



## ORGALIME POSITION

On

## MARKET RELEVANCE OF STANDARDS

29-05-2007

### *Executive summary*

In Orgalime's view, the first goal and priority of the standardisation organisations should be to bring standardisation closer to the market and to provide high-quality standards which address the needs of the main stakeholders of the standardisation process, i.e. the product manufacturers, including systems suppliers and service providers, and their customers. Consequently, before adopting a new work item, an evaluation of its market relevance is essential. Market relevance criteria should address the technological impact (e.g. bringing coherence to systems and emerging technologies), the economic dimension (removal of barriers to trade, international market access) and the potential to facilitate compliance to EU legislation. Orgalime invites the standardisation organisations, and particularly CEN and CENELEC, to consider these suggestions in their working procedures, in order to provide a better service to the industry and other relevant stakeholders.

Orgalime's 35 trade federations in 23 countries represent some 130,000 companies in the mechanical engineering, electrical, electronic and metalworking industries, which account for over a quarter of the manufacturing output and a third of the industrial exports of the European Union. Our industry covers a major share of all direct and indirect standardisation costs generated by the European standardisation organisations.

Orgalime has recently stated some of its views on the standards-making process and the importance of international and European standardisation in a position paper on "International standardisation" ([03-07-2006](#)).

In Orgalime's view, the first goal and priority of the standardisation organisations should be to bring standardisation closer to the market and to provide high-quality standards which address the needs of stakeholders. Orgalime also believes that the financial situation of the standardisation system needs to be improved by reducing costs and increasing cost-efficiency and participation. The operating performance of standards development organisations (SDOs) should be subject to continuous improvement.

Before adopting a new work item an evaluation of its market relevance is essential. In horizontal areas, such as management systems, industry needs to prioritise its participation. With scarce resources, both in terms of manpower and finance, industry can only give priority to a limited number of new work item proposals and participate in the most relevant TCs. For the identification of issues and standardisation projects relevant for industry and other stakeholders, the SDOs should develop a suitable tool. In this position paper Orgalime would like to suggest how such a tool could be designed.

**Who are the standardisation stakeholders?**

The main stakeholders of the standardisation process are the product manufacturers, including systems suppliers and service providers, and their customers. The manufacturers both take the responsibility for the work in the technical committees (including most of the financing) and, together with their customers, are the main users of the standards as products. The customers (end users) can be either businesses (B2B) or consumers (B2C). This should be considered as the main “axis of interest” for a technical specification which a product standard represents. Other main stakeholders may be the relevant authorities, who should participate in the technical work to ensure that legal and public requirements are observed.

Other participants in the technical work may be the experts in standardisation administration (SDO staff) whose role it is to provide input on the process itself, to share their experience on previous projects, to liaise with other committees or SDOs, etc.

Participants from consultancy firms, test houses and certifiers should be invited to provide expert knowledge in their respective areas, but their possible conflicting interests in a standardisation project must also be recognised.

Other participants in the technical work may represent NGOs (e.g. in the environmental or consumer protection fields), trade union organisations, consumer organisations, etc. They should be encouraged to participate in projects where they have a genuine interest and can contribute constructively, and also financially.

**Purpose of developing criteria**

The main reason for developing these criteria is to avoid writing and publishing standards which do not address the needs of the main stakeholders, e.g. standards creating unnecessary pressure for testing and certification with no real benefit for the main stakeholders.

Another important element is to concentrate on standards which can reasonably be expected to make a significant commercial or technological impact in the market place.

Avoiding irrelevant standards means that the workload and the pressure on the standardisation system can be reduced. This should lead to lower costs, greater speed and more efficiency.

**Market relevance principles**

A standardisation project, or “new work item proposal” (NWIP) for the creation of a standard or a mandate should only be accepted if a sufficient number of the market relevance criteria are met.

It is true that there are currently no effective mechanisms in place to ascertain market relevance, but there is an increasing need for a market relevance check. In order to solve this, Orgalime suggests that the accumulated knowledge in the technical committees should be used to make a first evaluation. A balanced composition of the committee becomes important and the contribution of all parties (including the SDO staff and the CEN/CENELEC consultants) may prove valuable. Technical and marketing views should be obtained from company input. The evaluation of the standards proposal against the various criteria should then be used as an instrument to determine overall market relevance.

To avoid creating new layers of bureaucracy, it is suggested that the responsibility for securing market relevance of NWIPs lies with the technical committees. Therefore they have to be requested to check the market relevance for each NWIP. In case of justified doubts on

the result of their market relevance checks, the main stakeholders are allowed to ask the proper management body of the SDO to re-evaluate the marked relevance. It is important that the market relevance review does not slow down the overall process.

### **Market relevance criteria**

The following is a list of questions which we believe are important to answer to obtain a picture of the anticipated market relevance of a new standard:

1. Technological impact. Will the standard create or lead to a new market by:
  - defining or making available “key” or “first rate” technology?
  - reducing the number of options/variants?
  - bringing coherence to systems (interoperability, creating interfaces, etc.)?
  - making a choice between competing technologies or “philosophies”?
2. Will the new standard (or other deliverable) bring consolidation to merging technologies or coherence to emerging technologies?
3. Does the standard provide a flexible, cost-effective means of complying with EU regulations or other international rules/conventions?
4. In the innovation process, will the standard help to establish a common basis for further development?
5. Will the standard describe the state of the art?
6. Are there any de facto standards in the field?
7. Is there a commitment of several National Committees / countries ready to offer main stakeholder experts for the project?
8. Can the standard be expected to remove barriers to trade or improve market access (where relevant)?

Orgalime considers the following aspects as outside the relevant market criteria:

- △ The expected sales revenue from the publication of a new standard is no sound argument for the acceptance of a NWIP.
- △ The availability of financing for a new standardisation project is not in itself an argument in favour of starting the project.

### **Other considerations**

The following is a list of other aspects to consider, but in our opinion none of them should be used as a basis in the evaluation of market relevance:

- ✓ Overall economic impact within the sector
- ✓ Number of companies and size of sector involved or affected
- ✓ Number of companies involved (minimum) in the standardisation technical work

### **Conclusion/summary of proposal**

Orgalime invites the standardisation organisations, and particularly CEN and CENELEC, to consider these suggestions in their working procedures, in order to provide market relevant standards and thereby a better service to the industry and other relevant stakeholders.

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