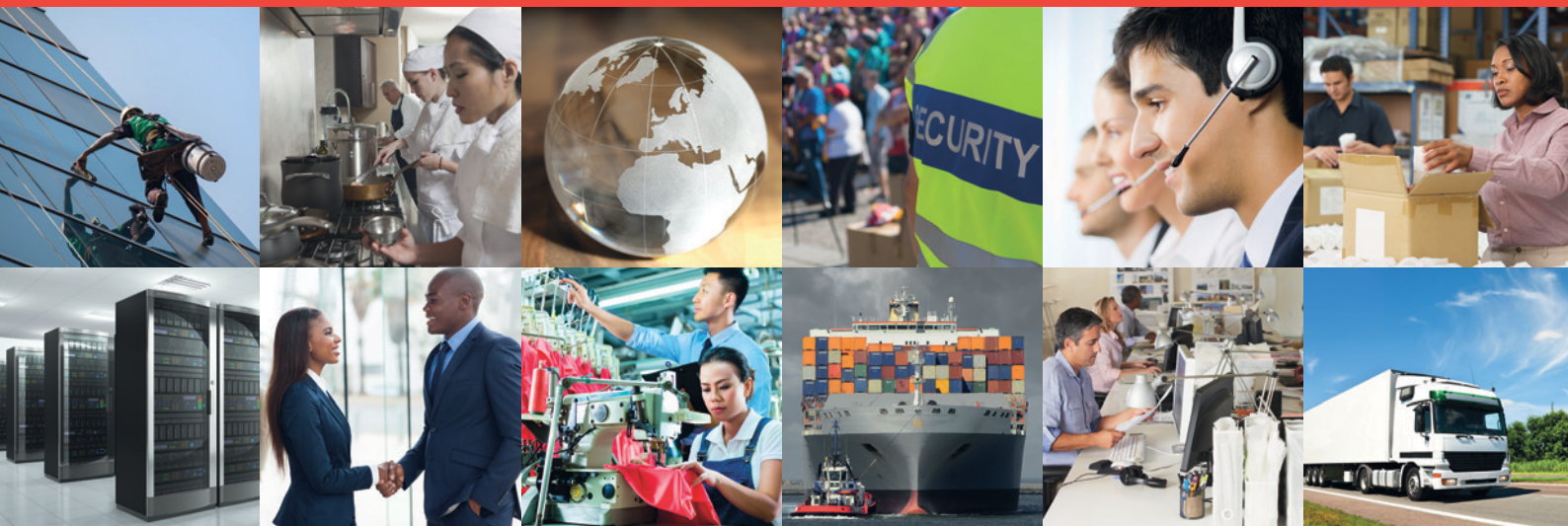


BSI Standards Publication

BS ISO 37500:2014

Guidance on outsourcing



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National foreword

This British Standard is the UK implementation of ISO 37500:2014.

The UK participation in its preparation was entrusted to Technical Committee SVS/1/5, Outsourcing.

A list of organizations represented on this committee can be obtained on request to its secretary.

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation on the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the WTO principles in the Technical Barriers to Trade (TBT) see the following URL: [Foreword - Supplementary information](#)

The committee responsible for this document is Project Committee ISO/PC 259, *Outsourcing*.

Introduction

Around the globe, outsourcing is increasingly an opportunity to add value, tap into a resource base and/or mitigate risk. This International Standard aims to provide general guidance for outsourcing for any organization in any sector. It provides a vocabulary for outsourcing practitioners across all industry sectors. It includes typical outsourcing concepts to improve the understanding of all stakeholders, by providing a set of practices that can be used to manage the outsourcing life cycle.

Outsourcing is a business model for the delivery of a product or service to a client by a provider, as an alternative to the provision of those products or services within the client organization, where:

- the outsourcing process is based on a sourcing decision (make or buy);
- resources can be transferred to the provider;
- the provider is responsible for delivering outsourced services for an agreed period of time;
- the services can be transferred from an existing provider to another;
- the client is accountable for the outsourced services and the provider is responsible for performing them.

This International Standard starts with the precondition that an organization has already established a sourcing strategy and concluded that outsourcing might be a beneficial approach.

Continuation or termination of an outsourcing arrangement forms an integral part of the outsourcing life cycle. Continuation commences as long as the outsourcing business case is valid and the outsourcing option is feasible within the sourcing portfolio. The decision to continue or terminate outsourcing as a sourcing strategy option is an outcome from the sourcing process of the client and is outside the scope of this International Standard.

This International Standard:

- a) covers the entire outsourcing life cycle in four phases, as depicted in [Figure 2](#), and provides definitions for the terms, concepts, and processes that are considered good practice;
- b) provides detailed guidance on the outsourcing life cycle, processes and their outputs;
- c) provides a generic and industry independent foundation, which can be supplemented and tailored to suit industry-specific requirements;
- d) can be used before, during and after the decision is made to outsource;
- e) aims to enable mutually beneficial collaborative relationships.

The description of each outsourcing phase provides information for the client side as well as the provider side.

Guidance on outsourcing

1 Scope

This International Standard covers the main phases, processes and governance aspects of outsourcing, independent of size and sectors of industry and commerce. It is intended to provide a good foundation to enable organizations to enter into, and continue to sustain, successful outsourcing arrangements throughout the contractual period.

This International Standard gives guidance on:

- good outsourcing governance for the mutual benefit of client and provider;
- flexibility of outsourcing arrangements, accommodating changing business requirements;
- identifying risks involved with outsourcing;
- enabling mutually beneficial collaborative relationships.

This International Standard can be tailored and extended to industry-specific needs to accommodate international, national and local laws and regulations (including those related to the environment, labour, health and safety), the size of the outsourcing arrangement and the type of industry sector.

This International Standard recognizes that the various stakeholders act separately in some phases of the outsourcing life cycle and together in others. It is not possible to exclusively allocate processes within the outsourcing life cycle to either client or provider. For each outsourcing arrangement, process responsibility is intended to be interpreted accordingly and tailored by the user.

This International Standard is intended to relate to any outsourcing relationship, whether outsourcing for the first time or not, using a single-provider or multi-provider model, or draft agreements based on services or outcomes. Processes mentioned in this International Standard are intended to be tailored to fit the outsourcing strategy and maturity of the client and provider organizations.

This International Standard is intended to be used by outsourcing clients, providers and practitioners, such as:

- decision makers and their empowered representatives;
- all stakeholders engaged in facilitating the creation and/or management of outsourcing arrangements;
- staff at all levels of experience in outsourcing.

2 Normative references

There are no normative references.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

3.1 baseline

agreed reference value or set of values which can be derived from past experience, often used for comparing with ongoing performance data, values and/or outcomes

3.2 **business case**

structured proposal for business improvement that functions as a decision package for decision-makers

Note 1 to entry: The business case should explain why outsourcing is required for the business and what the product or service is going to be. It should include an outline of the return on investment (ROI), or a cost/benefit analysis, the performance characteristics, major project risks and the opportunities. The business case addresses, at a high level, the business needs that the outsourcing project seeks to meet. It includes the reasons for outsourcing, the expected business benefits, the options considered with reasons for rejecting or carrying forward each option, the expected costs of the outsourcing project, a gap analysis and the expected risks.

[SOURCE: ISO/TR 25104:2008, 3.3, modified]

3.3 **client**

individual or group of organizations entering into an agreement with a provider for products and services for their own use

[SOURCE: ISO 24803:2007, 3.2, modified]

3.4 **due diligence**

detailed assessment of one or more business processes or production lines, culture, assets, liabilities, intellectual property, judicial and financial situation in order to make the outsourcing decisions

3.5 **framework**

documented set of guidelines to create a common understanding of the ways of working

3.6 **innovation**

implementation of a new or significantly improved product (good or service), or process, new marketing method, or new organizational method in business practices, workplace organization or external relations

[SOURCE: CEN/TS 16555-1:2013, 3.1]

3.7 **innovation and transformation committee**

joint management team that governs the process of managing innovation and transformation in the outsourced processes in order to enhance delivered value

Note 1 to entry: The committee follows a mutually accepted procedure of evaluating the potential value impact, assessing effort, risk, time to market and sharing of costs and rewards.

Note 2 to entry: The committee usually has representatives from the client and the provider.

3.8 **knowledge acquisition**

process of locating, collecting, and refining knowledge and converting it into a form that can be further processed by a knowledge-based system

[SOURCE: ISO/IEC 2382-31:1997, 31.01.04]

3.9 **knowledge transfer**

structured process of imparting pre-existing or acquired information to a team or a person, to help them attain a required level of proficiency in skill

Note 1 to entry: Knowledge transfer is not a synonym for training.