



How to Budget an ISO 20000 Implementation Project

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Executive summary

Considering the costs of inefficiency and the increasing challenges to deliver IT services that meet specified requirements and achieve customer satisfaction, more and more companies are seeking a way to increase value provided for both the customer and the company itself. For approaching the improvement of IT Service Management (ITSM) systematically and achieving long-term results, the best way is to implement a Service Management System (SMS), and ISO 20000 provides a framework that has already been recognized by the market and customers for several years.

This white paper will discuss the costs of implementing and maintaining an ISO 20000-based SMS, as well as the best practices for budgeting the project, how each step in the implementation affects the budget, and what options are at your disposal for implementing the standard – together with tips to improve budget planning.

Introduction

Over the years, [ISO 20000](#), the leading global framework for implementation of Service Management Systems (SMS), has established itself as the leading management system tool to ensure that IT services meet specified requirements and achieve customer satisfaction in a systematic, cost-effective way.

But, these benefits of management systems come at a cost, in terms of time, man-hours, and organizational resources, and the better your organization knows about these costs (their sources, values, and when they will be needed), the better the chances of achieving a successful implementation and effective operation with minimal costs.

This paper's goal is to present some aspects that an organization should consider when preparing an ISO 20000 implementation project budget, to help identify the implementation approach best suited, considering resource availability, and three implementation options known as "On your own," "Hiring a consultant," and "Do it yourself with external support" (for more information, see: [Implementing ISO 20000 with a consultant vs. DIY approach](#)).

Benefits of using budgeting practices in an ISO 20000 implementation project

In an ISO 20000 implementation project, you will face two main types of costs where the ability to forecast expenses is useful:

- The **initial costs** related to SMS implementation, where budgeting practices can help you plan and control the project's progress, by identifying risks and opportunities related to project expenses before they occur, so they can be properly treated to maximize the chances of project success.
- The **regular costs** related to SMS operation, where budgeting practices applied to the project can support the organizational budgeting process, by developing a forecast of the operational and maintenance costs of the SMS after implementation / certification, so the new process can be better integrated into the business.

Impact of the steps of an ISO 20000 implementation project in budget planning

In general, these are the steps that an organization should take to implement an ISO 20000-based SMS, and their influence on the project budget:

	Project step	Influence on the budget	Estimated % of overall cost
1	Obtain management support	Paramount component to get the funds to start the project. Critical to ensure funds availability for the project activities during organizational changes and priorities changes.	5%
2	Establish a project structure	Minimization of losses and maximization of savings by the forecasting and treating of project costs, risks, and opportunities.	
3	Define the SMS scope	The larger the scope, the greater the budget needs will be, in all aspects (e.g., staff, organizational resources, money, etc.).	15%
4	Choose an ITSM tool that will support the SMS*	A software solution can significantly influence SMS implementation and, at the same time, impact the overall cost of the project.	
4	Implement basic documentation for management system	Although the standard requires a limited number of mandatory documents, the organization may define as many documents as it deems necessary, and the greater the number or complexity of these documents, the greater the costs to develop them.	
5	Conduct identification and evaluation of service requirements, risks and opportunities, and develop mandatory documents	The larger the scope, the more costs will have to be allocated related to staff (outside the implementation team) who must be involved (e.g., process owners, key users, suppliers, etc.).	

	Project step	Influence on the budget	Estimated % of overall cost
6	Implement all processes and procedures	Since ISO 20000 requires implementation of all processes, it's necessary to perform gap analysis of the implemented processes and standard requirements. That will provide a detailed scope of the implementation. It involves implementation or adaptations of current practices that must be accounted for in the budget.	50%
7	Perform training and awareness	The more people in the scope, the more costs will be required for training and awareness. Change that the standard brings to daily practices of the organization demands a greater variety of competencies to be mastered by the instructors for effectiveness.	
8	Operate, monitor, and evaluate the SMS	Project costs are associated with the monitoring, by the project team, of activities performed by users within the SMS scope. Service reporting is a mandatory requirement, so particular care should be made to include all required elements of the report(s). Additionally, this "first" cycle will validate the project's forecast for the SMS running and maintenance costs.	30%
9	Improve the SMS	Costs related to required corrective actions and approved opportunities for improvement identified in the SMS first running cycle should be considered with more care if the organization intends to get certified.	
10	Certify the SMS	Costs related to certification will vary according to the SMS scope, size, and chosen certification body.	

* ITSM software tools vary from open-source to enterprise-class tools. So, does the complexity of the implementation and costs, which both significantly influence length and costs of the SMS implementation. Read the article [5 things to beware of when selecting an ITSM tool](#) to learn how to choose an appropriate tool.

For more detailed information, see these materials: [12 steps for ISO 20000 implementation](#), [5 key benefits of ISO 20000 implementation](#), [Checklist of Mandatory Documentation Required by ISO/IEC 20000-1:2011](#), and [ISO 20000 implementation diagram](#).

Types of costs in an ISO 20000 implementation project

Considering the previous section, it is possible to identify the following costs that should be taken into account when planning or evaluating a project budget:

Personnel costs: Costs related to the work of internal people involved with the project (full-time or occasionally), considering number of required working hours and hourly rates.

Material costs: Costs related to equipment, tools, facilities, documents, software, and similar needed to perform the work, considering leasing, renting, and purchasing conditions and item price.

Supplier costs: Costs related to the organization's regular contractors (e.g., suppliers and others that already work with the organization before the project begins) that will be involved in the project, considering number of required working hours and contractual situation.

Service costs: Costs related to external trainings, consulting, and certification services required to support the project, considering the benefits of getting external assistance, price of service, and frequency of use. Note that some of these costs may become permanent (e.g., certification services and specific trainings on IT service management and technology issues).

Depending on the implementation solution adopted, some cost sources may become saving sources, as will be shown in the next section.

For more detailed information, see these articles: [Overcoming the 3 key challenges of ISO 20000 implementation in SMEs](#), [Main obstacles during ISO 20000 implementation and how to overcome them](#), and [How to translate ITIL/ISO 20000 language into business language understandable by your management](#).

Impact of implementation options on budget planning

The possible alternatives an organization has to implement a project, as stated at the beginning of this paper, are:

- On your own: you use only the knowledge and the capacity of your own employees.
- Hiring a consultant: you hire an expert from outside who has experience with the implementation of the standard.
- Do it yourself with external support: your employees are doing the implementation, but they get the know-how (e.g., document templates, checklists, etc.) and support (e.g., advice and guidance on specific issues) from an external party.

All of these options are basically a relative trade-off between cost (in money and human resources), time, risks, and opportunities:

Implementation option	Cost	Time	Risks	Opportunities
Do it on your own	The cheapest alternative (you already have the human resources).	Generally, takes the longest time (maybe there is no full-time team for the project or they have to learn “on the fly”).	Errors and mistakes may prove more expensive than getting external assistance.	Increases staff commitment (they are developing and implementing the SMS).
Hiring a consultant	The most expensive alternative (knowledge and experience are costly resources).	Generally, takes the shortest time (if you hire a good consultant).	Internal information is open to outsiders.	Knowledge transfer to staff (learn by seeing).
Do it yourself with external support	In the middle between “do it on your own” and “hiring a consultant” (documents and knowledge provided by external support can save you time and effort in some activities).	Somewhere in between “do it on your own” and “hiring a consultant” (if the project team has sufficient time to devote to the project).	Internal demands may overwhelm staff’s capacity to work on the project, even with external support.	Better knowledge transfer to staff (learn by doing).

Tips to improve budget planning

As you work on elaborating or evaluating a budget, the following questions, covering main cost types, should be considered for budget inputs:

Human resources

- Are there people in my team with project management backgrounds?
- Are there people in my team with experience in similar projects?
- What is the overall experience with ITSM inside the company?
- Are there skills with ITSM tools?
- Are there people in my team who can assume responsibility for the SMS after implementation?
- How much time will be required for managing IT services and related issues, during and after the project, and what will be demanded from the person responsible?
- Instead of a consultant for the project, should I hire an ITSM professional to take care of the project and the following SMS operation?

For more information about these issues, see:

- [Who is your ideal project manager for ITIL/ISO 20000 implementation?](#)
- [ITIL and ISO 20000 – What does Project Management have to do with it?](#)
- [Do you need an IT Service Manager for ITIL/ISO 20000?](#)
- [Defining roles and responsibilities for ISO 20000-based IT Service Management](#)
- [How to choose the best consultant for your ITIL/ISO 20000 implementation](#)

Material resources

- Can previous projects in my organization give insight into the development of SMS documents (e.g., policies and procedures)?
- What processes do we already have in place, and can we adapt them to the standard's requirements?
- Can books, videos, and magazines about IT service management also provide good references to my project team and employees?

Note: You should at least consider buying the ISO 20000 standard.

Service resources

- Which quality system trainings (e.g., foundations, internal auditor course, etc.) can be performed by my project team if they have enough knowledge, and thereby save costs on external training?
- With proper training of my staff, could we contract external support only to deal with more complex quality issues, and thereby save costs on dealing with common issues by ourselves?

(E.g., ITIL trainings can help a lot. See the articles [ITIL training – Why would a company invest money into it?](#) and [ITIL Certification Path – list of all available ITIL trainings, exams and certificates](#) to learn more.)

For more information about this issue, see:

- [How to choose the best consultant for your ITIL/ISO 20000 implementation](#)
- [List of questions to ask an ISO 20000 consultant](#)

Verifying budget outline

When evaluating a budget, one of the most important things you have to do is ensure the quality of the data used to prepare the budget. A budget is an estimate, and the less information you can find to support the budget, the more worried you should be.

But, there are levels of concern regarding what you know. In some cases, the lack of information is caused simply by the project’s current phase – for example, at the project’s very beginning, or immediately after change requests. How can you estimate costs without a well-defined scope? How can you know how much SMS implementation will cost without the information provided by gap analysis? How do you know how much a change request will cost without a scope analysis?

In this situation, instead of trying to come up with a precise value, you should consider in what range it might be, and you can use the following table to guide you:

Reliability level of the information used for budget planning	Range budget amount variation
You have only general industry statistics.	-25% to +75%
You have data from similar projects / change requests.	-30% to +50%
You have preliminary data about the project / change request.	-20% to +30%
You have detailed data about the project / change request.	-15% to +20%

For example, if you receive a budget value of \$20,000 based only on industry statistics, you may expect that the final cost of the project will be between \$15,000 and \$35,000.

This information won’t resolve your budget reliability problem, but at least it will give you some perception about what needs to be done to put the budget back on track.

Conclusion

All effort spent to meet a project deadline and users' needs may be useless if cost overruns exceed the added value. This situation makes the project budget a critical component to facilitate value creation and preservation.

By forcing the people involved to look ahead, plan, and coordinate efforts, the budget planning can help identify risks and opportunities that can be treated to keep the project under control. But, even the best-planned budget will be only as good and as reliable as the information you consider.

The information presented in this paper, related to an ISO 20000 implementation project, can help an organization to better understand required investments and potential expenses, improving its capability to better allocate personnel, technical, and other resources, greatly improving chances to be successful in such a project.

Sample documentation templates

Here you can download a free preview of the [ISO 20000 Documentation Toolkit](#) – in this free preview, you will be able to see the Table of Contents of each template, as well as a few sections from each document.

References

[20000Academy](#)



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