Outsourcing Management Body of Knowledge (OMBOK)™

A Framework for Professional Outsourcing

Release 2.3 - June 2010
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Introduction

Outsourcing was born overnight and with its entry came the visions of untold success, and the growth pains that come from an industry formed out of opportunity rather than founded as a profession. Nearly 20 years have passed since those early sourcing engagements and even we still are challenged by the balance of pragmatic behavior and expectations, with profit and risk overt pursuits. This is the world of outsourcing, a gold rush of opportunity with a boom or bust flavor.

The International Institute for Outsource Management (IIOM) was formed to address a long history of standard service delivery. For every success story there was has been an abundance of failures. One might ask why? Where does the problem lie, is it the service supplier, unclear requirements or mutual culpability with the buyer of outsourcing services? Outsourcing, as a profession has made its mark, yet the stories continue to unfolded and history continues to repeat itself. While IIOM’s objective is to address the source (outsource service providers) it remains clear that many problems also exist within the buying community. The need for a professional framework is needed and as a result the Outsourcing Management Body of Knowledge (OMBOK)™ was born.

History

The Outsourcing Management body of Knowledge (OMBOK)™ started its journey in 1988. IIOM’s founder Jerry Durant, was confronted with his first outsourcing engagement. The pioneering nature of outsourcing relied heavily on the talent of the people. This situation created an atmosphere where results varied widely, and the success on one project did not guarantee positive outcomes for the next. The lack of a framework caused outsourcing to be treated as a service and not a profession which followed a fundamental framework of core competencies. Over the next 20 years knowledge was sought to better understand what core competencies would be required to carry out expert based global outsourcing. The quest for knowledge came about through numerous discussions with outsourcing practitioners, and experts in various business and software engineering disciplines. Extensive study was carried out to understand the essential elements that are necessary to successfully deliver global outsourcing. The following table, illustrated in Exhibit 1, reflects the evolution of the OMBOK™ and the significant events that surround it’s introduction.
<table>
<thead>
<tr>
<th>OMBOK™ Segment</th>
<th>Formation Timeframe</th>
<th>Sourcing Period</th>
<th>Influencing Event</th>
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<td>Fundamentals of</td>
<td>2002</td>
<td>Business Solution</td>
<td>Sourcing/Outsourcing recognized as permanent</td>
</tr>
<tr>
<td>Outsourcing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>2004</td>
<td>Business Solution</td>
<td>Long term necessity to operate as a business</td>
</tr>
<tr>
<td>Operations</td>
<td>1990</td>
<td>Service</td>
<td>Immediate visible delivery</td>
</tr>
<tr>
<td>Quality</td>
<td>1996</td>
<td>Service</td>
<td>Delivery meeting acceptable expectations</td>
</tr>
<tr>
<td>People</td>
<td>1988</td>
<td>Resolution Option</td>
<td>Service requires dependable and valued resources</td>
</tr>
<tr>
<td>Internal Control &amp;</td>
<td>2003</td>
<td>Business Solution</td>
<td>Intellectual property focus, governance, regulatory mandates and cultural variations</td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>2006</td>
<td>Business Solution</td>
<td>Identification and economies through technologies</td>
</tr>
<tr>
<td>Customer Relations</td>
<td>2000</td>
<td>Fixture</td>
<td>Maintaining customers through diligent purposeful attention</td>
</tr>
<tr>
<td>Program &amp; Project</td>
<td>1997</td>
<td>Open Alternative</td>
<td>Adhoc process costs directly attributable to poor program and project management</td>
</tr>
<tr>
<td>Professionalism</td>
<td>2007</td>
<td>Business Solution</td>
<td>Focus on conduct as a regional differentiator</td>
</tr>
</tbody>
</table>

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Outsourcing Management Body of Knowledge (OMBOK)™

Outsourcing is more than delivering service; it is fundamentally based on the principle of a solid business foundation tempered by global reach. While delivery is the goal, the strength of the business enterprise has a direct impact on this goal. Outsourcing startups need to acknowledge that their technical talents are at risk if a strong business foundation cannot be established, maintained, adapted, and grown. Thus, the reach of OMBOK™ is to make the journey less risky through a framework of intellectual content understanding. And for the buyer of outsourcing, the OMBOK™ helps to assess potential service partners but also acknowledge a mutual level of competency necessary for successful outsourcing engagements.

**OMBOK™ Framework**

The OMBOK™ is established as a framework disciple formed as a baseline for professional outsourcing. It pertains to suppliers, buyers, and related supporting service disciplines.

**OMBOK™ Is:**

- Established as a baseline set of knowledge, minimum discipline framework
- Pertinent to the outsourcing supply chain: buyer-supplier-support servicer
- Essential for Scope and Risk Management

**OMBOK™ Is Not:**

- A replacement for but an augmentation to existing topical Bodies of Knowledge (BOK)
- Established to promote commercial service offerings, or to influence buying decisions for related outsourcing training, assessment or guidance service
- Static or produced to emulate similar BOK models, pursuits or initiatives.

In short, the OMBOK™ is a unique, adaptive, and purpose driven framework that fits the dynamic nature of the outsourcing discipline. The intent of the author, the participating contributors and those committed to the discipline of outsourcing is singularly focused on establishing discipline guidance to aid service suppliers and service recipients.

**Professional Outsourcing Roles**

The following list reflects the primary roles affected by the OMBOK™. Organizations may use other titles for these roles and in some cases may have included specialized roles to fit the needs of their service offering. The outsourcing role list is provided as a base of comparison with the core disciplines of the OMBOK™.

Illustrated below are some of the outsourcing roles that exist. RACI (Responsible-Accountable-Consulted-Informed) diagrams accompany each the eleven core discipline area descriptions as reflected on the following pages. Each diagram lists the predominant roles as they relate to the specific discipline relationship (denoted in **BROWN**).

Buyer/Supplier: Administrative Management
Corporate Governance

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Bodies of Knowledge (BOK) have different meanings for different readers and users. Some BOK are a series of independent “best practice” disciplines assembled to represent a profession or support a certification. The OMBOK™, and the discipline of outsourcing represents an extension of BOK foundation disciplines. While having it’s own foundation, as the core, it relies heavily on the emerging nature of both business and technology to form it’s value in the outsourcing profession.

Exhibit 1 reflects the interconnection of disciplines within the Outsourcing Body of Knowledge. Please note that at a High Level there are five (5) fundamental management areas,

- Outsourcing Foundation
- Business
- Operations
- Customer Relationship
- Technology

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These five areas serve as the hubs for the interaction of disciplines.

Exhibit 2:

The OMBOK™ is comprised of 11 core disciplines that are supported by 94 topical specializations (refer to Exhibit 3). The core disciplines are expected to remain relatively static with the majority of the changes taking place in the ‘Knowledge Component’ area. This fluid state reflects the dynamics of the discipline and embraces the need to be adaptive, yet specific enough to address the many demands of the discipline.
### Exhibit 3:

<table>
<thead>
<tr>
<th>Management Discipline</th>
<th>Knowledge Components</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fundamentals of Outsourcing</strong></td>
<td>• Principles of Outsource Management</td>
</tr>
<tr>
<td></td>
<td>• Outsource Models and Life Cycles</td>
</tr>
<tr>
<td></td>
<td>• Operations/Processes for Information Technology (ITO) and Business Process Outsourcing (BPO)</td>
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<td></td>
<td>• Outsource Project Components</td>
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<td>o Buyer-Side</td>
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<td>o Supplier-Side</td>
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<td>o Joint</td>
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<tr>
<td></td>
<td>• Outsourcing Rationale and World Economies</td>
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<tr>
<td></td>
<td>• Understanding and Working in Culturally Diverse Technological Settings</td>
</tr>
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<td></td>
<td>• Communications – Management and Technicians</td>
</tr>
<tr>
<td></td>
<td>• Global Development and Delivery (GDD)</td>
</tr>
<tr>
<td></td>
<td>• Emerging Type of Outsourcing: KPO, EPO, RPO, LPO, BTO, ...</td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td>• Industry Structure and Dynamics</td>
</tr>
<tr>
<td></td>
<td>• Selecting and Qualifying Service Providers</td>
</tr>
<tr>
<td></td>
<td>o Fiscal Payback/ROI/NPV</td>
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<tr>
<td></td>
<td>• Regulatory Environment</td>
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<td>• Contracting for Externally Provided Solutions</td>
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<td>• Business Process Engineering</td>
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<td>• Funding and Capital Investment</td>
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<td>• Global Marketing</td>
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<td></td>
<td>• Managing Multiple Locations (Locally and Internationally)</td>
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<td></td>
<td>• Acquiring/Utilizing Global Specialists (Technical and Operationally)</td>
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<td>• Strategic Planning</td>
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<td>• Tactical Planning</td>
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<td>• Branding Strategy</td>
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<td></td>
<td>• Global Delivery Model</td>
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<td></td>
<td>• Pricing, Negotiation and Contracting</td>
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<tr>
<td></td>
<td>• Outsourcing Business Models: ODCs, Joint Venture, BOT</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>• Project Synchronization/Balance</td>
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<tr>
<td></td>
<td>o Client Project Management</td>
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<th>Communication</th>
<th>Quality</th>
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<tbody>
<tr>
<td>• Communication Framework in Construction/Verification and Validation (V&amp;V)/Delivery Periods</td>
<td>• Process Engineering</td>
</tr>
<tr>
<td>• Understanding Buyer Role/Responsibilities/Duties and Obligations</td>
<td>• Quality Control Practices</td>
</tr>
<tr>
<td>• Joint Engineering Communications Model</td>
<td>• Process Improvement and Industry Quality Models</td>
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<td>• Communication Errors</td>
<td>• Outsource Project Metrics and Quantitative Models</td>
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<td>• Arbitration</td>
<td>• Cross-Culture Communications and Cultural Competence</td>
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<tr>
<td>• Metrics for Cohesion</td>
<td>• Real-time Status Visibility</td>
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<tr>
<td>• Healthy Boundaries</td>
<td>• Maintaining Project Repositories and Knowledge Management</td>
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<tr>
<td>• Coordination of Effort</td>
<td>• Cross-Culture Communications and Cultural Competence</td>
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<td>• Supplier Status Reporting</td>
<td>• Process Engineering</td>
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<td>• Real-time Status Visibility</td>
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<td>• Maintaining Project Repositories and Knowledge Management</td>
<td>• Process Improvement and Industry Quality Models</td>
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<td>• Cross-Culture Communications and Cultural Competence</td>
<td>• Outsource Project Metrics and Quantitative Models</td>
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<tr>
<td>People</td>
<td>Internal Control and Security</td>
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<td>--------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Measuring Progress and Linkages to Success</td>
<td>Building Adequate Risk Management and Internal Control for ITO/BPO Organizations</td>
</tr>
<tr>
<td>Verification and Validation (V&amp;V)</td>
<td>Building Adequate Security for ITO/BPO Organizations</td>
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<td>Utilizing Process Maturity for Capability Development (and not just as a Marketing Tool)</td>
<td>Protection of Intellectual Property Rights</td>
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<td>Overcoming Cultural, Time, Location, Technological Difference</td>
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<td>Outsourcing Management Body of Knowledge (OMBOK)™</td>
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<tr>
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<tr>
<td>• Building Partnership</td>
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<td>• Managing Partnership</td>
<td></td>
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<tr>
<td>o Setting Goals and Expectations</td>
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<tr>
<td>o Performance Evaluation</td>
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<tr>
<td>o Monitoring and maintaining Service levels</td>
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<tr>
<td>o Problem/Incident/Defect Management</td>
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<tr>
<td>o Managing Conflicts</td>
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<tr>
<td>• Strategic Partnership/Innovation Partnership</td>
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<tr>
<td>o Risks and Rewards Sharing</td>
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<tr>
<td>• Customer Value Management</td>
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<tr>
<td>Program and Project</td>
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<td>• Tender Bidding</td>
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<td>• Negotiation</td>
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<tr>
<td>• Financial, Resource, Issues, Problem Resolution Management</td>
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<td>• Project Management</td>
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<td>• Offshoring Management Framework (OMF)</td>
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<td>• Ethics/Code of Conduct/Integrity</td>
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<td>• Responsibilities</td>
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<td>• Continuous Development</td>
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<td>• Social Obligation</td>
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Fundamentals of Outsourcing Management

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<td>• Outsource Project Components</td>
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<td>o Buyer-Side</td>
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<td>• Understanding and Working in Culturally Diverse Technological Settings</td>
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</tr>
<tr>
<td></td>
<td>• Emerging Type of Outsourcing: KPO, EPO, RPO, LPO, BTO, ...</td>
</tr>
</tbody>
</table>

Definition: Foundation concepts supporting the discipline of outsourcing.

Keywords: Foundation, Principles, Fundamentals, Historical, Economics

Established in OMBOK™: 2008

Formation: Business Solution Sourcing Period - 2002

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The Fundamentals of Outsourcing presents the foundation principles of outsourcing. Each knowledge component is dynamically influenced by past, present and future directions of the outsourcing industry. Factors of culture, world dynamics, technological and social evolution have a direct and profound impact on these core fundamentals. A unique factor of outsourcing is that while there is both a buyer and supplier component that their interrelationship is tightly connected. Considering this alignment places a stronger need to bridge gaps and create an atmosphere of high flexibility.
## Business Management

### RACI

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsible</th>
<th>Accountable</th>
<th>Consulted</th>
<th>Informed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer</td>
<td></td>
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<tr>
<td>Supplier</td>
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<tr>
<td>Specialists</td>
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</tbody>
</table>

### Management Discipline | Knowledge Components

**Business**

- Industry Structure and Dynamics
- Selecting and Qualifying Service Providers
  - Fiscal Payback/ROI/NPV
- Regulatory Environment
- Contracting for Externally Provided Solutions
- Business Process Engineering
- Funding and Capital Investment
- Global Marketing
- Managing Multiple Locations (Locally and Internationally)
- Acquiring/Utilizing Global Specialists (Technical and Operationally)
- Strategic Planning
- Tactical Planning
- Global Delivery Model
- Pricing, Negotiation and Contracting
- Outsourcing Business Models: ODCs, Joint Venture, BOT

**Definition:** Principles that establish, guide, monitor and form the basis of business operations.

**Keywords:** Marketing, Planning, Structure, Funding, Global, Fiscal Return

**Established in OMBOK™:** 2008
A successful and sustainable outsourcing enterprise requires strong Business Management. Early grassroots outsourcers relied on technical talents to overcome shortcomings in running the company as a business. The demands placed on outsourcers are great and as a result they must be strong as a business. Some companies may choose to hire people who have solid business abilities, whereas others may choose to develop their skills and forgo further technological involvement. Unfortunately, many who start as technicians continue in this role despite their desire to make the change. The principles of sound business provide a backdrop that will help to sustain and grow technological outsourcing excellence. Even when applying ‘Crowdsourcing’ delivery approaches, individuals balance the economics of survival with the pursuit for technical excellence and commitment.
## Operations Management

<table>
<thead>
<tr>
<th>Management Discipline</th>
<th>Knowledge Components</th>
</tr>
</thead>
</table>
| Operations            | • Project Synchronization/Balance  
|                       |   o Client Project Management  
|                       |   o Collection Project Management  
|                       |     (Buyer/Supplier)  
|                       |   o Time and Delivery Synchronization  
|                       | • Managing Delivery and Implementation  
|                       |   o Task Definition; Pre- and Post-Delivery  
|                       |   o Buyer/Supplier Task Qualification  
|                       |   o Qualified Specifications  
|                       |   o Inquiry and Dialog Availability  
|                       |   o Artifact Qualification  
|                       |   o Timely Delivery and Completion Feedback  
|                       |   o Project Management  
|                       |   o Artifact and Component Construction, Qualification and Delivery  
|                       |   o Application of Professional Expertise  
|                       | • SLA and Productivity Management  
|                       | • Configuration Management  
|                       | • 24/7 Service and Call Center Operation Management  
|                       | • From Quality Assurance (QA) To Delivery Assurance (DA)  
|                       | • Delivery Management and Value Delivery Management  
|                       | • IT Service Management (ITSM/ITIL)  
|                       | • Service Process Improvement and Service Maturity Model  

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Definition: Functional aspects that guide outsource service delivery.

Keywords: Delivery, Service Level, Change Control, Project Synchronization

Established in OMBOK™: 2008

Formation: Service Sourcing Period - 1990

Delivering to contractual conditions is founded on the principles of Operations Management. How skillfully we carry out this obligations will influence the results that buyers will receive and the profit that the service provider will realize. Operations Management does not, by itself, guarantee success. Rather it must be viewed as the backdrop from which we equalize the skills, abilities and coordination on a project (or the conduct of the outsourcing business enterprise). A principle, promoted in the Agile Manifesto (www.agilemanifesto.com), is the concept of people over process. Too much of either, whether depending on defined process or dependency on the people factor, is apt to produce unacceptable results. The purpose of Operations Management is to assure the readers and adopters, the benefits of a foundation of knowledge in order to minimize variations and to insure a baseline for daily work.
Communication Management

<table>
<thead>
<tr>
<th>Management Discipline</th>
<th>Knowledge Components</th>
</tr>
</thead>
</table>
| Communication         | • Communication Framework in Construction/Verification and Validation (V&V)/Delivery Periods  
|                       | • Understanding Buyer Role/Responsibilities/Duties and Obligations  
|                       | • Joint Engineering Communications Model  
|                       | • Communication Errors  
|                       | • Arbitration  
|                       | • Metrics for Cohesion  
|                       | • Healthy Boundaries  
|                       | • Coordination of Effort  
|                       | • Supplier Status Reporting  
|                       | • Real-time Status Visibility  
|                       | • Maintaining Project Repositories and Knowledge Management  
|                       | • Cross-Culture Communications and Cultural Competence |

Definition: Means of relating information within and outside of an organization.

Keywords: Communication Vehicles, Metrics, Knowledge, Roles, Responsibilities, Dialog, Boundaries, Status

Established in OMBOK™: 2008

© IIOM 2009
Formation: Operation Alternative Sourcing Period - 1996

Communication Management involves the means of social interacting to reduce the impact of time, distance and cultural diversity. Simply assuming that we can carry out a project, in either the short or long term, and do so in an ad hoc fashion is inviting the risk of failure. One can only imagine how talented people, both buyers and sellers, can create an atmosphere of miscommunication. Even within the respective organizations communications is a significant contributor to wasteful time consumption, confusion and lowered delivery quality. Communication Management involves the full range of communication channels ranging from the spoken word, to writing, graphics, and formal reporting.
Quality Management

<table>
<thead>
<tr>
<th>Management Discipline</th>
<th>Knowledge Components</th>
</tr>
</thead>
</table>
| Quality               | • Process Engineering  
                        | • Quality Control Practices  
                        | • Process Improvement and Industry Quality Models  
                        | • Outsource Project Metrics and Quantitative Models  
                        | • Measuring Progress and Linkages to Success  
                        | • Verification and Validation (V&V)  
                        | • Utilizing Process Maturity for Capability Development (and not just as a Marketing Tool) |

Definition: The degree by which a service or work product fulfills expectations, both stated and implied. The degree to which quality is impacted may involve an absence (or presence) of conditions that would promote failures. Fitness for use.

Keywords: Quality, Testing, Verification, Validation, Capability, Process Control

Established in OMBOK™: 2008

Formation: Service Sourcing Period - 1988

Quality Management is not free, doesn’t happen automatically, and certainly is not the responsibility of only one party. Even though the supplier may be required and is held accountable for the quality of their work, the buyer is responsible for seeing that quality standards are defined and upheld. Quality Management is pervasive, and
Outsourcing Management Body of Knowledge (OMBOK)™

touches every aspect of outsourcing. Low quality hinders the delivery of services and projects, a leading reason for outsourcing failures.
People Management

<table>
<thead>
<tr>
<th>Management Discipline</th>
<th>Knowledge Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>• Leadership</td>
</tr>
<tr>
<td></td>
<td>• Skill and Competency Management</td>
</tr>
<tr>
<td></td>
<td>• Recruitment and Retaining Talent</td>
</tr>
<tr>
<td></td>
<td>• Team Work Dynamics</td>
</tr>
<tr>
<td></td>
<td>• Training and Development</td>
</tr>
<tr>
<td></td>
<td>• Recognizing Cultural and Work Differences</td>
</tr>
<tr>
<td></td>
<td>• Paradigm Differences</td>
</tr>
<tr>
<td></td>
<td>• How Much Must be Mandated?</td>
</tr>
<tr>
<td></td>
<td>• End Result Impact</td>
</tr>
<tr>
<td></td>
<td>• Utilizing Diversity to Increase Project Experience Satisfaction</td>
</tr>
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</table>

Definition: Disciplines surrounding the acquisition, development, maintenance and utilization of resources. People may be in direct or hired services.

Keywords: Talent, Resource, Team, Recruiting, Development, Competency

Established in OMBOK™: 2008

Formation: Resolution Option Sourcing Period - 1998

People Management (also known as Resourcing) involves the selecting, directing and controlling the talent pool. Buyers often criticize suppliers for the lack of qualified talent, inadequate attention to building talent strength, and the extent of turnover. Each successive time that inadequacy and change occurs, projects and services are placed at risk. Risk equates to money and money is one of the leading reasons why buyers consider outsourcing. If their return-on-investment (ROI) projects do not become a reality then outsourcing is placed at risk. Even © IIOM 2009
though People Management is heavily centered on the management of the resources the individual is also engaged from the very first day of their employment. They are obligated, as professionals, to work in a positive team driven environment and are responsible for personal development and dedication to their employer (and the buyer).
Internal Control and Security Management

<table>
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<tr>
<th>Management Discipline</th>
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<tbody>
<tr>
<td>Internal Control and Security</td>
<td>• Building Adequate Risk Management and Internal Control for ITO/BPO Organizations</td>
</tr>
<tr>
<td></td>
<td>• Building Adequate Security for ITO/BPO Organizations</td>
</tr>
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<td></td>
<td>• Protection of Intellectual Property Rights</td>
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<tr>
<td></td>
<td>• Outsourcing Requirement Management &amp; Engineering / Identifying Stakeholders</td>
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<td></td>
<td>• Overcoming Cultural, Time, Location, Technological Difference</td>
</tr>
<tr>
<td></td>
<td>• Change Management</td>
</tr>
<tr>
<td></td>
<td>• Governance In Offshore Projects</td>
</tr>
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</table>

Definition: A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations, with specific focus on the fiduciary responsibilities of the outsource service provider to develop, maintain and oversee related security aspects.

Keywords: Responsibility, Intellectual Property Rights, Security, Legal Obligation

Established in OMBOK™: 2008

Formation: Business Solution Sourcing Period - 2003
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Strong business relationships between buyer and seller start with trust. Trust, established through Internal Control and Security Management efforts, places a responsibility on the buyer to engage only qualified and trustworthy suppliers, to carry out this most important aspect of the outsource service contract. Trust extends beyond the buyer and involves their customers as well. A breach of trust, an absence of precautions, and erratic Internal Control and Security processes not only create unhealthy conditions but make it difficult to pinpoint the extent of the indiscretion. Internal Control and Security Management is a situation where you either have proper care and conduct, or you do not. There is no middle ground, and the exposure is equally significant. Due diligence activities of the requestor of Internal Control and Security services may include the confirmation of Service Provider certifications (ex. CPA-Certified Public Accountant, CIA-Certified Internal Auditor, CISA-Certified Information Systems Auditor, CISM-Certified Information Security Manager, CISSP-Certified System Security Professional, CFE-Certified Fraud Examiner, CICS-Certified Information Control Specialist, etc.).
Technology Management

<table>
<thead>
<tr>
<th>Management Discipline</th>
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<tr>
<td>Technology</td>
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<td>Software Reuse Processes</td>
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<td></td>
<td>Technology Use in Development, Testing, Configuration Management, Quality Assurance and Implementation...</td>
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<tr>
<td></td>
<td>Managing New Technologies</td>
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<tr>
<td></td>
<td>Research and Development</td>
</tr>
<tr>
<td></td>
<td>Managing Technology Infrastructure</td>
</tr>
<tr>
<td></td>
<td>Technology gap Analysis and Transfer</td>
</tr>
<tr>
<td></td>
<td>Technology Standardization</td>
</tr>
</tbody>
</table>

Definition: Review, assessment, deployment and oversight of technologies employed. Diligent examination of potential technology solutions.

Keywords: Reuse, Software Factory, Research, Advanced Technologies

Established in OMBOK™: 2008

Formation: Business Solution Sourcing Period - 2006

Technology Management has a good and a bad side. On a positive note, technology can create competitive advantages and cost benefits to the supplier of outsourcing services. However, the lack of Technology experience can elevate risk. Only through pragmatic introduction, deployment, and strong oversight can the risks associated with Technology be abated. In the context of outsourcing such knowledge areas as software reuse processes offer significant time and delivery savings. At the same time it introduces a new operating environment.

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paradigm as it pertains to intellectual rights protection. Introduction, discussion, negotiation, and care must be exercised to keep related disciplines in balance. Likewise, the use of technologies and guided research and Development (R&D) can save time and money if prudent oversight and control is maintained. Due diligence activities of the requestor of Technology Management services may include the confirmation of Service Provider Certifications (ex. COOPM-Certified Outsource/Offshore Project Manager, PMP-Project Management Professional, etc.) and detailed relevant expertise in the specific technology (ex. SAP R3 Configuration Management, Cisco PIX firewall installation Voice over IP (VoIP) evaluation, selection and implementation, etc.)
Customer Relationship Management

R A C I
(Responsible) (Accountable) (Consulted) (Informed)

Buyer

Supplier

Specialists

Management Discipline | Knowledge Components
--- | ---
Customer Relationship | • Managing Customer Relationships and Satisfaction
| | • Performance Evaluation
| | • Monitoring and Maintaining Service Levels (SLAs)
| | • Problem/Incident/Defect Management
| | • Outsourcing Relationship Management
| | • Building Partnership
| | • Managing Partnership
| | | o Setting Goals and Expectations
| | | o Performance Evaluation
| | | o Monitoring and maintaining Service levels
| | | o Problem/Incident/Defect Management
| | | o Managing Conflicts
| | • Strategic Partnership/Innovation Partnership
| | | o Risks and Rewards Sharing
| | • Customer Value Management

Definition: Connection and care over interactions and delivery of service to buyers of outsourcing services.

Keywords: Customer, Relationship, Service Levels, Reporting, Metrics

Established in OMBOK™: 2008

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The concept of Customer Relationship Management serves as a tribute for outstanding care of the buyer or as a nagging reminder of how difficult it is to meet the expectations of the buyer when delivering service. Early outsourcing left Customer Relationship Management as a reactionary response to events that had gone wrong. As a result, contractual provisions often became the next step in bridging the service level performance gap. Leading outsourcers view Customer Relationship Management as a necessity, but also a role which represents engagement leadership. Rather than capitulating to random desires, Customer Relationship Management involves a proactive and intense involvement on an ongoing basis with the buyer. The shift from viewing performance results to driving the outcomes is the order of the day.
Program and Project Management

<table>
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<th>Management Discipline</th>
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<tr>
<td>Program and Project</td>
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<td>• Negotiation</td>
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<td>• Financial, Resource, Issues, Problem Resolution Management</td>
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<td></td>
<td>• Project Management</td>
</tr>
<tr>
<td></td>
<td>• Offshoring Management Framework (OMF)</td>
</tr>
<tr>
<td></td>
<td>• Global Software Development (GSD)/Global Software Engineering (GSE)/Global Project Management (GPM)</td>
</tr>
<tr>
<td></td>
<td>• Virtual Team Building</td>
</tr>
</tbody>
</table>

Definition: Management of service programs and project delivery efforts extending from initial offer through delivery of contracted services.

Keywords: Negotiate, Bids, RFP, RFQ, Proposals, Project Management

Established in OMBOK™: 2008

Formation: Open Alternative Sourcing Period - 1997

Whether a supplier is offering services (as a program) or carrying out the delivery of a project, the task of Program and Project Management starts with early discussions. The level of Program and Project Management delivery is based on the level of purchase funded. Some would think that if you struck a great deal that this
would produce optimal results. Often to the contrary, hard fought thin-margin contracts often result in minimalistic services. Buyers need to understand that fair pricing will increase the likelihood of positive Program and Project results. Thin-margin agreements are apt to produce minimalistic service and potentially catastrophic delivery, one should also expect that fat-margin engagements may not yield a plethora of value. Outsourcing, and the price to service relationship, must be in balance. A holistic view taken by both buyer and supplier, practicing the art of responsible negotiation, will create an opportunity for mutual success. Project Scope Definition and Change Management often are crucial to successful customer and vendor relationships, and should be clearly delineated in the customer’s “Request for Proposal” and the vendor’s “Proposal”. Due diligence activities of the requestor of Program and Project Management services may include the confirmation of Service Provider certifications (ex. COOPM-Certified Outsource/Offshore Project Manager, PMP-Project Management Professional, etc.).
Professionalism Management

<table>
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<tr>
<th>Management Discipline</th>
<th>Knowledge Components</th>
</tr>
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<tbody>
<tr>
<td>Professionalism</td>
<td>• Ethics/Code of Conduct/Integrity</td>
</tr>
<tr>
<td></td>
<td>• Responsibilities</td>
</tr>
<tr>
<td></td>
<td>• Continuous Development</td>
</tr>
<tr>
<td></td>
<td>• Social Obligation</td>
</tr>
</tbody>
</table>

Definition: The ethical delivery of responsibilities at both an organization and individual level. This involves service provider/buyer confidentiality, truthfulness and pursuit of expert level status.

Keywords: Professional, Ethics, Development, Responsibilities

Established in OMBOK™: 2008

Formation: Business Solution Sourcing Period - 2007

The art of Professionalism Management starts with the organization, and is reflected by its management. It reaches deep into the organization (to the employees level). The depth of professional commitment pertains to both the outsourcing organization and the buying company. Without a strong ethical basis of operation the business, business relationships and the project (and/or service) are placed at risk. Mistrust is a common factor in most outsourcing relationships. What started with an innocent lack of communications may quickly becomes a cover for much deeper rooted problems.

Both the customer seeking outsourced services and the service provider must perform due diligence on each other. Organizations such as the Better Business Bureau and federal, state, and local entities may be researched to ascertain professionalism in business conduct.
How to Use

As was stated earlier, the primary purpose of the OMBOK™ is to serve as a framework for professional outsourcing engagements. The OMBOK™ is presented to guide the various roles involved in outsourcing projects. At a high level the OMBOK™ serves to support the outsourcing duties of the buyer and the provider of services. Its role as a guide will help each to better understand the knowledge based behind the discipline and how its value is amplified when applied to a global outsourcing situation. A sample of how the OMBOK™ would be used includes,

- Skill Assessment,
- Competency Development,
- Organizational Development,
- Operational Improvement,
- Certification Assessment Preparation, and
- Developing Stronger Collaborative Cohesion.

There are also those that provide outsource related support to buyers and suppliers, such as outsourcing professional organizations, consultants, support suppliers (such as marketers, and sales channels partners), and academia that will find the OMBOK™ useful in guiding their respective service offerings. Outsourcing support groups will find the OMBOK™ of invaluable support for,

- Constructing Training Programs,
- Developing Support Tools,
- Focusing Service Delivery Products, and
- Building an appreciation for the full extent of outsourcing.

Again, the OMBOK™’s sole purpose is to establish a definitive framework for the outsourcing discipline.
Contributors

The following individuals have played a major role in providing counsel, advice, suggestions and input into the creation of the Outsourcing Management Body of Knowledge (OMBOK™). Their unselfish participation is greatly appreciated and a tribute to their dedication to the outsourcing discipline and to the specific areas of specialization.

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Organization</th>
</tr>
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<tbody>
<tr>
<td>Richard Bender</td>
<td>US</td>
<td>Bender RBT, Inc.</td>
</tr>
<tr>
<td>Frank Casale</td>
<td>US</td>
<td>Outsourcing Institute</td>
</tr>
<tr>
<td>Michael Corbett</td>
<td>US</td>
<td>International Association of Outsourcing Professionals</td>
</tr>
<tr>
<td>Jerry E. Durant</td>
<td>US</td>
<td>The International Institute for Outsource Management</td>
</tr>
<tr>
<td>Jason Epstein</td>
<td>US</td>
<td>Epstein &amp; Associates</td>
</tr>
<tr>
<td>Walter Fang</td>
<td>CN</td>
<td>Neusoft</td>
</tr>
<tr>
<td>Tom Gilb</td>
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<td>Dr. William Hetzel</td>
<td>US</td>
<td>Retired</td>
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<tr>
<td>Chris Jiang</td>
<td>CN</td>
<td>The International Institute for Outsource Management – China</td>
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<tr>
<td>Profession Dehua Ju</td>
<td>CN</td>
<td>ASTI Shanghai</td>
</tr>
<tr>
<td>Alan S. Koch</td>
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</tr>
<tr>
<td>Vipul Kocher</td>
<td>IN</td>
<td>PT Pure Testing Software Pvt., Inc.</td>
</tr>
<tr>
<td>David Less</td>
<td>US</td>
<td>David Less Consulting</td>
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<tr>
<td>Dr. Hareton Leung</td>
<td>HK</td>
<td>Hong Kong Poly U</td>
</tr>
<tr>
<td>Frank Lyons</td>
<td>US</td>
<td>Entellus Corporatoin</td>
</tr>
<tr>
<td>David Marshall</td>
<td>US</td>
<td>InfoTech Global</td>
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<tr>
<td>Gary Slavin</td>
<td>US</td>
<td>Gary Slavin Consulting</td>
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<tr>
<td>David Wo</td>
<td>US/CN</td>
<td>Certellus Corporation</td>
</tr>
<tr>
<td>James York</td>
<td>US</td>
<td>C/J Systems Solutions, Inc.</td>
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OMBOK™ Maintenance

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Revisions

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Direct Additions and Revisions to:

The International Institute for Outsource Management
Global International Headquarters
Metro Manila, Philippines

Info@Int-IOM.org

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Reference Appendix A

Related Bodies of Knowledge:

- **Body of Knowledge for Quality Management (BOKQM)**  Quality Management Profession
  
  *University of Minnesota – Joseph M. Juran Center*  
  
  www.csom.umn.edu

- **Body of Quality Knowledge (BOQK)**  Quality Profession
  
  *Chartered Quality Institute (CQI)*  
  
  www.thecqi.org

- **Business Analysis Body of Knowledge (BABOK)**  Business Analysis Profession
  
  *International Institute of Business Analysis*  
  
  www.theiiba.org

- **CSQE Body of Knowledge (CSQEBOK)**  CSQE Professionals
  
  *American Society for Quality (ASQ)*  
  
  www.asq.org

- **Common Body of Knowledge (CBOK)**  Information Security Profession
  
  *The International Information Systems Security Certification Consortium (ISC²)*  
  
  www.isc².org

- **Enterprise Architecture Body of Knowledge (EABOK)**  Enterprise Architecture Profession
  
  *Mitre Corporation (non-profit)*  
  
  www.mitre.org

- **Internal Audit Body of Knowledge (IABOK)**  Internal Auditing Profession
  
  *Institute of Internal Auditors*  
  
  www.theiia.org

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Reference Appendix A (continued)

Related Bodies of Knowledge:

- Marketing Research Core Body of Knowledge (MRCBOK)  Marketing Research Profession
  Marketing Research Association
  www.mra-net.org

- Outsourcing Professional Body of Knowledge (OPBOK)  Outsourcing Professionals
  International Association of Outsourcing Professionals
  www.outsourcingprofessional.org

- Product Development and Management Body of Knowledge (PDMA)  Product Development Profession
  Product Development and Management Association
  www.pdma.org

- Project Engineering Body of Knowledge (PMBOK)  Project Management Profession
  Project Management Institute
  www.pmi.org

- Six Sigma Body of Knowledge (SSBOK)  Six Sigma Quality Profession
  American Society for Quality
  www.asq.org

- Software Engineering Body of Knowledge (SWEBOK)  Software Engineering Profession
  The IEEE - Software Engineering Coordinating Committee
  www.swebok.org

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Reference Appendix A (continued)

Related Bodies of Knowledge:

- Software Engineering Institute Software Engineering
  
  Body of Knowledge (SEISEBOK)  
  SEI Software Engineering Profession  
  Carnegie Mellon University – Software Engineering Institute (SEI)  
  [www.sei.cmu.edu](http://www.sei.cmu.edu)

- Usability Body of Knowledge (UBOK)  
  Usability Profession  
  Usability Professionals’ Association  
  [www.usabilitybok.org](http://www.usabilitybok.org)
### Contributing Professional Organizations

**HUMAN-COMPUTER-INTERACTION and HUMAN FACTORS**

<table>
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<tr>
<th>Human Factors and Ergonomics Society</th>
<th>HFES</th>
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**TECHNICAL COMMUNICATIONS and INFORMATION DESIGN**

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<td>ACM Special Interest Group on Documentation</td>
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## Terminology

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<th>Abbreviation</th>
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<tr>
<td>3G/4G</td>
<td><em>third/fourth generation</em></td>
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<tr>
<td>ACD</td>
<td><em>Automated Call Distribution</em> (Call Center), used to channels calls to a specific destination.</td>
</tr>
<tr>
<td>AHT</td>
<td><em>Average Hold Time</em>, call center performance metric.</td>
</tr>
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<td>ASP</td>
<td><em>Application Service Provider</em> A company that offers individuals organizations access over a computer network to applications and related services that would otherwise have to be held on their own computers.</td>
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<td>ARD</td>
<td><em>Acquired Rights Directive</em> European Union legislation that determines employee rights in relation to outsourcings, that sets the precedent for individual countries’ interpretation; in the UK this is TUPE (See TUPE).</td>
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<tr>
<td>ASA</td>
<td><em>Average Speed of Answer</em>, call center performance metric.</td>
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<td>B2B</td>
<td><em>business to business</em></td>
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<tr>
<td>B2C</td>
<td><em>business to consumer</em></td>
</tr>
<tr>
<td>Backsourcing</td>
<td>Same as Retrosourcing. The process of bringing outsourced operations back in-house after they have been outsourced as a result of contract expiration or termination.</td>
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<td>Balanced Score Card</td>
<td>To establish the business benefits of a supplied service customers may use a balanced score card approach to “scoring” the service that a supplier provides. This would be in addition to the assessment of financial measures, it considers three other perspectives of the Customer’s business: Learning and Growth; Internal Business Processes; and Customer satisfaction (with end users being chosen to represent the major stakeholders in the Customer's business). These four measures are scored relative to the supplier’s services and corresponding rewards or penalties.</td>
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<td>BCP</td>
<td><em>business continuity planning</em></td>
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<td>Benchmarking</td>
<td>Activity (often specified to occur every two years) in outsourcing contracts, which requires price comparisons of like processes with the existing contract</td>
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<td>--------------</td>
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<td>Bestsourcing</td>
<td>Sourcing services that best suit the needs of the organization whether that is to outsource, or insource or indeed to multisource. (see Bestshoring, or Right Sourcing)</td>
</tr>
<tr>
<td>Bestshoring</td>
<td>Sourcing services in the location that best suits the needs of the organization whether that is to onshore, offshore, nearshore or multishore. (see Bestsourcing)</td>
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<td>Best value</td>
<td>A term used in the public sector to describe the process that aims to continuously improve local government performance through a programme of reviews and inspections. Councils are required under ‘Best Value’ to examine their services according to four guiding principles. They must challenge how, why and by whom a service is provided; compare its performance with that of other authorities; consult service users; and use competition to get the best service available (see Compulsory Competitive Tendering).</td>
</tr>
<tr>
<td>BBPO</td>
<td><strong>Business-to-Business Process Outsourcing</strong> Providing full range of B2B support services for buyers operating web based sales/services.</td>
</tr>
<tr>
<td>BoB</td>
<td><strong>Best of Breed</strong> The best product or service of its type. When the term is used for an outsourcer it is normally one that specialists, (and may be generally considered a leading expert in) in one particular area, normally a Business Process Area such as billing, HR, maintenance.</td>
</tr>
<tr>
<td>BOMs</td>
<td><strong>Business Orientated Metrics</strong> Metrics favored by the NOA that directly relate outsourced service success to the customer’s business success. Hard to implement but the very process of doing so usually ensures that outsourcing programs stay on track and are likely to be successful. Pronounced bombs.</td>
</tr>
<tr>
<td>BOT</td>
<td><strong>Boards Of Trade</strong> Organization service to support, promote, and establish business connections for the purpose of business exchange.</td>
</tr>
<tr>
<td>BOT</td>
<td><strong>build–operate–transfer</strong></td>
</tr>
<tr>
<td>BPM</td>
<td><strong>business process management</strong></td>
</tr>
<tr>
<td>BPO</td>
<td><strong>Business Process Outsourcing</strong> The servicing of basic business functions outside of a buyer’s organization. The provision of a bundle of business processes by a third party service provider. Typically such processes may be denoted, front/middle/back office. Front office BPO normally involves contact centre processes – i.e. customer management, customer recruitment, and</td>
</tr>
</tbody>
</table>

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customer retention. Middle office BPO normally involves ‘industry specific’ processes such as ‘insurance claims management’, ‘investment custody’, ‘mortgage administration’ etc. Finally, Back office BPO involves the normal administrative processes required by any business, that is the processes and sub-processes involved in Finance and Accounting, Human Resources, Procurement, Legal, Marketing, Security, Facilities etc.

BPR  
*Business process re-engineering*

BRIC  
*Brazil, Russia, India and China*

BSI  
*British Standards Institution*

BTO  
*Business Technology Outsourcing*  
The servicing of business technology support duties on behalf of a buying organization.

C2C  
*Credit To Cash*  
BPO activity designed to convert credit accounts to operating cash. Can also be *consumer to consumer* services.

Captives  
Company owned operation established offshore. Entity in an offshore location that provides services exclusively to the parent company. Captives are typically wholly owned by the parent company (buyer of services). A captive is the offshore service delivery unit for a company, where the offshore unit remains a part of the company group and the employees in both offshore and onshore locations work for the same company, or same corporate group.

Captive facility  
The facilities used by a captive service provider.

CBC  
*Commonwealth Business Council*

CCO  
*Call Center Outsourcing*  
The servicing of either or both in-bound and out-bound calls on behalf of a buying organization.

CCT  
*Compulsory Competitive Tendering*  
CCT required councils and NHS authorities to allow private sector companies bid to provide a range of local government services and non-clinical health services. Initially it extended only to six blue-collar service areas, including cleaning staff and school meals. It was later extended to take in a wider range of services, including some white-collar jobs. Superseded in 2000 for local government by best value. (See Best Value)

CeFA  
*Certificate for Financial Advisors*

CeMAP  
*Certificate in Mortgage Advice and Practice*
CFA  *client file assessment form*

CIO  *Chief Information Officer (Chief Investment Officer in financial services)*

CMM  *capability maturity model* (Software Engineering Institute–Carnegie Mellon)

CMMI  *capability maturity models integrated*

COBIT  *Control Objectives for Information and related Technology*

Competitive Tender  A commercial situation in which a specified number of service providers are asked by RFP/ITT (see below) for a written priced proposal, which will form the basis of a decision to select one or more suppliers to enter a more detailed process of due diligence (see below).

Contracting out  A term often used in the public sector to describe an outsourcing arrangement. For example, local authority social services departments may “contract out” meals-on-wheels services to charities and commercial organizations.

Contractor (or contracting)  Staff supplied to the organization to work as if they are the organization’s own staff. Often they are self-employed singletons or provided from a consultancy or outsourcing company. This type of supply is sometimes called body shopping.

COPC  *Customer Operations Performance Center Inc.* (Call Center Performance evaluation).

Core competence  Capabilities that a business believes are critical to that business achieving competitive advantage. Note: even in the same industry organizations may espouse different core competencies.

Co-sourcing  Where a business function is performed both by internal staff and external resources, such as consultants or outsourcing vendors who have specialist knowledge of the business function in question.

Cost-plus  The most basic method for pricing a service by calculating the cost of delivery and then adding a margin to ensure a profit.

CRM  *Customer Relationship Management*. The oversight of customers and their business relationship with a service provider.

Crowd-Sourcing  Mass collaboration using the wisdom of the crowd mobilized through an independent framework operated as an entrepreneurial software factory. Also referred to as Tribe-Sourcing.

CSR  *corporate social responsibility*
DA  
*Delivery Assurance*  
Policies, procedures and practices established to guide the delivery of contract founded engagements and services.

Dashboard  
A system used for reviewing project/service status at a glance; most managers will use a dashboard to analyze a lot of information quickly, so only the urgent issues can be given attention, in much the same way as a car dashboard conveys a great deal of information in a summarized form.

Discipline  
A profession or activity carried out in a professional manner following an accepted code of conduct.

Dongles  
External hardware device used for copy or digital rights protection.

DPO  
*Document Process Outsourcing*  
Delivery of document process services, such as scanning, storage, retrieval and conversion services to a buying source.

Due diligence  
The process of discovery or detailed analysis when engaging a partner company in a service relationship. Due diligence is the process of cross-checking the claims they made during the sales process, to ensure that all the facts are on the table and visible. The potential suppliers may well carry out due diligence on the customer organization to verify the service and assets that they are proposing.

EBIT  
*Earnings before interest and tax*

End user  
The organization that receives services from a third party. (see Service Provider)

End-to-end process  
In simply terms it refers to a complete business process that progresses a required result from start to finish. In practice it can often be difficult to define a complete process as they can be highly complex and interdependent and ultimately a judgment has to be made regarding what is considered to be a complete end-to-end process in a given context.

End-user driven  
Ability of the actual user of a technology platform or outsourced service to define how it works and what services can be offered, rather than to just accept what is on offer.

EPO  
*E-Commerce Process Outsourcing*  
Providing E-Commerce services on behalf of a buying audience.

EPOS  
*Electronic point of sale*

ERP  
*Enterprise resource planning*

eSCM-SP  
*e-sourcing capability model for suppliers*
### Outsourcing Management Body of Knowledge (OMBOK)™

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESO</td>
<td><em>Engineering Services Outsourcing</em> Providing various civil, mechanical, electrical and chemical engineering services to a buying audience.</td>
</tr>
<tr>
<td>ESR</td>
<td><em>Electronic staff records</em></td>
</tr>
<tr>
<td>EU</td>
<td><em>European Union</em></td>
</tr>
<tr>
<td>F&amp;A</td>
<td><em>Financial and accounting</em></td>
</tr>
<tr>
<td>Facilities management</td>
<td>This term is used by some people specifically to define the management of buildings and associated services, e.g. cleaning, waste management, security, maintenance etc.. It may also extend to technical facilities in the buildings, including the IT infrastructure. The term can also be used to refer only to IT facilities management. In both instances the end user organization typically retains ownership of the facilities under management and the arrangement is based on a fixed term agreement.</td>
</tr>
<tr>
<td>Farshore</td>
<td>Often synonymous with <em>offshore</em>. The transfer of business functions to a different country but one that is neither adjacent or relatively close to the organization’s home country.</td>
</tr>
<tr>
<td>FAO</td>
<td><em>Financial and Accounting Outsourcing</em> Fiscal service servicing for external buyers.</td>
</tr>
<tr>
<td>FCR</td>
<td><em>First Contact Resolution</em> Inbound customer call in which resolution is reached without the need for additional contact to solve.</td>
</tr>
<tr>
<td>Fixed-cost model</td>
<td>Where a service provider will quote a fixed price for a service, regardless of the time and effort involved, which may change as the work progresses – in much the same way as a decorator may charge a fixed price to paint a house, regardless of any snags or problems that may be encountered during the work.</td>
</tr>
<tr>
<td>FM</td>
<td><em>Facilities management</em></td>
</tr>
<tr>
<td>FMREO</td>
<td><em>Facility Management and Real Estate Outsourcing</em> Services provided in the support, maintenance, acquisition, rental, sale and use of tangible property.</td>
</tr>
<tr>
<td>FSA</td>
<td><em>Financial Services Authority</em></td>
</tr>
<tr>
<td>FTE</td>
<td><em>Full Time Equivalent</em> units. When computing time dedicated to a specific effort this is a measure of actual to it’s relative full-time effort (expressed as a ratio).</td>
</tr>
<tr>
<td>Framework</td>
<td>Conceptual structure used to address a specific professional community.</td>
</tr>
</tbody>
</table>

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Gainsharing

The concept of working together with another organization and creating measurable cash benefits from the partnership that can be used as payment to the service provider, rather than charging in the more usual way for time and materials. In outsourcing costs to the customer are often planned to decrease year on year, gainshare would allow the supplier company, if savings could be increased, to split these additional savings between themselves and the customer. Often a proportion of these savings (normally the customer’s proportion) are used by the supplier to develop new services to further benefit the customer’s business.

GATT

*General Agreement on Tariffs and Trade*

GDM

*global delivery model*

GDP

*gross domestic product*

GE

*General Electric*

Global Delivery Network

A specifically selected set of globally separated service delivery locations offering distinct skills sets (such as: languages, processes, quality and cost profiles) that are interlinked through governance and by resilient communications networks (in order to facilitate continuity of service) to service consuming locations.

GMAT

*Graduate Management Admission Test*

GNDM

*global network delivery model*

Governance

Governance is a contractually specified approach to managing the interface between the outsourcer and the customer. Normally there is a specification of who should meet, how often they should meet, and of what the normal agenda would consist. Governance structures can be set up to manage the service, the transition, the relationship, and multiple service contracts where these might exist.

GPM

*Global Project Management* Utilizing professional project management skills within the context of a globally disbursed initiative.

GSC

*Global Star Certification* IIOM Viability Assessment Certification offered since 1985 to suppliers and buyers globally in over 70 nations.

GSC

*Global Sourcing Council* Professional trade organization dealing specifically with outsourcing related matters including sourcing sustainability.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSD</td>
<td><em>Global Software Development</em> Software development carried out (green-field “new”, maintenance, emergency development, and sub-component construction) outside the context of an in-house supported software initiative.</td>
</tr>
<tr>
<td>GSE</td>
<td><em>Global Software Engineering</em> Software development (like GSD) but employing rigorous engineering process for development as it’s related software engineering components (verification &amp; validation, and analysis).</td>
</tr>
<tr>
<td>HR</td>
<td><em>Human Resources</em></td>
</tr>
<tr>
<td>HRO</td>
<td><em>Human Resource Outsourcing</em> HR related services including hiring, supply sourcing, resource management, development and recordkeeping for buyers.</td>
</tr>
<tr>
<td>HTML</td>
<td><em>Hyper-Text Markup Language</em></td>
</tr>
<tr>
<td>IAOP</td>
<td><em>International Association for Outsource Professionals</em> (hqtrs. New York)</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and communications technology</td>
</tr>
<tr>
<td>IFA</td>
<td><em>Independent Financial Advisor</em></td>
</tr>
<tr>
<td>IFS</td>
<td><em>Institute of Financial Services, UK</em></td>
</tr>
<tr>
<td>IIOM</td>
<td><em>International Institute for Outsource Management</em> (hqtrs. Manila)</td>
</tr>
<tr>
<td>IM</td>
<td><em>Instant Messaging</em></td>
</tr>
<tr>
<td>IMF</td>
<td><em>International Monetary Fund</em></td>
</tr>
<tr>
<td>IP</td>
<td><em>Internet Protocol</em></td>
</tr>
<tr>
<td>IPO</td>
<td><em>Initial Public Offering</em></td>
</tr>
</tbody>
</table>

**Industry-Specific Processes**

Services that are unique to a particular industry (e.g., claims process for insurance) and hence require specific skills or training.

**In-sourcing**

Where a function is performed without the involvement of a third party (see Shared Service). This term is sometimes used to describe bringing previously outsourced processes back in-house.
IS  information systems and services

ISACA  Information Systems Audit and Control Association

ISO  International Organization for Standardization

ITES  Information Technology Enabled Systems Services delivered through and enabled by systems and their related technologies (conferences, call collection, etc.).

ITGI  IT Governance Institute

ITIL  Information Technology Infrastructure Library

ITO  Information Technology Outsourcing The servicing of information technology projects (development, maintenance...) and services (call center...) outside of a buyer’s organization. The provision of a bundle of IT business processes by a third party service provider – software development, applications management, IT Helpdesk, Problem Management, Change Management etc.

ITSM  Information Technology Service Management The administration and control over IT related service engagements, contracts and projects.

ITT  Invitation to Tender A formal document inviting a select supplier list to competitively tender for the provision of an outsourced service delivering a bundle of processes to the customer.

IVC  Interactive Virtual Communications Customer/Call Center Dialog using a combination of Artificial Intelligence (AI) and avatar based tokenism.

IVR  Interactive Voice Recognition The ability of call centers to recognize voice commands and respond with an appropriate course of action.

JV  Joint Venture A business venture in which two or more organizations join forces as partners to create a shared third-party organization with goals to meet the needs of both partners. Both parties have risks and rewards associated with the JV.

Knowledge economy As many service-based jobs have been created requiring no more than the knowledge inside a person’s head, the term knowledge economy has grown in
usage to describe the jobs these people perform and their value to the wider economy.

Knowledge management A systematic approach to capturing, organizing, sharing, and analyzing both tacit and explicit knowledge held within an organization.

KPIs Key Performance Indicators Individual metrics by which the performance of a service provider will be measured. These will normally be listed in the Service Level Agreement, and may also figure in the Remedy or Service Credit Schedule that will detail discounts the service provider will make in service charges on failure to achieve the specified KPIs.

KPO Knowledge Process Outsourcing The provision of a bundle of knowledge processes by a third party service provider. These are typically higher value, thought-based intellectual tasks that often need the underwriting of success in academic achievement or professional examinations. Examples include R&D, product design, market research, investment recommendations, actuarial processes, and medical diagnoses.

KPI Key Performance (or Process) Indicators Measures/metrics used to evaluate performance or process behavior (either positive or negative).

KPO Knowledge Process Outsourcing The delivery of knowledge services, such as analytics, innovation or creative engineering carried out on behalf of a buyer.

KSA Knowledge-Skill-Ability Used to describe the basic needs for an outsource service provider by a buyer.

Legacy systems Old, generally proprietary systems that cannot be upgraded or improved without replacement. Often used to refer to the existing system that an outsourcer may take over.

LPO Legal Process Outsourcing The servicing of legal related matters to outsourcing company/agents. Service examples include contract development, legal research, registrations and filings.

Managed services An arrangement in which a third party assumed responsibility for the management of a service, the “hardware” of which continues to be owned by the service user.

Mbps megabits per second

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Moore’s Law: The theory proposed by Gordon Moore of Intel that the data density achievable on an integrated chip doubles approximately every 18 months. This law has held good for nearly thirty years and explains the ubiquity of pcs mobiles, networks, and inter-alia outsourcing.

MRO: Market related research (foreign or domestic) carried out by a third party on behalf of a supplier or buying company.

Multi-Shoring: The transfer of business functions to different countries both close by and distant from the organization’s home country.

Multi-Sourcing: Use of many source providing solutions, not necessarily with one provider and may or may not require intra-sourcing coordination. The use of several service partners within a single contract, to extract value or to ensure each can offer their key strengths. In multi-sourcing the provision of products or services from within the organization that is outsourcing is considered as one (or more) of the sources.

Novation: The process of legally transferring ownership of existing contracts from their current owner (customer or previous outsource service provider) to the new outsource service provider. Typically this process deals with licenses or service contracts and requires the formal consent and signature of all three parties involved.

Nearshore: Supplier and Buyer engagements in which a common geographical region is shared whether delineated by time zone, hemisphere or culture. Also referred to as Nearshoring. The transfer of business functions to a different country but one that is either adjacent or relatively close to the organization’s home country.
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODC</td>
<td><strong>Offshore Development Counsel (or Center)</strong> Organization dedicated to the formation and development of organizations for purposes of offshore/foreign trade.</td>
</tr>
<tr>
<td>OECD</td>
<td><strong>Organization for Economic Co-operation and Development</strong></td>
</tr>
<tr>
<td>OI</td>
<td><strong>Outsourcing Institute (hdqtrs. New York)</strong></td>
</tr>
<tr>
<td>Offshore(ing)</td>
<td>Supplier and Buyer engagement that are separated by significant time zone, hemispherical and culture distances. Transferring activities or ownership of a complete business process to a different country from the country (or countries) where the company receiving the services is located. Offshoring also encompasses “nearshoring” and “farshoring”. May also be called <em>Offshoring</em>. The process of working with an offshore partner for service delivery, usually where the partner is a third party, but this term also applies to offshore services delivered from within the same company (a captive unit – see previous definition of ‘captive’). It does not automatically mean outsourcing.</td>
</tr>
<tr>
<td>Offshoring One-stop shop</td>
<td>The term has been used in many situations for many years and means providing a comprehensive offering to customers in order that they will not need to use multiple suppliers.</td>
</tr>
<tr>
<td>ONS</td>
<td><strong>Office of National Statistics, UK</strong></td>
</tr>
<tr>
<td>Outsourcing</td>
<td>The provision by a third party organization of services or a bundle of business processes that either were historically or could have been performed in-house by the service receiving customer.</td>
</tr>
<tr>
<td>OlaaS</td>
<td><strong>Outsourcing Infrastructure as a Service</strong> The outsourcing of infrastructure management by a buyer to a provider. OlaaS is an extension of the IaaS principal.</td>
</tr>
<tr>
<td>OLA</td>
<td>Operating Level Agreements</td>
</tr>
<tr>
<td>OMBOK™</td>
<td><strong>Outsource Management Body Of Knowledge</strong> A framework comprised of</td>
</tr>
<tr>
<td>OMF</td>
<td><strong>Offshore Management Framework</strong> Foundation topics pertinent to the governance and administration offshore ventures.</td>
</tr>
<tr>
<td>Onshore</td>
<td>Supplier and Buyer engagements that are in the same country and may simply be a matter of different physical locations.</td>
</tr>
<tr>
<td>OPI</td>
<td><strong>Operation Performance Indicators</strong> Behavior after the opportunity investment is made.</td>
</tr>
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</table>

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<table>
<thead>
<tr>
<th>Acronym</th>
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</tr>
</thead>
<tbody>
<tr>
<td>OSaaS</td>
<td><strong>Outsourced Software as a Service</strong> Providing outsourced software services to prospective client companies with emphasis on business value. OSaaS is an extension of the SaaS principals.</td>
</tr>
<tr>
<td>OTC</td>
<td><strong>Offshore Technology Conference</strong> Venue specifically dedicated to trade education and networking.</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>Services and tasks that have been contracted to a separate organization. The organization can be totally independent or company operated but autonomously.</td>
</tr>
<tr>
<td>PBO</td>
<td><strong>Performance Based Outsourcing</strong> Service delivery guided through pre-arranged performance goals and benchmarks.</td>
</tr>
<tr>
<td>PC</td>
<td><strong>personal computer</strong></td>
</tr>
<tr>
<td>PDA</td>
<td><strong>personal digital computer</strong></td>
</tr>
<tr>
<td>Perverse Incentives</td>
<td>Negative unintended consequences.</td>
</tr>
<tr>
<td>PPO</td>
<td><strong>Procurement Process Outsourcing</strong> Providing purchase related services for buyers (usually excluding outsource related service purchases).</td>
</tr>
<tr>
<td>Profession</td>
<td>A vocation supported by extensive training, guided discipline, and adherence to a rigorous ethical conduct.</td>
</tr>
<tr>
<td>QCA</td>
<td><strong>Qualifications and Curriculum Authority, UK</strong></td>
</tr>
<tr>
<td>R&amp;D</td>
<td><strong>research and development</strong></td>
</tr>
<tr>
<td>RFI</td>
<td><strong>Request for Information</strong> A pre-tender requesting statements of interest and initial proposals in a standard format from a long-list of potential suppliers.</td>
</tr>
<tr>
<td>RFP</td>
<td><strong>Request for Proposal</strong> Effectively the same as an ITT (See above). RFP is favored as an acronym in the private sector, and ITT by the public sector.</td>
</tr>
<tr>
<td>Retrosourcing</td>
<td>Process of project or service redeployment by either returning to the buying organization or movement to another service provider.</td>
</tr>
<tr>
<td>Resourcing</td>
<td>The process of finding and providing material, financial and human talent to carryout a task, project or service.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rightshoring</td>
<td>The mixture of a range of solution providers which may make use of onshore,</td>
</tr>
<tr>
<td></td>
<td>nearshore and farshore outsourcers.</td>
</tr>
<tr>
<td>Risk and Reward Based Pricing</td>
<td>See Gainshare</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Ongoing identification of risk at all stages of the life cycle – whether in project or operational mode – and the adoption and completion of associated action assignments that are either designed to avoid or mitigate the risk.</td>
</tr>
<tr>
<td>ROI</td>
<td>Return on Investment</td>
</tr>
<tr>
<td>RPO</td>
<td>Recruitment Process Outsourcing</td>
</tr>
<tr>
<td></td>
<td>Acquiring talent for the purpose of staffing client organizations either as employees, contractors or managed resource service delivery.</td>
</tr>
<tr>
<td>Run-rate reduction</td>
<td>Reducing the amount of actual outgoing operating costs.</td>
</tr>
<tr>
<td>RSS</td>
<td>really simple syndication</td>
</tr>
<tr>
<td>S/ITS</td>
<td>Software and IT Services</td>
</tr>
<tr>
<td>SaaS</td>
<td>software as a service</td>
</tr>
<tr>
<td>Schedules</td>
<td>Contracts favored for outsourcing deals typically have a core set of terms and conditions (See Ts&amp;Cs) which invoke a series of key schedules. Typical schedules will include Scope, Pricing, SLAs, Invoicing &amp; Billing, Service Credits, Volumetrics, Remedies, Change Control, and Exit.</td>
</tr>
<tr>
<td>SEI</td>
<td>Software Engineering Institute</td>
</tr>
<tr>
<td>Service Credits</td>
<td>An encouragement for a supplier to meet the SLAs (and/or other targets); where if they do not meet them a percentage of the services price is withheld by the customer. Normally not considered as a penalty. Service Credits are calculated and agreed from the number of services that miss their SLA monthly, quarterly or annually at Service Review Meetings.</td>
</tr>
<tr>
<td>Service provider</td>
<td>An organization that delivers a service to the service end user.</td>
</tr>
<tr>
<td>SFIA</td>
<td>Skills Framework for the Information Age</td>
</tr>
<tr>
<td>Shared service</td>
<td>Consolidation of a service provision point by one part of an organization or group where that service had previously been found (and provided) in more than one part of the organization or group. Coming together of similar services between one or more organizations that are normally non-competitors in the</td>
</tr>
</tbody>
</table>
same area (e.g. local government) and by sharing they can gain economies of scale.

Single Line Tender
A situation in which only one service provider is chosen to bid for a specified bundle of business processes. This may occur because of domain knowledge, relationship, or as the result of a policy which operationally limits the number of third party relationships a customer is prepared to manage at any one time.

SLA
*Service Level Agreement* Contractual conditions established to insure an appropriate level of delivery conduct. Often utilized to support either bonus awards or punitive judgements. A contract, or part of a contract that defines the type, value and conditions of services to be provided. The SLA is a key element to an outsourcing contract and provides the basis for measuring the performance of all parties to the contract.

SMEs
*small and medium-sized enterprises* ALSO *subject matter expert(s)*

SMO
*Sales and Marketing Outsourcing* Sourcing of sales and marketing services that will be conducted on behalf of a company. May be either on, near or offshore.

SOAs
*service-oriented architecture*

Sole Source
See Single Line Tender.

Sourcing
Locating a specific service provider that can deliver a specific service.

SPOT
*Single Point of Truth* (Call Center Performance evaluation).

TBO
*Total Benefit of Opportunity* Include such elements as cost reduction, cost avoidance, revenue increases/generation, and revenue protection.

TCO
*Total Cost of Opportunity* Costs associated with investing and operational delivery of the opportunity.

TCS
*Tata Consultancy Systems*

TEBS
*technology-enabled business services*

TEM
*Telecom Expense Management*

Ts&Cs
*Terms and Conditions* Terms and conditions are a series of legal clauses under which provide the agreed basis on which parties to the

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contractual agreement will interact and from which the detailed schedules are invoked (See Schedules). Typically issues such as contract term, methods of termination pre-term, liability, warranties, indemnities, and protection of intellectual property will be covered.

<table>
<thead>
<tr>
<th>Third-Party Outsourcing</th>
<th>An outsourcing arrangement wherein a buyer sources service delivery from an external organization (“supplier” or “third-party”) which is not owned wholly or partially by the buyer.</th>
</tr>
</thead>
<tbody>
<tr>
<td>T&amp;M</td>
<td><em>Time and materials</em> is the most basic method of charging for a service contract; basically it is nothing more than a unit cost for time (amount per day usually) plus expenses.</td>
</tr>
<tr>
<td>Transition</td>
<td>The project which moves operations from the customer or his currently incumbent supplier to the new service provider.</td>
</tr>
<tr>
<td>Transformation</td>
<td>The project which deploys new technology to enhance and make more efficient the delivery of a bundle of business processes to the customer. Often occurs after transition (and a stable running period) then transformation leads to the more efficient and new services.</td>
</tr>
<tr>
<td>Tribe-Sourcing</td>
<td>Refer to ‘Crowd-Sourcing’ (same as)</td>
</tr>
<tr>
<td>TRO</td>
<td><em>Total Risk of Opportunity</em> Risk factors associated with the opportunity.</td>
</tr>
<tr>
<td>TUPE</td>
<td><em>Transfer of Undertakings (Protection of Employment)</em> The TUPE Regulations protect the pay, terms and conditions of employees who are transferred from one organization to another typically as part of an outsourcing arrangement, preventing these entitlements being changed without agreement. The Regulations also protect their accrued pension rights, provide some protection against unfair dismissal and state that trade union recognition and collective agreements in force at the time of the transfer, be maintained.</td>
</tr>
<tr>
<td>USB</td>
<td><em>universal serial bus</em></td>
</tr>
<tr>
<td>Utility computing</td>
<td>The concept of making computing power available and charging for it in the same way as other utilities, such as electricity or gas. Compared to present models of building immense infrastructure, the idea of paying only for what you need is quite innovative.</td>
</tr>
<tr>
<td>Value-add</td>
<td>The measurement of where value is added to a process or service.</td>
</tr>
</tbody>
</table>
Value chain
The chain of services that connect together everything your company does from one department or process to the next, and how they add value to whatever it is that you do.

Value-minus pricing
Pricing a service by quantifying the value it will create and using this figure to place a price on the service; the agreed price for the service will be this total value created figure minus a figure agreed by the two parties. For instance, if a new scheduling system might be projected to save a company £5 million per year, they might offer an IT group £3 million to produce the system, but with payment based on the projected savings being achieved – rather than time and materials payment of £1 million.

VoIP
*Voice Over Internet Protocol* Use of the internet as a conduit for voice communications.

VPN
*virtual private networks*

Warez
Copyrighted works traded in violation of copyright laws.

WMM
*Wireless Mobility Management*

XML
*eXtensible Markup Language*
Reference Appendix D

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The following topical bibliographies were used, in part, to support the formation of the OMBOK™, and to serve as a basis for further research and study in each of the eleven topical areas. Two of the eleven management disciplines, Operations Management and Technology Management, are not listed in this section. However, their formation was as a result of information references from other sections.

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<th>CLASSIFICATION NUMBER</th>
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<td>Customer service</td>
<td>HF 5415.5</td>
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<tr>
<td>Empowerment</td>
<td>HD 5650</td>
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<tr>
<td>Hazard Analysis Critical Control Point (HACCP)</td>
<td>QR 115</td>
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<tr>
<td>Industrial management</td>
<td>HD 30, HD 70</td>
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<tr>
<td>Industrial productivity</td>
<td>HC 110, HD 56</td>
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<td>Inter-organizational relations</td>
<td>HD 69</td>
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<td>ISO 9000</td>
<td>TS 156</td>
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<td>ISO 14000</td>
<td>TS 155.7</td>
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<td>Labor productivity</td>
<td>HC 110, HD 56</td>
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<td>Management</td>
<td>HD 30</td>
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<tr>
<td>Organizational change, effectiveness</td>
<td>HD 58.8, HD 58.9</td>
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<td>Personnel management</td>
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<td>Production management</td>
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<td>Quality circles</td>
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<td>Quality control</td>
<td>TS 156</td>
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<td>Quality control, computer software</td>
<td>QA 76.76 .Q35</td>
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<td>Quality control standards</td>
<td>TS 156</td>
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<td>Simulation</td>
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<td>Statistical process control</td>
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<tr>
<td>Supervision of employees</td>
<td>HF 5549</td>
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<td>Teams</td>
<td>HD 66</td>
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<td>Total productive maintenance</td>
<td>TS 192</td>
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<td>Total quality management</td>
<td>TS 152.15</td>
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<td>Total quality management in education</td>
<td>LB 2331, LB 2341, LB 2805</td>
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<td>Total quality management in government</td>
<td>JF 1411</td>
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<tr>
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