In the Mending Wall Robert Frost wrote about two neighbors who work together to rebuild a rock wall dividing their adjoining land because “good fences make good neighbors”. Negotiating a good cloud service level agreement can be very similar work. No system, however large, no process, however elaborate, no support, however fanatical, can prevent computers from occasionally going down despite the provider’s best efforts. Add to this the inherent uncertainty of packets being delivered on an internet (TCP/IP) based network and it is easy to see why a service level agreement must be built one stone at a time.
In a similar fashion to the two neighbors in Frost’s poem the greatest value of negotiating a service level agreement comes from establishing a strong working relationship that allows the two parties to work together to mend the fence when it falls down.

GETTING STARTED

The first step in negotiation a cloud service level agreement is simply knowing and understanding what you can ask for. The terms of most agreements fall into three broad categories, business, technical, and legal. Each set of terms is subject to different forms of give and take.

BUSINESS TERMS

In general, business terms relate to payments, revenue, and financial matters and address the following questions:

1. What the service will cost?
2. How long the customer is obligated to pay for the service?
3. When does the customer stop making payments?
4. What payments the provider will make to the customer in the event the service levels are not met?

TECHNICAL TERMS

Technical terms describe the methods of monitoring the agreement and provide the framework for future negotiations. Overly complex agreements can become unrealistic to determine. Successful technical terms focus on metrics that can easily, accurately, and unambiguously be measured.

The first set of technical items that need to be negotiated are the standards of service since they provide a baseline for expectations and determine the conditions of default. They include:

1) Availability
2) Latency
3) Jitter
4) Through put
5) Availability
6) Downtime
7) Time-to-response
8) Delay and delivery

The next set of terms relate to the mechanics of measuring the standards of service. They include:

1) the software tools that will be used for measuring service levels,
2) the process of reporting outages and service failures,
3) the timeline in which the provider will respond to identified failures,
4) the method for escalating the providers response to problems.
More specifically these last terms will cover help desk process and problem resolution such as:

1) Help desk response time,
2) Time to answer,
3) Time to resolution,
4) Time to escalation,
5) and the escalation process itself.

A good set of cloud SLA terms will also include a section on backup schedules, software updates, system eminence that can be anticipated in advance and not measured against availability.

**LEGAL TERMS**

The legal terms extend beyond the scope of day to day operations to cover extraordinary situations where an organization is exposed to risk of litigation. Some of these include:

- **Indemnity**: Defined as that which is given to an organization to prevent its suffering damage. Customers typically want providers to indemnify them against extraordinary legal losses on the part of the provider’s employees or agents.

- **Confidentiality**: In general is defined as discretion in keeping secret information. More specifically confidentiality has been defined by the International Organization for Standardization (ISO) in as “ensuring that information is accessible only to those authorized to have access” (1) and is one of the cornerstones of information security.

- **Data breach**: Defined as the release of secure information to an untrusted environment. It can also be defined as the unauthorized disclosure of information that compromises the security of personally identifiable information.

Once you understand what you can ask for, the next step in successful negotiation is to look at your underlying interests and understand what is important to you.

**NEGOTIATION**

The actual negotiation itself can be many things - a battle, a quiet discussion, or a goat rodeo. The trend among professional negotiators and academics studying negotiations for many years now has been towards developing techniques that move beyond competitive negotiation toward real problem solving. Hard ball negotiation has a time and place but is not something experts feel nurtures the kind on going relationship between customer and provider a successful cloud project will depend. So too much reliance on demands and ineffective attempts to persuade the other party should be avoided and tactics that create “win win” situations sought.
In plainer language if you plan to continue to do business with someone, don’t be too tough in the negotiations. If you’re going to skin a cat, don’t keep it as a house cat. Any business arrangement that is not profitable to the other party will in the end prove unprofitable for you. The negotiation that leaves both parties feeling satisfied is the only one that is apt to be repeated again.

One way to do this is to spend some time in the other party’s shoes, imagining what the other side might be trying to achieve. The more one can understand the values, needs, and issues from the other side’s perspective, the better the chance of determining what they are likely to exchange for what you want.

Another way to accomplish this is by offering creative solutions; this can also set a tone of cooperation, and avoid the bad feelings associated with rigid positional bargaining. The best negotiators spend time asking questions, staying interested, and uncovering the other side’s views of the situation, interests, and priorities.

One technique the authors have found particularly effective is to separate negotiation of the business terms, from the legal terms, and the technical terms and dedicate specialists to each. In such a situation the business owners negotiate the business terms, the technical team negotiates the terms of service, and let the legal team worry about legal issues. It’s hard to fight reason, and the better a demand is supported, the more difficult it is to counter.

**USING THIRD PARTIES**

Under some circumstances the best strategy for negotiating an important service level agreement or establishing a service level process might be to bring in a management consultant. There are a number of management consultants who specialize in these sorts of agreements and make negotiating them a part of their practice. A few of the best recognized ones include:

- Nigel Walkerm, of TPI, at 469-384-2079 or nigel.walker@tpi.net
- Steve Haas, of The Everest Group at 214-451-3000 or Shaas@everestgrp.com
- Harry Wallaesa, of The W Group at 610-213-4701, hwallaesa@thinkwgroup.com

Of course the authors of this article are happy to answer questions and provide advice on a consulting basis and the can be contacted at 303-903-5672 and alan@alanrudolph.net or at 303-949-5056 and bruce@brucedaley.com.

**CONCLUSION**

Now that you have finished negotiating the contract lock it in a drawer and hopefully you will never need to look at it again. If you have taken the right steps in negotiation the relationships have been established to mend the fence without needing to refer to it.