

Using Maintenance Agreements to Get the Most Out of Your Telecommunications System

Does purchasing a maintenance agreement on your phone system really pay off? The answer in most cases is a resounding "Yes!" Consider these facts:

1. **Fixed Costs:** A maintenance agreement ensures the cost of annual upkeep on your system is consistent. No surprise expenses means real budget numbers upon which you can rely.
2. **Affordability:** The typical cost of a maintenance agreement is 9-10% of the original system cost. For example, if you purchase a \$30K system, your annual maintenance cost would be approximately \$2,700. Compare this nominal fee to the cost of unforeseen repairs. For example, without a maintenance agreement in place, if a phone cabinet were to lose a single CPU the service call for that one visit alone would likely exceed \$3K.
3. **Staffing:** Unless your system experiences outages on a regular basis, employing staff with dedicated PBX expertise is a waste of resources. A maintenance agreement supplies you with expertise on demand, thereby eliminating the need to pay for experienced staff that you are not efficiently utilizing. Furthermore, given that the majority of phone systems today contain proprietary equipment, the reseller who installed the system is always the best choice to maintain it.
4. **Convenience:** Most telecommunications vendors offer a variety of options to provide a maintenance agreement that efficiently, and cost effectively, gives you the protection you need; and many vendors will offer maintenance plans tied into either leased or purchased equipment. Keep in mind that leasing is yet another way to fix costs, as you get all of your phone service — maintenance included— for one flat monthly fee.

Strategies for a Successful Maintenance Agreement

Ensure you negotiate the right service level agreement (SLA) for your enterprise by following the below strategies:

1. Identify the service levels that make your SLA comprehensive based on your needs and eliminate paying for additional services that you are unlikely to require.
2. Ensure the SLA clearly defines the responsibilities of your reseller.
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. Ensure that your needs will be met in all of these areas.
4. Ensure your SLA defines the measurement and enforcement processes that take effect immediately following equipment installation.



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Defining Availability

During your SLA negotiation, consider what your reseller means when they use the term "availability" to determine downtime. When an SLA 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, illustrating how much downtime you can expect 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

Based on the above chart, if you sign an annual contract with an SLA of 99%, you are guaranteed not to have more 3.65 days (or 86 hours) of downtime over the entire year. However, keep in mind that those 86 hours could happen in one consecutive stretch. Notably, if you take 99% and apply it on a weekly level, you could potentially have more than 1.68 hours of downtime on any given day!

What to Look for in a Vendor

In addition to negotiating the right SLA, you need to check the experience, availability and credentials of the vendor you are 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 and most companies will charge a fee for these services. Ask all of your potential vendors if they charge for remote programming.

A maintenance agreement is comparable to purchasing insurance for your phones. It is necessary to maintain effective business continuity, and is usually much more affordable than trying to maintain a system in-house. However, it is important to execute due diligence, both on your potential vendor and on the contract itself, prior to committing to 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#father%e2%80%99s-telecommuting/>



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