



*Delivering technology
for social justice*

Digital technology in the not-for-profit sector

31 May 2016

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Executive summary

There is an urgent need for the not-for-profit (NFP) sector to improve productivity and efficiency. With changes to government funding, new challenges attracting philanthropic funding and shrinking supporter engagement, this is the time for the sector to do things better, and do things differently. Digital technologies – an organisation’s website, social media presence, infrastructure, mobile devices and information systems – hold the key to this change. Effective use of digital technologies can translate to increased productivity to efficiency and effectiveness across the organisation, allowing organisations to respond to environmental constraints and adapt accordingly.

This survey has been developed by Infoxchange, Connecting Up and TechSoup NZ to better understand the use of technology in NFP organisations, and to identify areas that require improvement. The insights from this survey have provided clarity on IT spend, IT planning and IT capability, preferences in use of systems, infrastructure and applications, priorities for the near future and challenges faced at present.

Key areas of focus and the top insights from each area of analysis are shown below. These are discussed in detail throughout the report.



Spend: Most organisations spend 3-5% of their total operating expenditure on IT.



Infrastructure: Microsoft technologies are most common choice of NFPs in Australia & New Zealand.



Client management: Most organisations do not have access to a single client view.



Planning: Organisations without an IT plan are six times more likely to have basic or challenged IT capability



Cloud use: Most larger organisations are planning a move to the cloud



Online presence: Facebook and Twitter are most popular for social media



Challenges & priorities: The biggest challenges for NFPs are IT budget, keeping abreast of IT changes and internal IT capacity. Conversely key priorities include improvements to website, social media and IT infrastructure.

Thank you to everyone who has contributed to the insights in this survey – we could not have done it without the willingness of the NFP sector to share their time and information about their technology environment so that we can share it with you.

We hope you find this report useful and it helps you in your journey to improve your use of technology to achieve your mission and purpose.

Background:

The NFP sector is increasingly under pressure to do more with less

There is a pressing need for the NFP sector to do things differently. Government is changing the way they work with the sector. Corporates and philanthropic trusts are also changing the way they work with NFPs. Supporters increasingly want to understand how their contributions make a difference. Digital technologies help NFPs respond to these changes. They can drive productivity, improve efficiency and service delivery effectiveness, allowing organisations to adapt and respond to these changes.

Government

Government is looking for ways to reduce spending

Governments want new models which devolve greater responsibility to the NFP sector and reduce traditional levels of funding. They also increasingly require demonstrable outcomes from funding commitments.

This creates pressure on NFPs to become more efficient, competitive and sophisticated in measuring impact and outcomes.

Funding

Traditional sources of funding are shifting

Corporates now more commonly seek alignment between their operations and social outcomes. Further, crowd sourcing through social media has made it easier to establish a social enterprise.

NFPs who rely on traditional forms of funding are under threat at multiple levels. There is an increased need for NFPs to demonstrate alignment to corporate goals, as well as re-invent themselves to decrease dependence on traditional funding sources.

Supporter engagement

Supporters increasingly want to see the impact of their investment

The public now expects far more information about the project the funding is being sought for and will actively engage through social media to do this. Social media is growing as a key factor in supporter engagement strategies, particularly as today's youth become the principal source of public investment for NFPs.

NFPs are under pressure to maintain engagement with supporters to drive ongoing investment, and must harness the power of social media.

The need for overall efficiency drives the urgency for effective use of digital technologies

Historically NFPs have under-invested in digital technologies, with spending usually directed towards frontline service delivery. Without the right technology to drive supporter engagement, enable staff to deliver services efficiently, measure client and community outcomes and communicate success in a professional manner, organisations will be unable to compete.

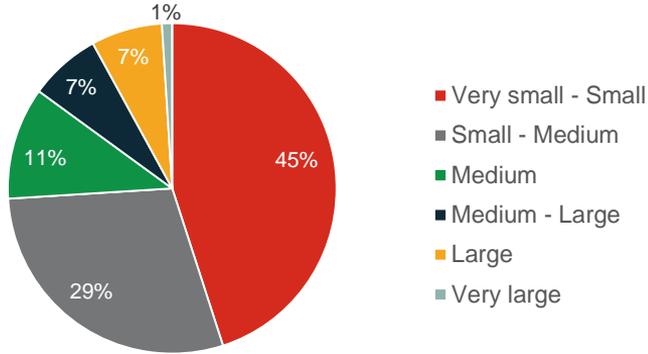
Digital technologies can facilitate greater impact for NFPs

Organisations that use digital technologies effectively are better placed to respond in a challenging environment. They have better control over their investment and funding sources, better infrastructure that enables staff to be productive in changing conditions and an established online presence that maintains continuity in client and supporter engagement. Attaining this level of maturity in each of the six capability areas can benefit NFPs in the following ways.

	Basic	-----> Advanced	Benefit
Governance, planning and management	No ICT plan; ad hoc and reactive	Clear and compelling ICT vision and strategic plan, aligned with organisation's vision, mission and goals	Maximum impact from ICT investment
Common ICT platforms and collaboration tools	Individual PCs with no information sharing capability	Information accessible anywhere, supported by functional and easy to use collaboration tools	Staff can collaborate, work productively and access information anywhere
Client information and service delivery systems	Predominantly paper based systems to support client information and service delivery	Integrated, accessible solutions support efficient processes, service delivery and track outcomes	Painless reporting, efficient client services and client outcomes tracked
Social media, marketing and public website	No social media presence and very basic, static website	Broad stakeholder engagement through integration of social media and sophisticated website	Attract new funders, supporters, volunteers, staff and clients
Staff and volunteers' skills and culture	Most staff are uncomfortable using computers, technology and the internet	Staff are keen innovators, drive technology improvements and keep skills up to date	Staff and volunteers' productivity is maximised
Risk management and Disaster Recovery (DR)	We'll worry about it when it happens	Practical ICT DR plan regularly tested. Client data and service provision capability protected with good security	Service interruptions are minimised

Snapshot: 230 organisations completed this survey

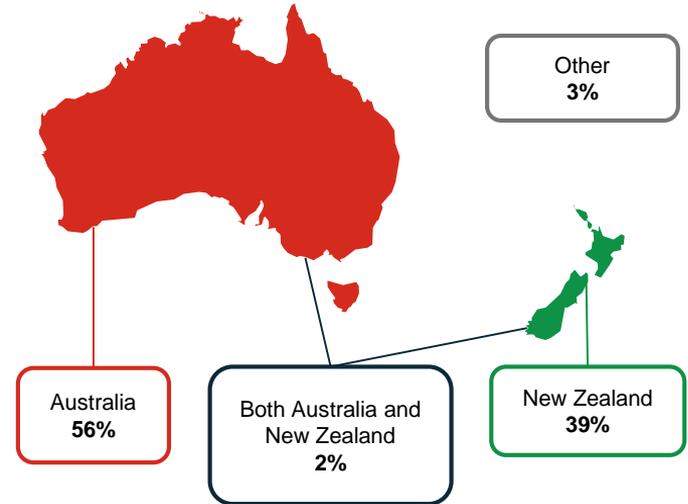
Respondents by size



Organisations were categorised by size according to the total number of staff** indicated in their survey response. The categorisation is as follows:

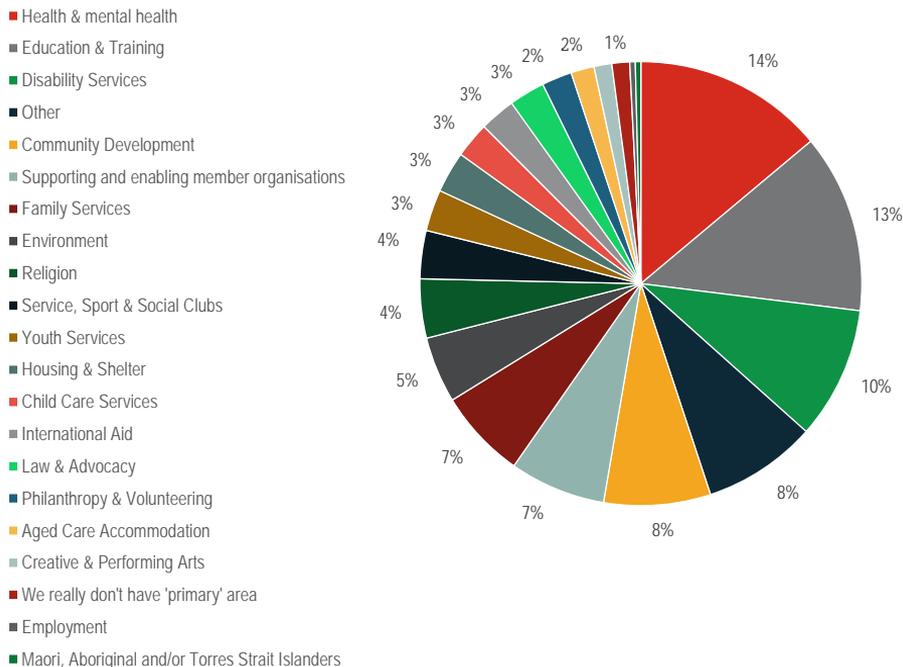
Number of staff	Size category
0 – 5	Very Small – Small
6 – 20	Small – Medium
21 – 50	Medium
51 – 150	Medium – Large
151 – 500	Large
500+	Very Large

Respondents by country where services are delivered

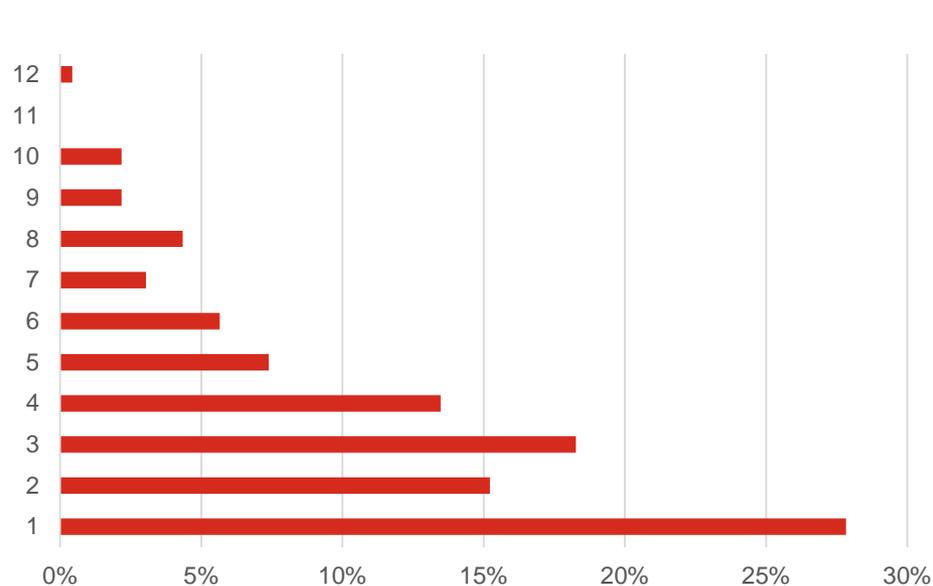


Snapshot: Organisations from all sectors contributed to this survey

Organisation by primary sector



Number of areas that organisations provide services in



Each organisation was asked to nominate one 'primary' area in which they predominately deliver services. Health and mental health was the most common area nominated by 14% of respondents.

72% of organisations provide services across multiple service areas (28% of organisations only nominated one area in which they provide services). 75% of organisations provide services in 4 or fewer areas.



Spend: Australian NFPs spend an average of AU\$4,018 per FTE each year, compared to NZ organisations who spend NZ\$3,533 each year

Average spend* per FTE in each area of IT in Australia and New Zealand



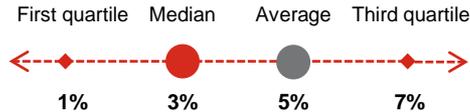
Australia: AU\$ 4,018

8%	AU\$ 315	Infrastructure	NZ\$ 377	11%
9%	AU\$ 366	Personal computers and equipment	NZ\$ 527	15%
12%	AU\$ 500	External IT support services	NZ\$ 474	13%
23%	AU\$ 944	Website & core applications	NZ\$ 378	11%
0%	AU\$ 14	IT training & staff skills development	NZ\$ 20	1%
5%	AU\$ 198	Internet/network data links	NZ\$ 140	4%
2%	AU\$ 78	Other	NZ\$ 104	3%
30%	AU\$ 1191	Salaries	NZ\$ 926	26%



New Zealand: NZ\$ 3,553

Range of IT spend across all organisations (ANZ)



* IT spend is calculated as the total spend on IT per annum, including IT staff salaries, as a proportion of Full Time Equivalent (FTE) staff – excluding volunteers. This information presented is calculated based on a subset of the entire dataset where complete IT spend information was provided



Planning: Organisations without an IT plan are six times more likely to have basic or challenged IT capability

We asked all organisations whether they considered their technology environment *challenged* (28%), *basic* (7%), *functional* (55%) or *leading* (10%). We also asked organisations whether they had an IT plan (20% reported they had an IT plan which outlined IT projects and investments over the next few years).

When we looked closely at the organisations who rated themselves as *basic* or *challenged*, we found that organisations **without** an IT plan were six times more likely to have basic or challenged IT capability (30% compared to 5%), as shown below.

Proportion of organisations who have basic or challenged information technology, and who **do not** have IT plan



Proportion of organisations who have basic or challenged technology, and **have** an IT plan

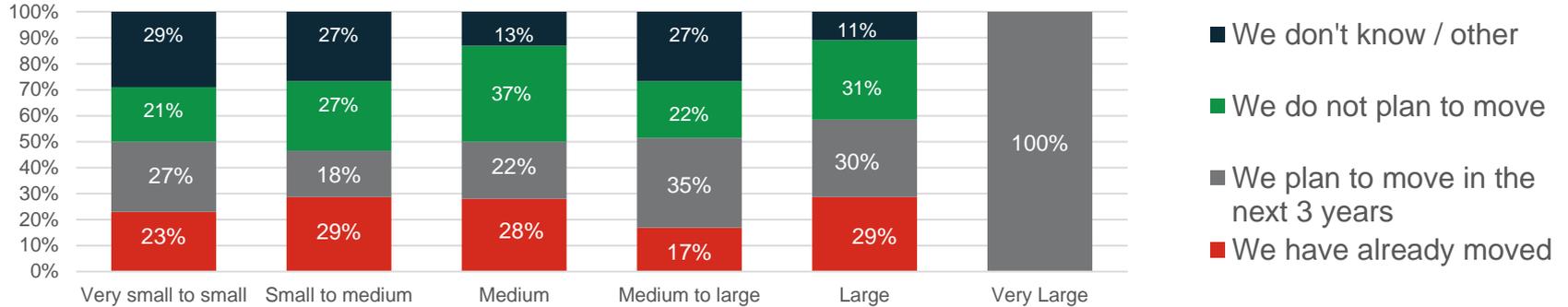
The presence of an IT plan allows an organisation to clearly identify areas of investment in IT operations in order to operate efficiently, generate revenue, and measure program outcomes. The absence of a formal plan can impact an organisation's ability to focus on the 'right' IT areas. As illustrated above, organisations with an IT plan are far less likely to be *basic* or *challenged* in terms of their IT capability.



Cloud: Most larger organisations are planning a move to the cloud

Most organisations currently use the cloud in some capacity, and many are planning to move to the Cloud over the next few years.

NFPs who plan to move 'a significant proportion' to the cloud, by organisation size



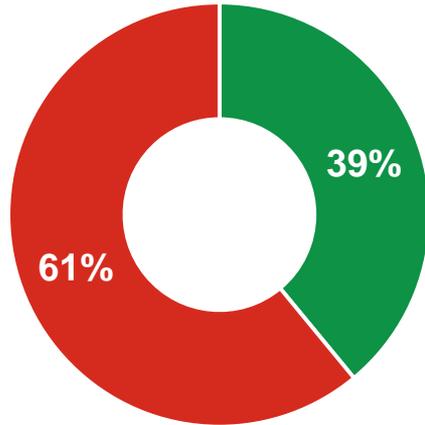
For organisations not planning to move to the cloud, the barriers potentially preventing them from doing so are listed below. Each figure represents a percentage of the organisations not planning to move that have identified the barrier as applicable in their circumstances.

- 29%** Data security concerns
- 30%** Costs of moving
- 27%** Integrating with existing IT
- 12%** Recent IT infrastructure upgrade
- 8%** Staff/vendor do not know enough to implement
- 17%** No time to migrate to Cloud
- 22%** Expensive or insufficient internet
- 9%** Do not feel Cloud is dependable
- 13%** Government regulations
- 11%** Other



Client management: Most organisations do not have access to a single client (or stakeholder) view

Our staff can use one system to get a view of all the assistance that we have provided a person and their whānau (extended family) over time



- Completely or mostly agree
- Disagree or only somewhat agree

The most common systems used to keep client information are Microsoft Access (17%), paper/Word (13%) or another custom developed solution (13%). Our analysis found that only 20% of organisations **completely agreed** with the statement ‘Our staff can use one system to get a view of all the assistance that we have provided a person and their whānau (extended family) over time’; with a further 19% **mostly agreeing** with this statement.

A single view of a client is critical to providing holistic services across programs. Unfortunately many NFPs report that Government mandated systems often prevent organisations from developing a single view of client services, inhibiting the sector’s ability to provide quality services and to holistically measure the impact and outcomes of their services.

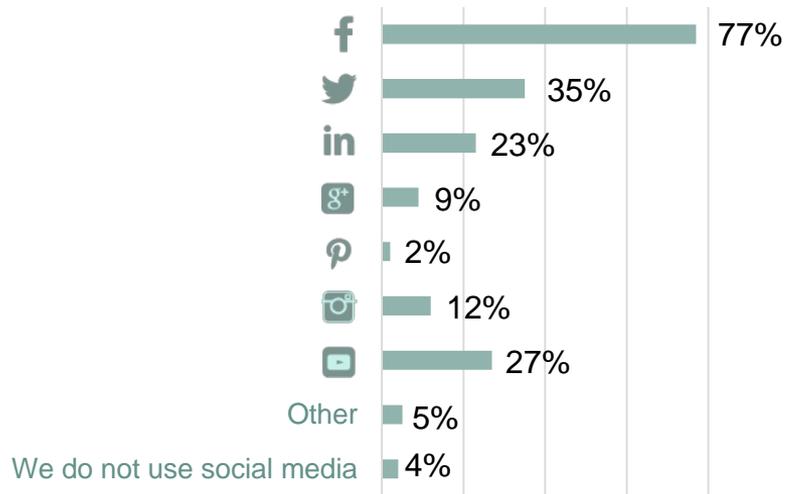
Client management systems can enable NFPs to demonstrate the impact of their activities to funders and a single view of clients is important to optimise service delivery and efficiently understand program outcomes. Better demonstration of impact will enable new levels of investment in the sector, however for this to occur:

- Government client management systems must enable organisations to have a ‘single view’ of the clients they support, across programs and funders without requiring information to be entered multiple times
- NFPs must invest in package client management systems that can be configured to their needs.

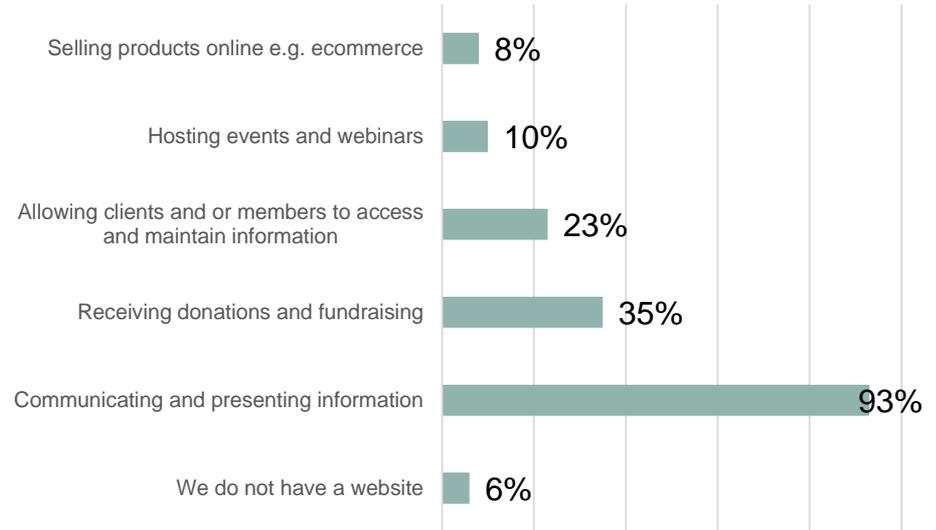


Online presence: Organisations communicate with supporters mostly through Facebook, Twitter and their website

Popularity of social media applications*



Uses of organisational websites*



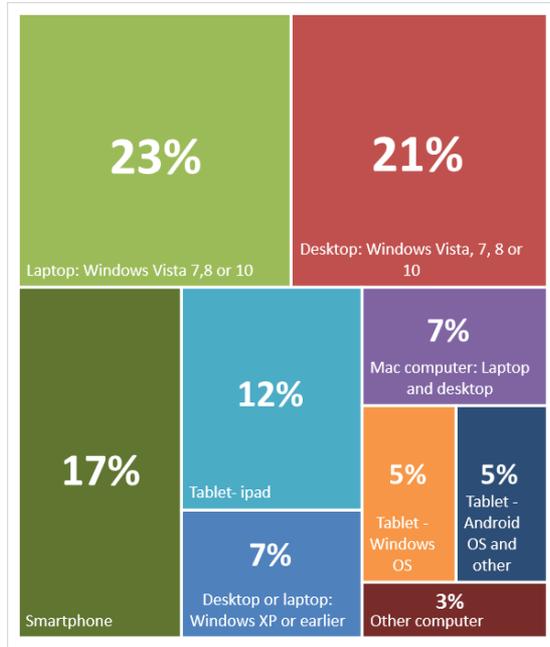
* Figures represent the percentage of organisations that use each social media application or use their website for each purpose. These figures do not add up to 100% as respondents could choose more than one application or website use.



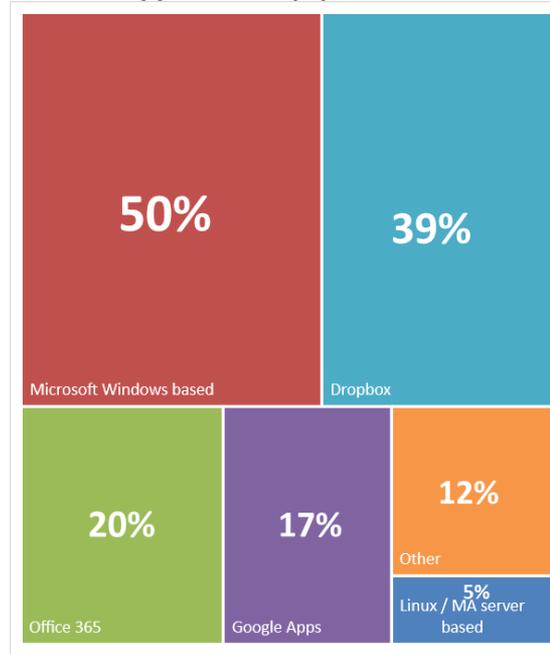
Infrastructure: Microsoft products are most commonly used for PCs, email and file sharing



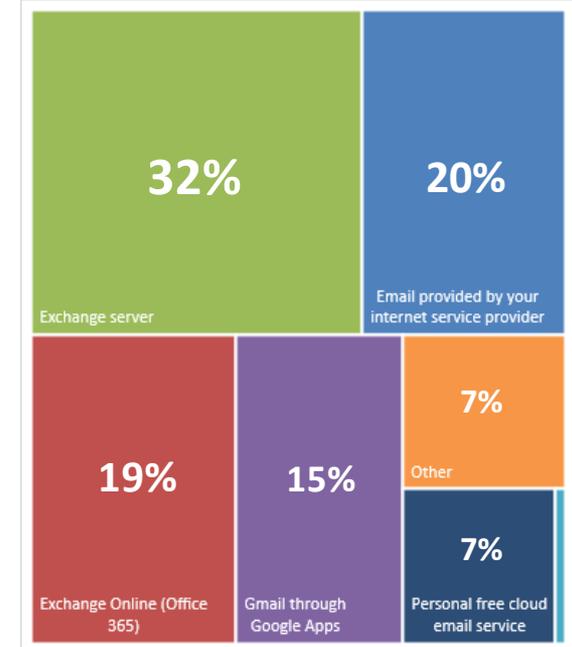
Types of PCs used (%)*



Popularity of file sharing applications (%)**



Popularity of Email applications**



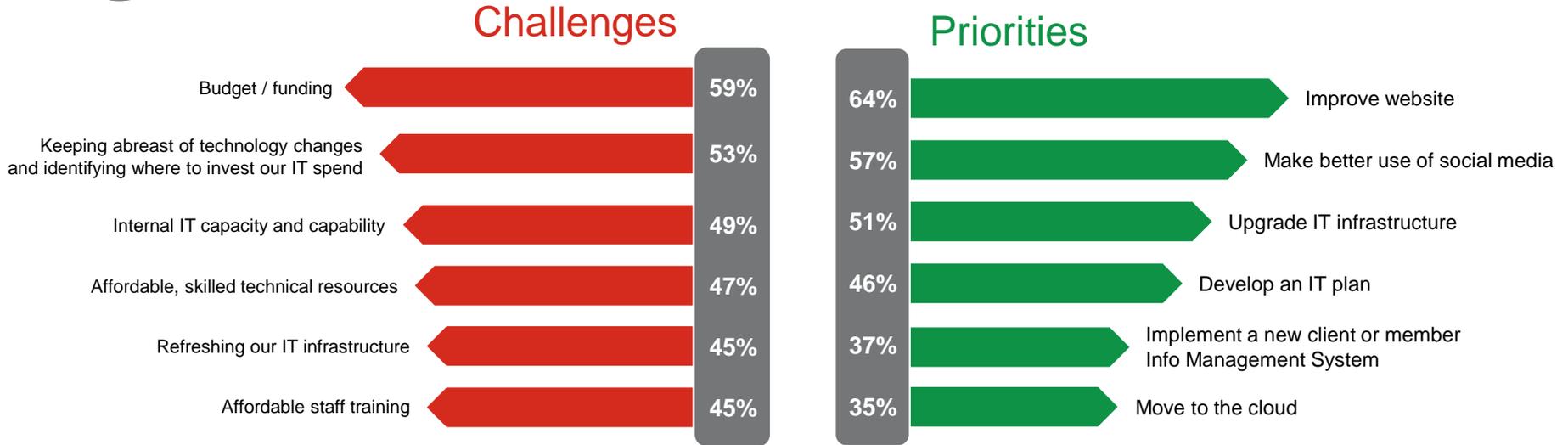
* Figures represent a percentage of each type of PC in comparison to the total number of PCs recorded in survey. These figures add up to 100% (with minor rounding error).

** Figures represent the percentage of organisations that use each application. These figures do not add up to 100% as respondents could choose more than one application.

The biggest change since our last report was in use of Exchange Online – up from 14% to 19% since our last survey



NFP IT challenges and priorities



The top technology challenges for NFPs again relate to resources this year – funding, knowledge and capability.

Priorities are to make better use of website and social media to engage with stakeholders, followed by infrastructure/cloud, planning and information management through better client, stakeholder and member information systems.

These challenges and priorities will again guide Connecting Up, Infoxchange and TechSoup NZ as to which services we should offer that will make the greatest difference so that all NFPs can use technology effectively to better achieve their mission and vision.