Ensuring Successful XLA Contracts

Bright Horse

- Purely focussed on employee experience

- Head Quartered in UK (just outside London) with offices in the USA

- Work is delivered globally (UK, Japan, Netherlands, US, Dubai, India, Portugal)

- Company Mission is to change the way organizations report and measure the success of IT and enable them to base this upon employee/customer experience

- We do this through:
  1. Accredited Experience Education including:
  2. Experience Assessments and Advisory (Experience and Sentiment Survey Scans)
  3. Experience Consulting including:
     - XLA/Experience Metric Design, Creation and Implementation
     - XMO Design, Build and Implementation
  4. Experience Tool Recommendations

  - Websites:
    - https://www.brighthorse.co.uk
   - https://www.experiencecollab.com

Agenda

- What is an XLA? (Reminder)
- Important contractual considerations
- Why have them in contracts?
- Options for contract inclusion
- Penalties and Reward
- XLA Contract Governance

What is wrong with our SLAs?

- Nothing particularly as
  - SLAs are great quantitative measure of operational data (O data)
  - They tell us what to do and check did we do it

- But…..
  - SLAs do not equal happiness
  - They were never designed to measure experience (X data)

- We just need more – we need XLAs as well
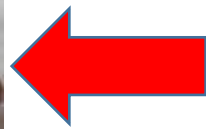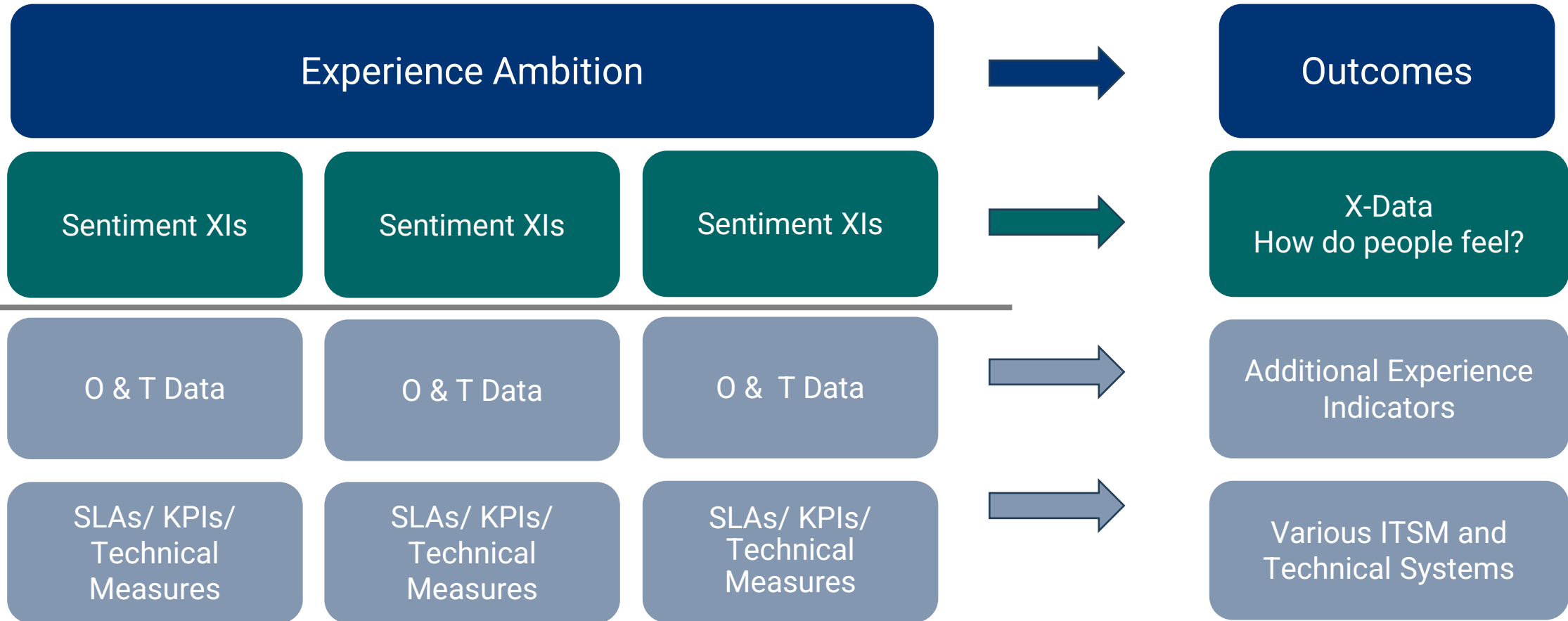
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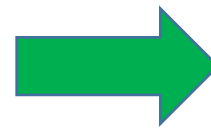
What is an XLA?

- If SLAs are a measure of outputs (what you need to do)

- An XLA is a measure of outcomes – your experience ambitions

- An XLA is a **scientific** measure of how your customers feel about what you are doing

- To measure experience, we need to ask people how they feel (X-data)

- Survey data tells us *what* people feel but we also want to understand *why* they feel that way

- Therefore, we need to combine X-data with:
  - SLAs/KPIs (O-data)
  - Technical measures (T-data)

- This gives us better context and a more rounded indication of experience

The XLA Stack™

Experience Ambition → Outcomes

| Sentiment XIs | Sentiment XIs | Sentiment XIs | → | X-Data How do people feel? |

| O & T Data | O & T Data | O & T Data | → | Additional Experience Indicators |

| SLAs/ KPIs/ Technical Measures | SLAs/ KPIs/ Technical Measures | SLAs/ KPIs/ Technical Measures | → | Various ITSM and Technical Systems |

Vertical and Horizontal Data Bridging

Contractual Observations

1. XLA Models are bigger than SLA Models and Technical Measures
   - This can create more work for contractual measures

2. Experience is cumulative
   - This is not just a monthly snapshot like traditional metrics
   - We need to measure multiple moments in time

3. XLAs are horizontal – they are a joint commitment
   - The company is responsible for experience
   - The outsourcer might be responsible for <u>delivering</u> parts of that experience
   - Both need to work together to improve experience

4. XLAs are dynamic
   - Experience Ambitions will change
   - XLA metrics will change
   - You need to build in the ability to amend these without a contract change

Why include XLAs in Contracts?

- This is a <u>joint commitment</u> to delivering a defined experience
- Customers demand this – they want experience managed contracts
- Most suppliers welcome this in their contracts – it is good for their business (extensions/renewals/customer closeness etc.)
- Understandably as this is still new to lots of people, there is some nervousness as to how this will work
- They should be contracted so that both parties are clear on their individual responsibilities to deliver the required Experience Ambition:
  - Who is going to do what?
  - When are they going to do it?
  - How are they going to do it?
  - How often are they going to do it?
  - How will they report it?
- However, the contractual elements must not be weaponized
  - This will take us down the wrong paths away from openness and collaboration (like SLAs and SLA Exceptions)

Types of XLAs

The first step is to identify the type of XLA being contracted

1. XLA 1.0 – measuring sentiment as an additional measure:
   - What sentiment? About what area(s)?
2. XLA 2.0 – bridged multi data streams (X, O and T Data)
3. Outsourcing Company XLAs to their customers' employees
4. Internal Companies to their outsourcers (and vice versa)
5. Project XLAs
6. Persona XLAs (XLA 3.0)
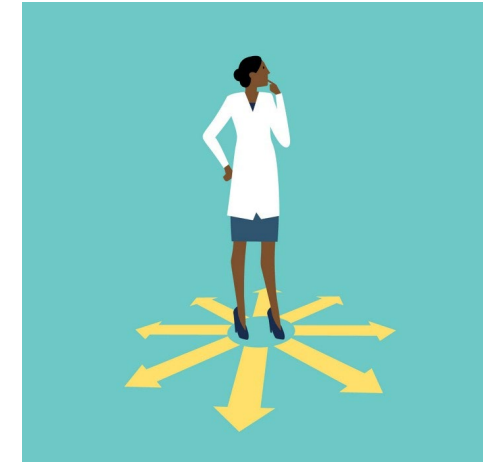
Contractual Options

1. Commit to delivering a DeX score:

    1. For example, DeX score(s) will be 7.5

2. Commit to an XLA score:

    - For example, we will maintain digital workspace experience or on-boarding experience at 7.5

3. Commit to always improving experience:

    - Experience will always get better (or at least not worse)

4. Commit to delivering the process:

    - Treat this like a SOW

Commit to a DeX score

- "DeX will always be an 8"
- This is often easy to deliver
- T-Data is often needed to understand context (i.e. what to fix)

- **<u>However</u>**

- DeX tools are an investment that needs to be made
  - Often your MSP will have made this and it might be baked into your contract
- DeX is only really 1 part of an XLA
  - Although some DeX includes sentiment – what about O-Data?
  - What happens if the experience you are measuring is wider than DeX (e.g. on-boarding, service desk, Tech bar etc)
- If DeX is only T-Data then it needs to be connected to employee experience/happiness data (subjective) – otherwise it is not an XLA
- DeX measures are often easily changed so change control needs to be bought in

Commit to an XLA Score

- This is typically the first option that comes in a contract as this seems easy

- It is similar to how we measure other measures (SLAs/KPIs)

- It can be a good benchmark of how similar companies perform (average legal XLA score) or how well the MSP generally performs (what is their average XLA score)

- It is a useful measure for short term gains (E.g. A project to focus on improving an XLA score of 5 to an XLA score of 7)

- **However**

- The XMO is always trying to find areas with poor experience and so the XLAs will change throughout the contract (Ambitions might change and measures might change)

- Experience is dynamic – naturally experience rises and falls - it is the trajectory that is important not a monthly score

- Experience can change due to circumstances beyond the control of the MSP/Supplier (good and bad)

- An XLA score may be misleading - the overall average number might be "good enough" but underneath we have big experience issues that we might miss

- Therefore, committing to an XLA score is not recommended but if it is your chosen option, do it after having a baseline and update the target every regularly (e.g. 6 monthly cycles)

Commit to Improving Experience

- Or at least never degrading experience
- This will need to be a joint commitment between all parties
- For example:
    - We will improve by 5% in 6 months
    - We will improve to a score of 7 in the next 6 months

- **However**

- Remember the dynamic nature of finding new areas – this might bring the score down
- This should only be done after you have done a baseline measurement, so you know where you are today
- This also gets harder as you improve
    - Improving 5% from 80 is much harder than 10% from 50

Commit to the Service

- Our recommended option is to treat XLAs like a SoW and commit all parties to delivering the process rather than scores
- In our experience, this drives the best behavior and enables better relationships
  - For example, working in the right way together to improve experience is probably more important that placing too much emphasis on achieving the scores
- Agree with all parties how you will work together to jointly achieve the experience ambition (who is going to do what)
- Then agree the measures that support the XLA and govern each party against the results but do not commit to a number
- Feedback to all parties the results openly and honestly (feedback to the business, the suppliers, the support agents – the whole ecosystem)
- An XLA 2.0 structure enables you to gain context into why people feel the way they do and then you can use this to understand what each party needs to do to make improvements

Rewards and Penalties

- We do not recommend the same "carrot and stick" approach with traditional metrics:
  - i.e., financial incentives and penalties seen in most traditional contracts
  - Do not let procurement run your IT service

- Penalties will not enable experience to be seen collaboratively – this will drive exceptions and MSPs will build into contracts the cost of penalties
  - For experience management to be successful, each party needs to be open and honest and work collaboratively to solve the issue

- **However**, there must be some consequence for poor performance (and therefore, conversely, benefit/reward for improved performance)

- Look at other areas first such as:
  - Individual or team rewards
  - More/less controls and meetings
  - More/less projects
  - More/less references
  - Contract extensions
  - Contract renewal

If you must....

- If you must do this then follow a simple structure and use what is already there

- For example SLA penalties:

1. If SLAs are not met but XLAs are improving then all penalties are suspended.
2. If SLAs are not met and XLAs are static or degrading then SLA penalties are paid
3. If SLAs are met and XLAs are improving then there is a reward.
4. If SLAs are met and XLAs are static – there is no penalty or reward.
5. If SLAs are met but XLAs are degrading then penalties are paid.

Contractual Governance

- Contractual governance needs to change
  - This must be more collaborative
  - This must be more open

- All suppliers (internal and external) involved in the delivery of an agreed experience should be involved in the governance

- Organizations will still want to meet with their suppliers individually, but now we need a collective meeting to manage the overall experience as well

- With XLA contractual governance we need to consider:
  - Experience Ambition changes / Ambition achievement
  - XI question changes / rotation
  - Metric changes (additional SLAs or new technology)
  - Score/weighting changes
  - Continually finding new areas to measure – The XMO needs to learn something new!
  - The gravity of average performance
    - Use this positively!

Questions?

- Website: https://www.brighthorse.co.uk
- Neil Keating: neil.keating@brighthorse.co.uk
- Linked in: https://www.linkedin.com/in/neildkeating/

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