What are metrics?

A business metric is any type of measurement used to gauge some quantifiable component of a company’s performance, such as return on investment (ROI), employee and customer churn rates, revenues, and EBITDA. Business metrics are part of the broad arena of business intelligence, which comprises a wide variety of applications and technologies for gathering, storing, analyzing, and providing access to data to help enterprise users make better business decisions.

In IT, a metric is the measurement of a particular characteristic of software/hardware performance or efficiency.

Why use metrics?

Broadly speaking there are four very good reasons for using metrics, these reasons also covered by ITIL in the CSI (continual service improvement) module and known as VDJI. The areas are:

- To Validate decisions
  
  Soundness of decisions

- To set Direction
  
  For future activities

- To Justify
  
  Provide factual evidence

- To Intervene
  
  When changes or corrections are needed

In the ITIL world the goal with metrics is to provide a measurement framework that aligns IT with the business objectives. These objectives then create value through continuous improvement and the measurement cycle is centered on the Deming cycle, Plan/Do/Check/Act.

- **Plan**  The plan phase is responsible for identifying improvements and recommendations for the process or service which is being measured.

- **Do**  The do element is responsible for implementing the recommended changes through change management.

- **Check**  Check is gathering data and validates the required measurements.

- **Act**  The act segment will perform comparative and predictive analysis of the measurements.
Where do you start?

Before deciding what to measure it is important to take a step back and understand the core of the business and what is important to your customers. In order to do this you need to ask a series of questions:

- What is your business?
- Who are your customers?
- What do the customers' value?
- Who depends on the provided services?
- How do the customers use the services?
- Why are the services valuable to them?

By asking these questions you will start to understand the customers' perspective, and will be able to see the opportunities and challenges from their side. This insight will help you measure and ultimately deliver the services that are useful to the business.

What are the core parts of a metric?

Depending on what you measure there can be many elements to a metric; however for now we will look at the basics.

- Unit of measurement – is a numerical term for what is measured, such as number of incidents, call volume etc.
- Reporting period – a reporting period is the point in time during which the metric was measured, for example, Q1 or April 2012.
- Reporting frequency – this refers to what interval during which the metric is being measured; it could be hourly/daily/weekly etc.
- Actual – the current value of the metric with the latest data. This value needs to be expressed numerically, as a percentage, as time, or some other value.
- Previous – is the previous values of the metric.
- Trend – this is the change in value over time when comparing with the actual value to previous values. The trend can be increasing, decreasing, or staying the same.

How do I define the goals for my metrics?

Goals should be straightforward and highlight the outcome. Being specific will help us to focus our efforts and clearly define what we are going to do. Asking, "what, why, and how?” will help us narrow down specifics and compliment the SMART model. The SMART framework will ensure the goals are specific, measurable, actionable, relevant and timely. The, “what, why, and how?” is exemplified below:

WHAT are you going to do? You should use action words such as direct, organize, coordinate, lead, develop, and plan to mention a few.

WHY is this important to do at this time? What do you want to ultimately accomplish?

HOW are you going to do it?

How do I select what to measure?

It is important to have a look throughout both the IT Department and the business when you select what to measure as it varies based on what is important from team to team and from department to department. It is also vital to consult the business and understand what is important to them. A metrics approach based on the balanced scorecard framework is usually a good approach. Be sure, however, that it links closely to both department and overall company strategies.

Regardless of what your approach to handling metrics is, make sure you use them to the advantage of your department. The right metrics can be the difference between a reduced budget/headcount and keeping/ increasing the budget allocation for the department.
What is a Balanced Scorecard?

The Balanced Scorecard is a strategic performance management framework designed to help an organization monitor its performance and manage the execution of its strategy. A Balanced Scorecard is divided into four areas: Financial information, Customer Metrics, Internal Business Process Measurements and Learning and Growth Identifications.

The idea of the Balanced Scorecard is simple, yet extremely powerful if implemented well. You may use the key ideas of the BSC to create a unique strategy and align your organization and its processes to the objectives identified in the strategic map, as well as design meaningful KPI’s to facilitate improved decision making.

What are the most common metrics in an IT environment?

Below is a list of the most common IT metrics grouped by what ITIL process they belong to.

**Incident and Problem Management**

- **Percentage of Incidents Resolved by First Level Support**
  The costs can be dramatically reduced when first line support resolves basic issues such as user training, password and permission problems. The target for this metric is often set above 75%.

- **Mean Time to Repair (MTTR)**
  Average time to repair a failed component or device is one of the most closely watched ITIL related metric.

- **Percentage of Incidents Categorized as Problems**
  This is the percentage of incidents that are deemed to be the result of problems.

- **Problems Outstanding**
  This is the total number of problems that are unresolved.

**Service Desk**

- **Abandoned Calls**
  An abandoned call is a call initiated to a helpdesk that is ended before any conversation occurs. When inbound calls are abandoned, it is often because the caller is frustrated with the time on hold.

- **Customer Satisfaction**
  Customer satisfaction is often captured in surveys after an interaction with the helpdesk.

- **Attrition Rate**
  The attrition rate, also known as a churn rate, is how many employees leave over a certain period of time; normally expressed as a percentage.
Change Management

Change Success Rate (CSR)
CSR is determined by the number of changes successfully deployed without creating an incident, service impairment or disruption of work. A CSR of 80% is considered average and excellent companies have over 95%.

Change Failure Rate
This is a change management quality metric; a high failure rate will cost both IT and the business money in addition to a tarnished reputation.

Change Backlog by CI/priority
Backlogged change requests are change requests that should have been implemented but due to, for example, time/cost constraints are still outstanding.

Release Management

Average cost of a release
This determines the average costs of issuing a new release based on releases within a period of time.

Total Release Downtime and Cost
This metric calculates the total downtime due of release activity and attributes a monetary value to it.

Availability Management

Service Outage Duration
This is the percentage of actual equipment uptime relative to the total planned uptime. Planned uptime = service hours – planned downtime. Planned downtime is downtime as scheduled for maintenance

Total SLA Violations
This is total number of times that the availability terms laid out in SLAs were not met.

IT Financial Management

Projects within Budget
This is the percentage of IT projects that were delivered within the budget allocated.

Budget deviation
Percentage of budget deviation values compared to the total budget. A number over 100% indicates over spending.

Service Level Management

Total SLA violations
This is the number of SLA violations in a reporting period.

Average time to resolve SLA Violations
This is the average time it takes to restore SLA compliance when an SLA violation occurred.

Configuration Management

CI Data Quality
This is the percentage of Configuration Items (CIs) that have been registered inaccurately in the CMDB, which is normally done through sampling.

How can TechExcel ServiceWise help?
The key to good metrics is to use a tool that has an extensive reporting suite and can give you all the reports you need from within the system. TechExcel had designed ServiceWise to promote best practice, productivity and knowledge management to ensure it brings the right information and functionality to the users at the right time in the process. Much like the ITIL process, TechExcel ServiceWise is designed to be efficient and flexible in delivering metrics and it leverages the existing infrastructure and does not require extra hardware, software or administrative tasks.

About TechExcel ServiceWise
TechExcel ServiceWise is a fully configurable and scalable software suite for helpdesk and service desk management and IT service management (ITSM). ServiceWise helps automate and streamline IT helpdesk activities with configurable workflows, process approvals, email integration, IT project management, and integrated knowledge.
management solution. The powerful features and ease of maintenance make ServiceWise a powerful solution for organizations.

TechExcel ServiceWise helps you optimize your companies’ support process by providing your team with everything you need to exceed your customer’s service expectations. Through sophisticated process automation, knowledgebase management, and the availability of self service through Web Portals, your support team can resolve issues more efficiently and improve the bottom line. ServiceWise enables customers to refine support processes to increase efficiency and productivity while significantly decreasing overall support costs by reducing the time to resolve incidents. Best of all, TechExcel ServiceWise can be deployed under budget in days or weeks. Key benefits are:

- Act as single point of contact for user requests, user submitted incidents
- Intuitive user interfaces reduces training time and gets users up to speed faster
- Empower users with a comprehensive knowledgebase to dynamically search for solutions and advice
- Fast deployment with easy installation and automated upgrades
- Ability to automate reminders, review tasks, and approvals of any incident or request
- Out-of-box best practices for ITIL and the industry
- Choice of implementation options: choose hosted or on-premise installation

About TechExcel

TechExcel was founded in 1995 and is a specialist in knowledge-centric business applications with more than 1,500 customers in over 40 countries. TechExcel’s solutions provide enterprises with total visibility and actionable intelligence for all service desks, asset management, fully integrated service desk solutions support ITIL best practice and delivers improved financial performance, increased management functionality and organisational alignment.

TechExcel provides free evaluation copies of ServiceWise U that can be downloaded from the internet at http://www.techexcel.com/resources/ Additional information about ServiceWise U may be obtained by visiting the TechExcel website at http://www.servicewiseu.com or by calling:

USA: +1 (800) 439-7782
UK: +44 (0)20 7470 5650

Corporate Headquarters
3675 Mt. Diablo Blvd., Suite 200 Lafayette, CA 94549
Tel: (925) 871-3900
Fax: (925) 871-3991
www.techexcel.com

TechExcel EMEA
Crown House, 72 Hammersmith Road London W14 8TH, UK
Tel: +44 (0)20 7470 5650
Fax: +44 (0)20 7470 5651
Email: emeainfo@techexcel.com