific time period. The following chart¹ demonstrates the impact of this, by showing how much downtime can be expected during the contract time period, based on the percentage of availability.

System Availability Based on Pre-Determined Timeframes

	98.000%	99.000%	99.900%	99.990%	99.999%
1 hour	1.2 minutes	36 seconds	0.06 seconds	0.006 seconds	0.0006 seconds
1 day	28.8 minutes	14.4 minutes	1.44 minutes	8.64 seconds	0.864 seconds
1 week	3.36 hours	1.68 hours	10.08 minutes	1.008 minutes	6.048 seconds
1 month (30 days)	14.4 hours	7.2 hours	43.2 minutes	4.32 minutes	25.92 seconds
1 year	7.3 days	3.65 days	8.76 hours	52.56 minutes	5.25 minutes

Here's an example to make it easier: If you sign an annual contract with availability of 99%, it defines that as 86 hours of downtime over the entire year, but those 86 hours could happen in one continuous stretch. Now consider a contract that specifies 99% availability on a weekly level. Now, you can't have more than 1.68 hours of downtime on any given day.

What to Look for in a Vendor

In addition to the agreement, you need to make sure of the experience, availability and credentials of the vendor you're considering. The company you select must have licensed, experienced, certified technicians available for service calls. Inquire about the number of locally available technicians, the response time for urgent calls, and how many after-hours calls are processed daily. Moves, additions and changes can sometimes be programmed remotely or may require onsite technicians. Most companies charge a fee for these services. Check with all of your potential vendors to see if there are charges for remote programming.

A maintenance agreement is like insurance for your phones. It's necessary to maintain effective business continuity, and is usually much more affordable than trying to maintain a system in-house. Just be sure to perform the necessary diligence, on the vendor and on the contract itself, before signing into any agreement.

¹ Taken from on: Spirovski Bozidar, "9 Important Elements in a Service Level Agreement," Articlesbase, (June 4, 2008), <http://www.articlesbase.com/strategic-planning-articles/9-important-elements-in-a-service-level-agreement-438294.html>



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