



DIGITAL TECHNOLOGY IN THE NOT-FOR-PROFIT SECTOR

OCTOBER 2019 | REPORT

ABOUT THIS REPORT

The “Digital Technology in the Not-for-Profit Sector” report is an annual research project conducted by Infoxchange, Connecting Up and TechSoup New Zealand. It aims to better understand how not-for-profit organisations across Australia and New Zealand are using technology, in order to recognise the areas of growth and where improvement is needed.

Now in its fourth year, this report provides a benchmark for all not-for-profit organisations across the region to ensure they are using technology the best way possible to achieve their mission.



We acknowledge the traditional custodians of the land and pay respect to Elders past, present and emerging.

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WHO WE ARE

Infoxchange, Connecting Up and TechSoup New Zealand joined forces in November 2018, creating Australia and New Zealand's leading not-for-profit dedicated to using technology to improve the lives of people experiencing disadvantage and the organisations that support them.

Together, we're proud to support over 2 million people and over 25,000 not-for-profit, community and government services each year across Australia and New Zealand.

As of 30 November 2018, Connecting Up operates as a subsidiary of Infoxchange, and continues to trade as TechSoup New Zealand in New Zealand.

Infoxchange

Infoxchange is a not-for-profit social enterprise that has been delivering technology for social justice for 30 years.

We tackle the biggest social challenges through the smart and creative use of technology.

We work with community, government and corporate partners to solve issues around homelessness, family violence, mental health and disability, as well as supporting Indigenous communities, women, youth and families.

We provide the right tools to improve efficiency and deliver greater impact – from nation-wide service coordination systems to IT support and advice for individual organisations.

And through our work in digital inclusion and social innovation we use technology to empower people experiencing disadvantage, driving social inclusion and creating stronger communities. We believe no-one should be left behind in today's digital world.

Connecting Up

Connecting Up is a not-for-profit social enterprise that aims to bring about positive social change through the power of technology.

By providing high-quality technology products, services and training that meets the needs of the not-for-profit sector, we help organisations fulfil their mission and better serve their communities.

We also work closely with the business, community and government sectors to find ways of using technology to improve outcomes for people in need.

TECHNOLOGY FOR SOCIAL JUSTICE

FOCUS AREAS



HOUSING &
HOMELESSNESS



WOMEN, YOUTH
& FAMILIES



INDIGENOUS
COMMUNITIES



DISABILITY



MENTAL HEALTH



A MESSAGE FROM OUR CEO

It's my pleasure to present the "Digital Technology in the Not-for-Profit Sector" report for 2019, the most comprehensive look at not-for-profit technology use across Australia and New Zealand.

Now in its fourth year, the report covers more areas of technology than ever before including information systems, staff capability, online presence and emerging technologies.

Our aim for this report is to better understand how not-for-profits are using technology, so that we can work together to ensure our sector is getting the most out of the digital world. We strongly believe that technology is a vital part of any modern organisation, and that the success of any not-for-profit is largely dependent on how well they are able to embrace it.

This year's report is particularly special for us – while this has always been a collaboration between Infoxchange, Connecting Up and TechSoup New Zealand, it's the first report we've released together since we officially joined forces in November 2018.

I'd like to sincerely thank the 492 organisations who completed our survey across Australia and New Zealand. Your input has been invaluable and I hope the results inspire you to continue using technology in smart and creative ways to achieve your mission.

David Spriggs | Group CEO

Infoxchange, Connecting Up and TechSoup New Zealand

EXECUTIVE SUMMARY

Not-for-profits are increasingly realising the benefits of digital transformation, as they use technology to work more effectively and grow their impact. However, there is still plenty of work to be done.

With 492 completed responses, this year’s survey is bigger than ever before and tells a story of a sector striving for digital transformation but also experiencing limitations in knowledge, skills and resources.

We found that 64% of not-for-profits are less than satisfied with the way they use technology, and that more than half of their staff are either “not confident” or only “a bit confident” when using new technology. Despite this, 40% of not-for-profits are not currently offering their staff any opportunities to improve their digital skills.

It is however pleasing to see more not-for-profits are progressing on their digital transformation journey, with the number of organisations who have already moved to the cloud increasing by 8% from our previous report.

Embracing the cloud is much simpler and cost effective than it has ever been in the past, and organisations are now able to make the move thanks to pricing, security, collaboration and mobility features that can enable organisations to work more effectively and reduce technology risk.

Not-for-profits spend around 6% of their operating expenses on IT, which is on par with small to medium businesses across the region. However, this spend varies considerably


across the sector. Organisations with five or fewer staff spend 25% less than the average not-for-profit, while disability services spend 50% less than the average.

It is also still a challenge for organisations to effectively align their systems with their mission and vision. While 66% of organisations report their primary system captures valuable information about clients and services, only 37% use the system to understand the impact of services and outcomes.


Unsurprisingly, more than half the respondents said that budget and/or funding was one of their biggest challenges when it comes to technology. But it is pleasing to hear more and more success stories of organisations who have overcome this challenge by using technology to enable their staff to work more effectively and better support clients, members and stakeholders – and in doing so, attract more funding.

Online presence and finding better ways of communicating and engaging with stakeholders are still the main technology goals for not-for-profits, followed closely by refreshing IT infrastructure and improving information systems that support core service delivery. This shows that there are still many priority areas that need significant attention across the not-for-profit sector.


Some of our key findings include:




Disability services spend 50% less on technology than the average not-for-profit




43% of organisations have moved to the cloud, up from 35% in the previous report




64% of not-for-profits are less than satisfied with the way they use technology



56% of not-for-profit staff are “not confident” or only “a bit confident” when it comes to using new technology



Only 37% of organisations have systems that allow them to understand the impact of their services and outcomes



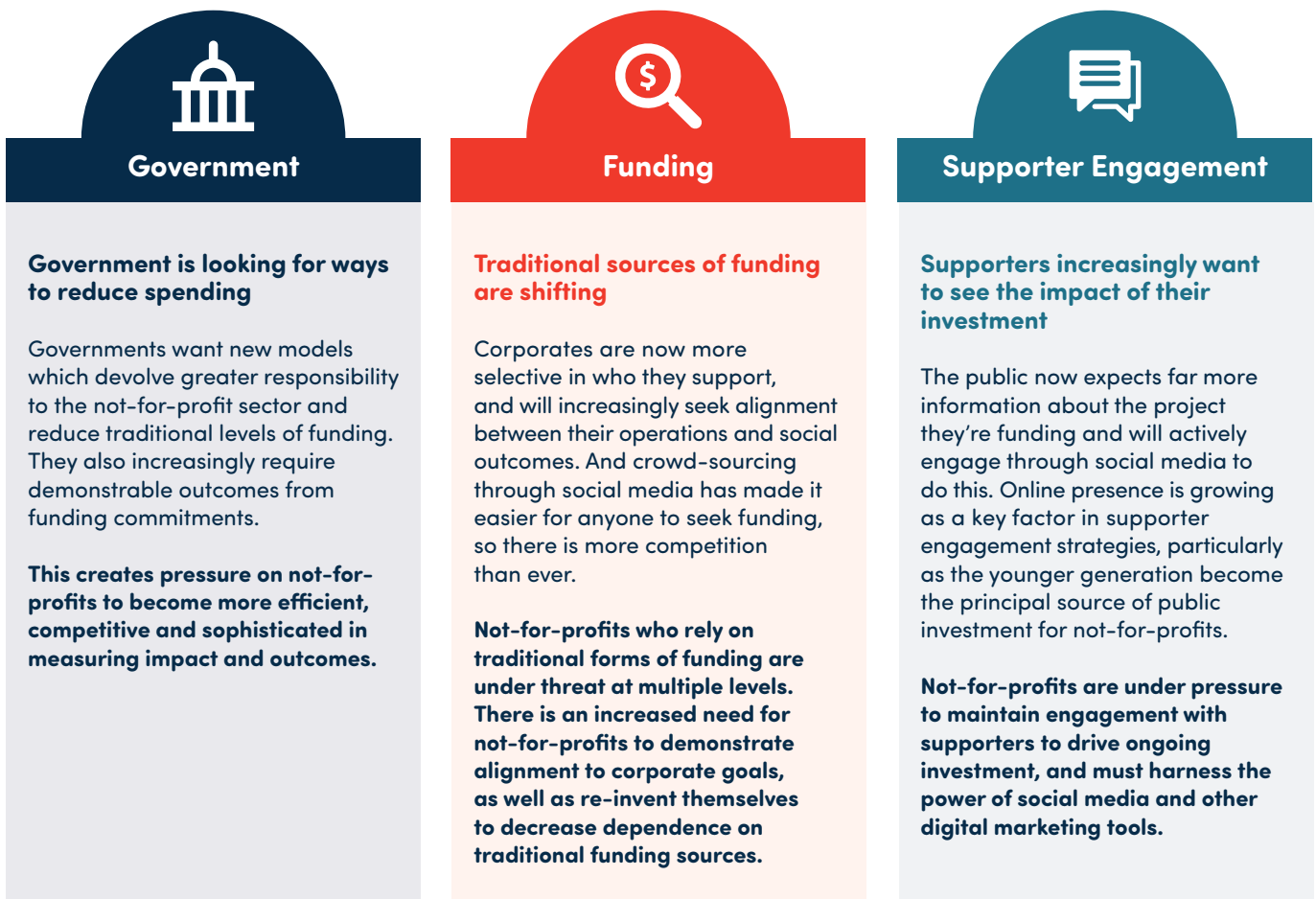
Budget and funding remains the biggest challenge when it comes to technology

BACKGROUND

The not-for-profit sector is increasingly under pressure to do more with less.

Now more than ever before, the not-for-profit sector needs to find ways to do things differently. Government, corporates and philanthropic trusts are changing the way they work with not-for-profits, and supporters want to better understand how their contributions are making a difference.

Digital technology helps not-for-profits respond to these changes. It can drive productivity and improve efficiency and service delivery effectiveness, allowing organisations to adapt and respond to these changes.



The need for greater efficiency drives the urgency for effective use of digital technology

Historically not-for-profits have under-invested in digital technology, 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.










WHY DIGITAL TECHNOLOGY?

Digital technologies can facilitate greater impact for not-for-profits.

Organisations that use digital technology 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. We measure digital capability across six capability areas shown below – along with the corresponding organisational benefits.

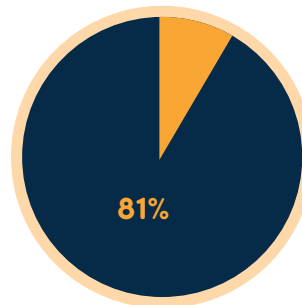
If you want to understand your organisation's digital maturity, take our digital capability quiz at www.improveit.org

Key technology capability areas for not-for-profits			
Category	Basic 	Advanced 	Benefit 
IT MANAGEMENT 	No IT plan; ad hoc and reactive	Clear and compelling IT vision and strategic plan, aligned with organisation's vision, mission and goals	Maximum impact from IT investment
TECHNOLOGY - PCS, INFRASTRUCTURE, EMAIL, ETC 	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
INFORMATION 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
ONLINE PRESENCE 	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
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	Productivity of staff and volunteers is maximised
SECURITY AND RISK 	We'll worry about it when it happens	Practical IT disaster recovery plan regularly tested. Client data and service provision capability protected with good security	Service interruptions are minimised

PARTICIPANT SNAPSHOT



492
organisations
completed
the survey



81%
of respondents
have more than
one service area

Organisation size



Respondents by country



Organisation by primary service area

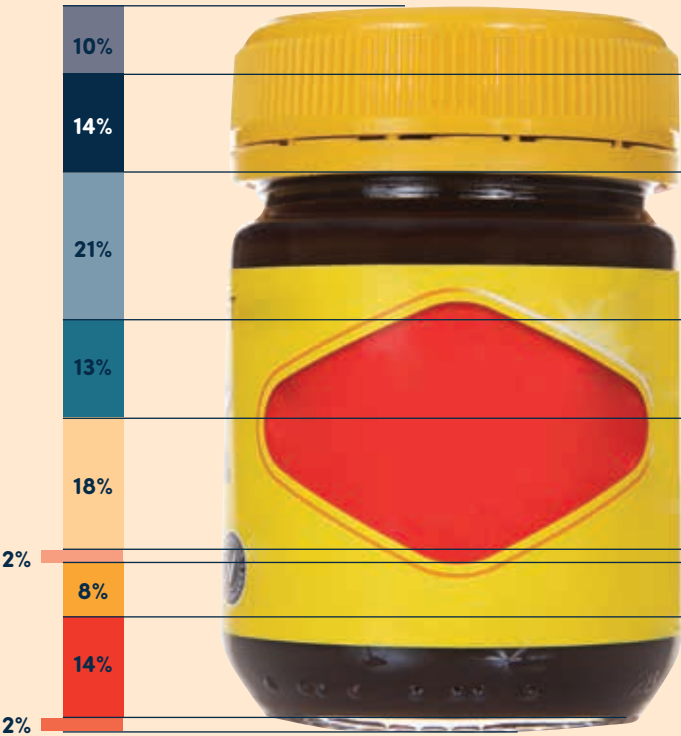
Health & mental health	13%	Youth services	3%
Education & training	12%	Philanthropy & volunteering	2%
Community development	8%	Law & advocacy	2%
Disability services	8%	Housing & shelter	2%
Religion	7%	Maori, Aboriginal and/or Torres Strait Islander	2%
Service, sport & social clubs	6%	Child care services	2%
Creative & performing arts	4%	International aid	1%
Family services	4%	Employment	1%
Peak body	4%	Aged care accommodation	1%
Environment	3%	Other	15%



SPENDING

On average, not-for-profits spend 6% of their operating expenses on technology, or \$3,655 AUD per FTE in Australia and \$3,121 NZD per FTE in New Zealand per annum. This is on par with small to medium businesses across the region. However, analysis of these figures show some considerable variance across the sector.

Average spend per FTE in each area for Australia and New Zealand



\$3,655 AUD
per FTE/annum

- Very small organisations (those with five or fewer staff) spend 25% less than the average not-for-profit.
- The disability sector spends 50% less than average.
- Organisations primarily providing employment services spend more than twice the average.

These details are important for not-for-profits to understand when considering how their technology spend compares to others. Technology spend comparisons must consider factors such as organisation size and the services they provide in order to provide valuable insight about whether technology investment should be increased or decreased.



\$3,121 NZD
per FTE/annum

- IT staff salaries
- Infrastructure
- Personal computers, software & equipment
- External IT support services
- Website and core applications
- IT training & staff skills development
- Internet/network data links
- Telephony costs (mobile/fixed)
- Other



DIGITAL CAPABILITY AND SKILLS

Nearly two thirds of not-for-profits are less than satisfied with the way they use technology.

While there were some marked differences across service areas, youth services have the lowest average score across three key areas of technology use: organisational approach, staff capability and overall satisfaction. Employment services rank the highest.

For those not-for-profits that might be struggling, there are many opportunities out there to get more value from their technology investment. And enabling staff to work effectively through technology has never been easier.

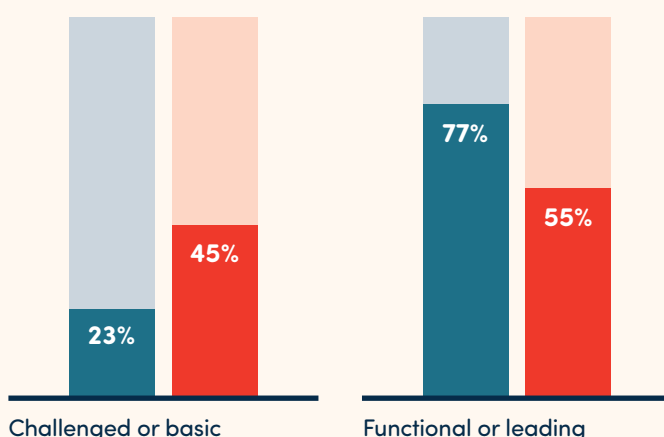
Some insights that we hope will help on the digital transformation journey include:

- An IT plan is still the best way to move up the technology maturity ladder – organisations without an IT plan are twice as likely to rate their technology as “basic” or “challenged” compared to those with an IT plan.
- Not-for-profits that are leaders in technology invest more (9% of operating expenses) than the average (6%).
- Staff skills and capability must be considered in all technology change programs. More than 50% of organisations reported their staff were only “a bit confident” or “not confident” using new technology and systems.

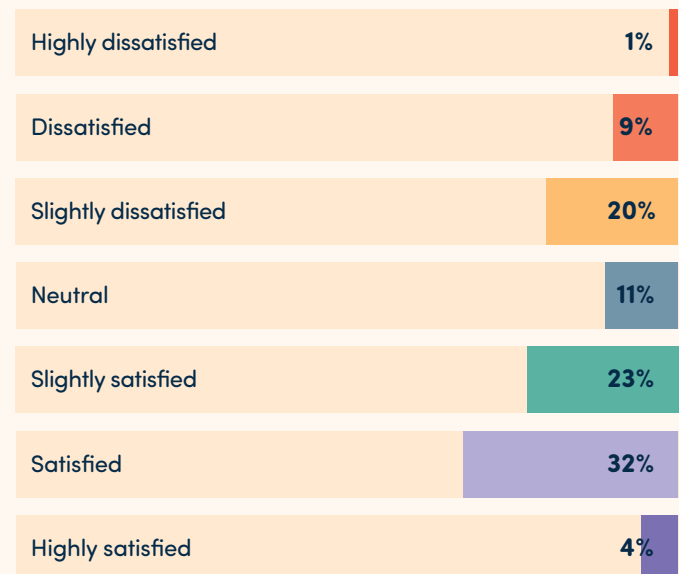
With focused effort, every not-for-profit can access valuable data and insights about their activities, outputs and outcomes.

Current approach to technology and technology decisions

- Organisations with an IT plan
- Organisations without an IT plan



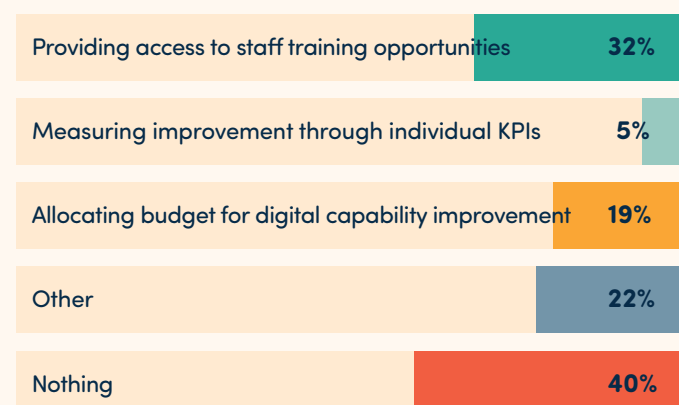
Overall satisfaction with the way their organisation is using technology



Staff confidence in using new technology and systems



Current opportunities provided for staff to improve their digital capability and confidence





The cloud has significantly changed the not-for-profit technology landscape over the past five years, and more organisations than ever are making the move.

Cloud productivity suites (primarily Office 365 and G-suite) have enabled not-for-profits to cost-effectively access reliable, effective solutions. Smaller not-for-profits with reasonable internet connections can often wholly embrace the cloud, while larger organisations may require a hybrid approach.

Embracing the cloud is simpler and more cost effective than it has been in the past. It is pleasing to see that 43% of not-for-profits have now moved a significant proportion of technology to the cloud (up from 35% in our previous report) and another 14% are in the process of moving – enabling staff to work out of the office, reduce technology risk and improve productivity.

When compared to the last report, many of the barriers to moving such as staff/vendor skills and expensive internet have largely disappeared, but key reasons for not moving still include:

Cloud is not a priority	35%
Data security, sovereignty or data privacy concerns	18%
Insufficient knowledge	14%

Not-for-profits who plan to move “a significant proportion” to the cloud

	Very small	Small	Medium	Large	Very large
Already moved or in the process	54%	56%	66%	43%	67%
Plan to move	11%	16%	13%	29%	0%
Don't plan to move	14%	12%	13%	14%	0%
Don't know	21%	16%	8%	14%	33%

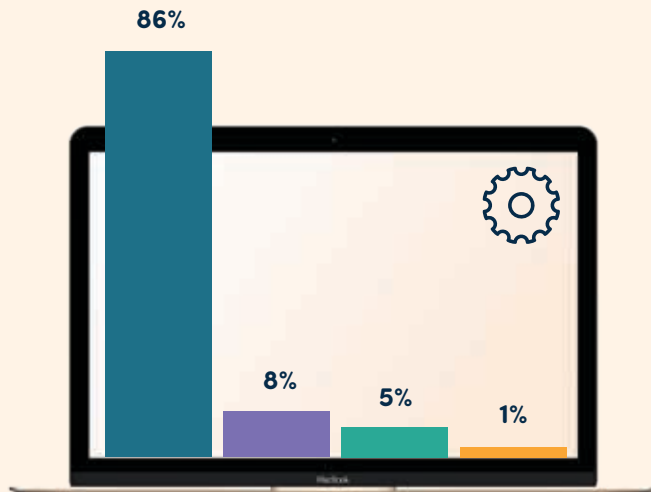
Barriers preventing organisations moving to the cloud

	Very small	Small	Medium	Large	Very large
Data security or data privacy concerns	15%	22%	19%	40%	0%
Recently invested in their own IT infrastructure	4%	6%	14%	0%	0%
Don't know enough about the cloud	13%	17%	19%	20%	0%
Don't see it as a priority	44%	39%	19%	20%	0%
Expensive or insufficient internet connectivity	9%	3%	14%	20%	0%
Migration cost	1%	3%	0%	0%	100%
Lack of time	6%	3%	5%	0%	0%
Other	7%	7%	10%	0%	0%



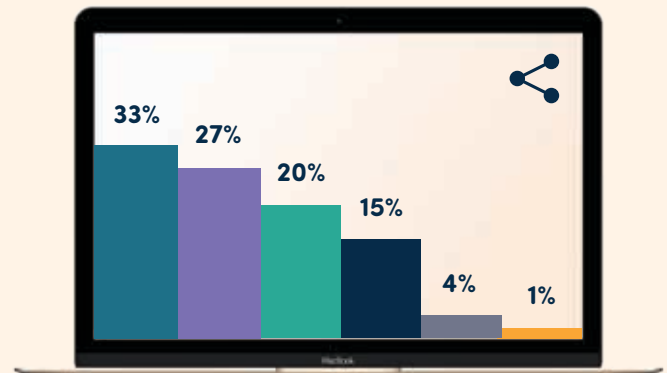
INFRASTRUCTURE

Operating systems used



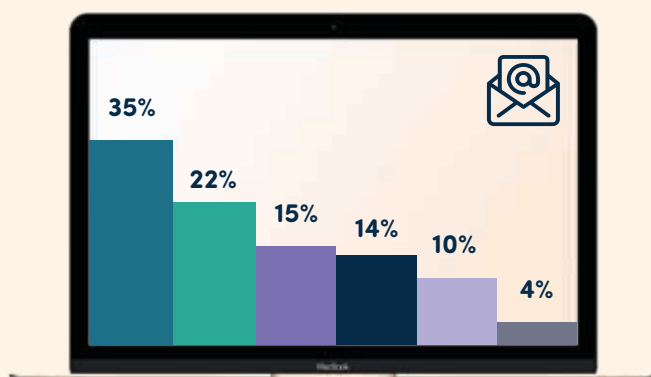
- Microsoft Windows
- Apple Mac OS
- Chrome OS
- Linux

Primary file sharing applications used



- Microsoft Windows server based file sharing
- Office 365 (includes Sharepoint & OneDrive)
- G suite (previously Google Apps or Google for Work)
- Dropbox
- Other
- Linux

Primary email applications used



- Exchange Online (Office 365)
- G suite (previously Google Apps or Google for Work)
- Exchange server
- Email provided by your internet service provider
- Personal cloud email service (e.g. Hotmail, Gmail etc.)
- Other



INFORMATION SYSTEMS

Information systems enable not-for-profit staff to provide high quality, efficient client and member services, while also capturing important information about the organisation’s activities, outputs and outcomes.

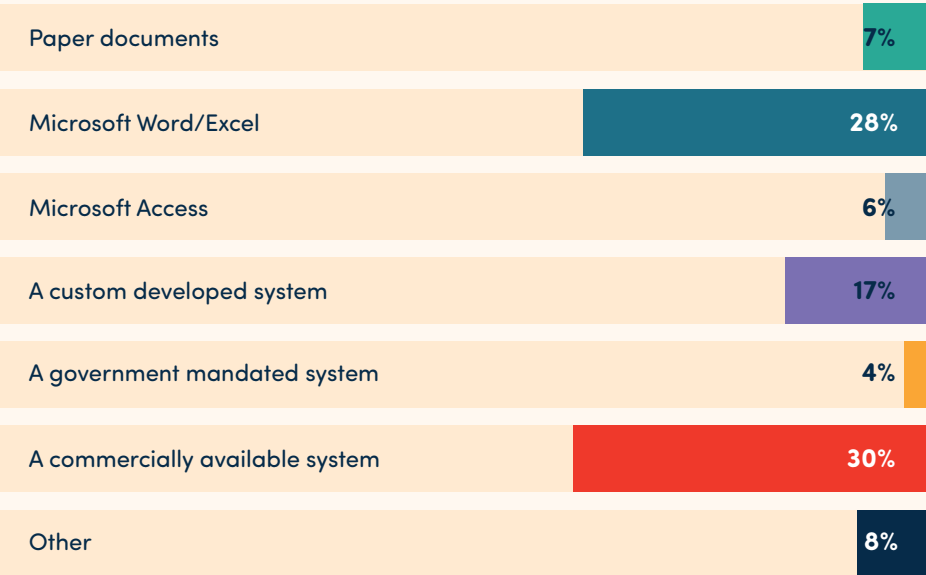
Good information systems are critical to achieving an organisation’s mission and vision. However, this report found that many not-for-profits still face challenges in selecting the right information system(s) to support their organisation.



Disparate and siloed government reporting requirements and systems contribute to this challenge, but organisations are increasingly looking to tackle these challenges and use an information system that helps their management, staff, clients and members.

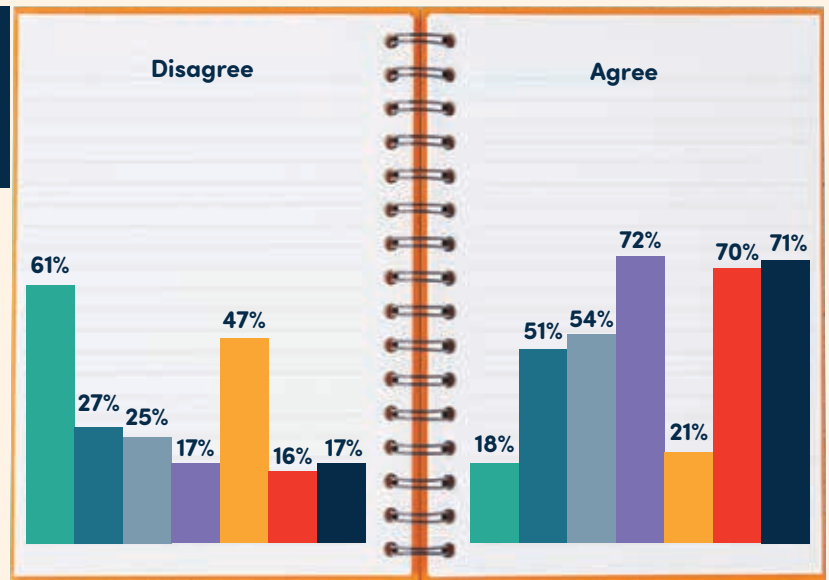
Our experience demonstrates that with focused attention, good information systems are well within reach for most not-for-profits and can make a significant difference to the way services are delivered.

Primary system used to capture information



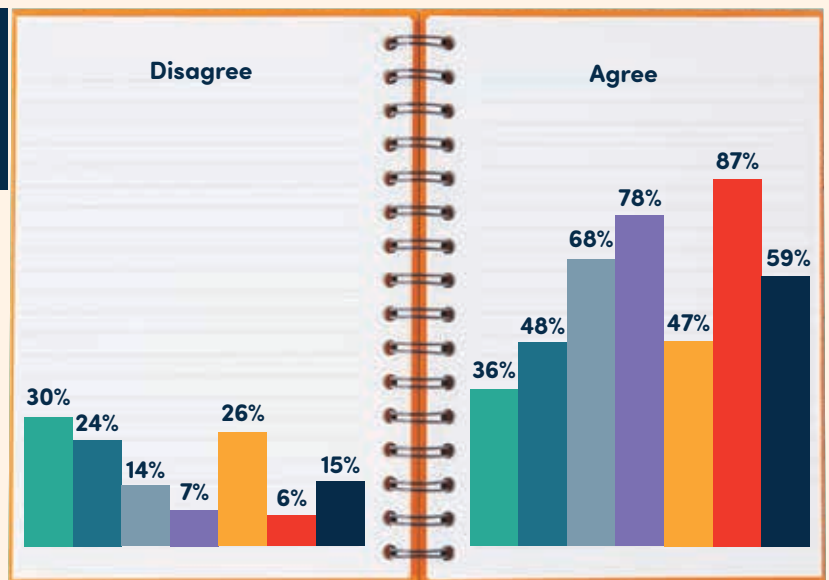
This system enables our staff to work efficiently both in the office and remotely*

- Paper documents
- Microsoft Word/Excel
- Microsoft Access
- A custom developed system
- A government mandated system
- A commercially available system
- Other



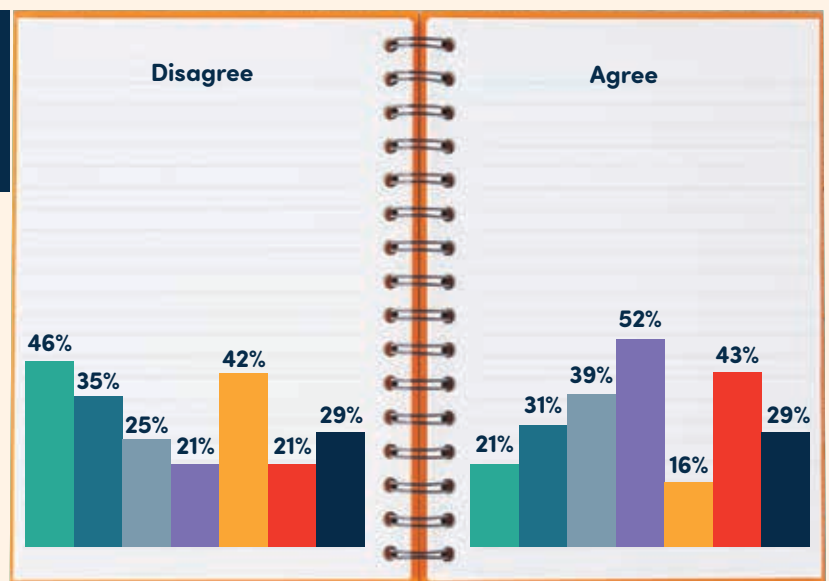
This system allows our organisation to capture valuable information about our clients and services*

- Paper documents
- Microsoft Word/Excel
- Microsoft Access
- A custom developed system
- A government mandated system
- A commercially available system
- Other



This system enables our organisation to understand the impact of our services and outcomes*

- Paper documents
- Microsoft Word/Excel
- Microsoft Access
- A custom developed system
- A government mandated system
- A commercially available system
- Other



*Does not include respondents who said they didn't know or were neutral



ONLINE PRESENCE

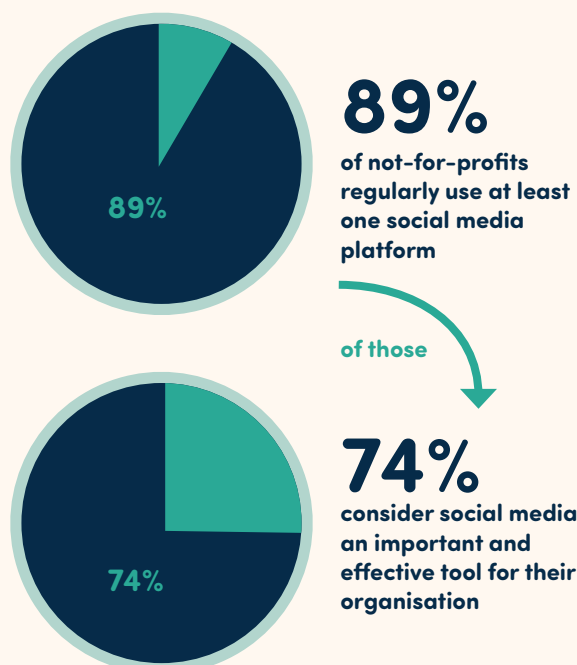
It's great to see that not-for-profits are increasingly embracing the benefits of social media, websites and other digital marketing tools to promote their cause and communicate with stakeholders.

However, less than half of not-for-profits say they are regularly tracking and reporting on the performance of their online presence, and only 37% said that they use tools to track their website analytics.

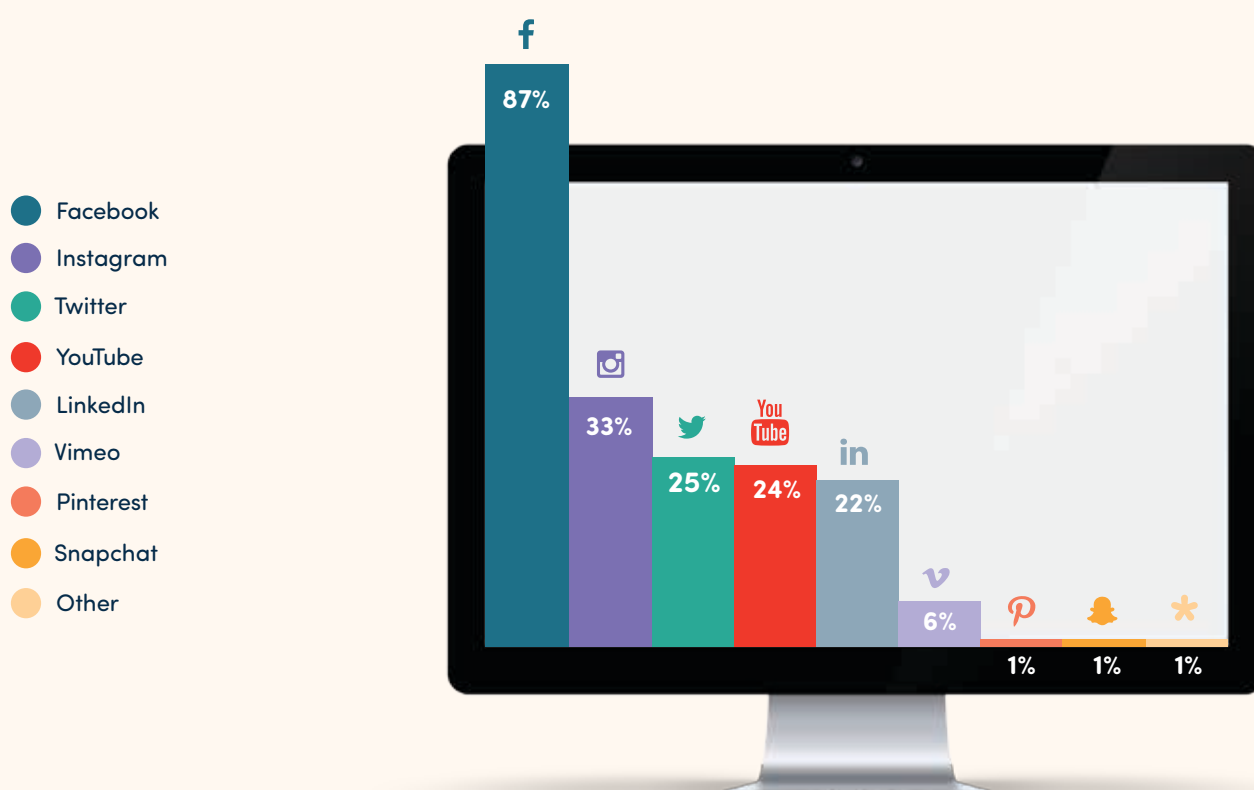
Furthermore, only 15% of not-for-profits said they are currently using Google Ads, despite charitable organisations in Australia and New Zealand being eligible to access \$10,000USD worth of free advertising each month from Google.

These results show that many not-for-profits are missing out on crucial, freely-available opportunities to effectively promote their cause. And with time and resources always at a premium, the lack of tracking and reporting of online performance also denies organisations the chance to ensure their efforts are hitting the right targets and not going to waste.

The good news is that there are many cheap or free tools and resources available to not-for-profits who are looking to improve their online presence. With a little groundwork, organisations can find ways to effectively and meaningfully tell their story (and in turn reach potential new supporters, partners and funders) without the need for big budgets or marketing teams.



Most popular social media platforms:



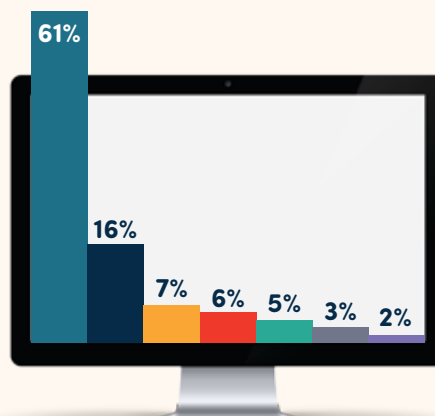
Websites



63%

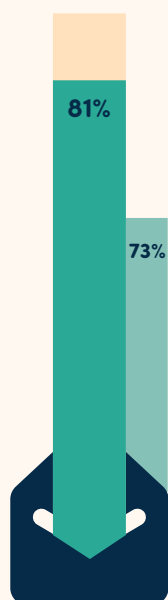
of not-for-profits like the look, feel and functionality of their website

Most popular content management systems



- Wordpress
- Other
- Wix
- Joomla!
- Squarespace
- SilverStripe
- Drupal

Email updates



81%

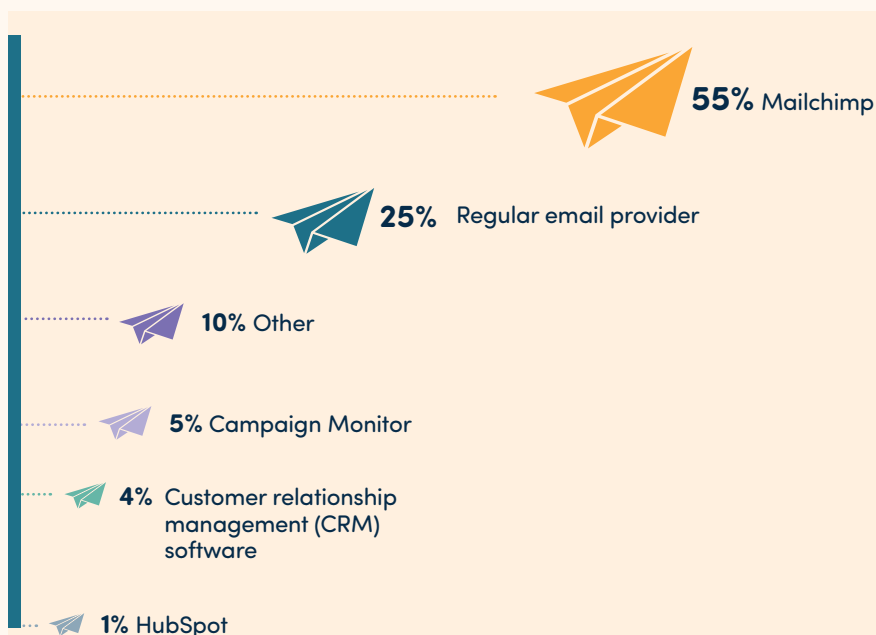
of not-for-profits send regular email newsletters and updates

of those

73%

are happy with their email updates and consider them to be integral to communicating with stakeholders

Most popular platforms used to send email newsletters and updates



Donations



48%

of not-for-profits collect donations online

Donations are collected through:

Direct website e-commerce	31%
External platform e.g. GiveNow, GiveEasy, everydayhero	44%
PayPal	23%
Other	2%

Digital marketing



Not-for-profits use:

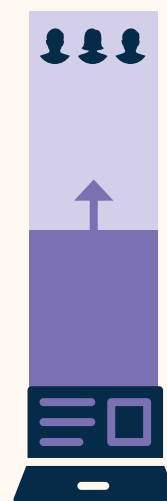
Google Ads	15%
Social media paid advertising	38%
In-house design tools e.g. Canva and Adobe Creative Suite	34%
Marketing or email automation	18%
Website analytics tools	37%

Reporting



43%

of not-for-profits regularly track and report back to management on the performance of their online presence





INNOVATION

Digital technologies play a pivotal role in solving some of society's most pressing social challenges. Increasingly, charities and social impact organisations are looking to innovation and emerging technology to help achieve their social missions.

From apps that teach people sign language to futuristic fantasy comics created by young Indigenous people, charities are turning to technology to improve lives, tackle social stigma and connect people more than ever before.

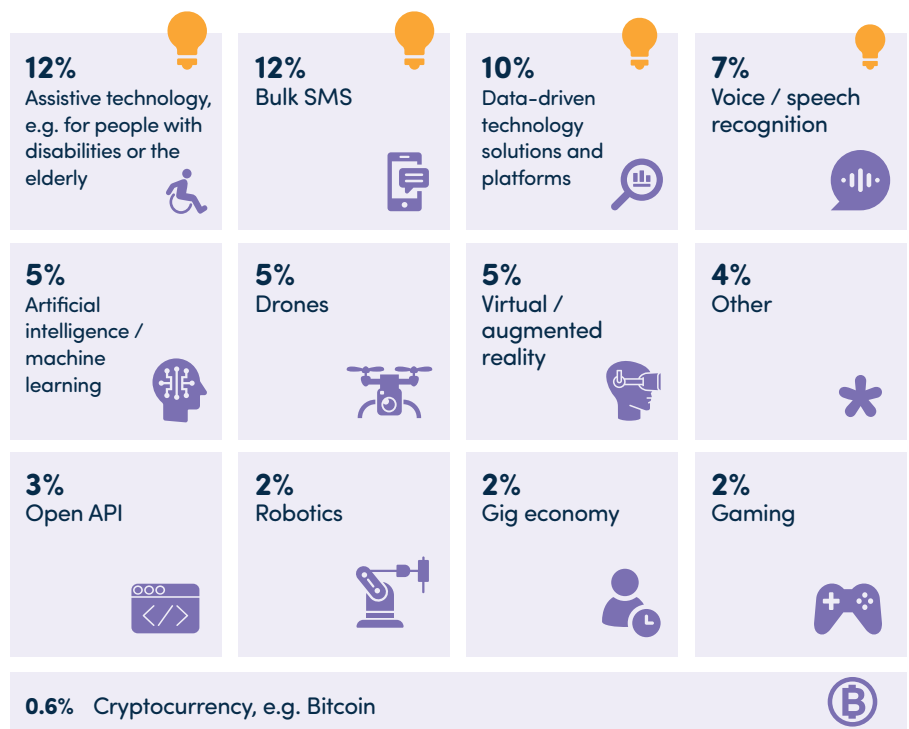
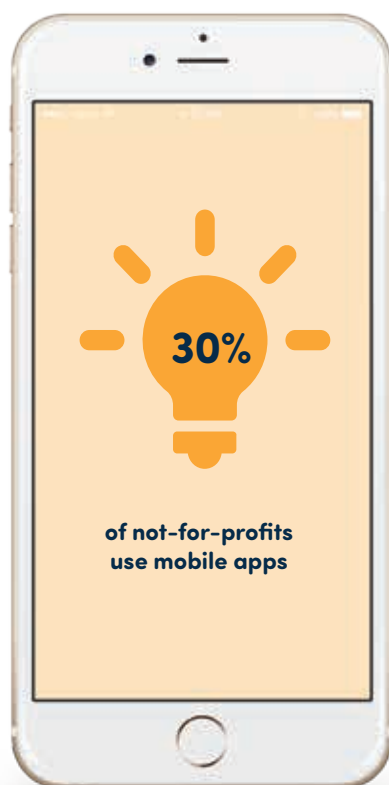
The results show close to a third of survey respondents are already building mobile apps to help deliver on their social mission, and that there are early adopters in the charity space making use of artificial intelligence, robotics and even drones to drive social change.

In 2019, aged care provider Feros Care introduced an Australian-first initiative that empowers older Australians to

manage their needs through voice technology. Recognising that living at home is becoming increasingly difficult for people living with a disability, a health condition or limited mobility, they used cutting-edge technology to help seniors manage their care plans, appointments and more from the comfort of their lounge chair using voice commands linked to a Google Home.

As technology is evolving, so too is the not-for-profit sector. It's wonderful to see organisations using innovation to ensure those that stand to gain the most benefit from digital technologies are being reached.

New or emerging technologies being used by not-for-profits





















PRIORITIES AND CHALLENGES



Online promotion and finding better ways of communicating and engaging with stakeholders are still the main technology goals for not-for-profits.

Half of all respondents said improving their website was one of their top priorities for the coming year and 42% said they would be looking to make better use of social media and other digital marketing tools.

Unsurprisingly, more than half of respondents said that budget and/or funding was one of their biggest challenges when it comes to technology. This is closely followed by 49% of not-for-profits being held back by staff capacity and capability, and 36% struggling with access to affordable, skilled technical resources.

Top priorities	★	Biggest challenges	🎯
Improve our website	 50%	Budget/funding	 55%
Make better use of social media and/or digital marketing	 42%	Staff capacity and capability	 49%
Upgrade our IT infrastructure	 27%	Access to affordable, skilled technical resources	 36%
Implement a new client, stakeholder or member information management system	 24%	Keeping abreast of technology changes & identifying where to invest our IT spend	 23%
Improve the digital capabilities of our staff	 23%	Making the most of the cloud	 20%
Improve our data and information security	 22%	Affordable staff training	 17%
Move to the cloud	 20%	Refreshing our IT infrastructure	 14%
Explore new technologies/innovations to help us achieve our social mission	 18%	Impartial technical advice	 11%
Develop an IT/digital transformation plan	 12%	Improving our ability to recover in the event of an IT disaster	 9%

CAN WE HELP?

Infoxchange, Connecting Up and TechSoup New Zealand have decades of experience in helping the Australian and New Zealand not-for-profit sectors get the most out of technology.

If you're looking to improve efficiency and service delivery through better use of technology, we're here to help.

Whether you're a tiny team running on a shoestring budget or a large organisation operating across multiple locations and service areas, we have scalable options to suit your needs.

Some of the things we can help with include:

Moving to the cloud



Client and case management



Discounted and donated technology products



Building staff capability through training and webinars



IT support



And because we're a not-for-profit just like you, we understand your needs better than anyone.



FIND OUT MORE

infoxchange.org | connectingup.org | techsoup.net.nz

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