

The Role of ISO 37500 within IAOP's OPBoK

By Ron Babin, DBA, COP, Associate Professor,
Ted Rogers School of Information Technology Management, Ryerson University

Introduction - The Outsourcing Professional Body of Knowledge (OPBoK)

The global market for outsourcing of IT and business services has evolved and grown considerably since 1990. Today the annual global market size is estimated to be half a trillion dollars. IDC reports that 90% of organizations with 1000 or more employees outsource some part of their business or IT operations. With new outsourcing capabilities such as cloud -sourcing, the market potential for growth appears to be unending.

During the 20 plus years of IT and business process outsourcing, buyer organizations have developed a set of competencies which allow them to manage the outsourcing life cycle in order to improve the value and reduce the risk of outsourcing. Many outsourcing providers have created proprietary life cycle models to enable consistent management of global teams. Finally, many outsourcing advisory firms provide assistance to their clients using their own proprietary life cycle models.

The International Association of Outsourcing Professionals® (IAOP®) has defined an industry standard Outsourcing Professional Body of Knowledge (OPBoK). This standard has been revised continuously since its introduction in 2006, and is now in its Version 10, second edition. Today IAOP members and Certified Outsourcing Professionals (COPs) provide leadership in defining the Outsourcing Professional Standards (OPS). These standards are used to certify individual competencies recognized as the Certified Outsourcing Professional (COP) designation.

The OPBoK is a public document that can be readily purchased online from distributors such as Amazon, or can be purchased directly from the publisher Van Haren Publishing, and is available electronically to IAOP members in its online knowledge center, Firmbuilder.com®.

The key component described in chapter 2 of OPBoK is the 5-Stage Outsourcing Process which consists of the following:

1. Idea Stage
2. Assessment Stage
3. Implementation Stage
4. Transition Stage
5. Management Stage

For each stage the OPBoK defines key questions, the decision maker, the decision criteria, processes and deliverables and the approximate timeline for each stage. Subsequent chapters provide significant detail for each of the five stages. In addition, Appendix B provides over 100 pages of model templates to support the planning and execution of each stage in the Outsourcing Process.

Introduction - ISO 37500 – Guidance on Outsourcing (Draft International Standard – DIS)

Recognizing the importance of outsourcing, the International Standards Organization (ISO) has developed a public domain outsourcing guide, ISO 37500. The key component of the guide is the ISO outsourcing life cycle model. ISO 37500 has been in development since 2011 and is expected to be a confirmed international standard by 2015. The project committee has received input from buyers, providers, advisors and academic researchers from around the world. Key participants have come from ISO member countries in India, UK, Germany, the Netherlands, Bulgaria, Denmark, France, Finland, Spain, and Canada. Over 100 committee members have participated in six meetings during the four years of development.

The impact of ISO37500 will be to bring standardization to the global outsourcing market. The guide is intended to “provide a good foundation to enable organizations to enter into, and continue to sustain, successful outsourcing arrangements throughout the contractual period.”

Recognition of the standard will be voluntary. However, given the strong support from European members, it is reasonable to expect that the governments in the European Union will use ISO 37500 as the common requirement in outsourcing requests for proposal. The role of ISO in defining international standards suggests that ISO 37500 may become the Lingua Franca of the global IT and business outsourcing market. The standard will allow different buyers and providers to standardize outsourcing life cycle stages, deliverables, governance processes and risk management models. This should lead to more predictable, consistent management of outsourcing and improved value delivery.

ISO37500 introduces an outsourcing life cycle model that consists of four phases and a central governance capability. The four phases are:

1. Outsourcing strategy analysis
2. Initiation and selection
3. Transition
4. Deliver Value

The life cycle is preceded with a sourcing strategy which is outside of the ISO 37500 scope and is completed with an outsourcing renewal/exit strategy. Each phase is described in detail within the model with a set of inputs, processes and outputs. The document provides several informative annexes regarding Governance Structure, Risk Assessment, Request for Proposal, Innovation Management and Life Cycle Exit.

Comparing OPBoK and ISO 37500

Both OPBoK and ISO 37500 provide information and guidance that is intended to improve the success, and reduce the risk, of outsourcing. However, the two standards are slightly different and are targeted at a different audience.

The OPS and OPBoK create a standard for the individual practitioner and has become the guide for the COP Master Class and other IAOP training in outsourcing, as well as for the COP certification family examination. For example, OPBoK refers throughout the book to outsourcing standards that must be understood and demonstrated by an outsourcing professional. As well, the templates provide a “how-to” tool-kit model for the practitioner.

On the other hand, ISO37500 is targeted at the organization, with an organizational perspective on how outsourcing processes operate. The ISO standard does not provide guidance on templates, or provide examples of deliverables. The standard is intended to be a guideline, so that it can be adopted by organizations with different needs, in different industries and geographies.

The table below provides a summary of the key differences between OPBoK and ISO 37500.

Comparison	IAOP - OPS & OPBoK	ISO - 37500
Audience	Outsourcing professionals and the buyer, provider or advisor organizations they support	Outsourcing organization, buyer or provider
Development History	Developed under IAOP from mid-2000s; publically available since 2010	In development under ISO framework with formal participation approved by ISO country standards bodies; intended publication 2015
Geography	Developed primarily in the USA, applied, updated and adopted globally	Developed with strong European and Indian participation, to be adopted globally
Usage	To certify individuals; train individuals and organizations	To guide organizations
Processes	Process prescriptive – templates and toolkits for the practitioner	Process agnostic – to be adapted by organizations

How will each standard influence the other?

Clearly the OPS & OPBoK are already in practice, with thousands of certified professionals using this standard globally. ISO 37500 will only begin to be communicated after it is agreed to be an international standard late in 2014 or into 2015. It remains to be seen how many organizations will take up ISO 37500, although it is reasonable to expect the author countries to support it at least at the national standards level.

Given the open nature of both standards, it would make sense that each would recognize the other. OPBoK should acknowledge that ISO may have a significant influence, particularly in Europe. OPBoK provides much of the implementation detail that ISO 37500 lacks. A certified outsourcing practitioner operating in a global environment should be aware and conversant with the ISO standard. Perhaps OPBoK should contain an appendix that maps the 5-Stage Outsourcing Process to the 4-Phase Outsourcing Life Cycle. This would allow both standards to mutually support the growing global market for outsourcing services.