



# How to budget an EU GDPR compliance project

# Table of Contents

- Introduction ..... 3
- 1. Benefits of using budgeting practices in an EU GDPR compliance project ..... 3
- 2. Impact of the steps of a GDPR implementation project in budget planning ..... 4
- 3. Types of costs in a GDPR implementation project ..... 6
- 4. Implementation options’ impacts in budget planning ..... 6
- 5. Tips to improve budget planning ..... 8
- 6. Verifying the budget outline ..... 9
- Conclusion ..... 9
- Sample of documentation templates ..... 10
- References ..... 10
- About the author ..... 10

# Introduction

The entering into force of the General Data Protection Regulation (2016/679) on the 25<sup>th</sup> of May 2018 marked a turning point in terms of data protection and unified the local legislation of the EU Member States. The changes reflected a new extraterritorial approach, including both new (accountability principle) and stricter obligations for businesses and new (right to data portability) and reinforced (right to be forgotten) rights for individuals, as well as enhanced powers for Supervisory Authorities, which now include fines that can amount to 4% of the global turnover of the company found in breach.

As best practices are still being developed and the European Data Protection Board is still issuing guidance documents, it is too early to assess the full impact of these changes, but the GDPR has clearly and fundamentally changed its approach towards privacy in both companies and individuals.

However, achieving an acceptable level of compliance comes at a cost in terms of organisational resources such as time, personnel hours, and physical resources. The better prepared you are with knowledge about these costs, such as their source, value, and the amount of time that will be needed, the better chance you will have of successfully implementing the standard in an effective manner with minimal expense.

This white paper is intended to present to you some of the aspects that any company should consider when preparing the GDPR compliance project budget, to help you identify which implementation approach is best suited for you. We will consider resource availability, as well as three implementation options: on your own, by hiring a consultant, and by getting compliant with external support such as an EU GDPR documentation toolkit.

For more information on these three options, see the white paper [Implementing EU GDPR with a consultant vs. DIY approach](#).

## 1. Benefits of using budgeting practices in an EU GDPR compliance project

Implementing the GDPR is very much like other projects you have done at your organisation. You will need to acquire and utilise knowledge and resources, using personnel to achieve certain goals and targets in a specific timeline. So, just like any other project, you will want to have an idea of the cost of the project before you start, so that you will not run out of resources during implementation.

In general, there are two main types of costs that you will face during your implementation and while maintaining compliance with the GDPR. For these two cost types, forecasting expenses is useful to ensure that you have enough monetary resources to finish the project. These costs include:

**Initial costs.** These initial costs cover the resources you need to implement all of the requirements of the GDPR and make them work in your organisation. Budgeting practices can help you to plan and control the project’s progress by identifying risks and opportunities related to the project expenses before they occur, so that you can properly react and maximise the chances that the project will succeed.

**Ongoing costs.** Unlike other projects, once you have achieved a comfortable level of compliance, your job does not end - you will still need to ensure that compliance is maintained as long as personal data are processed throughout your regular course of business. Also, you need to consider that some processes and documentation may need to be changed or updated if your processing activities change. Budgeting practices during the implementation project can help support the ongoing budgeting process by developing a forecast of operational and maintenance costs that will be encountered after implementation and certification are achieved. This way, the new processes can be better integrated into the business processes.

## 2. Impact of the steps of a GDPR implementation project in budget planning

Below is a table of the general steps that an organisation will go through to become fully GDPR compliant, and some information on the influence that each step will have on the project budget. However, you need to consider that these are only the initial costs and do not include the costs of maintaining compliance:

#	Project Step	Influence on budget	Estimated % of overall cost
1	Obtain management support.	The most important component of implementation success is raising funds to get the project started. If top management isn't behind the project, it is likely to fail, so it is critical to ensure funds are available for the project activities during changes in organisational priorities.	5%
2	Establish project structure.	You can minimise losses and maximise savings by treating the implementation as a project in which you forecast project costs, risks, and opportunities to be able to provide adequate resources.	
3	Implement basic GDPR compliance documentation.	The GDPR only identifies a relatively small number of mandatory documents, but in order to make things easier to manage in the future, the organisation may define additional documents that it deems necessary. The greater the number of documents, the greater the cost to develop them.	20%
4	Map your processing activities.	Each organisation should have a clear understanding of its processing activities; thus, it is critical to identify them and, if required, create an Inventory of Processing Activities.	20%

#	Project Step	Influence on budget	Estimated % of overall cost
5	Conduct Data Protection Impact Assessments and determine the necessary technical and organisational measures to mitigate any resulting risks.	This part of the implementation takes a lot of time and effort, and much of this requires personnel outside of the implementation team to gather information (e.g., process owners, key users, etc.). The larger the organisation and the higher the complexity of your processing activities (e.g., profiling and/or automated decision making), the more costs will be associated with this activity.	45%
6	Implement all processes and procedures.	These expenses can be the hardest to foresee at the beginning of the project because you will have more reliable information after determining your main processing activities, risks, and risk mitigation measures. However, the implementation will frequently involve adaptation of current practices that can be accounted for in the budget.	
7	Hire a DPO.	Under certain circumstances you may need to hire and appoint a Data Protection Officer which will further raise your costs.	
8	Perform training and awareness.	Obviously, the more complex your organisation and your processing activities, the greater the cost to train these people about GDPR requirements. If there are a variety of areas in the scope (e.g., HR, IT, security, marketing, etc.), there will also be a greater demand for more variety in the training needed.	10%

For more detailed information on these topics, see these free materials:

- [Project checklist for EU GDPR implementation](#) for more detailed process steps
- [Project proposal for EU GDPR compliance](#): project proposal for EU GDPR implementation and to help with gaining management support
- [Checklist of mandatory documentation required by EU GDPR](#) to ensure that you don't miss any required documentation

## 3. Types of costs in a GDPR implementation project

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

**Personnel costs:** You will need internal people involved in the project, both full-time on the implementation team and occasionally for gathering information. Consider the number of working hours required and the hourly rates of these workers.

**Material costs:** You may need equipment, tools, facilities, documents, software, and other resources to perform the work of becoming compliant. There may be leasing, renting, and purchasing conditions in each item price.

**Supplier costs:** You may have costs from your regular contractors to consider, such as suppliers, transportation services, and others that already work with your organisation. Consider the contractual situations and the potential number of working hours.

**Service costs:** There will be costs related to external training, consulting, and legal advice to consider in order to support the project. You must consider the benefits of getting external assistance, the price of the service, and the frequency of your usage. Note that some of these costs may become recurring costs in the ongoing effort to maintain compliance with the GDPR or training on privacy issues.

Depending on which implementation solution you adopt, some costs may become sources of savings, as we will discuss in the next section.

## 4. Implementation options' impacts in budget planning

As mentioned, there are three alternatives you can use as an organisation for your implementation project:

- On your own: You will only use the knowledge and capacity of your own employees to implement the GDPR.
- Hire a consultant: You hire an expert from outside of your organisation who has experience with implementing the requirements of the GDPR.
- Do it yourself with external support: A mixture of the two above implementation options.

As you might suspect, these options are a trade-off between costs in terms of money and human resources, time, and risks and opportunities:

Option	Cost	Time	Risks	Opportunities
<b>Do it on your own</b>	The cheapest alternative, as you already have the HR resources.	Generally, this takes the longest time because you will need to acquire the knowledge you need. You may not have a full-time implementation team, and people will need to learn as they go.	Errors and mistakes may prove troublesome and more expensive than getting external help.	Staff commitment is increased, as they are increasing their knowledge on the GDPR requirements.
<b>Hire a consultant</b>	The most expensive alternative, as good knowledge and experience are costly.	This will generally take the shortest time if you hire a good consultant.	Internal information is shared with the consultant, and if the GDPR-related knowledge isn't transferred to the staff, you could have problems.	Knowledge transfer to the staff by seeing an expert doing the implementation.
<b>Do it yourself with external support</b>	A compromise between doing it on your own and hiring a consultant. You have documents and knowledge provided by an external source that will save you time and effort in some activities, especially when it comes to documentation needed to prove compliance.	This will be somewhere in between the above the options, if the project team has sufficient time to devote to the job and use the acquired resources.	Internal demands could overwhelm the staff's capacity to work on the project, even with the external support.	Knowledge transfer to the staff by getting direct insight and obtaining know-how from an expert.

The important thing to note is, if you realise savings in cost, these savings are lost by increasing something else, such as time or risks.

# 5. Tips to improve budget planning

As you elaborate and evaluate your budget, the following questions and resources, covering the main cost types, should be considered to help with budget inputs:

## Human resources

- Do the people on the implementation team have project management backgrounds?
- Do the people on the implementation team have experience with similar projects?
- Are the team members people who can assume responsibility for maintaining GDPR compliance after implementation?
- How much time will be required for GDPR issues, both during and after the project, and what will be demanded from the responsible persons?
- Instead of a consultant for the project, would it be better to hire a Data Protection Officer to help not just with achieving compliance with the GDPR, but also maintaining it on an ongoing basis?

For more information on these issues, see the [List of questions to ask a GDPR consultant](#).

## Material resources

- Are there books, videos, magazines, etc. that can provide good references for the project team?
- Are there any documentation toolkits available on the market to help in your GDPR compliance effort?

## Service resources

- What GDPR training do we need (e.g., awareness training, Data Protection Officer training, etc.), and can it be performed by the project team to save the cost of expensive external training?
- With proper training of staff, could we contract external support only to deal with more complex issues to save costs?

For more information on these issues, see these free materials and webinars:

- [Why is privacy important for our company?](#)
- [Diagram of the EU GDPR implementation process](#)
- [An overview of steps needed to comply with GDPR](#)
- [How to use a Documentation Toolkit for the implementation of EU GDPR](#)



# 6. Verifying the budget outline

When you evaluate a budget, one of the most important things to consider is the quality of the data used to prepare the budget. Because a budget is an estimate, even with the best budget, the less information you can find to support the budget numbers should lead to more worry about the accuracy of those numbers.

However, there are levels of concern regarding what you know. In some cases, the lack of information is caused simply by the stage of the project – for example, whether a full compliance project is just beginning, or if it just requires a change request. How can you estimate the costs without a well-defined scope? How can you know how much GDPR compliance will cost without the knowledge acquired from the risk assessment of your processing activities (Data Protection Impact Assessment) and the inventory of your processing activities?

In this situation, instead of trying to determine a precise value by gathering infinite detail, you should consider on what reliability level the information might be to assess the accuracy. Use this table to guide you:

Reliability level of information used for budget planning	Range of expected budget variation
You have only general information about this type of project.	-25% to +75%
You have data from similar projects.	-30% to +50%
You have preliminary data about the project.	-20% to +30%
You have detailed data about the project.	-15% to +20%

For example, if you receive a budget value of €20,000 based only on general information, you may expect the final cost of the project to 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 of what needs to be done to put the budget back on track.

## Conclusion

While not every expense might be predictable during the implementation of your GDPR project, starting with no plan of how much you are likely to pay for the project is a recipe for disaster. Any effort spent to meet a project deadline may be useless if cost overruns exceed the added value of the project, and this situation makes a project budget a critical component to ensure value creation.

By forcing those involved in the project to look ahead, plan, and coordinate efforts, the budget planning process can help to identify risks and opportunities that, when addressed, will help keep the project under

control. However, remember that even the best-planned budget will only be as reliable as the information you considered.

If you consider the information presented in this white paper, it can help you to better understand the required investment and potential expense of becoming compliant with the GDPR. This will better improve your capacity to allocate personnel, technical, and other resources to greatly improve your chances of a successful EU GDPR implementation project.

## Sample of documentation templates

This [EU GDPR Documentation Toolkit](#) can help you with the processes for becoming compliant.

## References

- [EUGDPRAcademy](#)

## About the author



*Andrei Hanganu is data protection, security, and legal professional with a comprehensive background in both private and public environments. A disciplined expert who has a wealth of practical experience gained while working for top companies in the telecommunications, IT&C, FMG, and banking sectors. Experienced in the implementation, operation, and management of data protection management systems, performing data protection audits, designing and negotiating data processing agreements, interacting with Supervisory Authorities, etc.*



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