

business
models

The reasons BEHIND

IEC and ISO business models





This document provides a brief explanation of IEC and ISO and their business models based on the sale of standards. It highlights the reasons why the sale of standards is necessary to keep operating a system from which we all benefit and demonstrates how alternatives would be detrimental for society and less cost-effective.



WHY IEC AND ISO NEED TO SELL THEIR STANDARDS

Developing standards takes time and is costly

The standardization process, from the proposal of a new draft to the final balloting and publication of a standard, relies heavily on the administrative support provided by IEC and ISO. They maintain a sophisticated project management and coordination infrastructure that involves document distribution and tools for committee management, including voting and collaborative working, while supplying information and providing technical, editorial and publishing expertise to their committee experts and national members.

Members, and sometimes industry (in the case of IEC), also incur substantial costs from hosting the Technical Committees (TCs) and Subcommittees (SCs) meetings, providing secretariat services and coordinating the many experts who contribute their time and resources to standards development. IEC has more than 100 active TCs and 100 SCs, and ISO over 200 active TCs and over 450 SCs.

At the national level, IEC and ISO members also bear the expense associated with their participation in the standardization process and ensuring their national interest is represented at the international level. They create and support national mirror committees, gather the views of national stakeholders, and make sure that votes and comments are presented on time in the respective TCs and SCs.

Financing the development and update of standards

To guarantee that everyone continues to enjoy the benefits of standards, the costs of the work described above need to be financed somehow. In IEC and ISO, activities are financed through the payment of membership fees and the sale of standards.

At the same time, national members rely on the sale of standards to sustain their operations and pay their membership fees, which are calculated considering the relative economic importance of their respective country. IEC and ISO members have a variety of different structures: some are private, others semi-private, and yet others are public. The funding models also vary. Some receive government funding, while others are self-financed. But one thing remains common to all members: the sale of standards is an essential part of funding the IEC and ISO systems and the development of International Standards.

Preserving IEC or ISO members' rights and obligations

Standards are unique documents resulting from collaboration on an international scale. They are works of authorship under international copyright treaties, the most critical being the Berne Convention for the Protection of Literary and Artistic Works, with IEC and ISO holding the copyright. This means that only members and duly



authorized entities can adopt these as national standards, and distribute their content as needed by their markets within the parameters of the applicable policies. In fact, IEC and ISO members have an obligation to protect IEC's and ISO's copyright in their country. Failure to do so could lead to the suspension of their membership, which would result in the exclusion of that member from participation in IEC and ISO standards development. In addition, the member would lose its right to use IEC or ISO International Standards for national adoption, reproduction or distribution. Ultimately, this could also impact on countries' ability to comply with the provisions of the World Trade Organization (WTO) Technical Barriers to Trade (TBT) Agreement. The TBT Agreement obliges a Code of Good Practice for standards development, appropriate participation in International Standards development, as well as the use of relevant International Standards as a basis for technical regulations to create a fair and predictable trading environment. A lack of involvement in IEC or ISO could severely restrict a country's ability to adhere to these provisions.

WHAT ARE THE BENEFITS OF THE SYSTEM

Keeping IEC and ISO standards neutral and impartial

IEC and ISO remain independent because part of the funding of their activities comes from the sale of standards. IEC and ISO are not controlled or influenced by external organizations or businesses. There are no shareholder dividends or profits generated. IEC and ISO are not-for-profit, therefore revenues from the sale of standards are reinvested into further standards development-related activities. This gives standards users the assurance that, when they purchase an IEC or ISO standard, these do not respond to particular commercial interests or political agendas.



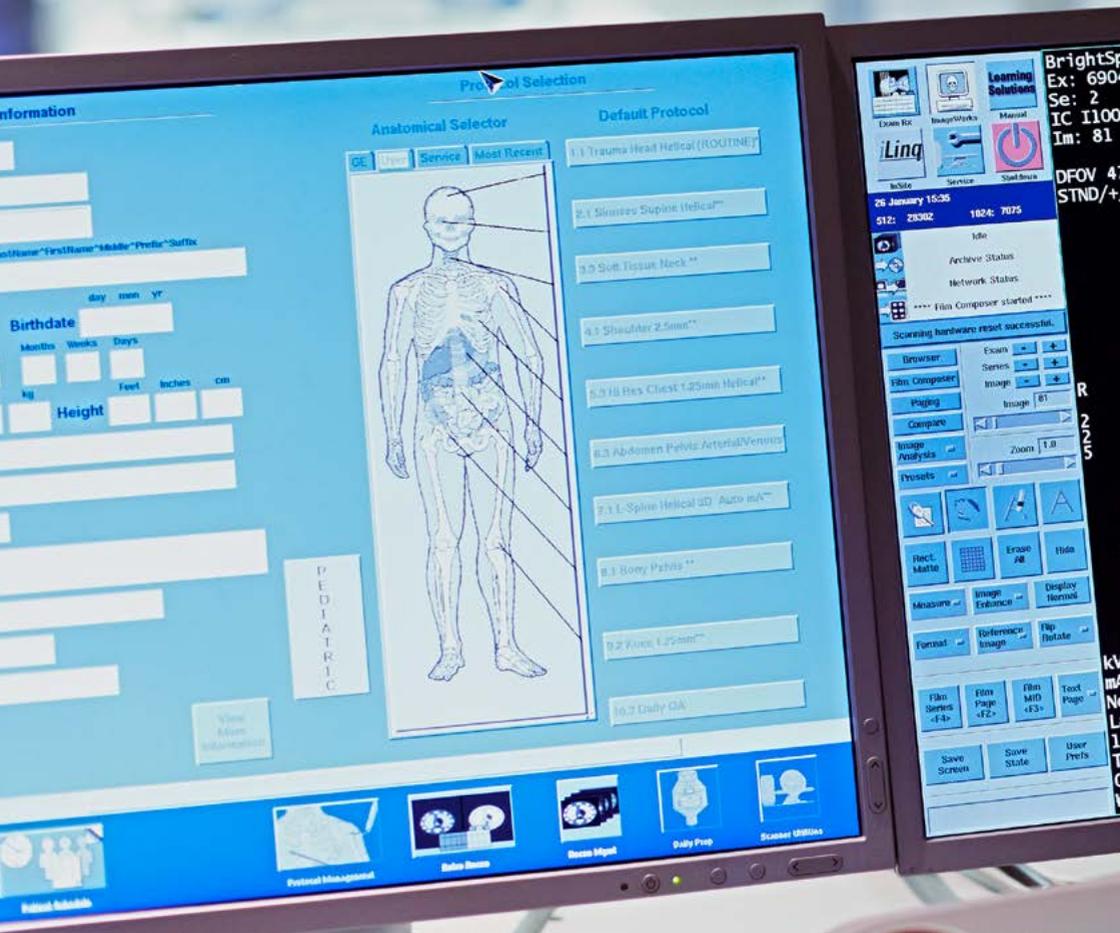
Ensuring the global membership of IEC and ISO

To produce high-quality, market-relevant and globally applicable standards, IEC and ISO maintain a unique worldwide network of members and experts. To this end and to ensure that developing countries can fully participate in, and benefit from, standardization activities, both organizations provide support in different forms – IEC through its Affiliate Country Programme and ISO through its Capacity Building Unit. Without revenues from sales, it simply would not be possible to support these countries with the distribution, uptake and use of standards on the existing worldwide scale, including in smaller economies.

Ensuring the reliability of IEC and ISO standards

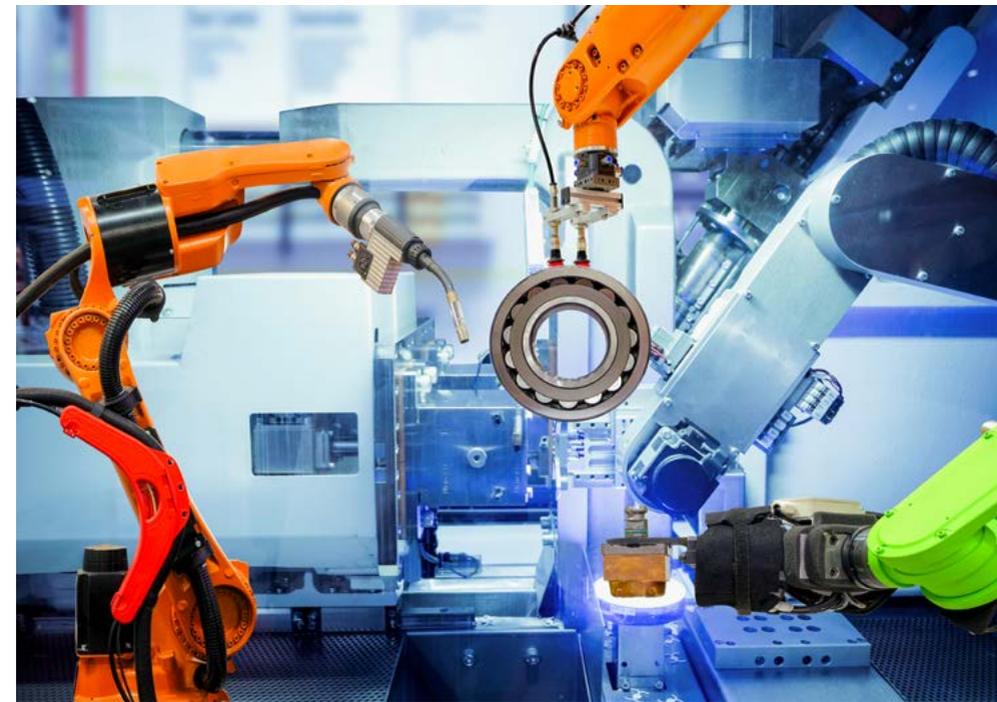
Because IEC and ISO own and enforce the copyright in their standards, users can count on the authenticity and quality of the standards they purchase. Should copyright be lost, this would allow others to sell modified or outdated standards. It would also undermine the benefits of International Standards, destroying the credibility of IEC and ISO standards – the very basis on which they are trusted worldwide.

THE BENEFITS OF STANDARDS



Everyone benefits from standards

International Standards provide reassurance that consumers can access safe and quality products. They also ensure compatibility and, thus, the access to a greater variety of more affordable products. They create economies of scale and contribute towards other goals in areas like pollution, potable water or food safety. Moreover, standards help industry, including SMEs, expand into new markets by reducing transaction and information costs. In so doing, they level the playing field and facilitate free and fair international trade. They support companies to minimize waste and increase their productivity.





Standards also serve as instruments for governments to implement public policies that promote socio-economic development. They improve market access by fostering increased efficiency and competitiveness and they can contribute to furthering policy goals through reference in legislation or by being adopted as national regulations. Standards support development by increasing productivity and therefore GDP. They also transfer knowledge, diffuse technology and encourage innovation.

Using International Standards as a basis for national regulations facilitates trade and serves governments as a proof of compliance with international commitments, specifically the World Trade Organization (WTO) Agreement on Technical Barriers to Trade.



CONSIDER A WORLD WITHOUT INTERNATIONAL STANDARDS

There are pressures to make standards available free of charge, particularly in the context of standards referenced in legislation. However, if standards were made available for free, this cost-effective system would be severely undermined. Ultimately, the money needed to support the standards development work would likely require the contribution of tax payers. IEC and ISO could be forced to generate income through increased membership fees, which might discourage participation from developing countries who are members. This would affect the diversity of experts who participate in standards development and would compromise the very essence of globally relevant International Standards.

IEC and ISO and their members would be unable to pursue their standardization activities. Safety standards would not be updated, with potentially dangerous consequences. Standards for new technologies could go unwritten, affecting competitiveness and innovation. Eventually, governments would have to step up, taking over what is now a market-driven consensus-based system, and somehow find the money, time and expertise to produce standards – for every single field of technology, service sector and industry.

Conclusion

IEC and ISO International Standards provide quality, increase productivity, reduce costs and create greater compatibility between products or services. They protect and improve the life of every human being, facilitate innovation, simplify international trade, inspire trust and help industry comply with important regulations. Standards need to be sold in order to:

1. Guarantee a system that is international, market-driven and neutral
2. Support the cost of further standards development
3. Ensure that the benefits from standardization activities reach everyone



For more information:

General information on **IEC** and **ISO**
Standards and other deliverables in **IEC** and **ISO**
Directives and policies in **IEC** and **ISO**
Standard development process in **IEC** and **ISO**
Economic benefits of standards – information available at **IEC** and **ISO**
Standards supporting public policies – information available at **IEC** and **ISO**
Support to developing countries in **IEC** and **ISO**
Copyright on **IEC** and **ISO** standards

About IEC and ISO and their standards

IEC and ISO are independent, non-governmental and not-for-profit organizations, which develop and sell International Standards that support innovation and provide solutions to global challenges. They are membership-based organizations comprising national committees (IEC) or national standards bodies (ISO) – one per country.

A standard is a document that contains a technical specification or other precise criteria designed to be used consistently as a rule, guideline or definition. Standards embody universally agreed best practice drawing on the experience and expertise of all interested stakeholders, including producers, sellers, buyers, users and regulators. The development process of a standard starts with the validation of the need for an International Standard by one of the IEC or ISO technical committees (TCs) and subcommittees (SCs). The individuals that make up these committees meet to discuss the content of a draft standard and once consensus has been reached, the draft is circulated to IEC or ISO members, which make it available at the national level for commenting by the public. The comments are compiled and discussed until a final draft is agreed for voting by IEC or ISO members. If approved, IEC or ISO publishes the document as an International Standard. This well-established, inclusive and consistently-applied process ensures the value, quality and credibility of IEC and ISO standards.

