ITIL®

CASE STUDY

Nordea Bank

SERVICE LEVEL MANAGEMENT INSIGHTS IN ACTION

PeopleCert

1. INTRODUCTION

Nordea is a full-service universal bank and one of the leading financial service companies in Europe. In 2020, they had an operating income of €8.5 billion and assets totalling €552 billion. Currently, Nordea serves customers across 20 countries, including the four Nordic home markets of Denmark, Finland, Norway, and Sweden.

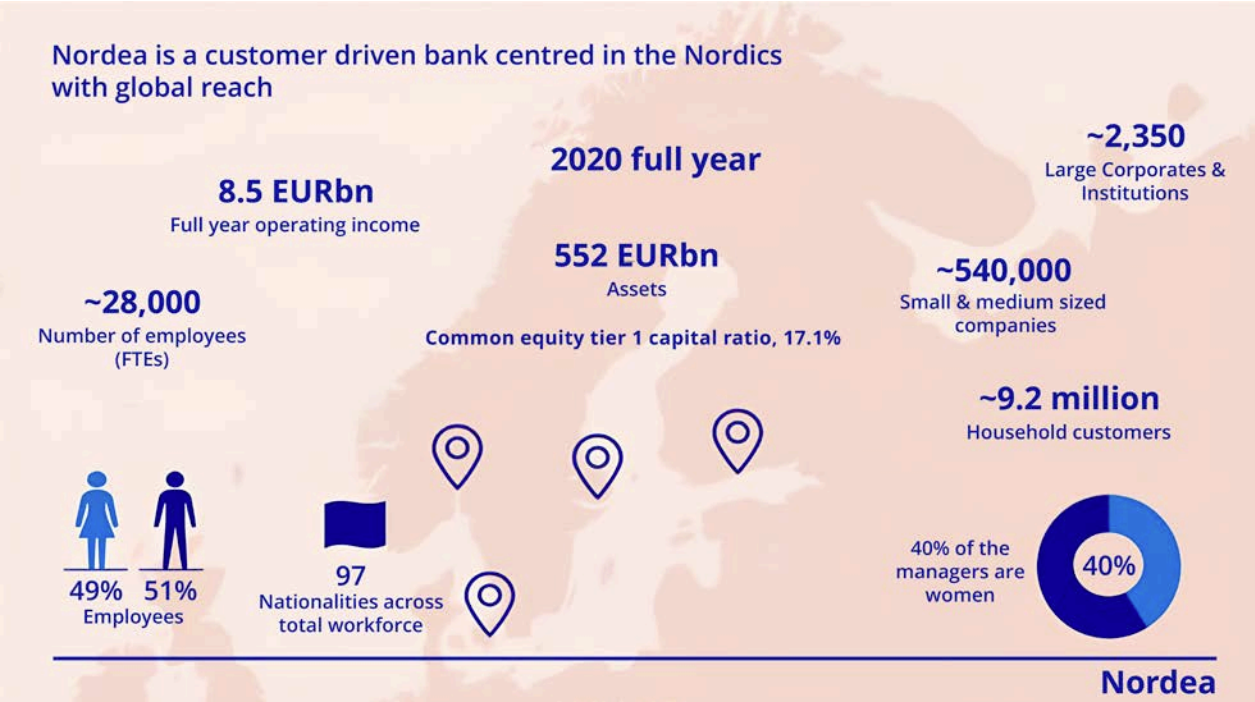


Figure 1.1 Nordea in numbers

2. SERVICE LEVEL MANAGEMENT AT NORDEA

Companies largely depend on digital services. For many, they connect the business with its customers, so it is necessary to understand how these services work and the value they provide organizations.

At Nordea, the service level management (SLM) team successfully developed a digital solution for service management and reporting, known as Insights reporting. This helps the organization to understand and improve the value of IT services and make better decisions at all levels, from the strategic to the operational. By mastering the data and building the transparent communication flows, Insights reporting visualizes service performance, helps to focus on value, improves the customer experience, and promotes innovative thinking.

The SLM team is part of core operations. It supports application maintenance, infrastructure, and various other business areas placed within the technological side of the organization. The SLM team serves and supports business areas such as Asset and Wealth Management, Business Banking, Group Business Support, Large Corporations & Institutions and Personal Banking.

Today, the SLM team supports all internal service level agreements (SLAs) between IT and the business for approximately 160 business critical IT services. However, this was not the case before the creation of the capability unit in 2017.

Definition: Service level management practice
The practice of setting clear business-based targets for service performance so that the delivery of a service can be properly assessed, monitored, and manged against these targets.

3. CHALLENGES

Janus Morthorst, Head of SLM at Nordea stated:

'We had many SLAs all done with different templates and customized KPI's, which we couldn't report on, there was no common SLA library, missing monthly service reviews, many audit remarks on SLA's, it was very time-consuming to review SLA's and in general it was a huge sunk cost to Nordea IT and business.

We had made it highly complex, costly, and inefficient to manage and control our service level reporting.

Some SLAs were five, ten, or 30 pages long. The majority of SLAs were focused on applications, and not on the IT services provided to our customers. Contacts and RACI information was usually outdated as people changed positions, and it was not easy to manage all the agreements in internal or external audits.'

After the SLAs, service reports, and existing service agreement processes were analysed, several issues were identified:

- **SLA discussions involved too many people from different IT and business teams**
- **decisions could be manipulated by data from multiple sources**
- **the IT service management data used for SLA and KPI reporting was calculated in spreadsheets and prone to errors**
- **creating and presenting a report could be a time-consuming and complex task that required the work of several people**
- **there used to be multiple reporting teams and an individual reporting specialist who delivered the reporting in a siloed manner. The reports were valuable, but there was not a common standard in regards to reporting, thus the reports could not be compared and contrasted between one another.**

Nordea was missing a central team to create and maintain a standard for SLM reporting, which would be aligned with the ITSM practices and tools. This absence resulted in unnecessary complexity, a potential lack of service report reliability, and eventually could lead to a lack of trust from the top management decision-makers. It would take just a few high-profile cases of data inconsistency to undermine the credibility of the whole reporting system. It would then be difficult to restore credibility and trust.

To overcome this challenge, the newly organized SLM team went on a journey with a vision and strategy for improving the service reporting experience of IT and business by:

- **standard measures (SLA/KPI) and single central location for all IT operational reporting**
- **improving data quality and data models, that follow a measurement and reporting practice**
- **simplifying and standardizing reporting**
- **moving from manual to fully automated approach**
- **including executive sponsorship on the SLM board.**

ITIL 4 guidance came in handy to support this journey at Nordea, from the guiding principles to the specific practice guides.

4. KEEP IT SIMPLE AND PRACTICAL: A ONE-PAGER SLA

In 2017 Nordea's IT went through an organizational change. Instead of having an internal IT service provider for each business area, the IT units were merged. Moreover, instead of having many small service reporting teams or individuals, the SLM became a new capability unit responsible for internal SLAs between IT and business, and for IT operational reporting.

Janus recalls:

'Many people in Nordea didn't understand the meaning behind IT services and how they impacted our business.'

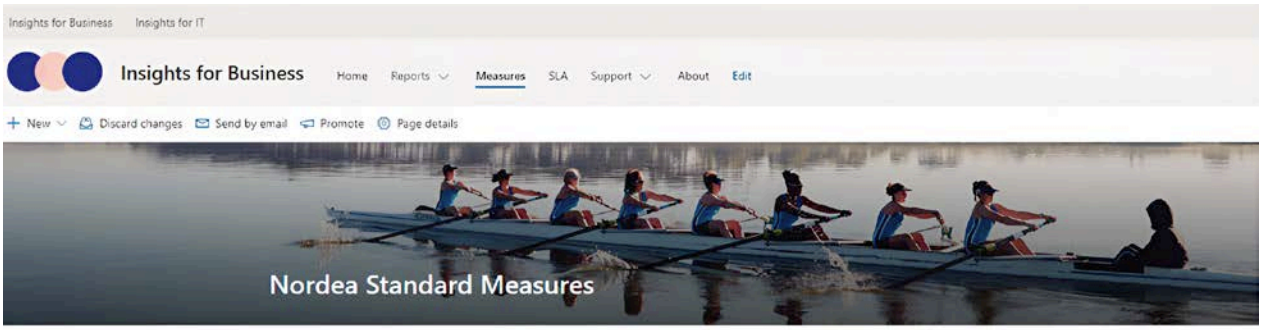
Mapping applications to IT services started back in 2015 as an initiative for improving service reporting, and it was a natural move for the new SLM team to assume control of it. To define services and connections between them, the SLM team engaged with application providers, service architects, and business IT representatives. Today, their own framework, named 'Nordea business capability map', ensures a concise and clear description of every service, including a map of connections between the service assets from hardware/software, applications, IT services, IT service groups, and business capabilities.

Janus adds:

'The Nordea business capability map is used in all incident, problem, and change handling and reporting. We had to be ready with mappings (the KPI target was to have 95% of all services mapped, today it's 99.50%) of our large portfolio of applications (approximately 3,000 apps) before go-live of our new Helix ITSM tool (provided by BMC) implementation in August 2019. It was a mindset shift to start recording on IT services instead of only applications as we did in the old Remedy ITSM tool.'

The next improvement step was to standardize the service quality of KPIs.

In 2017, an SLM board was created. The board established a universal set of KPIs, which are called Nordea Standard Measures. From that moment, only KPIs that are approved by the board are used in service reports. Furthermore, all metrics are documented and published in official white papers, such as descriptions, calculations, and examples of KPIs.



Key Performance Indicators (KPI)

1. **IT Stability**
   a. % **Service Availability** on Business Critical Incidents (24/7)
   b. % of **BCI Mean Time To Restore Service** in **hrs** (24/7)
2. **Incident Response**
   a. % of **BCI/P1** Incidents Responded on Time in **mins** (24/7)
   b. % of **P2** Incidents Responded on Time in **mins** (24/7)
   c. % of **P3** Incidents Responded on Time in **hrs** (Mon-Fri 7-18)
   d. % of **P4** Incidents Responded on Time in **hrs** (Mon-Fri 7-18)
3. **Incident Resolution**
   a. % of **BCI/P1** Incidents Resolved on Time in **hrs** (24/7)
   b. % of **P2** Incidents Resolved on Time in **hrs** (24/7)
   c. % of **P3** Incidents Resolved on Time in **hrs** (Mon-Fri 7-18)
   d. % of **P4** Incidents Resolved on Time in **hrs** (Mon-Fri 7-18)
4. **Problem** Management
   a. % of **BCI Known Root Causes**
   b. % of **BCI/P1 RCA** completed in **business days**
   c. % of **Non BCI RCA** completed in **business days**

Performance Measures

1. **Downtime** Minutes (BCI)
   a. IT Service Impact Minutes
   b. Business Impact Minutes
2. **Incident** Management
   a. Number of Incidents
   b. Number of Closed/Resolved Incidents
   c. Number of Open Incidents (Backlog)
   d. Age of Open Incident Tickets
   e. Time to Restore Service on BCI (minutes)
   f. Number of hits (No. of application affected by incident)
3. **Problem** Management
   a. Number of Problems
   b. Number of Open Problems
   c. Number of Problems Closed without Root Cause found
   d. Number of Open Preventives
   e. Number of Overdue Preventives
   f. Number of Implemented Preventives

Figure 4.1 Example of a KPIs description from Insights Portal

To prepare for the discussions with their internal customers, the SLM team analysed the various service reporting frameworks to ask: why, what, how, where, and when they should be used. They also reviewed the external and internal compliance requirements for SLA's.

Based on this preparatory work and analysis, the team designed a minimum viable version of the SLA. So far, a one-page SLA template was a valuable and important result from the research and work. The SLA template was supported at the executive leaders' level, which helped to promote and adopt the new approach. A central SLA library based on IT service mappings was also successfully launched.

Basel Committee on Banking Supervision (BCBS 239)

Governance – A bank's risk data aggregation capabilities and risk reporting practices should be subject to strong governance arrangements consistent with other principles and guidance established by the Basel Committee.[12]

27. A bank's board and senior management should promote the identification, assessment and management of data quality risks as part of its overall risk management framework. The framework should include agreed service level standards for both outsourced and in-house risk data-related processes, and a firm's policies on data

Nordea

Corporate Standard Service Level Agreement

Creation date: 2020-12-14

Next review date: 2021-12-14

IT Service:	Mobile DK
IT Service Description:	Providing services to Mobile DK
IT Service Group	Mobile

Opening hours:

Days	Opening hours	Service windows
Mon-fri	00:00 - 24:00	Mon: 02:00 - 06:00
Saturdays	00:00 - 24:00	-
Sunday - holidays	00:00 - 24:00	Sun: 02:00 - 06:00

Service windows for redundant systems: Redundant services are patched in one datacenter at a time - not expecting downtime. Thereby these patch windows can be in other timespans than the above. Planned downtime requires approval from application owner/business.

SLA Resiliency level:

Resiliency level	Availability (Business Impact)	
☑ Business Critical	99.9%	Only unplanned downtime is recorded e.g. disturbance or outages of an IT service availability.
☐ Highly Available		
☐ Standard		

SLA Reporting: The IT Service Provider will follow the Nordea Availability, Incident, Problem and Change Management processes. The processes are supported by Nordea Standard Measures documented in White Papers. Reports are available on Insights for Business

Figure 4.2 Example of a one page SLA

5. OPTIMIZE AND AUTOMATE: REPORTING AS A SERVICE

To provide an improved user experience, as well as transparency and simplicity, required effective automation of service reporting, data collection, and dashboard presentation.

One of the most pressing questions regarding the established service reporting practice was about the absence of good reporting architecture and the multiplicity of data sources and representations.

The SLM team chose automation as an important part of their strategy. Effective automation requires a new, efficient, and mature service architecture. It had to be simple, scalable, and sustainable.

As a part of the ITSM tool implementation, the SLM team designed a new modern service reporting architecture landscape:

- **ITSM data real-time reporting (BMC Smart Reporting)**
- **service reporting data warehouse**
- **self-service BI and analytics (Microsoft Power BI Service).**

Figure 5.1 Insights reporting service architecture

The selected solution supports innovation and creativity by enabling:

- portals for IT and business with reporting subscription services
- deviation management, interactive impact, root cause, and correlation analysis
- automated professional writing using the texts syntax (summary of tables)
- coded intelligence of quality assurance controls (SAFe built-in quality).

"We built a simple and mature service architecture and integrated it into the other services value streams. As we invested a lot of time and effort into the architecture, our reports are now easy to understand and use, and are based on objective and reliable data.

There is no way to gain value from the data and automate its processing if you don't have control over the data flows and architecture. We want everything to be automated, so nobody has to do any manual work; we strive to do that, but of course not everything is possible."

Marcin Rycharski, Solution architect, Nordea

The quality of reports depends on the quality of the source data. To address this, the team managed to identify all relevant sources of data and integrated them into a single repository. Now, there is a reliable integrated source of information to analyse outages, end-user services, incidents, problem, changes, infrastructure data, and more, all serving IT and business needs.

With a reliable source of data and effective processing and analytics engine, the reporting system allows Nordea teams to ensure:

- **efficiency of end-user technology services**
- **deep analysis of incidents, root causes, and critical/major incidents**
- **service availability and business impact analysis for business-critical IT services**
- **root cause ownerships and error budgets**
- **timely and accurate performance Service Review Meetings (SRM) reports provided to business functions. By June 2021 it was clear that this action became a game-changer and significantly improved business and IT cooperation.**

Figure 5.2 Analysis available in Insights reporting portal

6. COLLABORATE AND PROMOTE VISIBILITY: CUSTOMER EXPERIENCE

In 2018, the SLM team presented a new service called Insights reporting and launched the Insights portal intra-page to enrich the user experience. The portal became a single central location for customers and users for everything related to reports, measures, SLAs, and general support. Insights became more than just a service name; it became a brand that tells a story of the reliable, timely, and valuable information that supports decision-making.

Marcin says:

'It should be easy to find our service, understand it, and get quick answers to complex questions from our internal customers.'

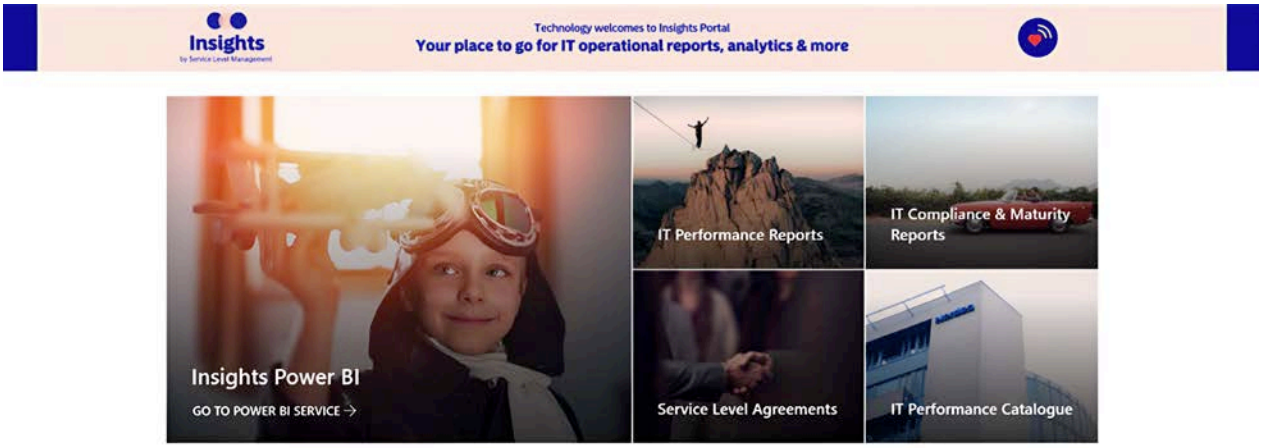


Figure 6.1 Insights portal

At the beginning, it was quite challenging to explain the Insights reporting services and the new single page SLA concept to some internal stakeholders. Inspired by the ITIL 4 four dimensions of service management and the value stream approach, the SLM team created an operational value stream, which explained the integration of service reporting to Nordea's other well-known customer-facing IT services.

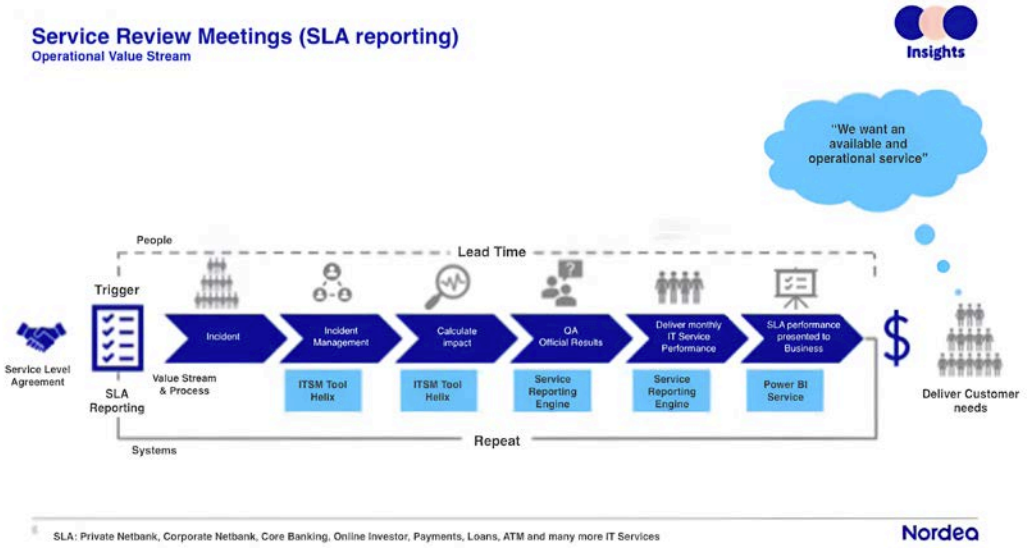


Figure 6.2 Insights reporting operational value stream

Apart from the SLM team, the operational value stream also involves other stakeholders from within and outside the organization, including our suppliers.

Janus says:

'We want the suppliers of managed services to act as a part of the same ecosystem and have the same or slight stricter targets (Nordea Standard Measures) as our own support team when using the same ITSM tool. We want to prevent the mentality, which can end in finger-pointing. At the end of the day, it is the end-to-end performance that matters. If targets are breached, the business really does not care what internal queue management problems we may have in IT. It's about focusing on behaviour and end-to-end collaboration within internal and external teams to deliver good customer experiences.'

Onboarding and education are vital steps in building a positive user experience and to ensure the best use of the reporting services. The SLM team regularly demonstrates new reports/dashboards, updates white papers, creates tutorial videos, and answers service-related questions within their Yammer community and common mailbox. They use storytelling and real-life cases to empower and motivate internal customers to use reporting efficiently.

Janus says:

'We take the customer journey daily as we use our own service to find answers. Use your service, be your own customer; that's our rule.'

Another important step in improving customer experience was to segregate IT and business reporting in the portal and implement an interactive self-service function.

Janus explains:

'We had to separate our leading and lagging reporting as we had too many nitty-gritty details that were only relevant to the IT teams. Whereas business stakeholders were more interested in the SLA lagging reports (typically the performance from the past month), targets met or missed, and what we were doing about it.
Therefore, in December 2019, the SLM team launched the Insights portal for business and later in 2020 the Insights power BI for business with interactive SLA reporting.'

7. FOCUS ON VALUE

From the perspective of IT professionals, the greatest challenge was the inefficient data management. However, the key focus of the team was on providing value for the internal customers. An important shift in addressing the challenge was to position the service reporting, to empower people to be fact-based and speak from figures. Meanwhile, the SLM team focused on automation, self-service, and improving the overall reporting experience.

ITIL 4 Measurement and reporting practice guide:

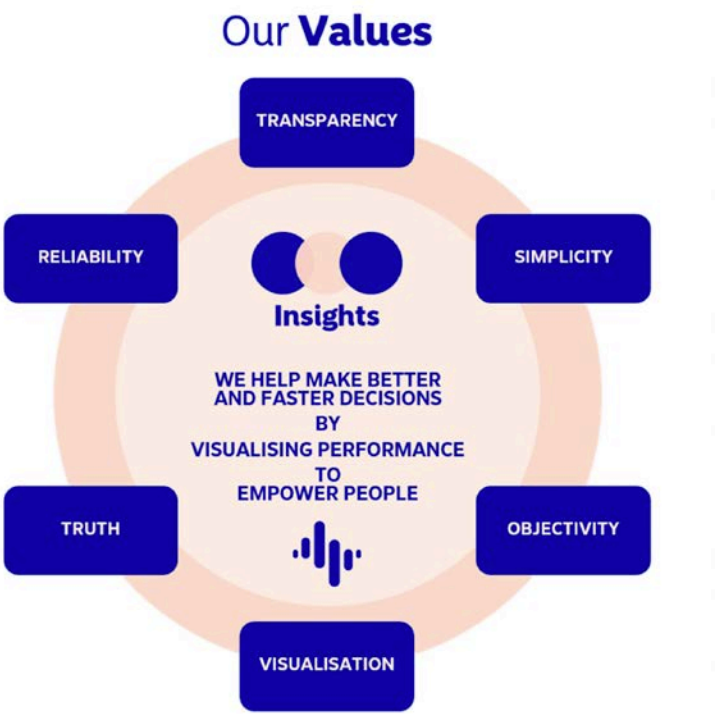
Operational reports are created to monitor performance, identify deviations, and initiate corrective actions to support operations. Operational reports are fact-based, including calculations, comparisons, correlations, and so on. These may include events and incidents statistics, service outage information, the percentage of tasks performed according to agreed targets, correlations between quality and amount of work performed, and so on. Such data can often be collected automatically (through workflow management systems, monitoring tools, and other means of automation).

Analytical reports reveal hidden problems or bottlenecks, then identify possible causes and improvement opportunities. Unlike operational reports, which are mostly focused on facts and their interpretation, analytical reports deal with data analysis, trends and their explanations, and deep investigations into what is happening and how it can be influenced by managers.

ITIL defines service as 'a means of enabling value co-creation by facilitating outcomes that customers want to achieve, without the customer having to manage specific costs and risks'. In these terms, reporting as a service should help to make decisions without the customer having to spend time and money on obtaining, verifying, and processing the service performance data.

The SLM team defined a list of criteria to be considered when providing the service reporting, which includes:

- truth: service reports should provide correct and relevant information to support fact-based decision-making
- transparency: data sources, calculations, and data models should be known and verifiable
- objectivity: service reports should be based on verified and objective data
- reliability: the service data and resulting reports should meet the company's standards for data integrity, traceability, timeliness, and be obtained and controlled from verified sources
- simplicity: reports should be presented in a simple, clear, and practical form
- visualization: reports should be supported with relevant, correct, and illustrative visualizations.



7.1 SLM team values

The implementation of these criteria and the new ways of working has resulted in service reporting enabling value for internal customers.

8. THE FUTURE OF INSIGHTS REPORTING

This development is based on the holistic, value-centric understanding of the role, which digital services play in the business of Nordea and towards internal customers. Insights reporting is well structured, standardized, and applicable to all IT and business areas in Nordea. At the same time, it is flexible and ready to provide new reports and analytics when required. For example, in addition to the usual IT service data, the SLM team automated the analysis of remote users (VPN/VDI), mobile apps usage, and Covid-19 situation report. All were used to support post-COVID-19 business recovery, crisis management, and business continuity reporting.

In 2020, the SLM team added a new reporting perspective for internal customers. In addition to the IT service impact view, which shows if an IT service is available and operational, a new business impact view was also introduced. It highlights the impact on customers such as transactions, payments, calls, trades, sales opportunities, and more.

ITIL 4 Measurement and reporting practice guide:

Measurements have no intrinsic value. They only become valuable when applied in a management context. Measurements can help with four management tasks:

- **Influencing behaviour:** By defining measurable targets, an organization sets the direction for activities and expectations for outcomes. Each objective should have one or more indicators to enable the assessment of progress.
- **Justifying changes:** Any improvement initiative (or any change) requires justification. Metrics that display negative trends or deviations from target values are quantitative arguments for change.
- **Validating decisions:** Measurements help to ensure that activities have been completed, staff work towards targets, and decisions yield the desired outcomes.
- **Intervening metrics:** Especially leading indicators (see section 2.2.2.5), are triggers for corrective actions.

Now, even more business-focused reporting perspectives are being developed with focus on actionable insights.

Janus says:

'We are just at the beginning of a new era with data science (ML/AI). From the SLA point of view we have standardized, improved, and delivered automated reporting according to agreed official performance targets. Expectations grow and as many answers are in the data, we can start focusing on descriptive statistics and the enablement of predictive analytics.

We also want to improve service review meetings and supplier reporting with new automated solutions to empower stability and performance dialogues.

In all fairness our achievements would never have been possible without a great SLM team, leaders and internal customer giving us continuously feedback for improvements on our Insights reporting journey.'

9. CONCLUSION

The SLM team has found a way to support the achievement of Nordea's strategic objectives. One of them is sustainable development. Improved service analytics and understanding trends and patterns in service consumption and users' behaviour, helps to proactively improve services to address not only current, but future needs of the business and to embrace new challenges and opportunities.

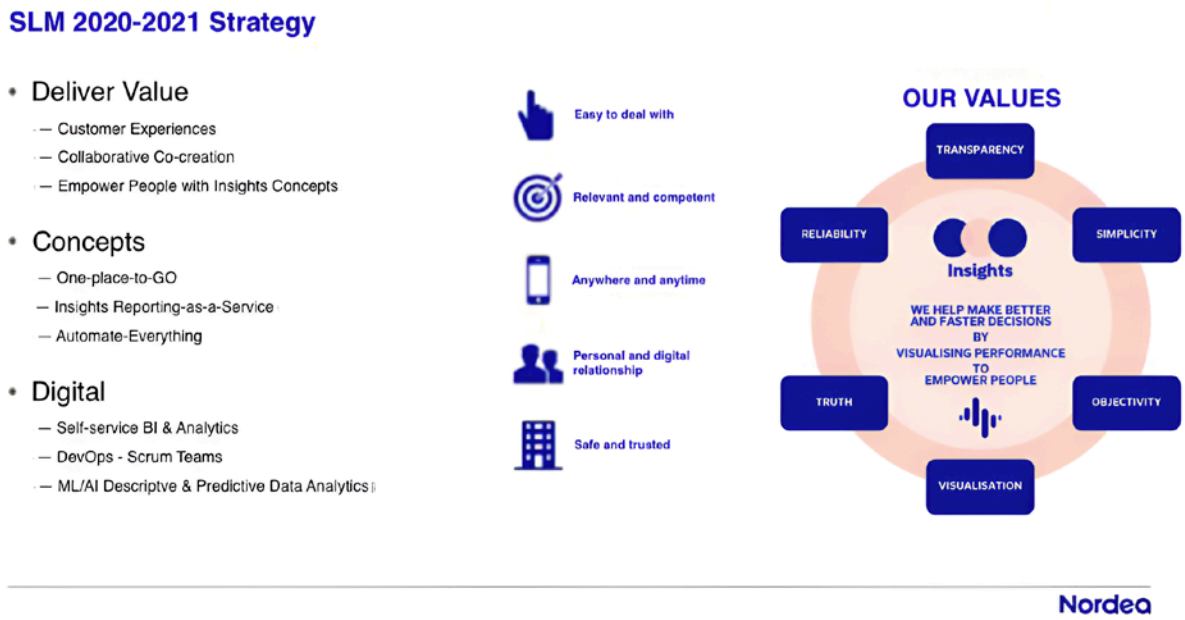


Figure 9.1 SLM team strategy 2021

Service level reporting may look like a small element in an organization's value system. However, it shows how following the ITIL 4 guiding principles and combining good industry practices with modern technology, helps the organization to enable value in the different changing and challenging technology environment. The SLM team has created a baseline for the digital side of the business to support the reduction of major incidents and improve the quality of IT services. Nonetheless, to sense the changes that might occur in the future and react to them in accordance with Nordea's technology vision and values.

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