



Optimizing the Tradeoff:

Cost vs. Quality in IT Support

MetricNet Best Practices Series



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DFW



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27 Years of IT Service and Support Benchmarking Data



Global Database

More than 3,700 IT Service and Support Benchmarks

70+ Key Performance Indicators

More than 120 Industry Best Practices



10 Industry MegaTrends

- ❑ The rise of the Strategic Service and Support Organization
- ❑ Holistic use of KPI's
- ❑ Benchmarking to Improve Performance
- ❑ User Self-Help
- ❑ Marketing Service and Support
- ❑ Understanding TCO and Shift Left Strategies
- ❑ First Contact and First Level Resolution
- ❑ Process Rationalization (ITIL, ITSM)
- ❑ Knowledge Management and Remote Diagnosis
- ❑ Service Optimization: Cost vs. Quality in IT Support



Competing Objectives: Cost vs. Quality

Lower Cost



Higher Quality





Doing Things Right



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Some Common Service Desk KPI's

Cost

- Cost per Contact
- First Level Resolution Rate

Quality

- Customer Satisfaction
- Call Quality
- % Escalated Level 1 Resolvable

Productivity

- Contacts per Agent per Month
- Agent Utilization
- Agents as % of Total FTE's

Agent

- Agent Occupancy
- Annual Agent Turnover
- Daily Absenteeism
- New Agent Training Hours
- Annual Agent Training Hours
- Schedule Adherence
- Agent Tenure
- Agent Job Satisfaction

Service Level

- Average speed of answer (ASA)
- Call abandonment rate
- % Answered within 30 Seconds
- Average hold time
- Average time to abandon
- Percent of calls blocked

Call Handling

- Contact Handle Time
- First Contact Resolution Rate
- User Self-Help Rate
- IVR completion Rate
- Percent of calls transferred

And there are hundreds more!!



KPI's: Which Ones Really Matter?

Cost

- Cost per Ticket

Quality

- Customer Satisfaction

Productivity

- Agent Utilization

Call Handling

- First Contact Resolution Rate

TCO

- First Level Resolution Rate

Agent

- Agent Job Satisfaction

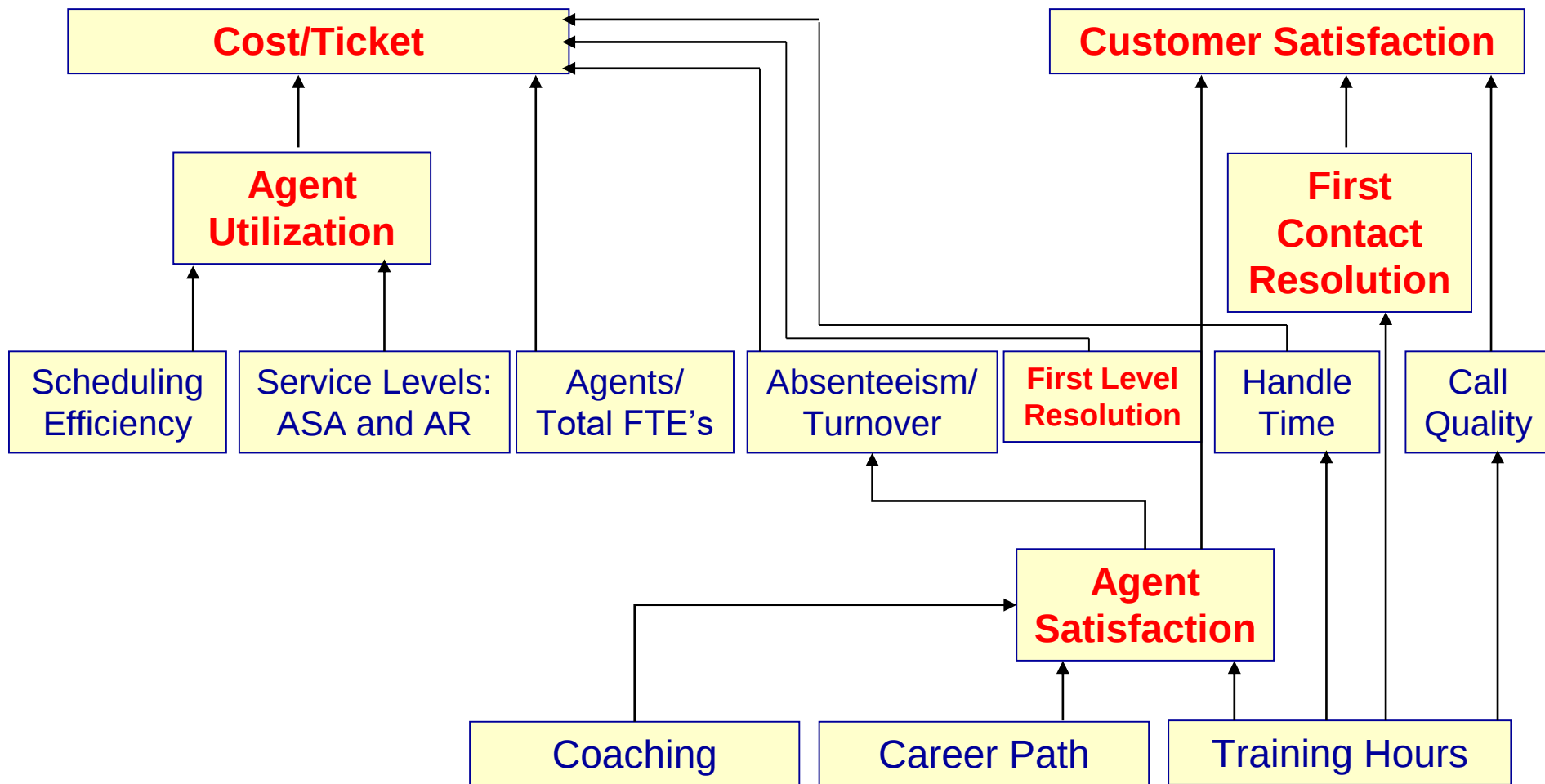
Aggregate

- Balanced Scorecard

Read MetricNet's whitepaper on ***Service Desk Performance Metrics***. Go to www.metricnet.com to get your copy!



A Summary of the Major KPI Correlations



Some Common Desktop Support KPI's

Cost

- Cost per Ticket
- Cost per Incident
- Cost per Service Request

Service Level

- Average Incident Response Time (min)
- % of Incidents Resolved in 24 Hours
- Mean Time to Resolve Incidents (hours)
- Mean Time to Complete Service Requests (days)

Ticket Handling

- Average Incident Work Time (min)
- Average Service Request Work Time (min)
- Average Travel Time per Ticket (min)

Quality

- Customer Satisfaction
- First Contact Resolution Rate (Incidents)
- % Resolved Level 1 Capable
- % of Tickets Re-opened

Technician

- Technician Satisfaction
- New Technician Training Hours
- Annual Technician Training Hours
- Annual Technician Turnover
- Technician Absenteeism
- Technician Tenure (months)
- Technician Schedule Adherence

Productivity

- Technician Utilization
- Tickets per Technician-Month
- Incidents per Technician-Month
- Service Requests per Technician-Month
- Ratio of Technicians to Total Headcount

Workload

- Tickets per Seat per Month
- Incidents per Seat per Month
- Service Requests per Seat per Month
- Incidents as a % of Total Ticket Volume

And there are hundreds more!!



The 80/20 Rule for Desktop Support KPI's

Cost

- Cost per Ticket

Quality

- Customer satisfaction

Productivity

- Technician Utilization

Call Handling

- First contact resolution rate (incidents)

Service Level

- Mean Time to Resolve

TCO

- % Resolved Level 1 Capable

Technician

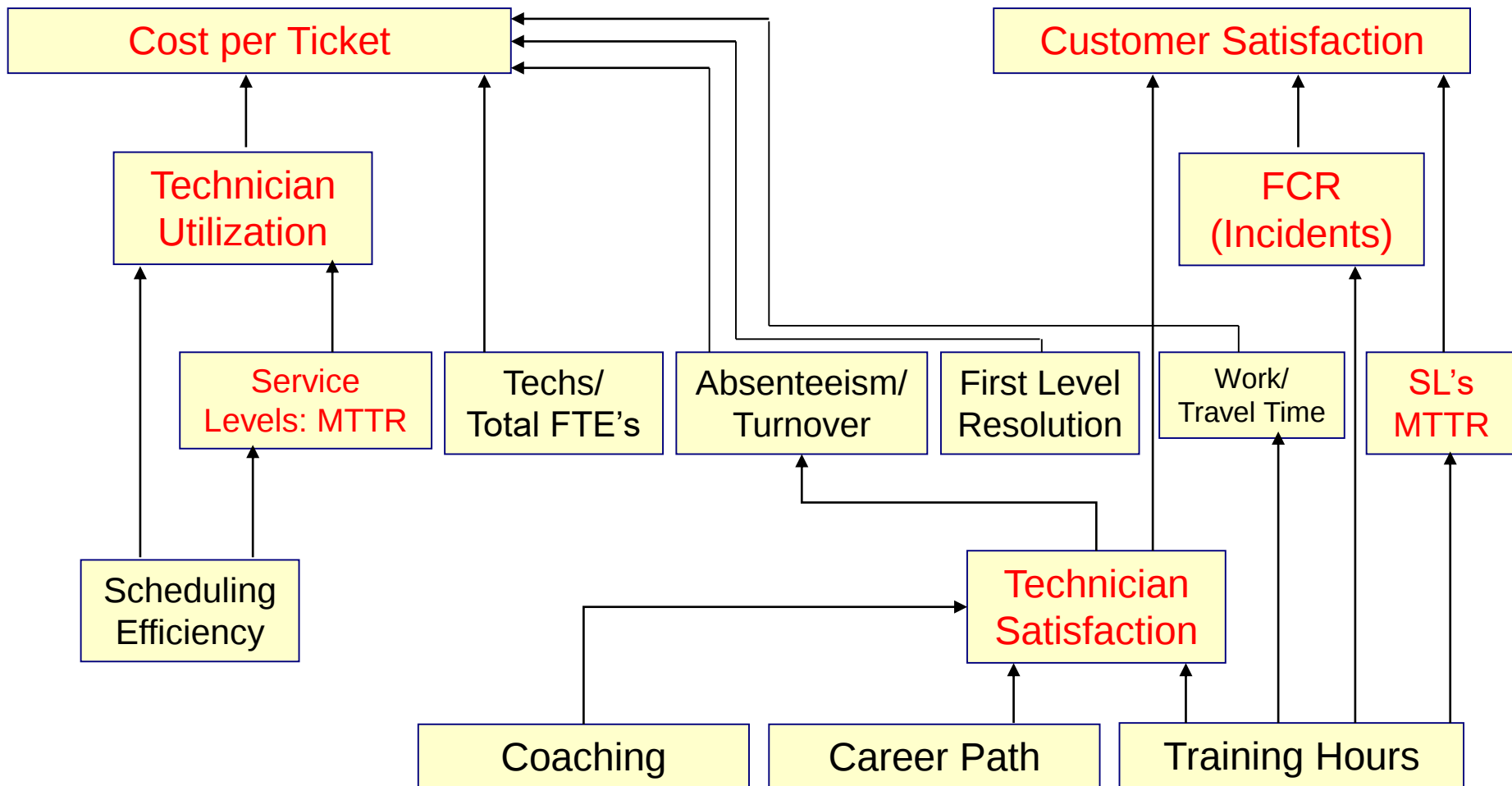
- Technician Satisfaction

Aggregate

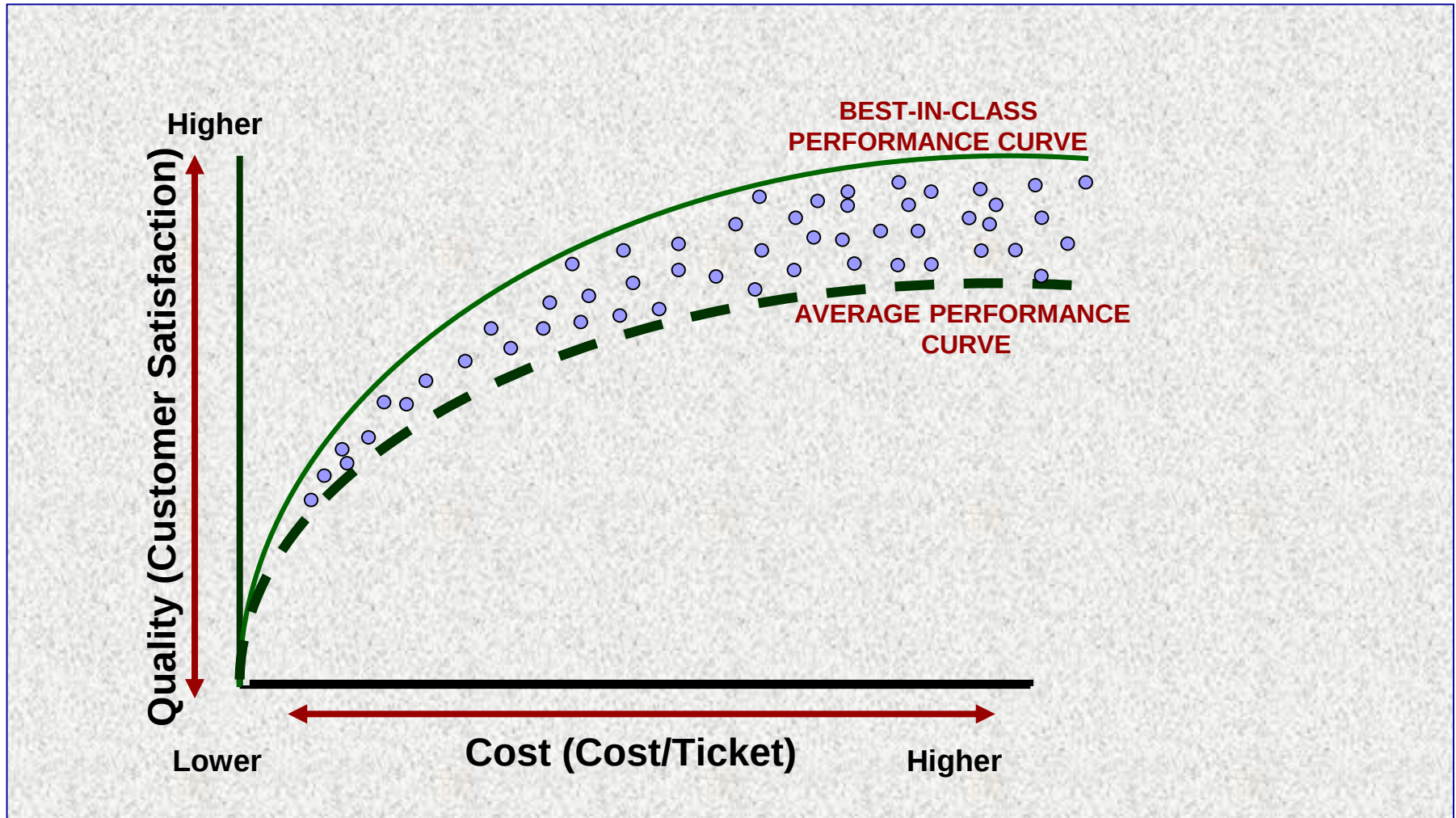
- Balanced scorecard



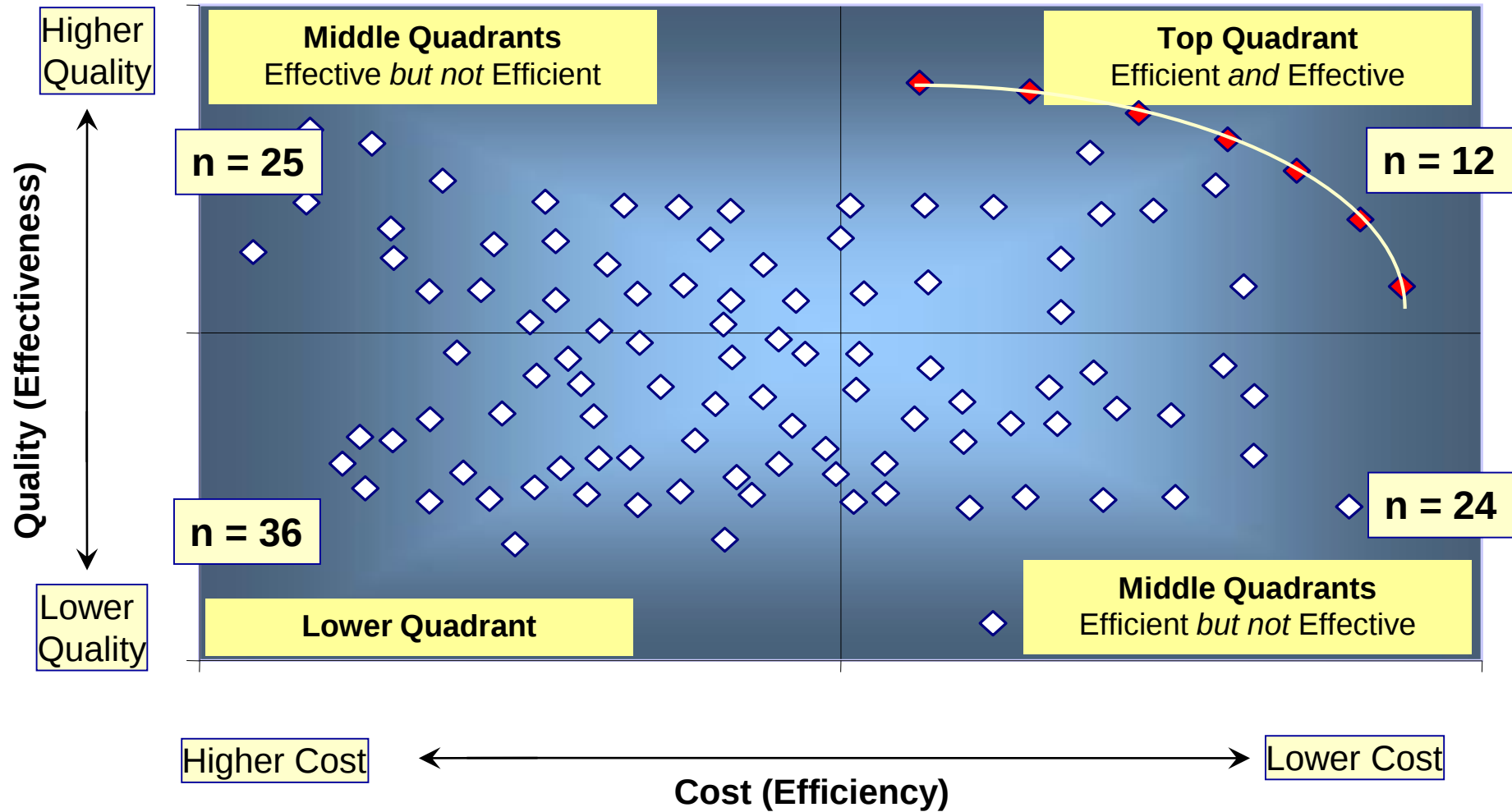
A Summary of KPI Correlations for Desktop Support



The Cost vs. Quality Tradeoff



Another View: Cost vs. Quality

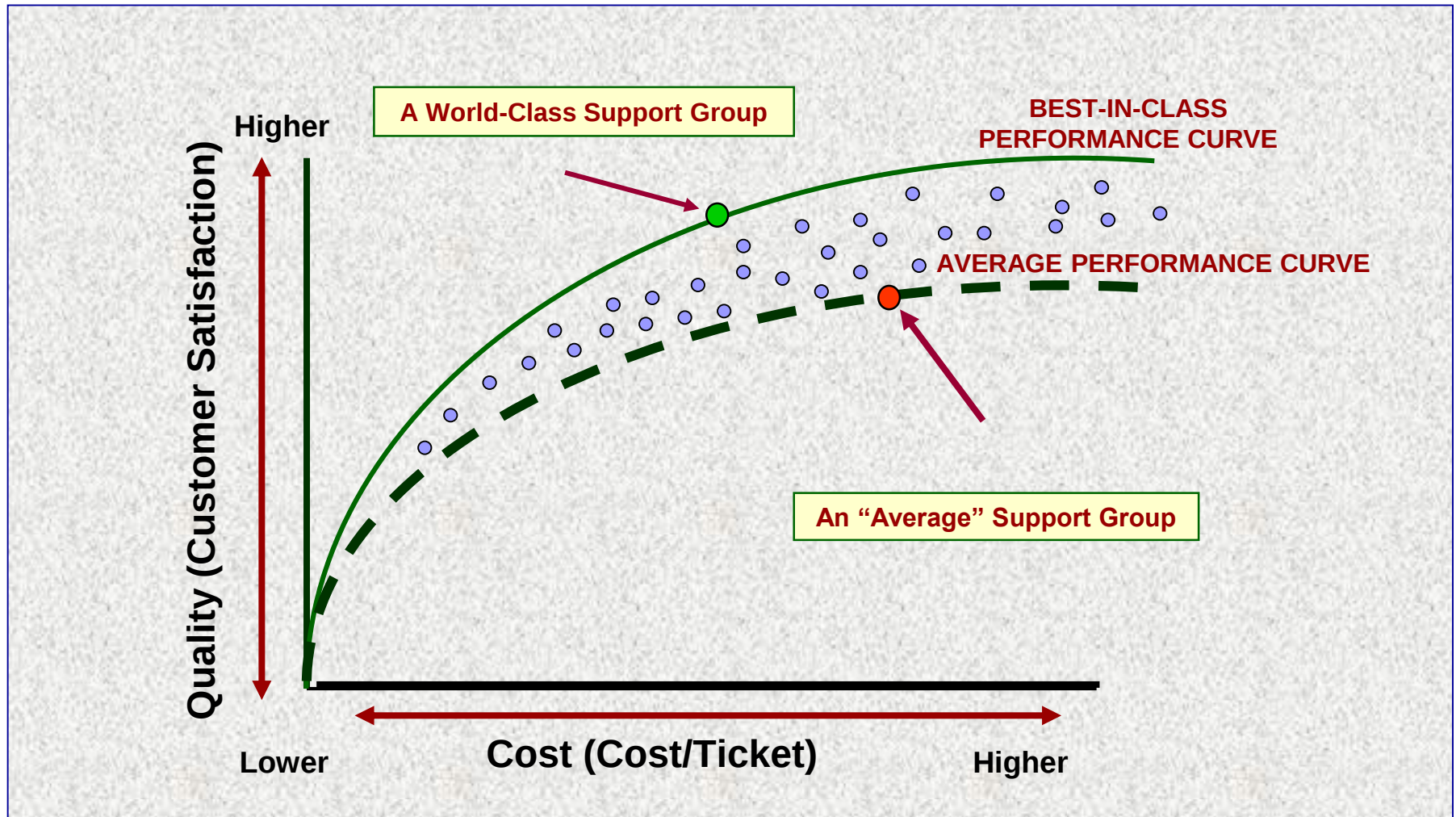


Characteristics of a World-Class Support Organization

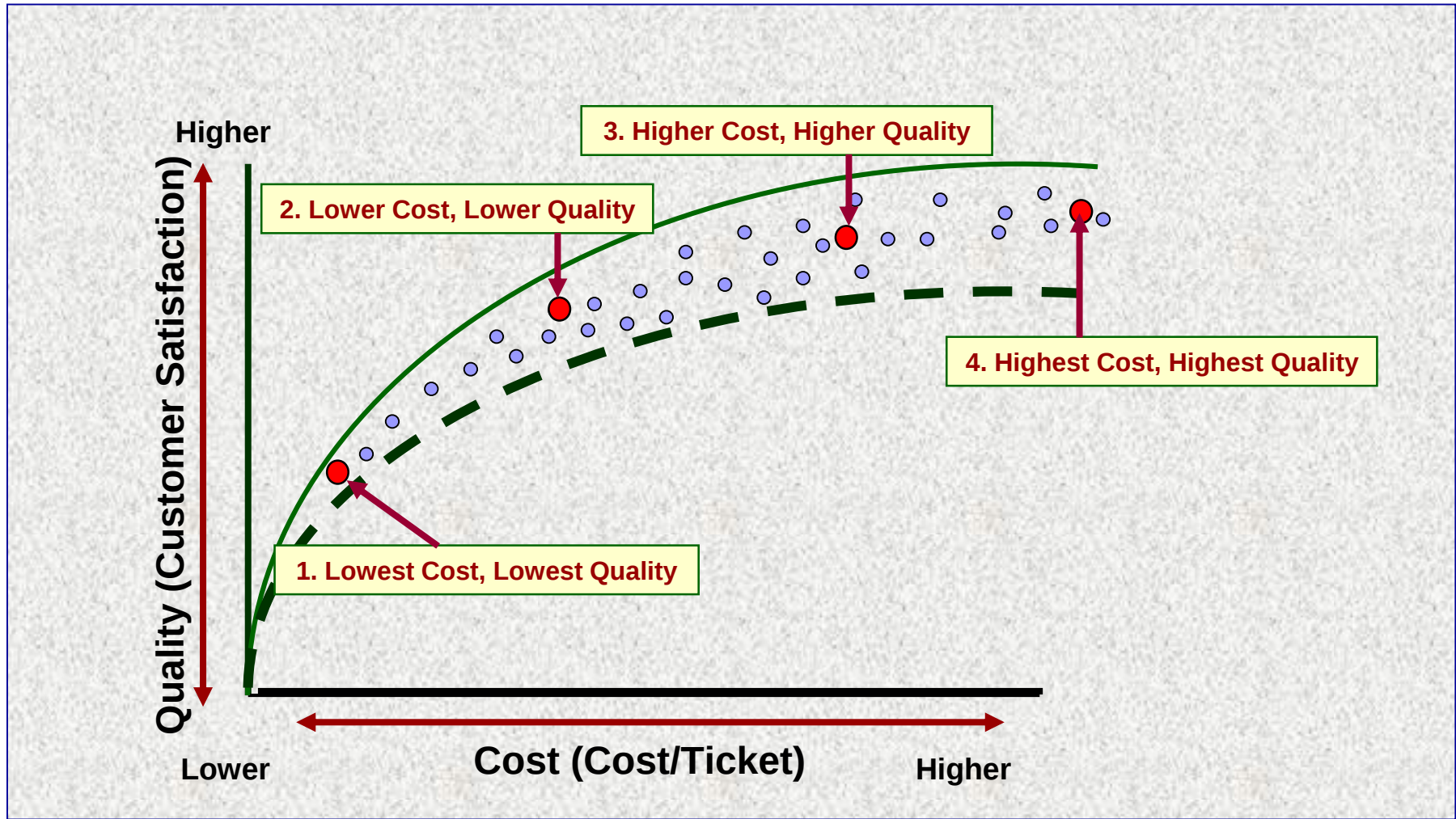
- IT Support consistently exceeds customer expectations
 - Result is high levels of customer satisfaction
- Costs are managed at or below industry average levels
 - Cost per ticket below average
 - Minimizes Total Cost of Ownership (TCO)
- IT support follows industry best practices
 - Industry best practices are defined and documented
 - Service desk follows industry best practices
- Every transaction adds value
 - A positive customer experience
 - Drives a positive view of IT overall



The World-Class Support Organization Defined



Four Cost/Quality Scenarios

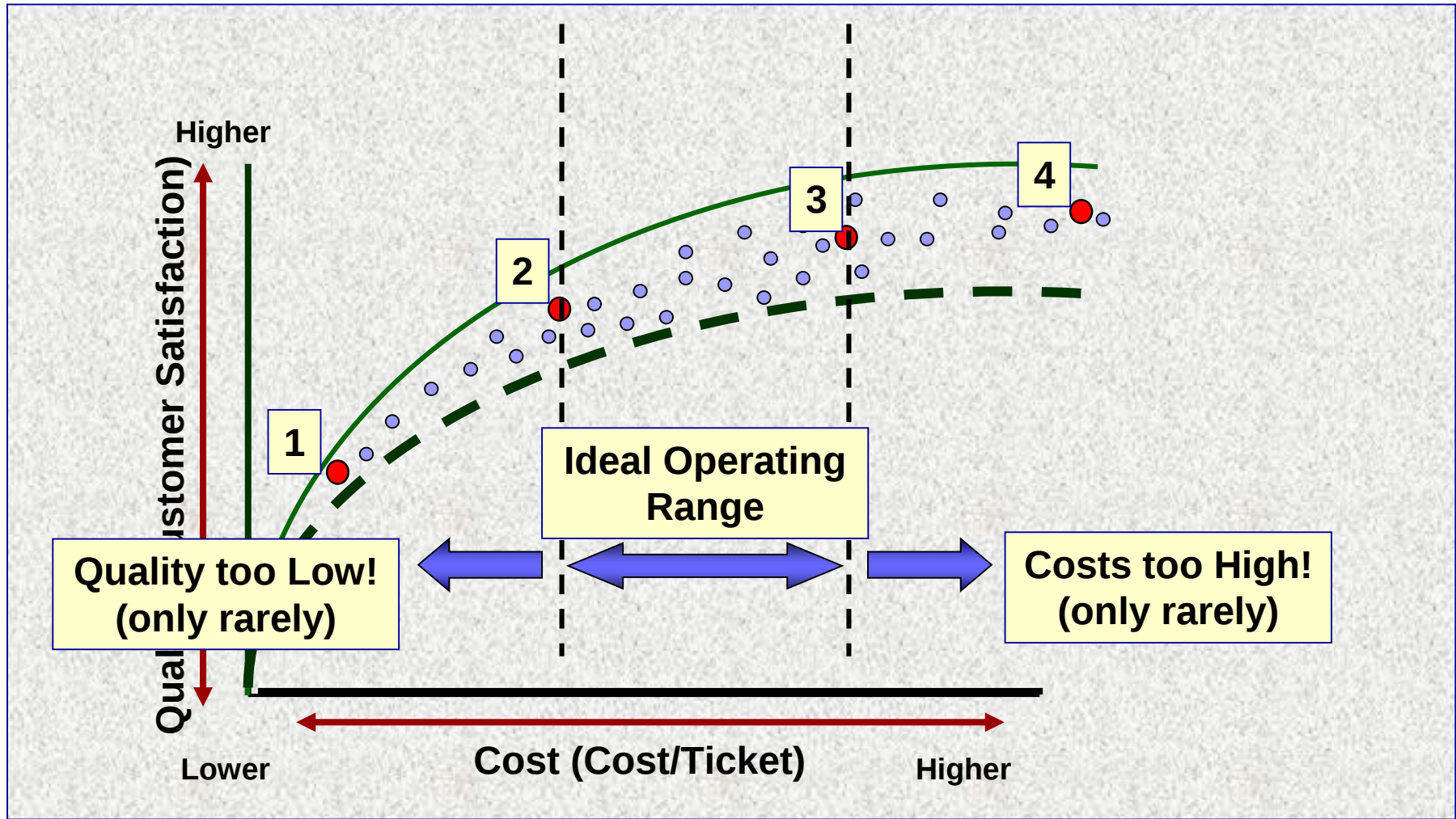


Key Performance Indicators: Four Service Desk Scenarios

Key Performance Indicators	Four Scenarios			
	Scenario 1 (Lowest Cost/ Lowest Quality)	Scenario 2 (Lower Cost/ Lower Quality)	Scenario 3 (Higher Cost/ Higher Quality)	Scenario 4 (Highest Cost/ Highest Quality)
Cost/Ticket	\$9	\$12	\$18	\$30
Customer Satisfaction	70%	82%	90%	95%
Agent Utilization	65%	60%	55%	50%
First Contact Resolution	60%	72%	78%	82%
Average Speed of Answer	90 sec	60 sec	30 sec	20 sec
First Level Resolution	75%	85%	90%	95%



The Ideal Operating Range



KPI's in The Ideal Operating Range

Key Performance Indicators	Performance in the Ideal Operating Range	
	Scenario 2 (Lower Cost/ Lower Quality)	Scenario 3 (Higher Cost/ Higher Quality)
Cost/Ticket	\$12	\$18
Customer Satisfaction	82%	90%
Agent Utilization	60%	55%
First Contact Resolution	72%	78%
Average Speed of Answer	60 sec	30 sec
First Level Resolution	85%	90%



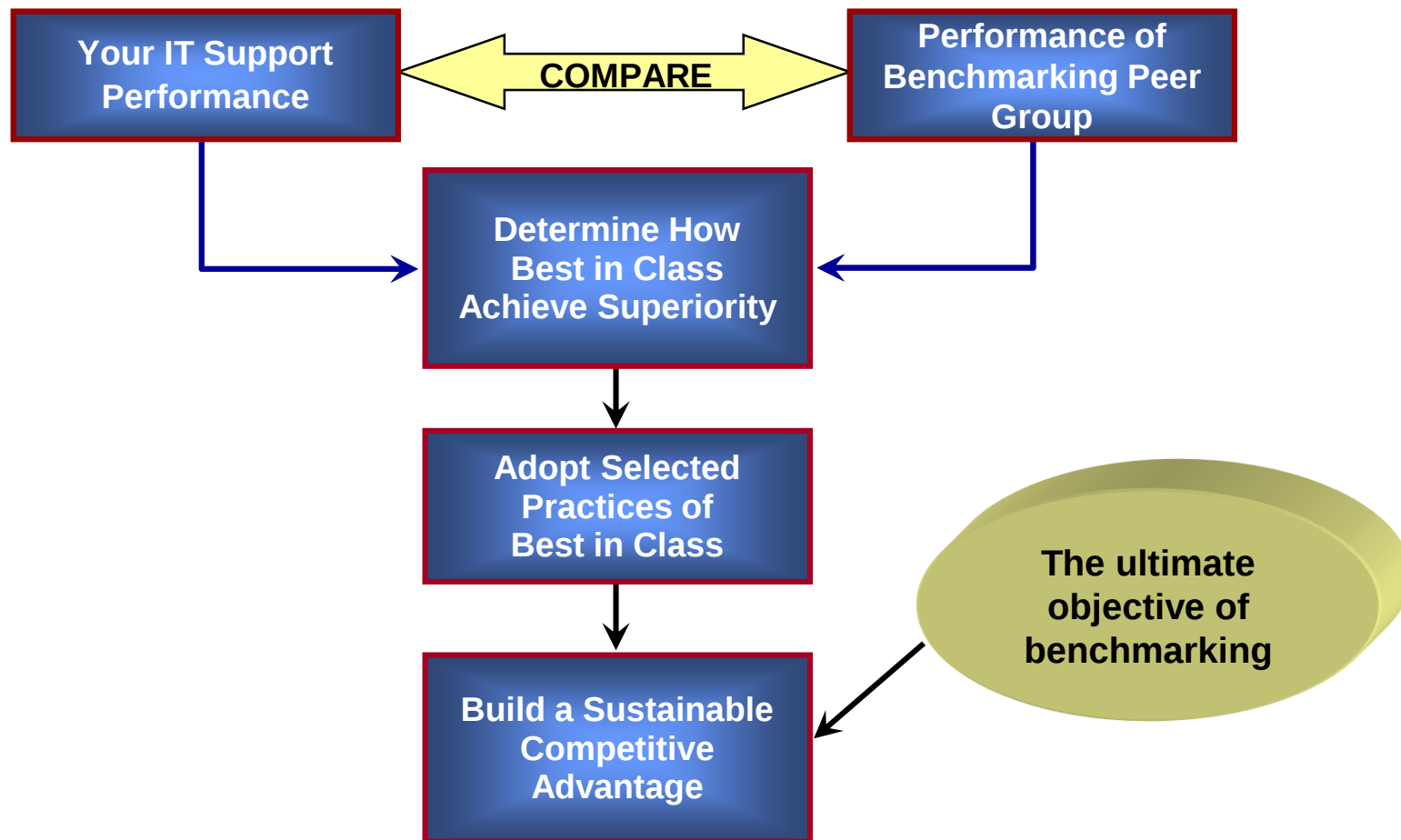
Optimizing the Cost/Quality Tradeoff

Getting there is a Two-Step process

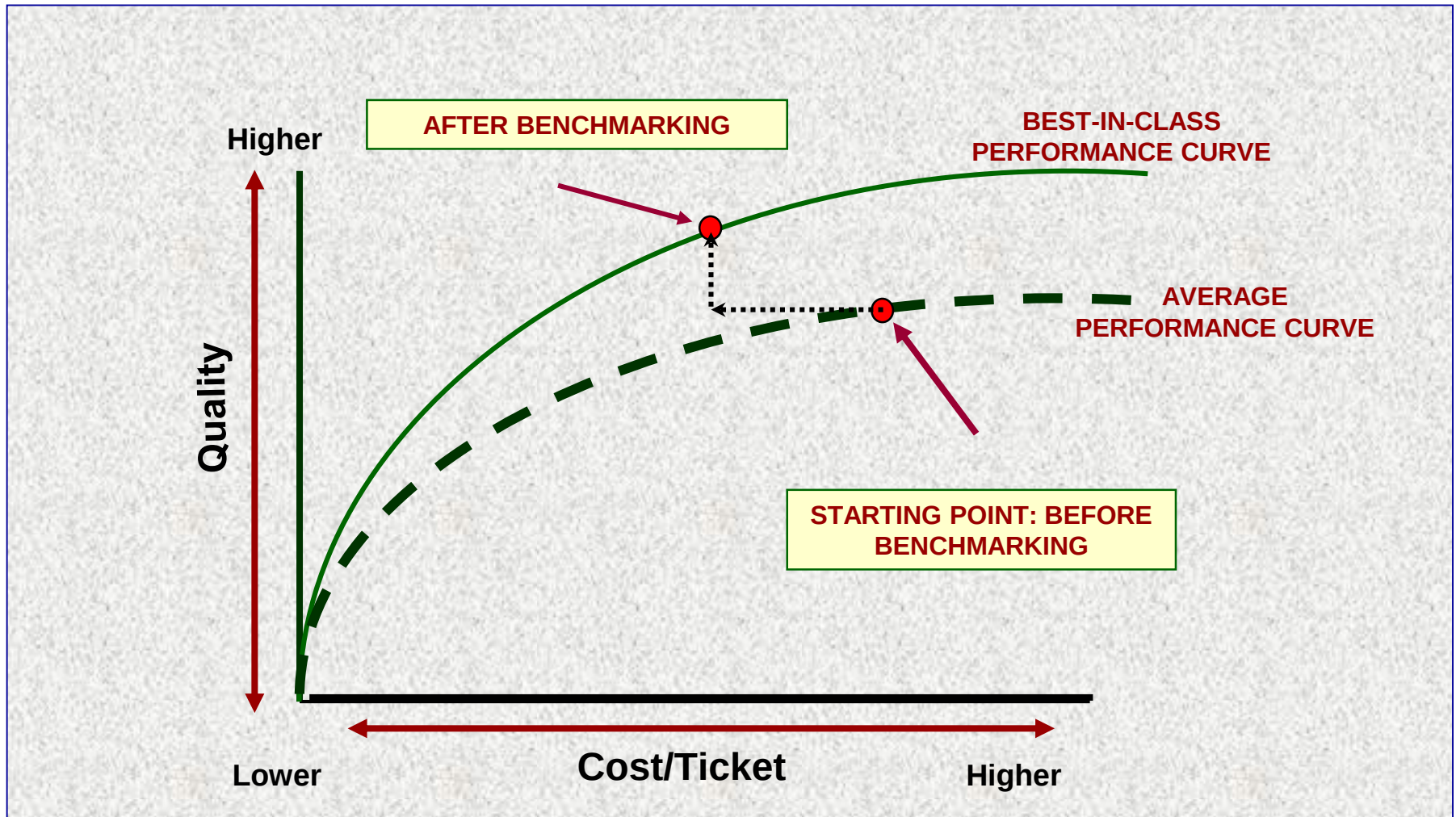
1. Benchmark your Support organization to maximize Efficiency and Effectiveness
2. Fine Tune your Service Desk performance to achieve the ideal operating point



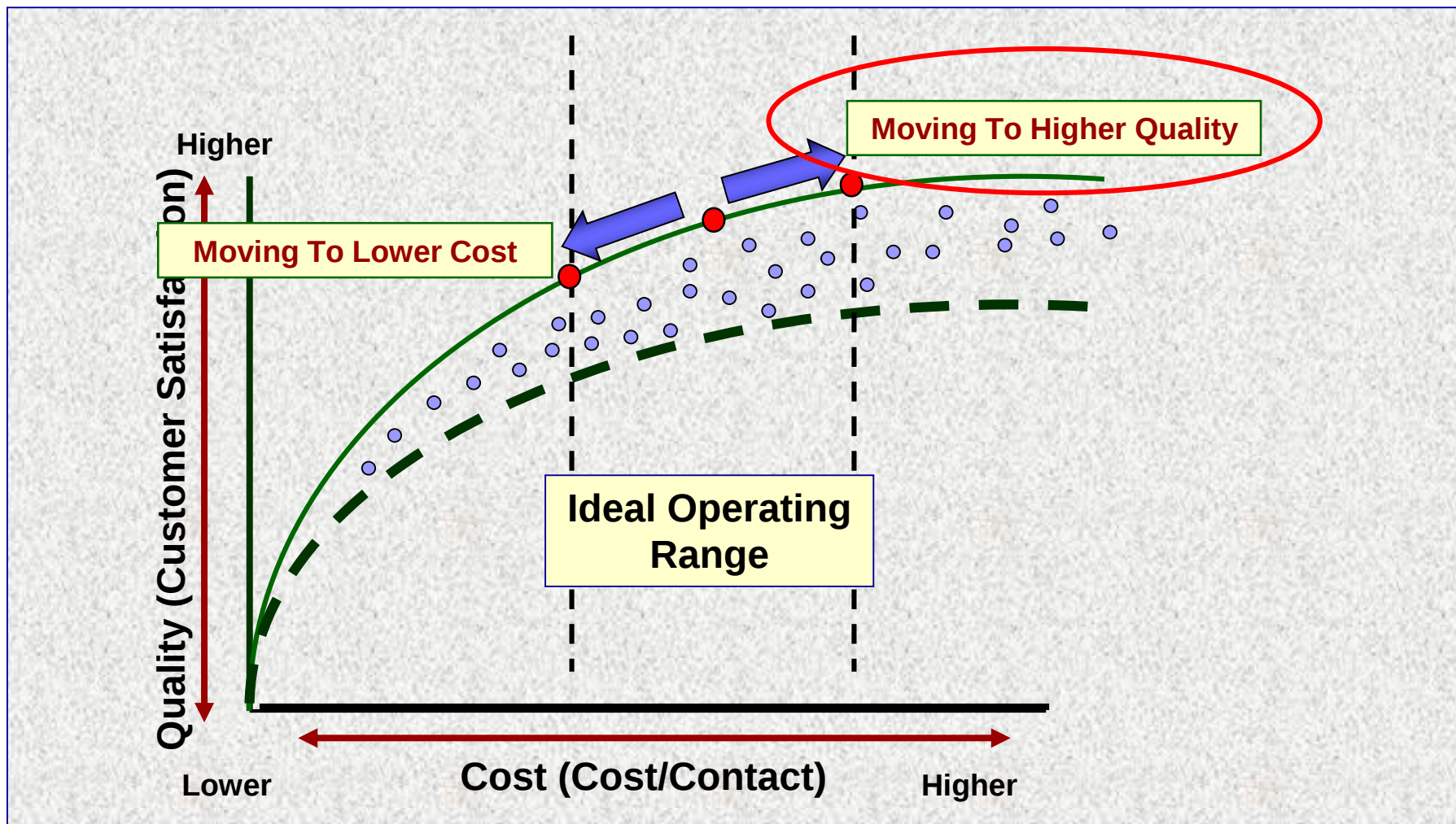
The Benchmarking Methodology



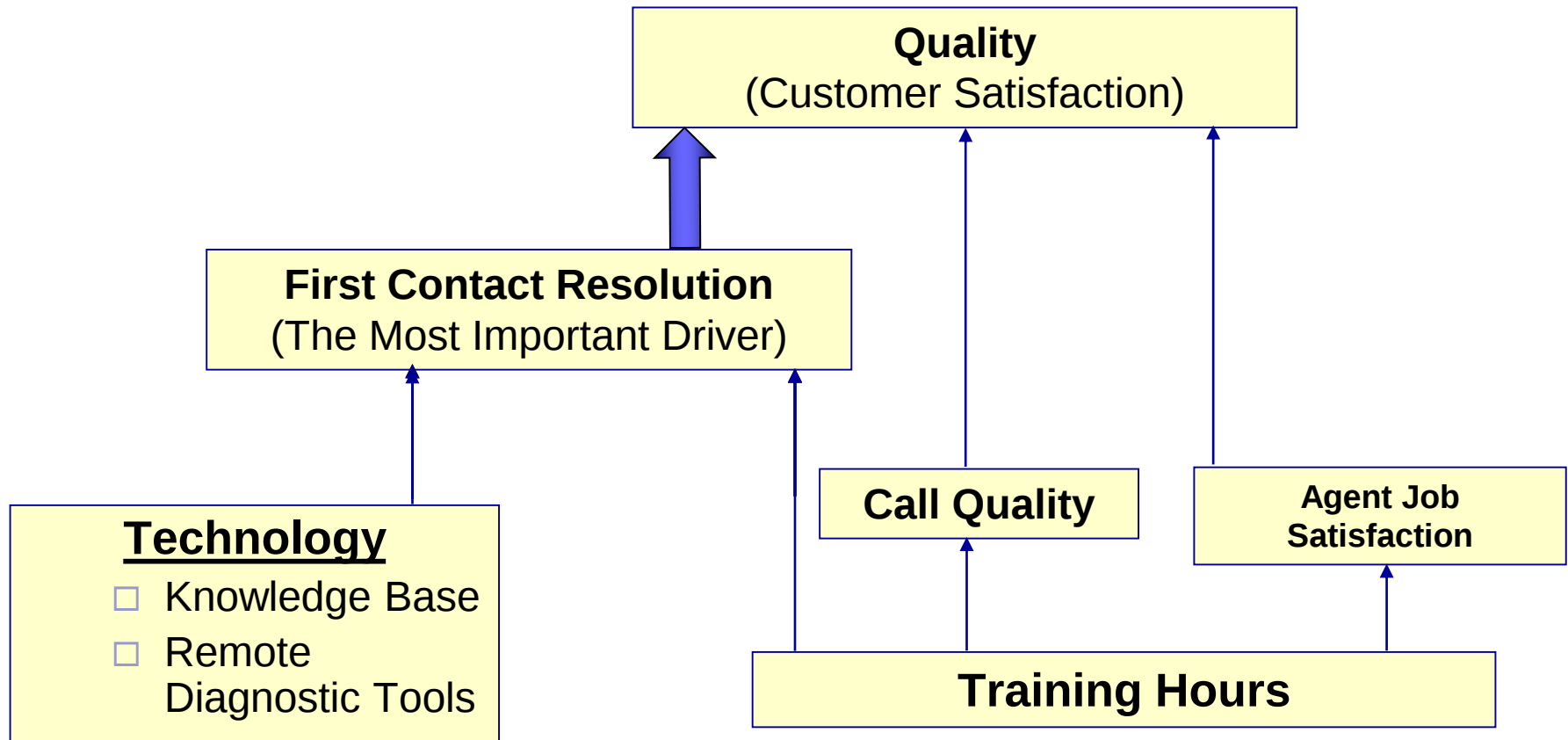
Step 1: Benchmarking



Step 2: Fine Tuning



Moving to Higher Quality: Key Drivers

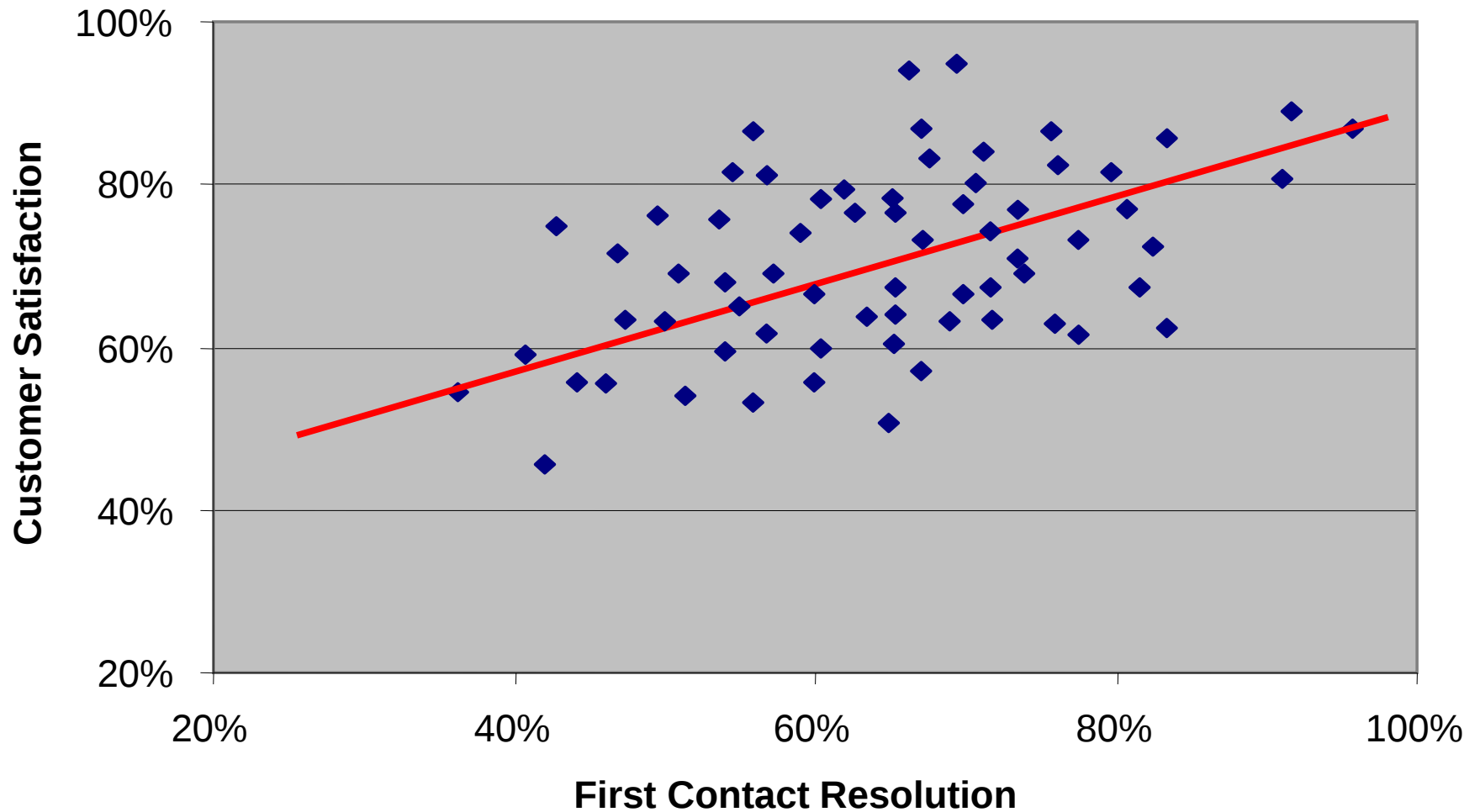


The Bottom Line

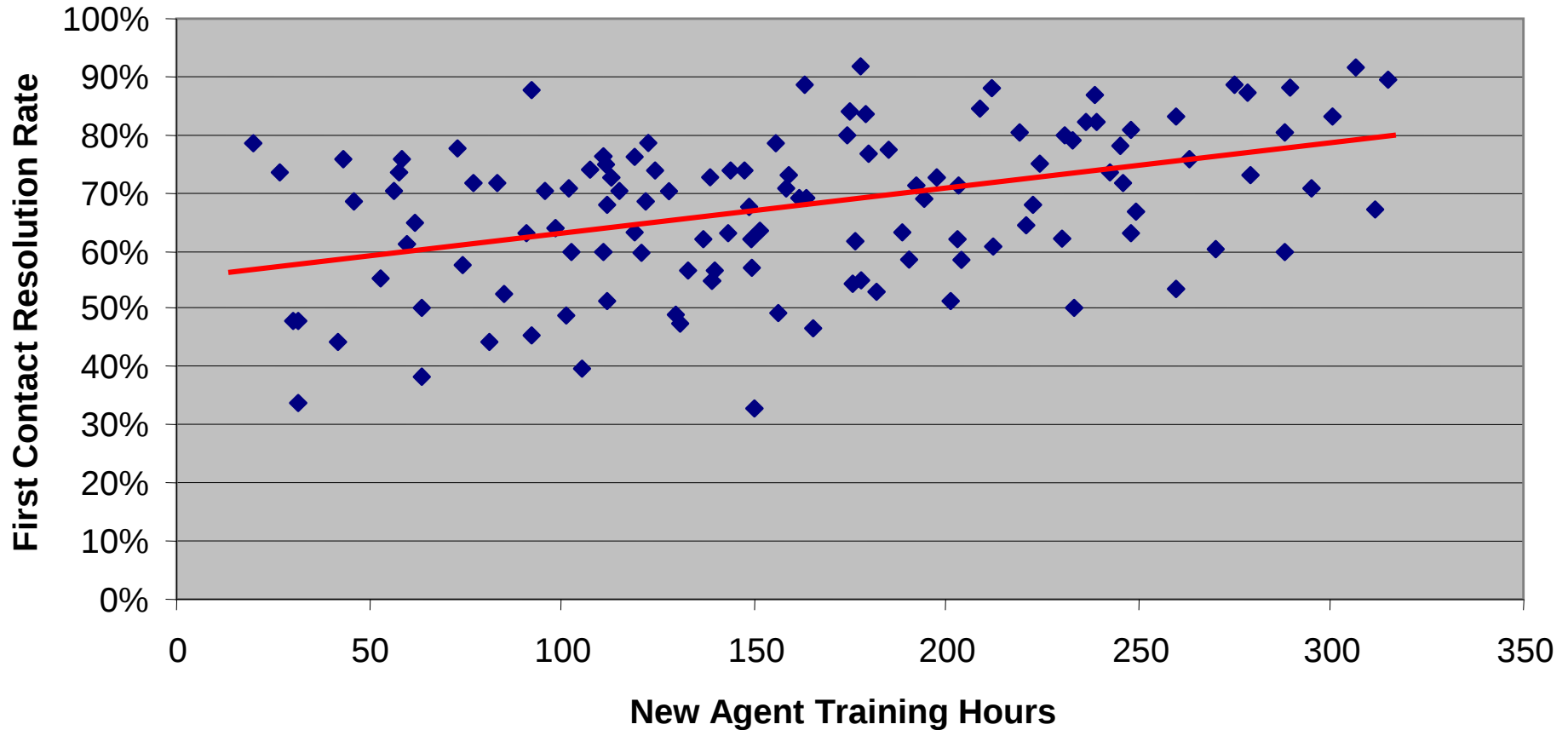
Every 1% Increase in First Contact Resolution Improves Customer Satisfaction by Approximately 1%!



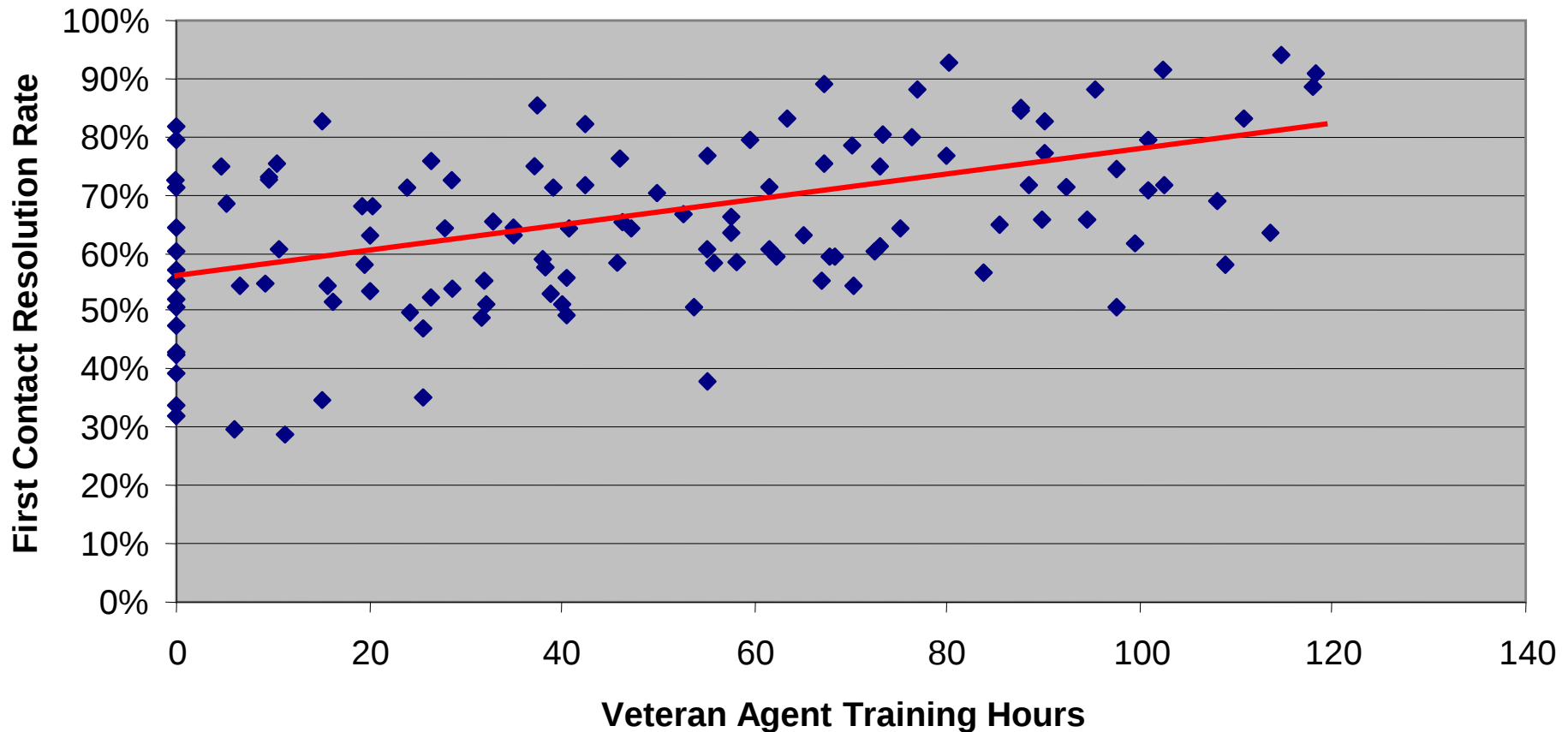
First Contact Resolution Drives Customer Satisfaction



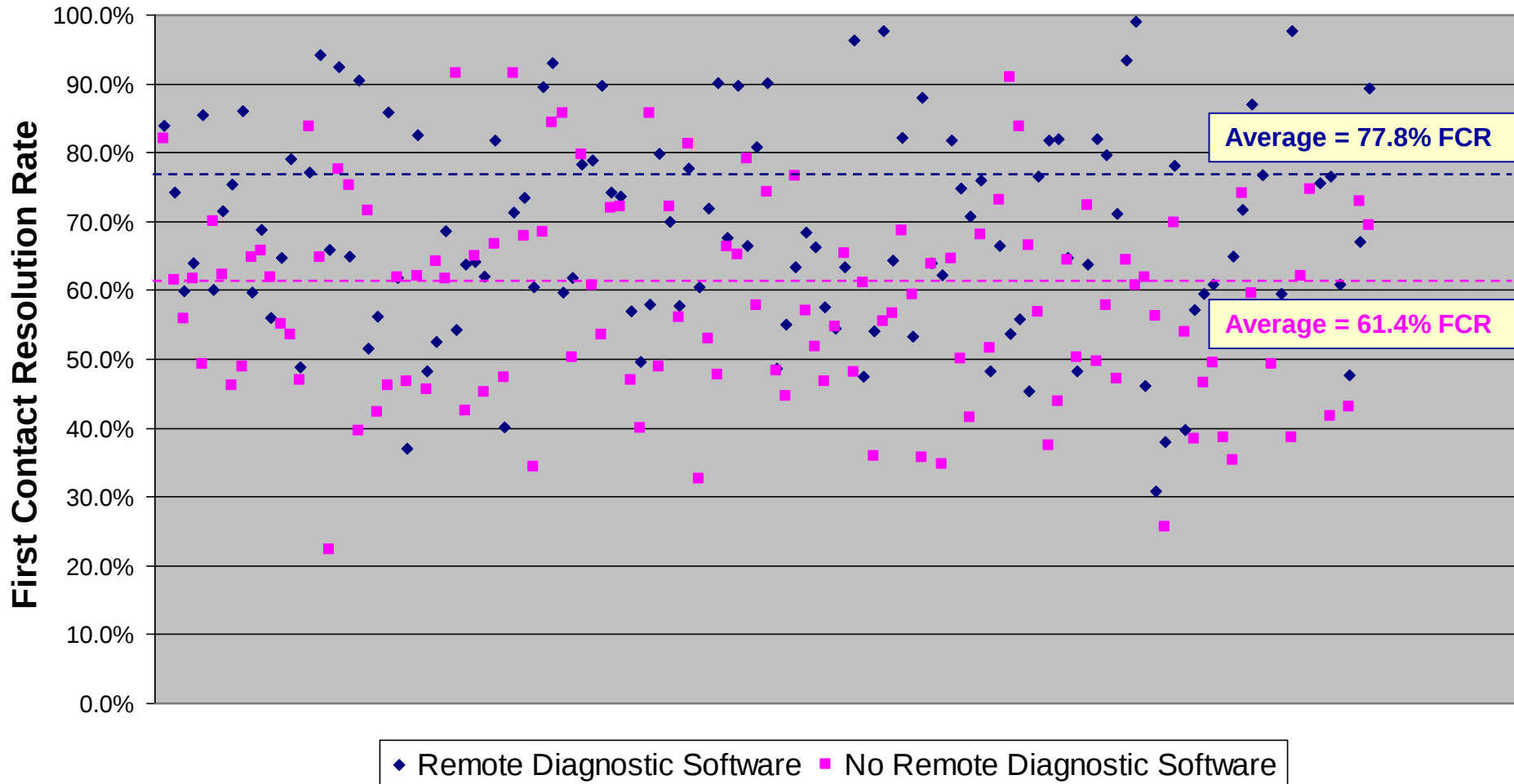
New Agent Training Hours vs. First Contact Resolution



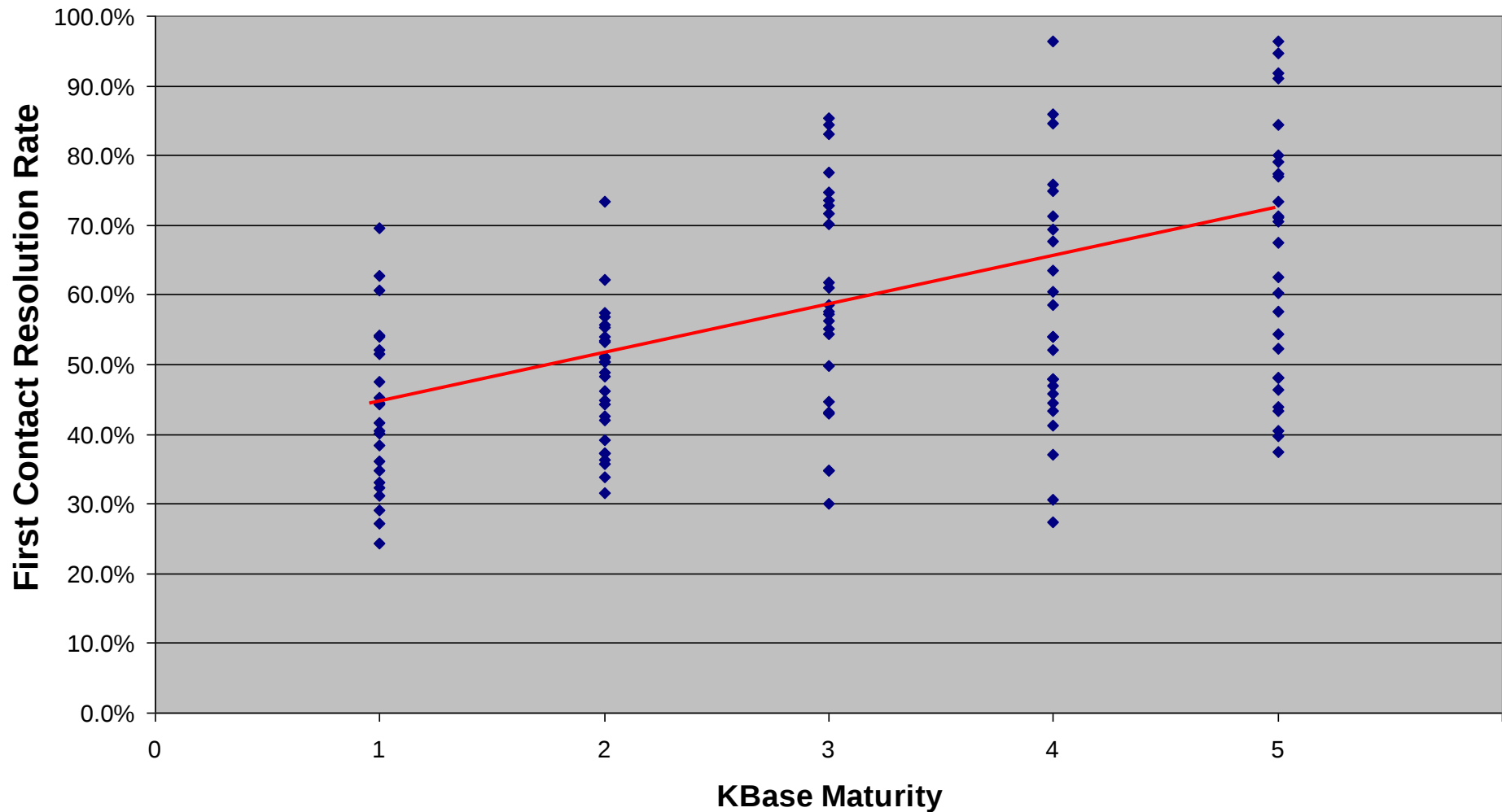
Veteran Agent Training vs. First Contact Resolution



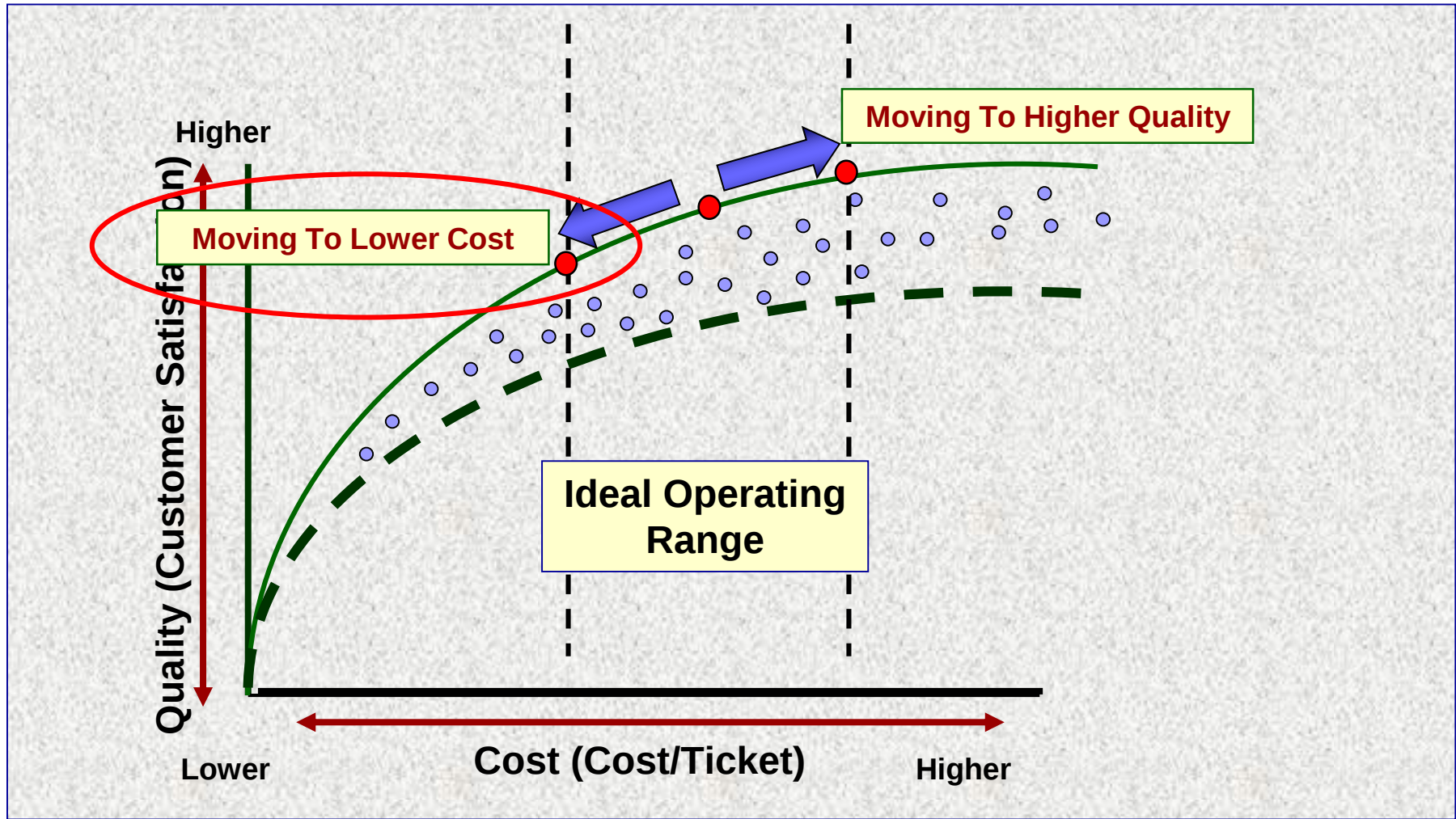
The Effect of Remote Diagnostic Tools on FCR



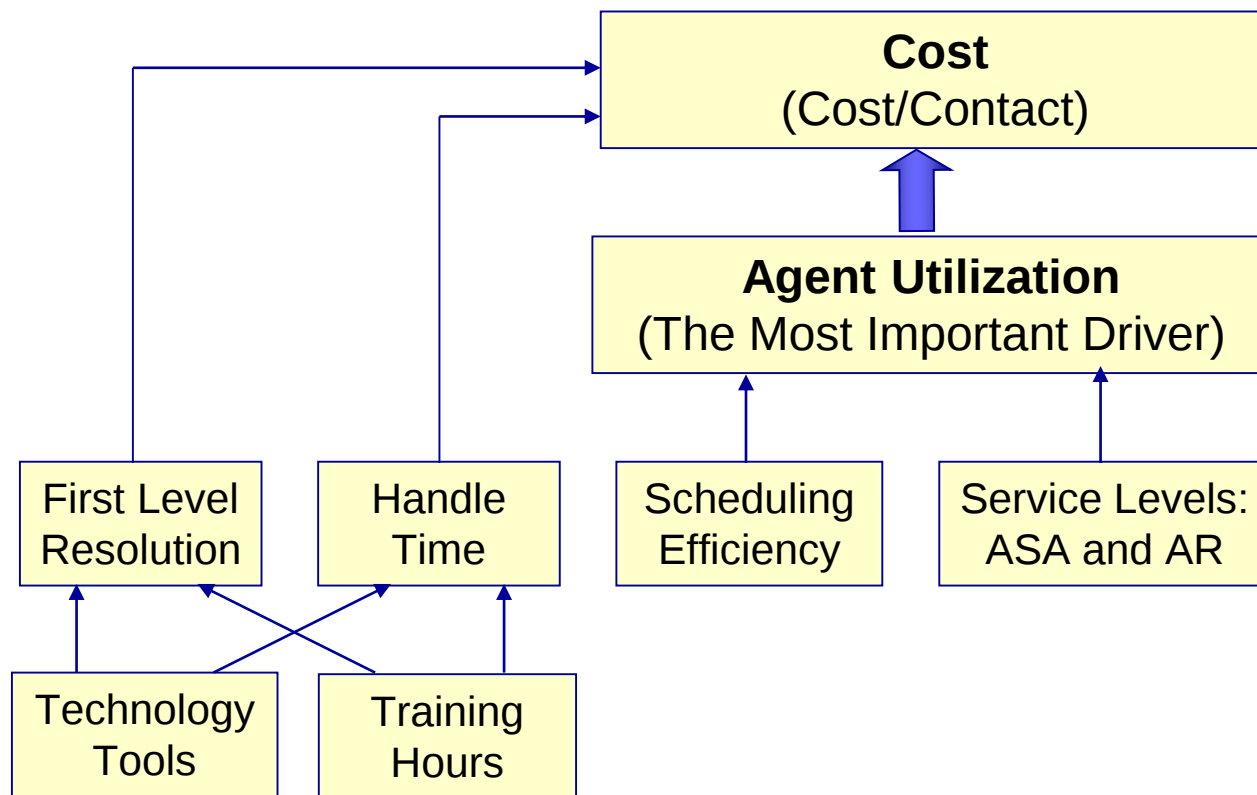
The Effect of a Mature Knowledge Base on FCR



Step 2: Fine Tuning



Moving to Lower Cost: Key Drivers

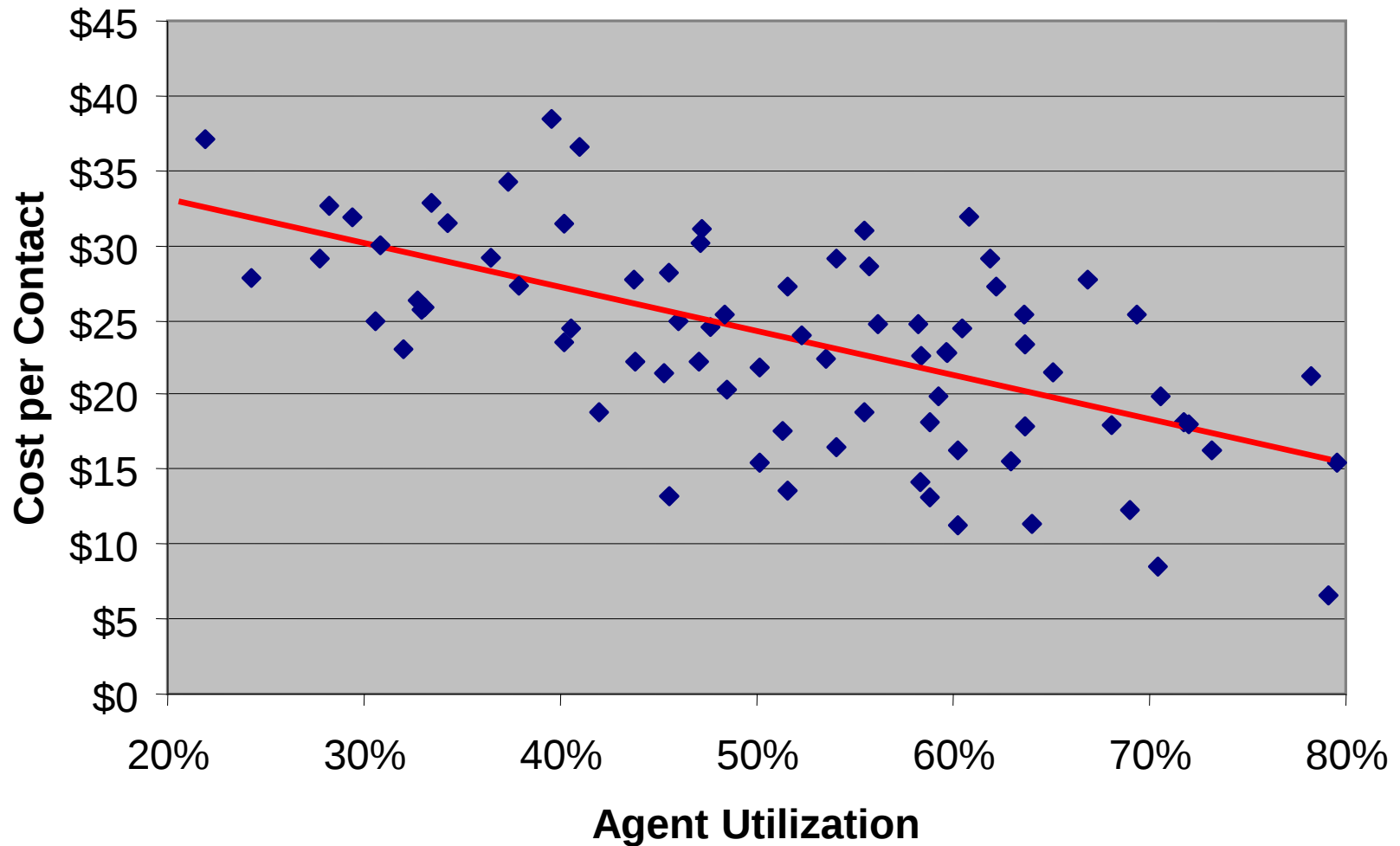


The Bottom Line

Every 2% Increase in Agent Utilization Reduces Cost per Contact by Approximately 1%!



Agent Utilization Drives Cost per Contact



Agent Utilization Defined

$$\text{Agent Utilization} = \frac{((\text{Average number of inbound Contacts handled by an Agent in a month}) \times (\text{Average inbound handle time in minutes}) + (\text{Average number of outbound Contacts handled by an Agent in a month}) \times (\text{Average outbound handle time in minutes}))}{(\text{Average number of days worked in a month}) \times (\text{Number of work hours in a day}) \times (60 \text{ minutes/hr})}$$

- ❑ Agent Utilization is a measure of the actual time agents spend providing direct customer support in a month, divided by total time at work during the month
- ❑ It takes into account both inbound and outbound contacts handled by the Agents, and includes all contact types: voice, voice mail, email, web chat, walk-in, etc.
- ❑ But the calculation for Agent Utilization does not make adjustments for sick days, holidays, training time, project time, or idle time
- ❑ By calculating Agent Utilization in this way, all Service Desks worldwide are measured in exactly the same way, and can therefore be directly compared for benchmarking purposes



Example: Service Desk Agent Utilization

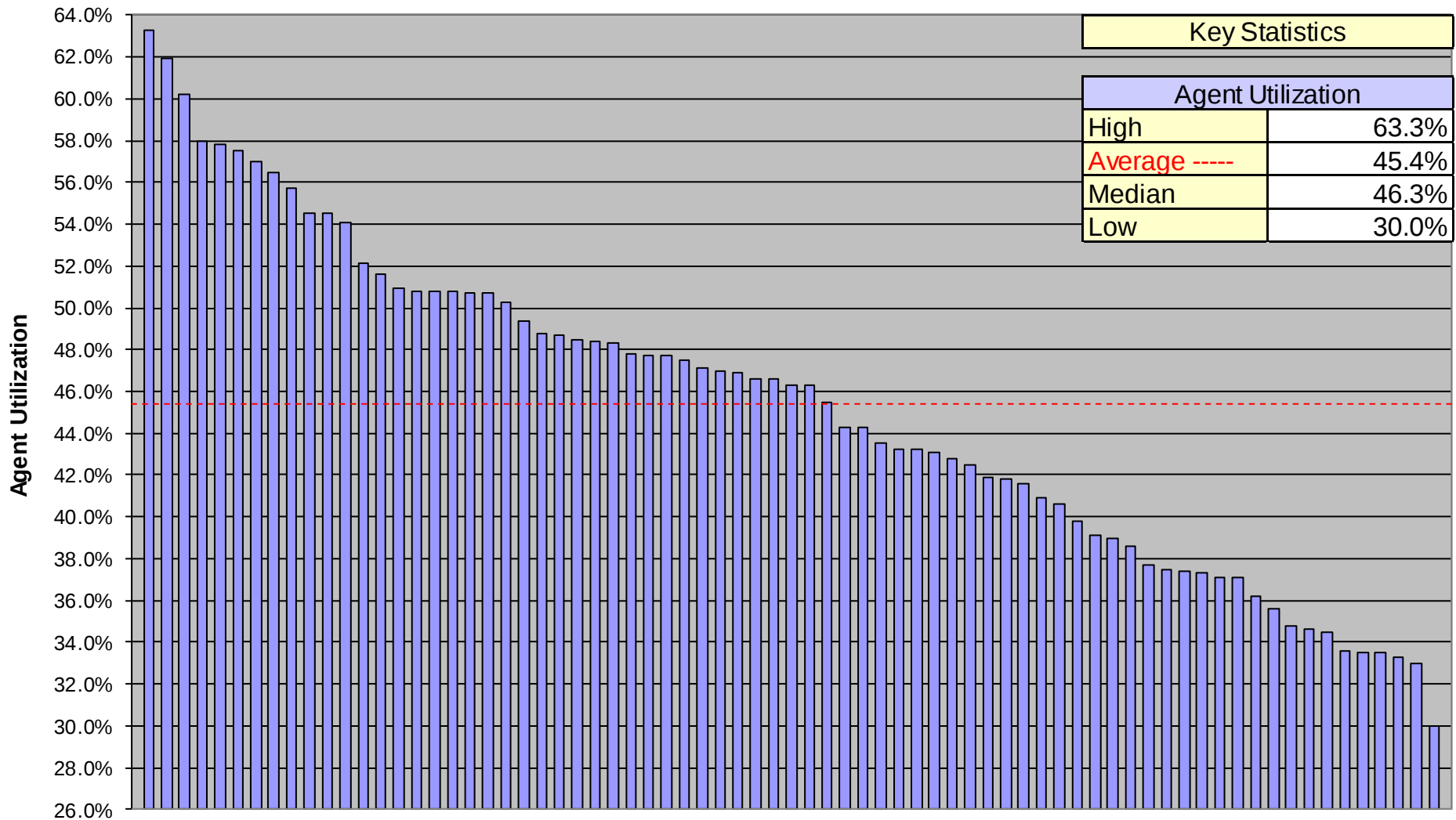
- ❑ Inbound Contacts per Agent per Month = 375
- ❑ Outbound Contacts per Agent per Month = 225
- ❑ Average Inbound Contact Handle Time = 10 minutes
- ❑ Average Outbound Contact Handle Time = 5 minutes

$$\text{Agent Utilization} = \frac{((\text{Average number of inbound Contacts handled by an Agent in a month}) \times (\text{Average inbound handle time in minutes}) + (\text{Average number of outbound Contacts handled by an Agent in a month}) \times (\text{Average outbound handle time in minutes}))}{(\text{Average number of days worked in a month}) \times (\text{Number of work hours in a day}) \times (60 \text{ minutes/hr})}$$

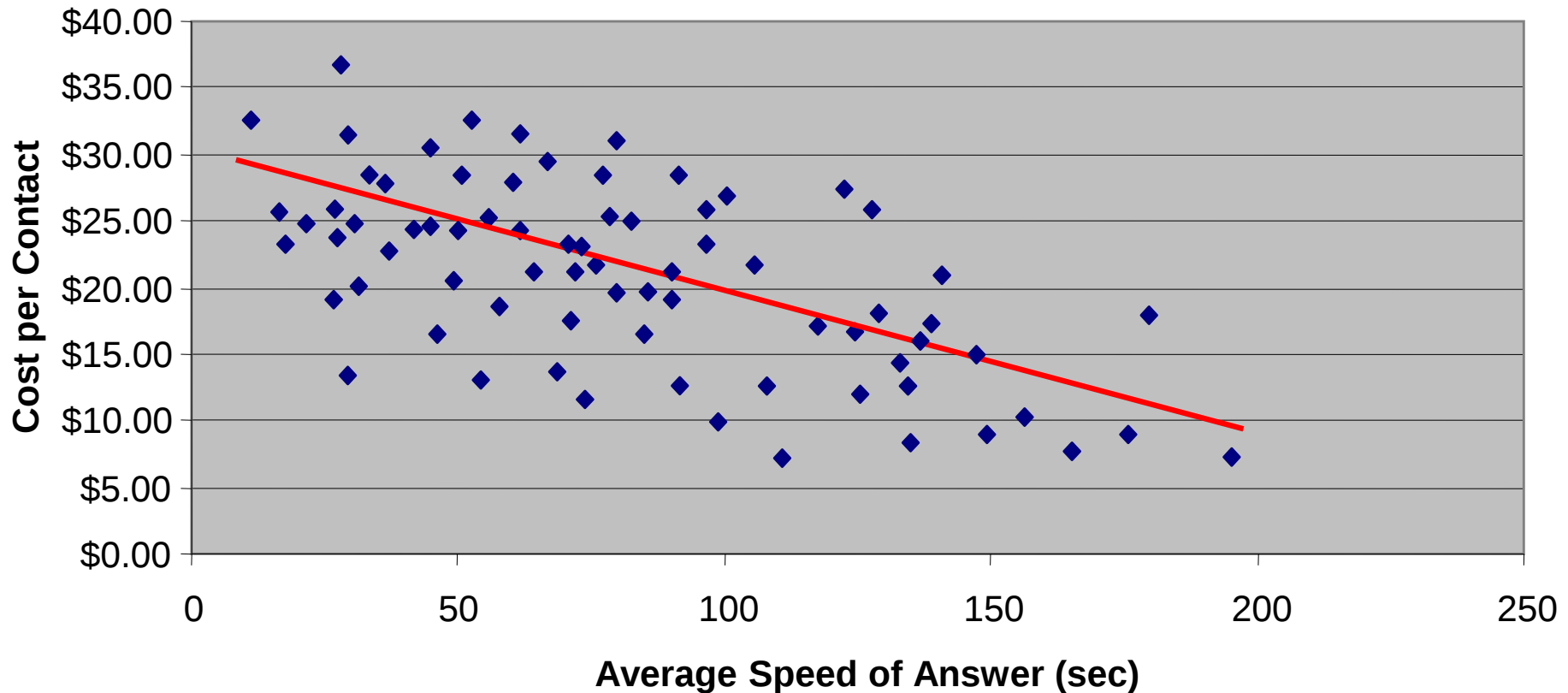
$$\text{Agent Utilization} = \frac{((375 \text{ Inbound Contacts per Month}) \times (10 \text{ minutes}) + (225 \text{ Outbound Contacts per Month}) \times (5 \text{ minutes}))}{(21.5 \text{ working days per month}) \times (7.5 \text{ work hours per day}) \times (60 \text{ minutes/hr})} = \text{50.4\% Agent Utilization}$$



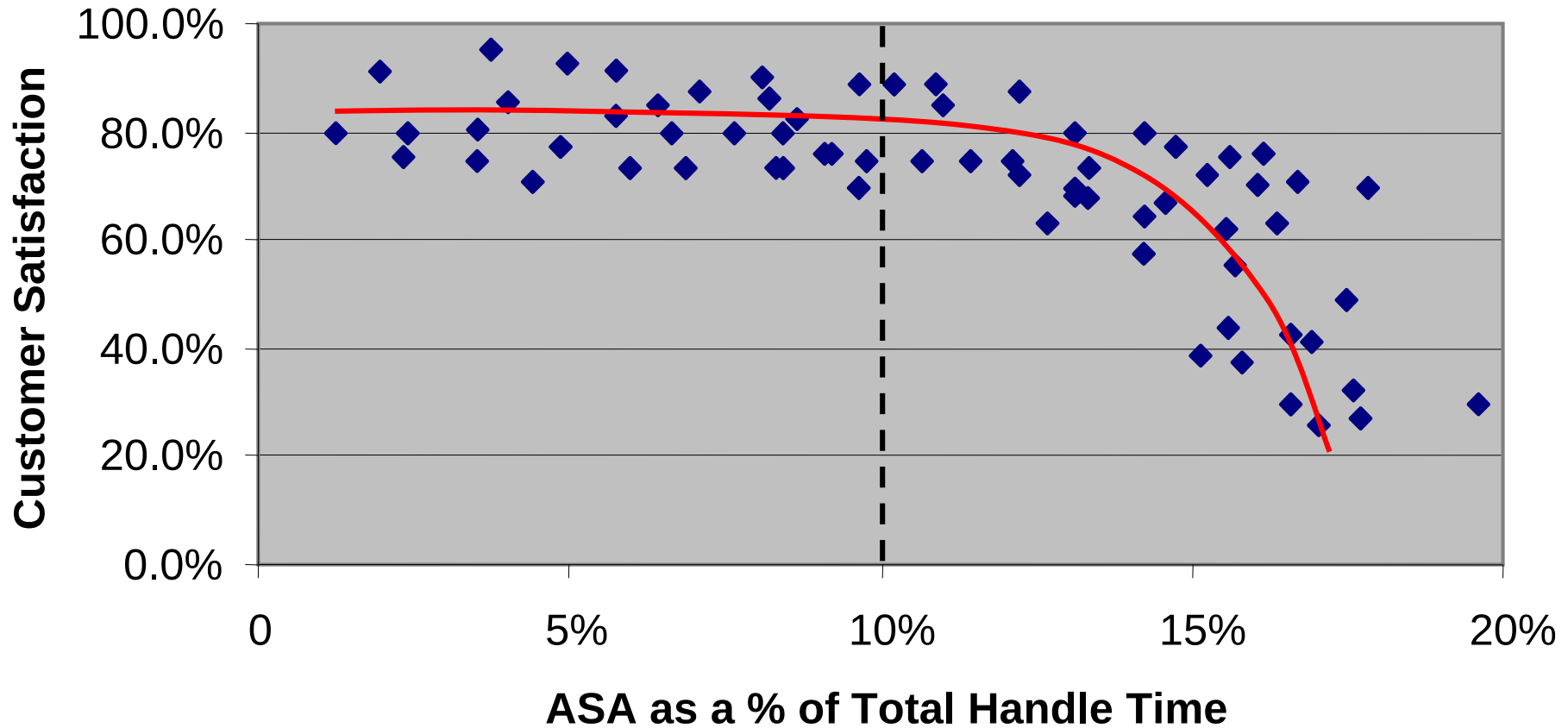
Agent Utilization: Benchmarking Results



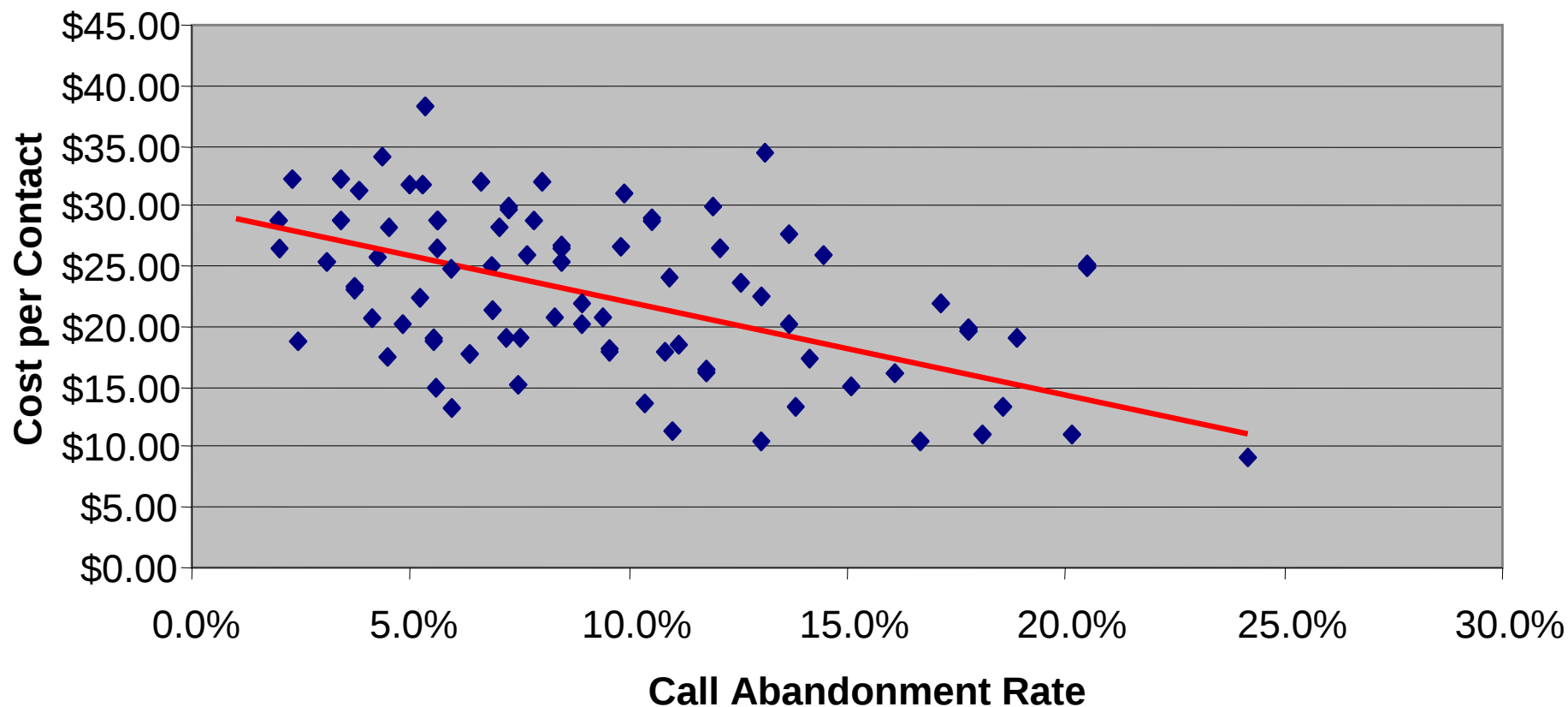
ASA Drives Cost per Contact



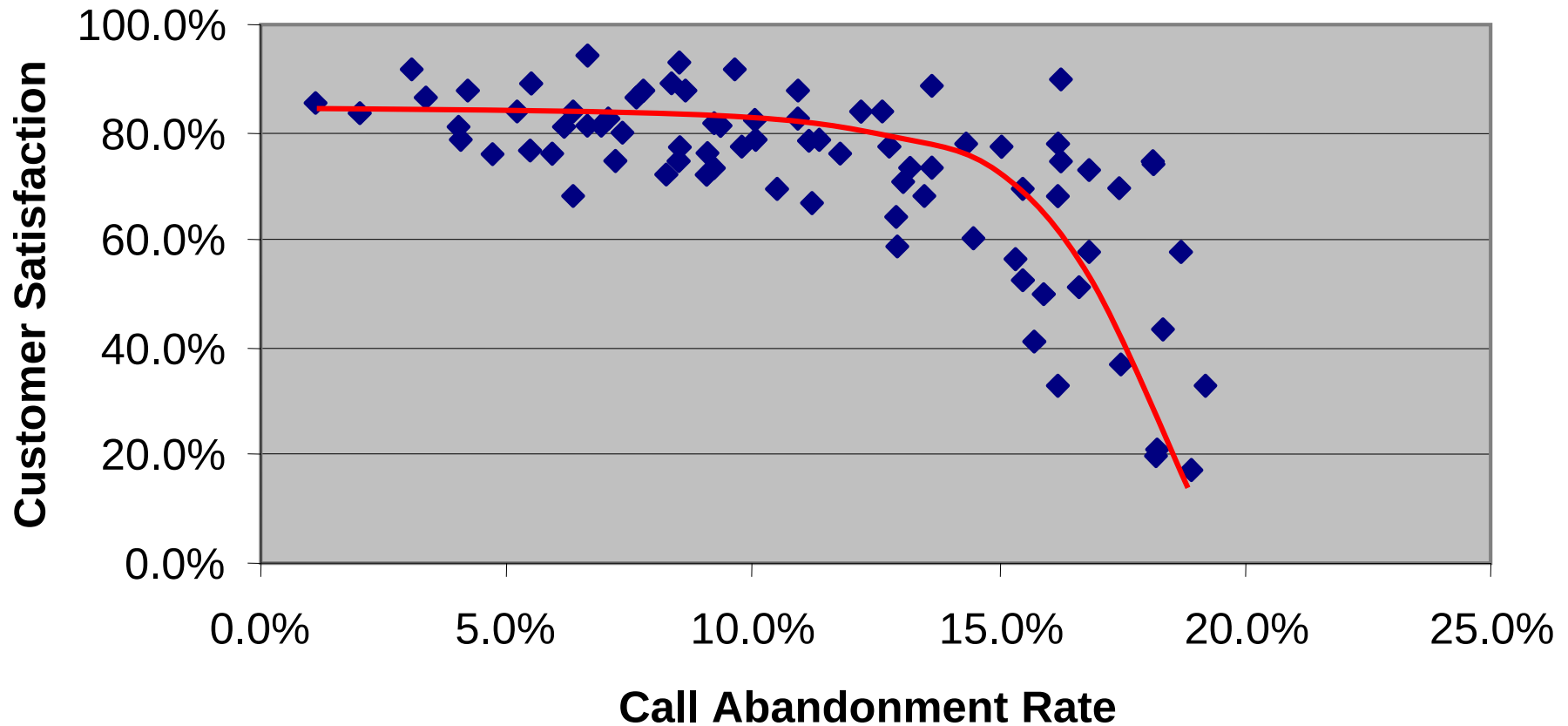
ASA vs. Customer Satisfaction



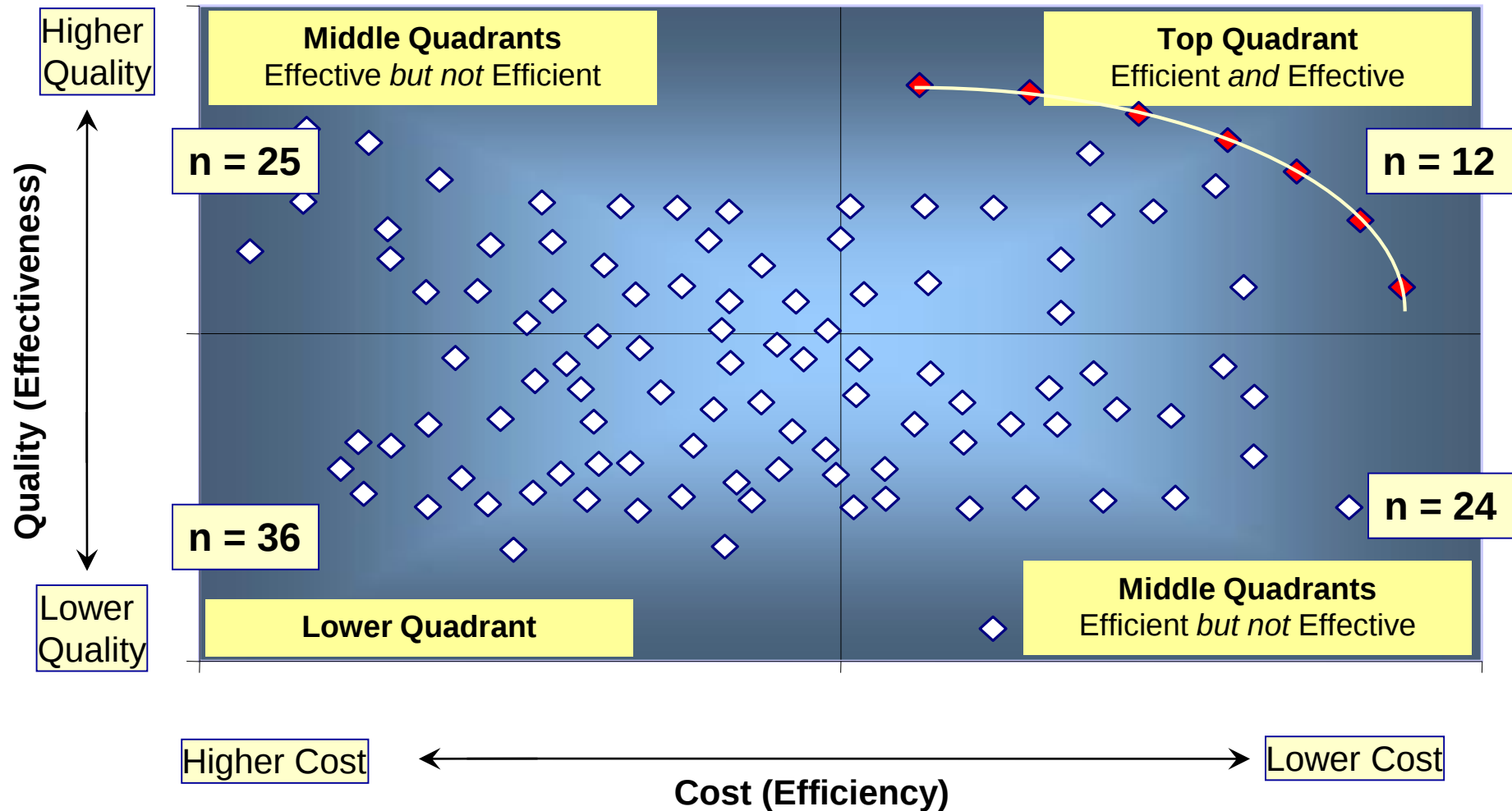
Call Abandonment Rate Also Drives Cost per Contact



Call Abandonment Rate vs. Customer Sat



Cost and Quality: Where Does Your Service Desk Land?



Some Final Thoughts

- Optimizing the Cost/Quality Tradeoff is a two-step process
 1. Benchmark Service and Support to maximize Efficiency and Effectiveness
 2. Fine Tune Service and Support performance to achieve the ideal operating point
- Benchmarking will move your Service and Support to the Best-in-Class performance curve
- From there, you can optimize cost and quality
 - Improve First Contact Resolution to improve Customer Satisfaction
 - Don't "buy" too much Quality!
 - Improve Technician Utilization to reduce Cost per Contact
 - Don't sacrifice quality for the sake of reducing costs!



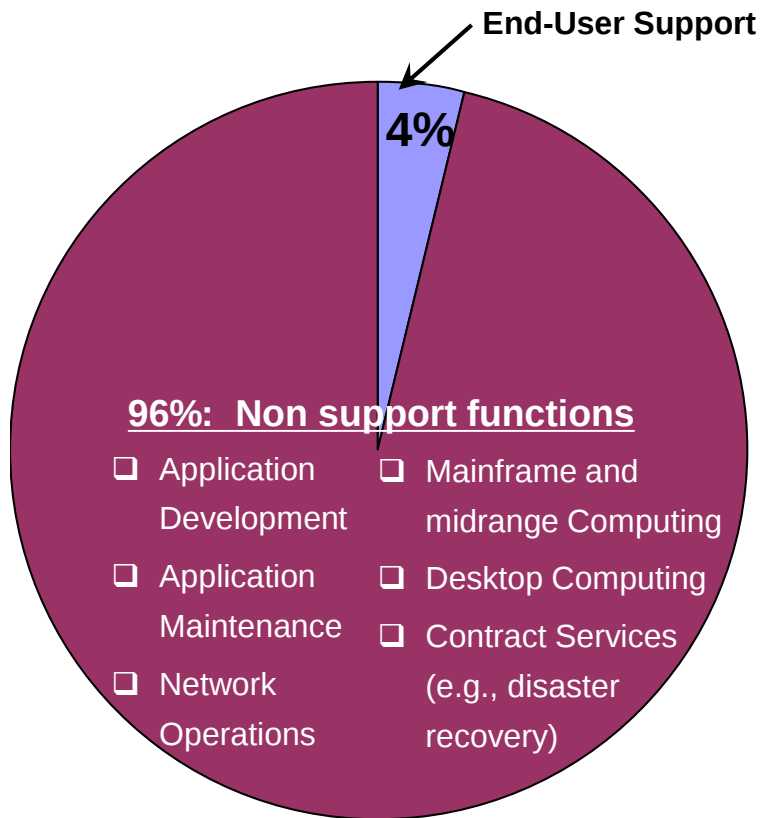


Doing the Right Things!



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The Paradox of IT Support

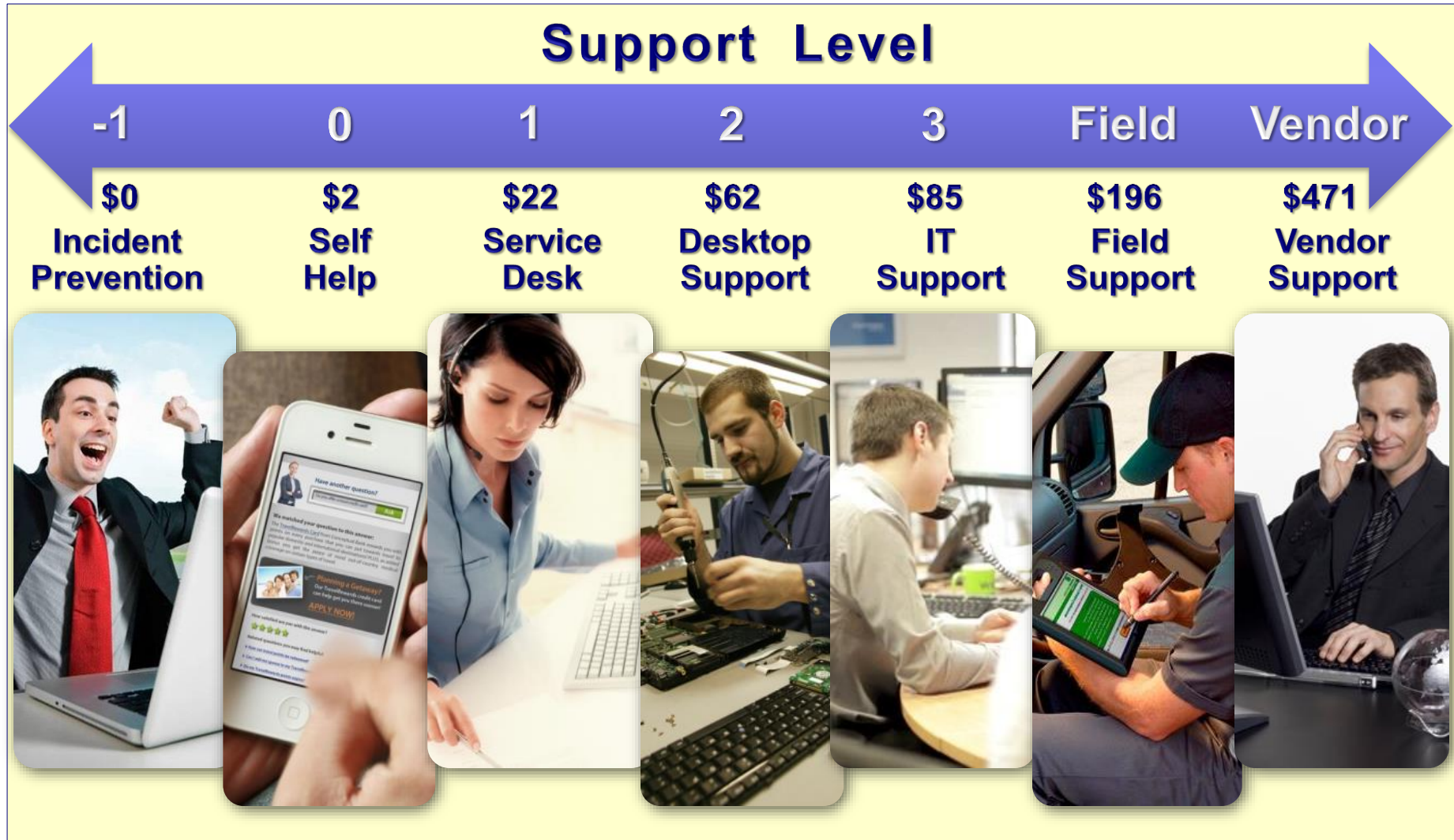


Corporate IT Spending Breakdown

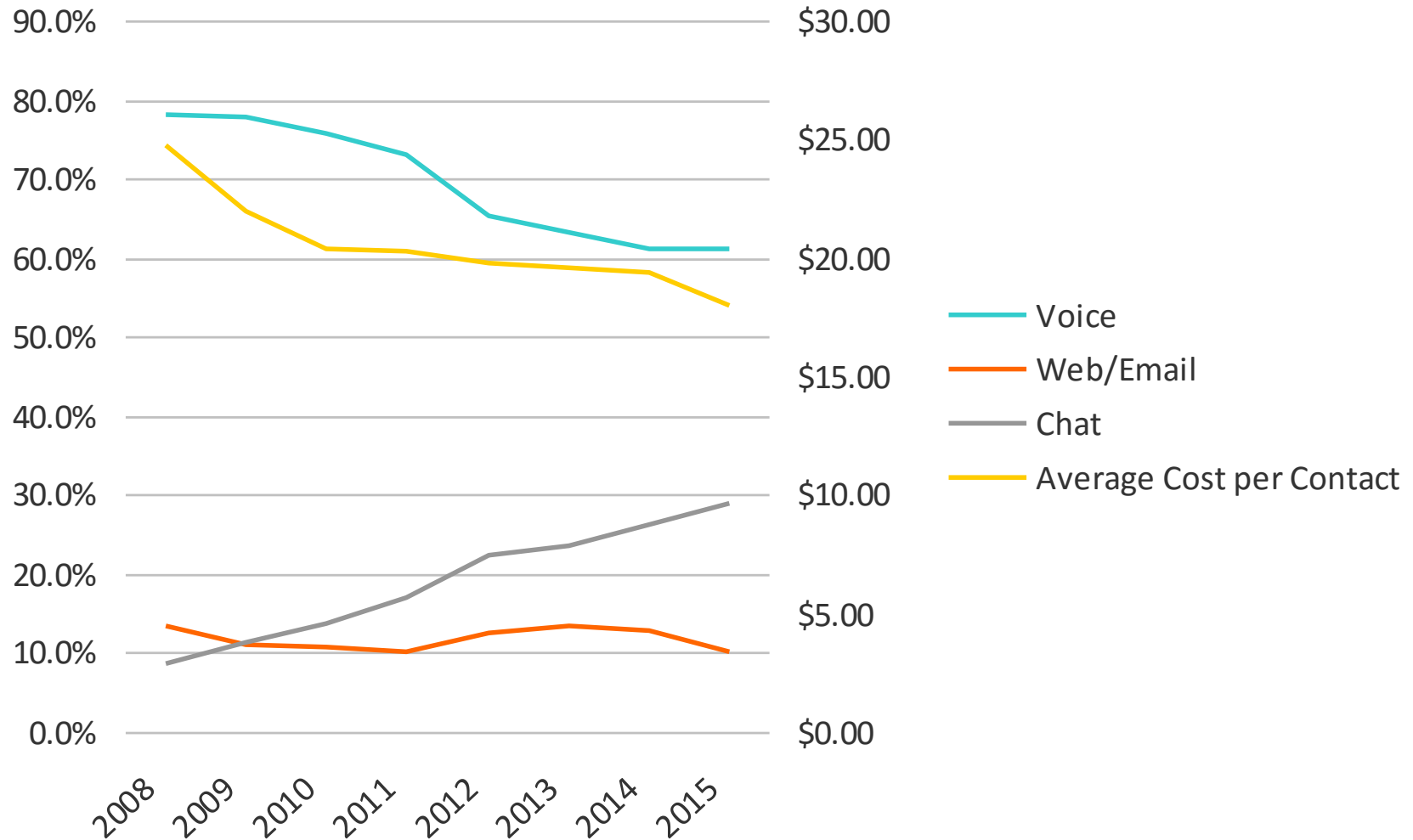
- ❑ Less than 5% of all IT spending is allocated to end-user support
 - Service desk, desktop support, field support
- ❑ This leads many to erroneously assume that there is little upside opportunity in IT support
- ❑ The result is that most support organizations are managed with the goal of minimizing costs
- ❑ But the most effective support strategies focus on maximizing value



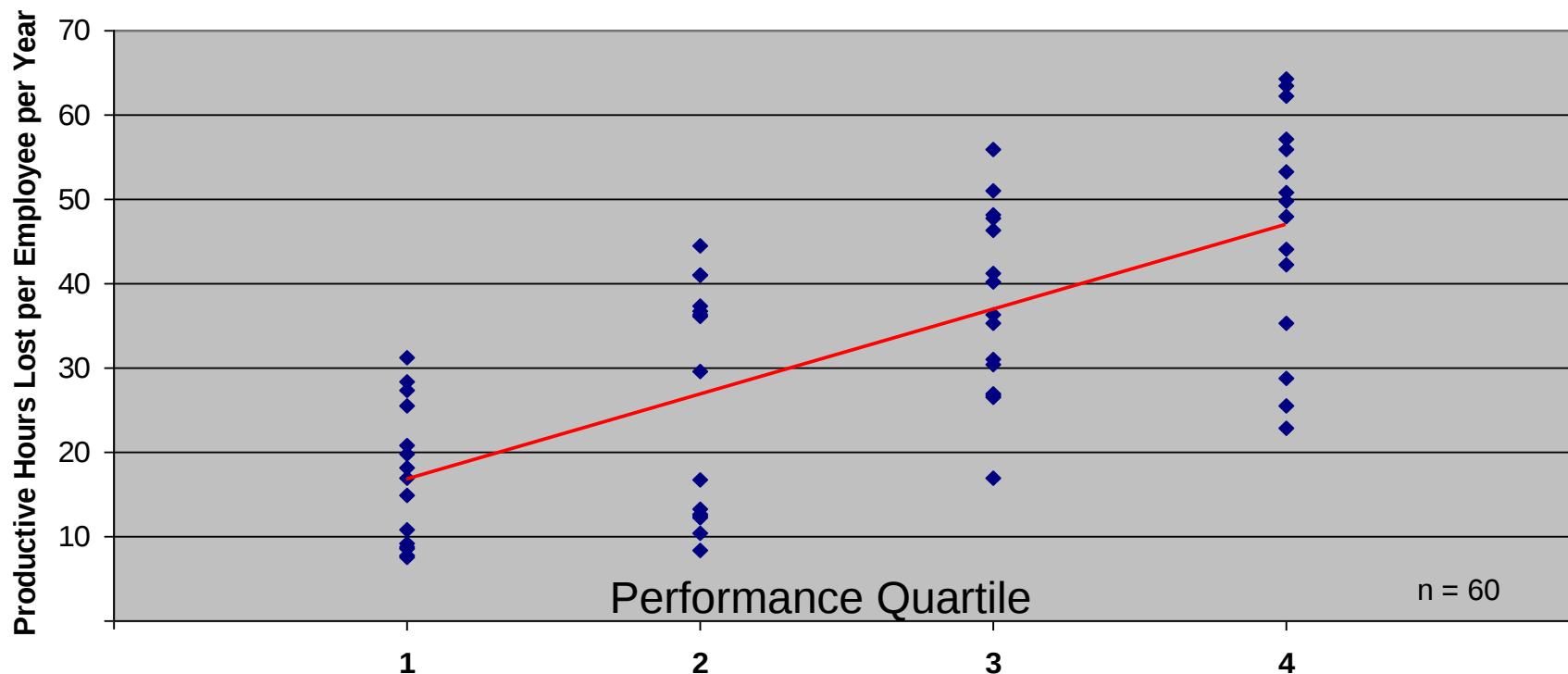
Support Has an Opportunity to Minimize TCO



Improved Channel Mix Drives Down Costs

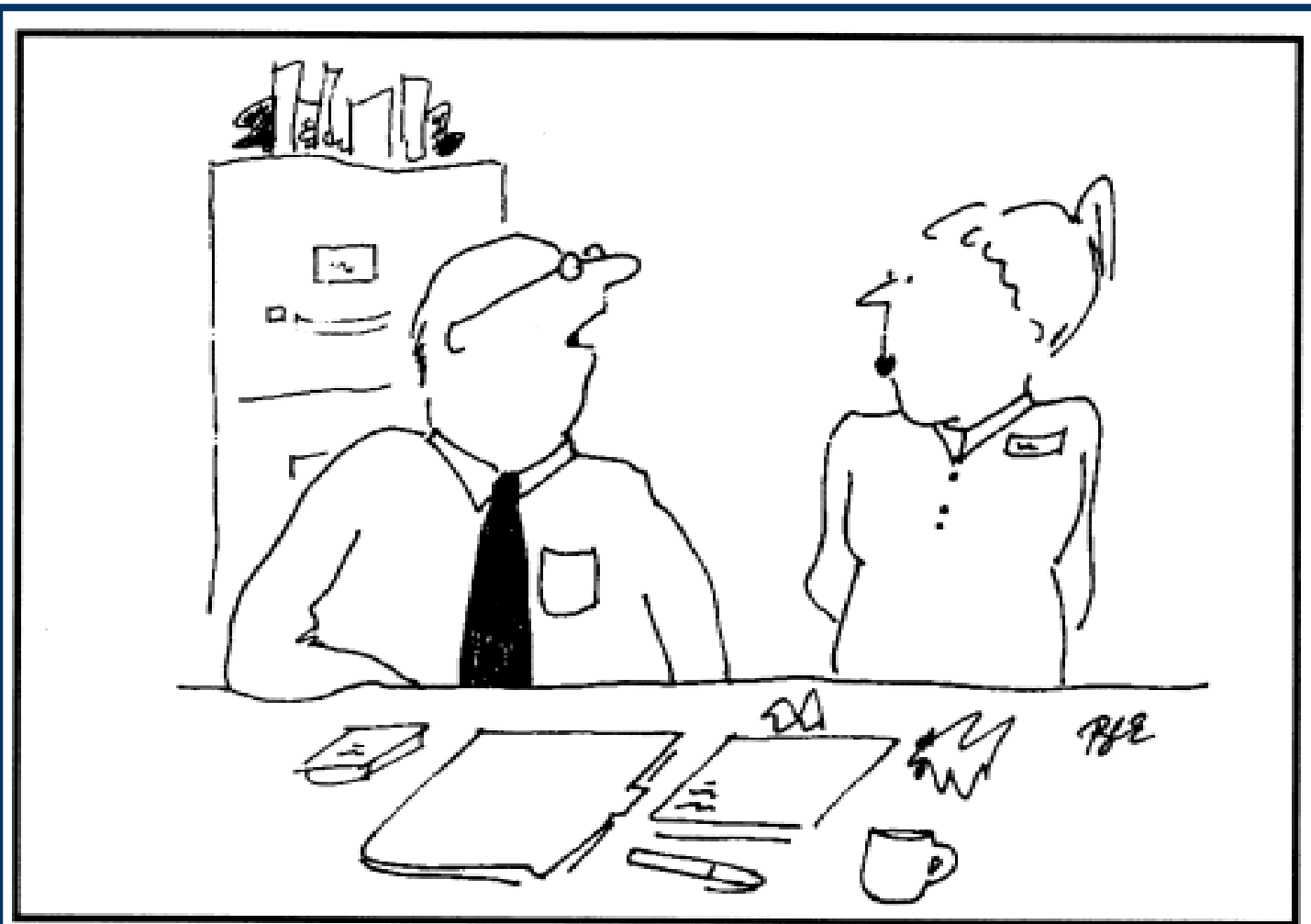


Quality of Support Drives End-User Productivity



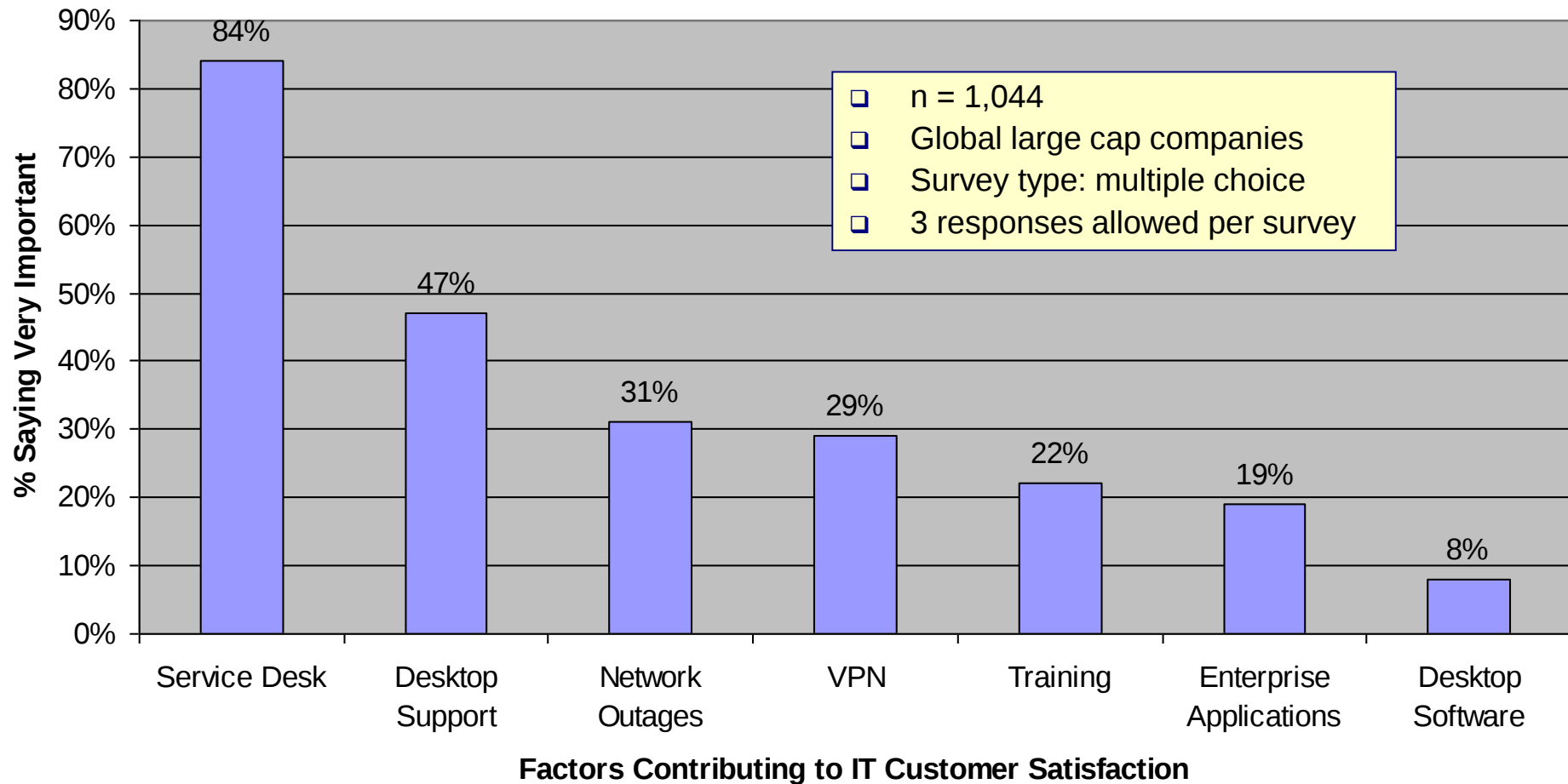
Support Function	Key Performance Indicator	Performance Quartile			
		1 (top)	2	3	4 (bottom)
Service Desk	Customer Satisfaction	93.5%	84.5%	76.1%	69.3%
	First Contact Resolution Rate	90.1%	83.0%	72.7%	66.4%
	Mean Time to Resolve (hours)	0.8	1.2	3.6	5.0
Desktop Support	Customer Satisfaction	94.4%	89.2%	79.0%	71.7%
	First Contact Resolution Rate	89.3%	85.6%	80.9%	74.5%
	Mean Time to Resolve (hours)	2.9	4.8	9.4	12.3
Average Productive Hours Lost per Employee per Year		17.1	25.9	37.4	46.9





"Delight customers?! Why can't we just satisfy them like we used to?"

Support is a Key Driver of Customer Satisfaction for *All* of IT



- 84% cited the service desk as a very important factor in their overall satisfaction with corporate IT
- 47% cited desktop support as a very important factor in their overall satisfaction with corporate IT



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Questions?



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Thank You!



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About MetricNet: *Your Benchmarking Partner*



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Your Speaker: Jeff Rumburg



- Co Founder and Managing Partner, MetricNet, LLC
- Winner of the 2014 Ron Muns Lifetime Achievement Award
- Former CEO, The Verity Group
- Former Vice President, Gartner
- Founder of the Service Desk Benchmarking Consortium
- Author of *A Hands-On Guide to Competitive Benchmarking*
- Harvard MBA, Stanford MS



Benchmarking is MetricNet's Core Business

Information Technology

- Service Desk
- Desktop Support
- Field Support

Call Centers

- Customer Service
- Technical Support
- Telemarketing/Telesales
- Collections

Telecom

- Price Benchmarking

Satisfaction

- Customer Satisfaction
- Employee Satisfaction



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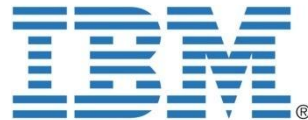
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More than 120 Industry Best Practices



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MetricNet Conducts benchmarking for IT Service and Support organizations worldwide, and across virtually every industry sector.



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Thank You!



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