



HROA Recommended Practice for Service Level Agreements Measurements & Metrics

A collaborative work of the HROA Standards & Practices Committee

HR Critical Service Levels: *Service Levels defined as critical and eligible to be included in the Service Level Credit*

At Risk Amount – Expressed as a % of the Monthly Charge **XX%**

At Risk Pool Percentage – Total Pool Percentage Available for Allocation – Expressed as a % of the “At Risk” Amount **XXX%**

Service Levels Applicable to All Processes

Service Center Availability		SCD+Mos	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%	*				
Average speed to answer		0	85.00%	80.00%	Monthly	100.0%
<p>Calculated as the number of telephone calls to Service Center that were answered within 45 seconds from the time caller selected the option to speak to a live agent divided by the total number of calls where caller selected the option to speak to a live agent.</p> <p>NOTE: As an alternative, this measure may be calculated as the average number of calls answered within 45 seconds. The way the calculation is completed is based on the technology utilized by your service provider.</p>						
Performance Category SL Credit Totals						100.0%

Case Management		SCD+Mos	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%	*				
Cases resolved within 5 business days of receipt of all required information		0	96.00%	93.00%	Monthly	60.0%
<p>Calculated as the number of cases resolved within 5 business days divided by the total number of cases opened for the period. A case must be opened for all inquiries that cannot be resolved in the first contact.</p> <p>NOTE: As an alternative, your service provider may only open a case if escalation of the case is required. The way the calculation is completed is based on the standard operating procedure your service provider uses for opening a “case” for resolution.</p>						
Cases resolved within 20 business days of being opened		0	99.90%	98.00%	Monthly	40.0%
<p>Calculated as the number of cases resolved within 20 business days divided by the total number of cases opened for the period.</p> <p>NOTE: The scope of your solution needs to be considered when determining standards for both case management metrics. Specifically, international solutions have greater complexity dependent on the country where services are being provided. As a result, the expected and minimum performance standards may be adjusted based on the in-scope countries.</p>						
Performance Category SL Credit Totals						100.0%

Customer Satisfaction		SCD+Mos	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%	*				
Level of satisfaction – employee / participant		0	85.00%	80.00%	Quarterly	100.0%
<p>Percentage of surveyed Employees/Participants indicating “satisfied” using a 3 point scale; where 3 represents satisfied, 2 represents neutral, and 1 represents dissatisfied. Calculated as the number of respondents indicating “satisfied” divided by the total number of respondents.</p> <p>NOTE: The recommended best practice for the survey process is to establish a point-of-service (POS) IVR standard to measure employee/participant satisfaction. Email surveys can be completed as a supplement to the POS IVR survey. Response rates, however, are generally lower for an email survey than a POS IVR survey. In addition, simple response options are recommended: Satisfied, Uncertain or Neutral, and Dissatisfied. This provides some limits on subjectivity and</p>						

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At Risk Pool Percentage – Total Pool Percentage Available for Allocation – Expressed as a % of the “At Risk” Amount

XXX%

offers an easier scale for employee or participant usage.

		Performance Category SL Credit Totals				100.0%
Information Technology		SCD+Mos	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%	*				
Application Maintenance Timeliness		0	99.50%	98.00%	Quarterly	20.0%
<p>Measures time to resolve a reported problem. Resolution targets are determined by severity of reported problem:</p> <p>Severity 1 – xx hours (typically 8-16 clock hours)</p> <p>Severity 2 – xx hours (typically 8-16 clock hours)</p> <p>Calculated as the number of incidents resolved within specified severity times divided by total number of incidents. Agreed upon exceptions are excluded from the calculation.</p> <p>Includes all severities, some of which may be provision of information only. Severity definitions are as follows:</p> <p>Severity 1: A critical function/processing has stopped, significant percentage of population or locations is impacted, and the buyer personnel or service provider staff are unable to perform. No practical workaround, bypass, or alternative is available. Major financial impact or significant impact on employee population exists.</p> <p>Severity 2: A key component, function, application, critical/key system or network is down, materially degraded or unusable. Processing is severely impacted, multiple locations/populations are impacted and no practical workaround, alternative or bypass exists. Material financial impact or potential critical impact on service delivery exists.</p> <p><i>Note: More specific differentiation may be included in the Severity 1 definition, such as “impacts compliance or payroll delivery.” Alternatively, Severity 1 and 2 may be combined.</i></p>						
HR application availability		0	99.90%	99.00%	Monthly	30.0%
<p>Calculated as the number of minutes all critical/key applications are up and running at agreed upon levels and available at server to end users divided by the number of minutes all critical/key applications are scheduled to be available. Agreed upon scheduled outages are excluded. List of qualifying critical/key applications shall be agreed by the parties. Measures the availability of critical/key HR applications.</p>						
Batch and/or interface processing – timeliness		0	99.50%	98.00%	Monthly	20.0%
<p>Calculated as the number of interface files delivered or applied per established schedules and critical batch processes completed per established schedules (total files and processes minus files and processes late) divided by total number of interface files or critical batch processes scheduled. Measures the completion of scheduled processing activities (batch or interface processing). Critical processes are separated from interfaces.</p>						
Batch and/or Interface processing – accuracy		0	99.50%	98.00%	Monthly	20.0%
<p>Calculated as number of interface files and processes with no errors in the measurement window, divided by the total number of files and processes in the measurement window. Measures scheduled processing activities (batch or interface processing) that require reprocessing or resubmission due to errors. Critical processes are separated from interfaces.</p>						
Performance Category SL Credit Totals						100.0%

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At Risk Amount – Expressed as a % of the Monthly Charge XX%

At Risk Pool Percentage – Total Pool Percentage Available for Allocation – Expressed as a % of the “At Risk” Amount XXX%

Data Management		SCD+Mos	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%	*				
Transaction processing – accuracy		0	99.50%	99.00%	Monthly	60.0%
<p>Calculated as the number of designated transactions (e.g., personal data change, job transfer, termination, benefits enrollment) processed accurately divided by the total number of transactions sampled during the period. Designated transactions and sampling methodology to be agreed by the parties.</p> <p>NOTE: Errors should be captured through the following channels: (1) complaints/reported errors from employees, managers, HR representatives, or third party vendors; (2) internal or external quality review/reconciliation processes as mutually agreed with buyer; (3) internal or external audit processes as mutually agreed with buyer.</p>						
Transaction processing – timeliness		0	99.50%	98.00%	Monthly	40.0%
<p>Calculated as the number of designated transactions (e.g., personal data change, job transfer, termination, benefits enrollment) processed within the agreed schedule divided by the total number of transactions sampled during the period. Designated transactions and sampling methodology to be agreed by the parties.</p> <p>NOTE: Errors should be captured through the following channels: (1) complaints/reported errors from employees, managers, HR representatives, or third party vendors; (2) internal or external quality review/reconciliation processes as mutually agreed with buyer; (3) internal or external audit processes as mutually agreed with buyer.</p>						
Performance Category SL Credit Totals						100.0%

Service Levels Applicable to Specific Processes

Payroll and Distributions		SCD+Mos*	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%					
Pay timeliness on-cycle – percentage of payments distributed on time		0	100.00%	99.50%	Monthly	30.0%
<p>Calculated as number of payments distributed on time per agreed schedules (total payments minus payments distributed late) in a measurement window divided by total number of payments produced in that period. “Distributed” is defined as when the payments are put into distribution channels (e.g., bank file processed or payment mailed).</p> <p>NOTE: For multi-national solutions, this may be an aggregate measure. Reporting of individual country performance should take place but the SLA should be regional or global.</p>						
Payroll accuracy – percentage of paychecks produced accurately (net)		0	99.95%	99.50%	Monthly	50.0%
<p>The percent of payments that do not contain a Service Provider error for the measurement window. All instances of a detected error are counted and analyzed for root cause. Those determined to be the result of Service Provider errors are measured. The calculation is the total number of payments minus the total number of Service Provider errors, divided by the total number of payments.</p> <p>NOTE: For multi-national solutions, this should be an aggregate measure of all countries combined. Reporting of individual country performance should take place but the metric should be based on the total population serviced.</p>						

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Payroll and Distributions (Continued)		SCD+Mos*	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%					
Statutory filing/remittance – accuracy and timeliness		0	99.50%	99.00%	Quarterly	10.0%
Calculated as the number of statutory reports, filings (tax or other) and remittance delivered accurately and timely (according to agreed upon payroll calendar) divided by the total number of statutory items that were due to be delivered.						
Benefit reimbursement/disbursement accuracy and timeliness		0	99.50%	99.00%	Monthly	10.0%
Calculated as the number of reimbursement/disbursement payments made without errors and within agreed timeframes (as defined in the requirements documents) divided by the total number of payments made during the measurement window.						
Performance Category SL Credit Totals						100.0%

Learning and Compensation		SCD+Mos*	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%					
Learning management system (LMS) update – accuracy		0	99.00%	97.00%	Monthly	25.0%
Calculated as the number of accurately processed LMS updates (e.g., logistics change (time, date, location), student information (training record), catalog, etc.) divided by total number of LMS updates processed during the measurement window.						
Learning administration – timeliness		0	98.00%	95.00%	Monthly	25.0%
Calculated as the number of learning service requests performed according to agreed schedule (by type) divided by the total number of learning service requests during the measurement window. Sample request types include: student information addition/updates, individual and batch enrollments/cancellations, class roster updates, course catalog additions/updates, scheduling of instructors, classrooms, etc.						
Materials fulfillment – accuracy		0	98.00%	95.00%	Monthly	25.0%
Calculated as the number of accurate classroom learning materials requirements fulfilled divided by total number of classroom learning events requiring materials.						
Compensation adjustment timeliness		0	98.00%	97.00%	Monthly or Cycle	25.0%
Calculated as the number of “updates” completed per agreed turnaround times divided by the total number of updates. Measures application of updates for merit, incentive, stock option, and other plan adjustments applied per policy and agreed turnaround times (measure commences upon receipt of source materials).						
Performance Category SL Credit Totals						100.0%

Recruiting and Staffing		SCD+Mos*	Expected	Minimum	Window	SL Credit Allocation
Performance Category Allocation Percentage	XX%					
Recruiting administration timeliness		0	95.00%	90.00%	Monthly	20.0%
Calculated as the number of recruiting administration activities performed within agreed timeframes divided by the total number of recruiting administration activities performed during the measurement window. Sample recruiting admin activities include requisition posting, scheduling of assessment testing, mailing offer letter, candidate short list submission, interview scheduling, and delivery of new hire packets. These should be specifically identified (e.g., 95% of requisitions posted within 25 hours). Measures the timeliness of the						

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recruiting administration function.

Recruiting and Staffing (Continued)		SCD+Mos*	Expected	Minimum	Window	SL Credit Allocation
Performance Category	Allocation Percentage	XX%				
Quality of candidate slate – RPO – candidate submittal to interview ratio		0	95.00%	90.00%	Monthly	20.0%
Calculated as the ratio of candidates submitted for interview to those selected for interview by the recruiter/hiring manager is under 2:1. Measures the quality of the candidate slate presented (i.e., how many candidates were suitable). (Referred to as Candidate Submittal to Interview Ratio).						
Quality of candidate slate – RPO – interview to hire ratio		0	95.00%	90.00%	Monthly	20.0%
Calculated as ratio of candidates interviewed by the hiring manager to those hired where the ratio is under 5:1. Measures the quality of the candidate slate submitted to targeted benchmark profile.						
Time to fill – RPO		0	95.00%	90.00%	Monthly	20.0%
Calculated as the average number of days from receipt of an approved requisition to the day of offer acceptance. Percentage of requisitions meeting agreed time to fill goals typically defined as a table, for example:						
1. External Management/Professional						
xx calendar days for mgmt, technical, & specialty positions						
xx calendar days for non-mgmt positions						
2. External Non-management/Professional – xx calendar days						
3. Internal Management/Professional						
xx calendar cays for mgmt, technical, & specialty positions						
xx calendar days for non-mgmt positions						
4. Internal Non-management – xx calendar days						
Measures the quality of the candidate slate presented (i.e., how many candidates were suitable). (Referred to as Candidate Submittal to Interview Ratio).						
NOTE: The appropriate number of calendar days will depend on the buyer's processes and hiring environment and should be negotiated by the parties.						
Hiring manager satisfaction – RPO		0	90.00%	85.00%	Quarterly	20.0%
Calculated via a survey instrument that solicits satisfaction ratings at the completion of each hire. The satisfaction survey will be agreed upon in advance and is expected to be based on a multi-point scale. Results are calculated as the average of all individual surveys with each survey section (overall satisfaction with services, accuracy of information, etc.) weighted as agreed upon. Measures the satisfaction of the recruiting services by the hiring managers (e.g., users of the service).						
NOTE: This measure requires sufficient volume to be statistically relevant.						
Performance Category SL Credit Totals						100.0%

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Key Measures

A sample set of Critical Deliverables is included in this document. In drafting your Critical Deliverables, please consider which are most critical for your organization, given the scope and complexity of your project.



HR Key Measurements: Service Levels that are not defined as critical and do not have fees at risk, but are measured and reported on a scheduled basis. Note: Key Measures may also be called key performance indicators (KPIs)

Key Measures Applicable to All Processes

Service Center Contacts	SCD+Mos*	Expected	Minimum	Window
<p>Abandonment rate</p> <p>Calculated as the number of telephone calls to Service Center that were answered within 45 seconds from the time caller selected the option to speak to a live agent divided by the total number of calls where caller selected the option to speak to a live agent.</p>	0	3.00%	5.00%	Monthly
<p>First contact resolution</p> <p>Calculated as the number of Service Center contacts (calls or emails) resolved on the first contact divided by the total number of Service Center contacts.</p> <p>NOTE: Service provider and buyer have shared responsibilities to ensure customer service representatives have appropriate tools and a knowledge base to answer employee and participant inquiries.</p>	0	85.00%	80.00%	Monthly
<p>Interaction reliability</p> <p>A single measure that reflects the accuracy, completeness and quality of selected interactions with the Service Center as defined by a mutually agreed upon evaluation and scoring methodology. This measure is completed via observation of a sample population of calls - the sample population shall be mutually agreed upon by service provider and buyer.</p> <p>NOTE: The service provider should have a standard observation program and scoring methodology to be followed. This will help control costs and ensure consistent performance monitoring of the service team. The observation program should include the following elements: accurate identification of issue to be resolved, following established methodologies, providing the correct information to the caller, and call management (soft skills). Finally, topics without knowledge base content should be excluded from the measurement.</p>	0	95.00%	85.00%	Monthly
Information Technology – ASM	SCD+Mos*	Expected	Minimum	Window
<p>Problem resolution satisfaction</p> <p>Calculated as the number of responses that are "satisfied" or "very satisfied" divided by the total number of responses. Measures satisfaction with IT support function. Measure by "help desk" survey upon closure of IT help desk ticket. NOTE: Optional in the event there is no separate service center. Need to ensure that measure excludes client responsibilities.</p>	0	85.00%	80.00%	Monthly
<p>Response time</p> <p>The calculation may vary depending on the technology deployed for; however usually expressed in terms of response within XX seconds. Measures response time of critical/key HR applications.</p> <p>NOTE: The Service Level may be adjusted when there are any significant changes in the configuration of the system which may have an effect on response time. This Service Level requires care in defining as it truly needs to reflect what which is within the service providers capability to influence. There are factors outside of the service provider's responsibility influencing the response time being experienced by the end user. This often is supplemented by contractual language that states if response time issues are experienced the service provider will provide resources to help troubleshoot the end-to-end issues.</p>	0	98.00%	95.00%	Monthly
<p>Application Maintenance Timeliness</p> <p>Measures time to resolve a reported problem. Resolution targets are determined by severity of reported problem: Severity 3 – XX business days (typically ranges from 5-10) Severity 4 – as agreed</p> <p>Calculated as the number of incidents resolved within specified severity times divided by total number of incidents. Agreed</p>	0	99.50%	98.00%	Quarterly

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upon exceptions are excluded from the calculation.

Includes all severities, some of which may be provision of information only. Severity definitions are as follows:

Severity 3: A component, function, minor application or procedure is down, unusable or difficult to use. There is some operational impact, but no immediate impact on service delivery. An acceptable workaround, alternative or bypass exists.

Severity 4: A component, function, minor application or procedure is not functioning correctly or improved functionality is required; however, there is no immediate need to resolve the issue. Timing of resolution will be mutually agreed.

Data Management and Reporting	SCD+Mos*	Expected	Minimum	Window
<p>Employee data management (EDM) transaction processing – accuracy</p> <p>Calculated as the number of EDM service requests (table maintenance, data corrections, etc.) processed accurately divided by the total number of EDM service requests in the measurement window.</p> <p>NOTE: This metric encompasses mass uploads, not individual updates found in Transaction Processing Timeliness and Accuracy metrics.</p>	0	99.50%	98.00%	Monthly
<p>Employee data management (EDM) transaction processing – timeliness</p> <p>Calculated as the number of EDM service requests (table maintenance, data corrections, etc.) processed within the agreed schedule divided by the total number of EDM service requests in the measurement window.</p> <p>NOTE: This metric encompasses mass uploads, not individual updates found in Transaction Processing Timeliness and Accuracy metrics.</p>	0	99.50%	98.00%	Monthly
<p>Scheduled reporting – timeliness</p> <p>Calculated as number of standard reports delivered or available per the agreed schedule divided by total number of standard reports scheduled for delivery in the measurement window.</p> <p>NOTE: This metric includes all scheduled reports including standard and custom reports.</p>	0	99.00%	97.00%	Monthly
Customer Satisfaction	SCD+Mos*	Expected	Minimum	Window
<p>Level of satisfaction – buyer contacts</p> <p>Percentage of surveyed HR Professionals indicating “overall satisfaction”, using a 5-point scale, where 5 represents completely satisfied and 1 represents completely dissatisfied and “overall satisfaction” is defined as the top 2 box responses. Calculated as number of respondents indicating “overall satisfaction”, divided by total number of respondents.</p> <p>NOTE: Metric is a lagging indicator of service problems. It is beneficial for trending purposes but should not replace regular and recurring status meetings between service provider and buyer. Surveys are recommended to be completed quarterly or semi-annually.</p>	0	80.00%	75.00%	Quarterly or semi-annually
Key Measures Applicable to Specific Processes				
Payroll and Distributions	SCD+Mos*	Expected	Minimum	Window
<p>Manual payments – timeliness</p> <p>Calculated as the number of manual payments placed into distribution channels no more than one business day after the request was received divided by the total number of manual payments requested. Applicable for payments required due to statutory requirement or error corrections.</p> <p>NOTE: Variations of this metric may include limited measurements of manual payments. For example, manual payments resulting from service provider error or manual payments in immediate pay states.</p>	0	98.00%	95.00%	Monthly
Learning	SCD+Mos*	Expected	Minimum	Window
<p>Training effectiveness and measurement</p>	0	98.00%	95.00%	Monthly

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Calculated as the number of successful Level 1-4 assessment completions divided by the number of Level 1-4 assessments delivered. A successful result shall be defined within the requirements established between the parties for each level of assessment (1-4).

<p>Content design and development – interoperability</p> <p>Defined as e-Learning content courseware's ability to function successfully with LMS infrastructure. Measured as the percentage of e-learning programs being deployed to production without reprogramming to correct functionality errors. The calculation is as follows: the number of e-learning courseware that need to be reprogrammed or fixed to correct functionality errors, divided by the number of e-learning courseware deployed.</p>	0	99.00%	95.00%	Quarterly
<p>Content design and development – budget/schedule adherence</p> <p>Measured as the percentage of e-Learning programs being deployed to production in adherence to agreed budget and schedule. The calculation is as follows: the number of e-Learning courseware modules that are delivered within the agreed budget and timeframes, divided by the number of e-Learning courseware modules deployed.</p>	0	99.00%	95.00%	Quarterly
<p>Facilities management</p> <p>Measured as the percentage of facility schedule transactions which conform to buyer's stated requirements. The calculation is as follows: the number of facility schedule transactions which conform with requirements divided by the total number of facility schedule transactions scheduled during the measurement window, expressed as a percentage.</p>	0	99.00%	95.00%	Quarterly

Recruiting and Staffing	SCD+Mos*	Expected	Minimum	Window
<p>Employee retention – RPO</p> <p>Calculated as the number of candidates hired who are still employed by buyer XX days (typical measures are 30, 60 and 90 days based on type of job and job level) after hire date divided by the total number of candidates hired. Another measurement is the impact on first year attrition rate to baseline data. First year impact can range from a 20% to 50% improvement in retention rates. Measures the effectiveness of the recruiting function, defined as retention of employees beyond an agreed upon time frame (i.e., right candidate was hired for the right job).</p> <p><i>NOTE: This measure applies only if the provider is responsible for sourcing and initial screening of applicants.</i></p>	0			
<p>Diversity of candidate slate – RPO</p> <p>Calculated as the number of requisitions containing at least one candidate that meets the agreed diversity guidelines divided by the total number of requisitions. Requires an agreed upon set of guidelines and process for review to ensure compliance. Measures the effectiveness of the recruiting function in adhering to diversity objectives.</p>	0	99.90%	99.00%	Monthly
<p>Quality of hire</p> <p>Calculated as the number of new hires receiving a satisfactory rating divided by total number of new hires. Measures the total number of new hires receiving a "satisfactory" rating by the hiring manager 90 days after date of hire.</p>	0	95.00%	90.00%	Monthly

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Requisitions sourced

0 95.00% 90.00% Monthly

Calculated as the number of authorized requisitions sourced within the agreed upon timelines divided by the number of authorized requisitions sourced. Measures the responsiveness of the sourcing function. Identifies a time to source based on type of job.

NOTE: Requires sufficient volume to be relevant.

Note on SaaS Applications

It is important to note that if talent management systems are in scope, then the IT service levels should be included as well (e.g. availability, break/fix response time, etc.). However, most solutions in Talent Management are Software as a Service (SaaS) and as result, the IT aspect of the delivery may be out of the service provider's immediate control. As a result, it is important to discuss how and/or if the service provider contracts with the software providers have IT SLAs that differ from the overall SLAs.

Critical Deliverables

HR Critical Deliverables

Transition Critical Deliverables List	Credits (%) ¹	Application Period ²
Detailed Transition Plan completed within 60 days of Effective Date		per two weeks late
Requirements Documentation 100% complete per Transition Plan		per two weeks late
Integration testing completed and "accepted" per Transition Plan		per two weeks late
Policy and Procedures Guide (or Requirements Document) for each Service delivered per Transition Plan		per two weeks late
UAT Completed on time		per two weeks late
Cutover occurs on time		per two weeks late
Stabilization with Sev 1 and 2 issues resolved on time		per two weeks late
Ongoing Critical Deliverables List	Credits ¹	Application Period ²
Conduct quarterly performance meeting with Client		per missed event
90% of Service Levels and Key Measurements measured and reported within 30 days of Service Commencement Date		per missed reporting period
Compensation or Performance Planning Cycles conducted per agreed milestones		per week late for each milestone
Annual benefits enrollment completed per agreed timeline		per week late
Annual results of Disaster Recovery/Business Continuity Test - Applications, Databases, Network and Processes available by XX date		per month late
Annual penetration test reports available by XX date		per month late
Annual SAS 70's Delivered on time		per month late

Annual financial close with timely completion of reconciliation issues

per month late

On time distribution of W-2's

per week late

Notes:

¹ Credit amounts are expressed as a percentage (%) of implementation fees or a fixed amount. **These will naturally vary for each contract, but in aggregate generally do not exceed 10% of the actual implementation costs (whether amortized or paid upfront).**

² Application: If Service Provider fails to meet a Critical Deliverable by its due date, the applicable Deliverable Credit shall become due and payable as of such due date and, thereafter shall continue to apply for each additional Application Period the Critical Deliverable remains incomplete.

Again, it is not best practice to use all of the above Critical Deliverables, rather this provides a broad set of samples from which you should establish items that are appropriate for your relationship.

