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Organisation internationale de normalisation
International Organization for Standardization
Международная Организация по Стандартизации



Our ref. TMB / NWIP

TO THE ISO MEMBER BODIES

Date 2010-03-11

New work item proposal – Outsourcing

Dear Sir or Madam,

Please find attached a new work item proposal submitted by NEN (Netherlands) on outsourcing. It should be noted that, if the NWIP is approved, the work will be carried out in a Project Committee.

You will note that this is not issued on the usual Form 04. The Technical Management Board, by its Resolution 80/2009, approved a pilot project to begin in October 2009 for a period of 6 months which involves committees from both ISO and IEC that have been asked to apply recommendations of the ISO/IEC Market Relevance Task Force (MRTF) to new work item proposals received during this period. The TMB agreed to participate in the pilot project in relation to any new fields of activity and new work item proposals submitted directly to the TMB Secretariat. This explains why a Form 04 proposal form is not used.

You are kindly invited to complete the ballot form (Form 05) which could be downloaded at www.iso.org/forms and send it, preferably in Word format, to the Secretariat of the ISO Technical Management Board at tmb@iso.org before **11 June 2010**.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'MAS', with a long horizontal line extending to the right.

Michael A. Smith
Secretary to the Technical Management Board

Encl: NWIP



**ISO MEMBER BODY PROPOSAL FORM
(ISO/IEC MRTF PILOT TESTING)**

Proposal for new field of work (TSP)
or
New work item proposal (NWIP)

TC/SC Number (if NWIP)	Document Number
Date of circulation 2010-03-11	Closing date of voting 2010-06-11
Proposer NEN	Secretariat

REQUIRED PROPOSAL INFORMATION

Note 1:

Proposals for new fields of ISO or IEC work or for new work item proposals within committees shall include the following fields of justification information (to be developed and submitted by the proposer) when relevant to the proposal (please note that the proposer is not required to provide all of this information if elements of it are not relevant to the proposal).

1. The issue

(A simple and concise statement describing the business, technological, societal or environmental issue that the proposal seeks to address, preferably linked to the Strategic Business Plan of the concerned ISO or IEC committee in the case of a NWIP.)

In recent years there has been a proliferation of sector specific methods and documents worldwide which have had no overarching standard to set the generic principles and procedures of outsourcing. In addition the outsourcing practitioners have had no common vocabulary on which to base their outsourcing communications.

This International Standard would provide overarching guidance for outsourcing and a vocabulary to enable practitioners to harmonize the principles, procedures and vocabulary in existing and future standards, for the benefit of the organizations engaged in outsourcing. Besides standardization this standard thus provides concepts and procedures to improve the understanding of all parties involved in outsourcing, by providing a common set of practices that can be used to manage the outsourcing life cycle.

2. The scope of the issue

[Relevant global metrics that demonstrate the extent or magnitude of the economic, technological, societal or environmental issue, or the new market. This may include an estimate of the potential sales of the resulting standard(s) as an indicator of potential usage and global relevance.]

This International Standard would provide guidance for the outsourcing of any type of service and/or process and the corresponding resources. This International Standard would cover the entire life cycle of outsourcing and provide a description of the definitions, concepts, and processes that are considered to form good practices in outsourcing.

3. Technological benefit(s)
(A simple and concise statement describing the technological impact of the proposal to support coherence in systems and emerging technologies, convergence of merging technologies, interoperability, resolution of competing technologies, future innovation, etc.)

This standard improves interoperability by harmonizing communications between organisations already engaged in, or engaging in outsourcing. It provides terminology, concepts and procedures to improve the understanding of all parties involved in outsourcing.

4. Economic benefit(s)
(A simple and concise statement describing the potential of the proposal to remove barriers to trade, improve international market access, support public procurement, improve business efficiency, result in a flexible, cost-effective means of complying with international and regional rules/conventions, etc.)

Because outsourcing practitioners have had no common vocabulary on which to base their outsourcing communications, this results in increased transaction costs because of misunderstandings and incorrect and/or unrealistic expectations. The number of outsourcing deals which (partially) fail to deliver the expected and/or promised value is still considerable.

5. Societal benefit(s)
(A simple and concise statement describing any societal benefits expected from the proposal.)

Outsourcing is a reality for organizations of every size and in every industry. The success or failure of these deals directly impacts employees, suppliers, customers, etc.. A well executed outsourcing deal will benefit everyone in the long run.

6. Environmental benefit(s)
(A simple and concise statement describing any environmental or wider sustainability benefits expected from the proposal.)

In the proposed standard, attention could be paid to subjects as ‘green outsourcing’ and the environmental impact of the partnership by embedding them in the processes, designating a specific clause to this subject, or by referring to other relevant standards. Such possibilities will have to be studied during the development of the standard. The environmental benefits can be substantial.

7. Intent of the work
[A simple and concise statement clearly describing the intended use(s) of the proposed deliverable(s), for example, whether the deliverable is intended as requirements to support conformity assessment or only as guidance or recommended best practices; whether the deliverable is a management system standard; whether the deliverable is intended for use or reference in technical regulation; whether the deliverable is intended to be used to support legal cases in relation to international treaties and agreements.]

This proposed International Standard is:

- intended to provide guidance and recommended good practices;
- not intended for the purpose of certification;
- not considered to be a management system standard;
- not intended for use or reference in technical regulation at this time;
- not intended to be used to support legal cases in relation to international treaties and agreements at this time.

8. Metrics

(A simple and concise statement of metrics for the committee to track in order to assess the impact of the published standard over time to achieve the benefits detailed under the four bullet points immediately above.)

In order to assess the impact of the proposed standard, the metrics that can be studied are:

- The level of satisfaction of the outsourcing organization;
- The level of satisfaction of the service provider.

9. Beneficiaries

(A simple and concise statement identifying and describing affected stakeholders and how they will each benefit from the proposal.)

This International Standard may be used by any type of organization involved in outsourcing. It is applicable to all public or private organizations and to any type of outsourcing, irrespective of complexity, size or duration. It is aimed to be used by client organizations, vendor organizations and third party advisors (e.g. legal, sourcing consultancy) involved in outsourcing. The standard should be understandable for outsourcing specialists and management. It will provide guidelines to improve the outcome and the resulting benefits for all organizations involved.

The standard can be used by professionals and management involved in outsourcing, management, management techniques, planning, management operations, organizations, organization and methods, budgeting, forecasting, purchasing, and trading standards.

The added value of this standard can be described as:

- Internal for organizations: Improved understanding of what outsourcing can deliver for an organization. Improved understanding of how to structure outsourcing. More realistic expectations on what outsourcing can deliver, thus mitigating risks. Improved realization of the benefits.
- External for organizations: Being able to assure other organizations that a common language is used when engaged in outsourcing. This will reduce complexity of communication. A common baseline can lead to increased trust among parties. Parties are able to engage in a more goal-oriented partnership. Finally, an international guidance standard can reduce barriers to trade when engaged in outsourcing internationally.

ADDITIONAL PROPOSAL INFORMATION (RECOMMENDED BUT NOT REQUIRED)

Note 2:

It is recommended that the following information items be included in proposals for new fields of ISO or IEC work or for new work item proposals within committees to facilitate their consideration by NSBs/NCs:

- A. The proposer's assessment on the prospect of the resulting deliverable(s) being compliant with the ISO or IEC Global Relevance Policies and the ISO Sustainability Policy where relevant.

The Global Relevance Policies and ISO Sustainability Policy are both met by virtue of the fact that these standards would help to address an issue that is a global business reality today. NEN is committed to ensuring that the project complies with the ISO Global Relevance Policies.

- B. The proposer's assessment on compliance with the ISO/IEC Policy Principles on the Relationship of ISO and IEC Standards to Public Policy and the possible relation of the resulting deliverable(s) to public policy, including a statement regarding the potential for easier market access due to conformity with appropriate legislation.

An International Standard addressing outsourcing could be of interest to public policy holders given the impact of outsourcing on businesses, employment and their own organisations.

- C. The proposer's assessment on how the proposal may be related to, or may appear to be similar to, existing work in other international or regional organizations (including other ISO and IEC committees). The proposer should explain how the work differs from identified apparently similar work, or explain how duplication will be minimized.

NEN proposes to create a Project Committee (PC) dedicated to developing this standard. The scope of the proposed ISO/PC would contain the same scope as the standard to be developed.

NEN proposes a PC because outsourcing has grown substantially in the past decades both as a specialized organizational strategy and as a specific profession. Managing outsourcing requires specialized knowledge not directly available in other sectors. In order to come to a standard that is not industry or sector specific, the committee responsible for developing this standard has to be truly industry and sector agnostic.

In developing this International Standard, the proposed Project Committee for outsourcing will work cooperatively with other ISO and CEN technical committees to avoid duplication of work and to ensure this International Standard fits in the current portfolio of ISO and CEN standards. Cooperation can be achieved by:

- Studying relevant standards already published by international or regional organizations, including ISO, IEC, CEN and CENELEC committees; and
- Engaging in liaisons with relevant international or regional organizations, including ISO, IEC, CEN and CENELEC committees.

- D. A simple cost/benefit analysis relating the cost of producing the deliverable(s) to the expected economic benefit to businesses worldwide.

The global outsourcing market is estimated at 373 billion dollar¹. An effort that would improve the success ratio of outsourcing, even it were marginally in percentage, would provide huge benefits to businesses worldwide. Developing an International Standard would require only marginal effort and costs compared to the future benefits for businesses worldwide.

- E. Title of the proposed new committee (in the case of a proposal for a new field) or title of the proposed deliverable (in the case of a NWIP within a committee).

Title of the proposed deliverable: Outsourcing – Guide to outsourcing

- F. Scope statement the proposed new committee (in the case of a proposal for a new field).

N/A

¹ Source: Outsource Magazine Yearbook 2009, F&G Publishing, Heerhugowaard, The Netherlands, January 2010.

G. The preferred type or types of ISO deliverables to be produced under the proposal.

The desired outcome would be an International Standard.

H. Proposed initial program of work (in the case of a proposal for a new field).

N/A

I. A listing of relevant existing documents at the international, regional and national levels.

The following ISO and CEN documents should be taken into consideration:

- ISO CD 21500 – Guide to project management
- ISO 31000 - Risk management - Principles and guidelines
- ISO 9000 series - Quality management systems
- ISO/IEC 20000 series – IT service management
- EN 15221 series – Facility management

The following documents should also be taken into consideration:

- Carnegie Mellon University: eSCM-SP and eSCM-CL
- Carnegie Mellon University: CMMi for acquisition, CMMi for Development, CMMi for Services
- European Community: Information Services Procurement Library
- International Association of outsourcing Professionals: outsourcing Professional Body of Knowledge

In developing this International Standard, the proposed Project Committee for outsourcing will work cooperatively with other ISO and CEN technical committees to avoid duplication of work and to ensure this international standard fits in the current portfolio of ISO and CEN standards.

J. A listing of relevant countries to be actively engaged as the subject of the proposal is important to their national commercial interests.

NEN welcomes the expression of interest from all member bodies who wish to be actively engaged as Outsourcing is not limited to one particular country.

In the study leading up to this proposal NEN has worked cooperatively with: AENOR, AFNOR, BSI, DS, EVS and SNV.

K. A listing of relevant external international organizations or internal parties (other ISO and/or IEC committees) to be engaged as liaisons in the development of the deliverable(s).

Liaisons with the following ISO and CEN Committees may be established:

- ISO/PC236 - Project Management
- ISO/TC176/SC2 - Quality management and Quality assurance
- ISO/IEC/JTC1/SC7 - Software and Systems engineering

L. Preferably an existing document to serve as an initial basis for the ISO or IEC deliverable or a proposed outline or table of contents.

Outsourcing is defined in this International Standard as:

"The process that originates from an organizational strategic decision to contract external provision for a specific service or organizational process;

- that is significant to the overall business of the outsourcing organization;
- for which the resources can be transferred to an external party;
- for which the external party is responsible to the outsourcing organization for the agreed outcome for a substantial period of time;
- for which accountability is retained within the outsourcing organization;"

The following outline is proposed for the standard:

- Foreword
- Introduction
- 1. Scope
- 2. Normative References
- 3. Terminology
- 4. Concepts
 - 4.1. Outsourcing
 - 4.2. Sourcing
 - 4.3. Stakeholders
 - 4.4. Benefits and Risks of outsourcing
 - 4.5. Essentials
 - 4.5.1. Client side essentials
 - 4.5.2. Supplier side essentials
- 5. Outsourcing Life Cycle
 - 5.1. Sourcing strategy
 - 5.2. Building the business case
 - 5.3. Preparation and selection
 - 5.4. Contracting
 - 5.5. Transfer
 - 5.6. Transition
 - 5.7. Transformation
 - 5.8. Service Delivery
 - 5.9. Evaluation and follow-up
 - 5.10. Termination and Exit
- 6. Practices
 - 6.1. Practices in the life cycle
 - 6.1.1. Sourcing strategy
 - 6.1.2. Building the business case
 - 6.1.3. Preparation and selection
 - 6.1.3.1. Defining scope and objects
 - 6.1.3.2. Commissioning outsourcing
 - 6.1.3.3. Common elements in tendering documents
 - 6.1.3.4. Due diligence
 - 6.1.4. Contracting
 - 6.1.4.1. Constructing SLA's
 - 6.1.4.2. Service levels and measurement
 - 6.1.5. Transfer
 - 6.1.6. Transition
 - 6.1.7. Transformation
 - 6.1.8. Service Delivery

- 6.1.8.1. Directing demand and supply, governance of outsourcing
- 6.1.9. Evaluation and follow-up
- 6.1.10. Termination and Exit
 - 6.1.10.1. Exit management
- 6.2. General Practices Relationships
 - 6.2.1. HRM
 - 6.2.2. Innovation
 - 6.2.3. Compliance, security and risk management
 - 6.2.4. Culture

M. An expression of commitment from the proposer to provide leadership if the proposal succeeds.

If the proposal for this Project Committee is successful, NEN is committed to undertake the role secretariat. In order to ensure that this is a global initiative, NEN is open to the idea of cooperating with another NSB on looking to fill the position of Chairman for the Project Committee to be established.