

2006 FOURTH QUARTER RESEARCH REPORT

Service-Level Agreements

As shown in Figure 2.0, the majority of companies surveyed have at least some of their applications provided by an external application service.

Our DARTS research in the fourth quarter paid particular attention to service-level agreements (SLAs). We asked our SURF members if they specify SLAs for application performance levels, and we found that 15% do so for internal applications. This number is down from 23% last year. Another 10% do so for external applications, down from 20% last year. Twenty-nine percent state they are in the process of developing this for internal applications, and 52% for external applications.

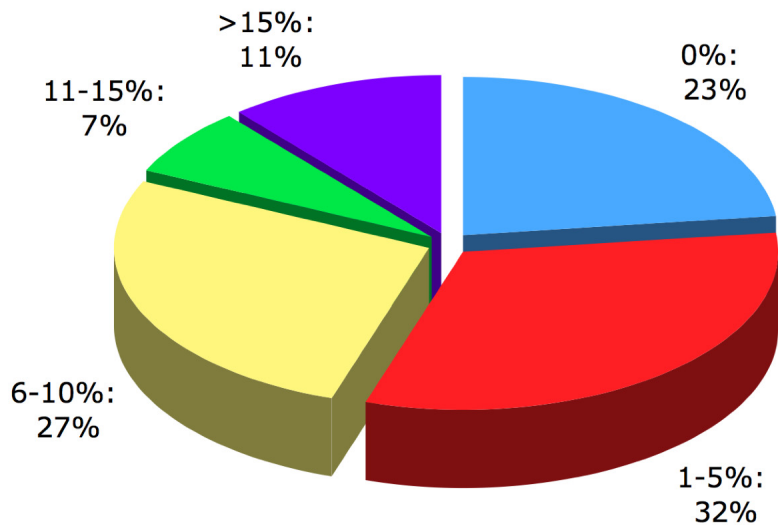


Figure 2.0: Percent of Applications Provided by an External Application Service

Delving deeper, we found that the areas of performance most often included, in rank order, are: availability (27% internal applications, 44% external), response time (24% internal, 32% external), overall performance (24% internal, 37% external), and upgrades (12% internal, 17% external).

We asked if companies allocate additional costs back to users for higher service levels and found that 29% percent do so for internal applications (at least some of the time), and 40% do so for external applications (at least some of the time).

Figure 3.0 show that 66% of companies have a written contract defining SLAs with external partners on application performance (at least some of the time).

