DIGITAL TECHNOLOGY IN THE

NOT-FOR-PROFIT SECTOR

February 2018

Infoxchange

Connecting Up

techsoup
NEW ZEALAND

Contents

Executive Summary

THE REQUIREMENT FOR THE NOT-FOR-PROFIT (NFP) SECTOR TO UNDERSTAND THE OUTCOMES THEY ACHIEVE IS GROWING AT AN EVER INCREASING RATE

Digital technologies - an organisation's online presence, infrastructure, mobile devices and information systems – are now critical in meeting this challenge - enabling staff to work effectively, have information at their fingertips and meet funder obligations simply and easily.

This survey was developed by Infoxchange, Connecting Up and TechSoup NZ to better understand the use of technology in NFP organisations – to help organisations understand how others use technology, identify areas for improvement, and where we can best focus our efforts for the biggest impact.

Given the focus on Australian disability services sector with the rollout of the National Disability Insurance Scheme, we also looked at NFPs who reported they provide disability services. Overall, these organisations are less satisfied with their information systems (46% reported these systems worked well compared to the non-profit average of 54%). Those who listed their primary sector as disability also spend less on digital technology ($3,497 per FTE each year vs. the sector average of $4,776), indicating challenges may lie ahead for many of these organisations given the importance good technology systems to provide efficient services within the NDIS environment.

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 digital technology to achieve your mission and purpose.

Highlights from this years survey include

SPEND
Each year, non-profits spend $4.8k (AU) and $3.4k (NZ) per full time employee on digital technologies.

PLANNING
Organisations without an IT plan are over 4 times more likely to report that their systems are incapable of capturing information about client outcomes.

CLOUD USE
The number of organisations using the Cloud increased 30% since last year's survey, and now most organisations have already moved, or plan to move a significant proportion of their systems to the cloud.

INFORMATION SYSTEMS
46% of organisations report that their systems don't work well for them, indicating significant opportunities for improvement.

CHALLENGES & PRIORITIES
The biggest challenges are IT budget and tech capacity. Conversely key priorities include improvements to website and client/member information management systems.

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 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.

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.

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. We measure digital capability across six capability areas shown below – along with the corresponding organisational benefits.
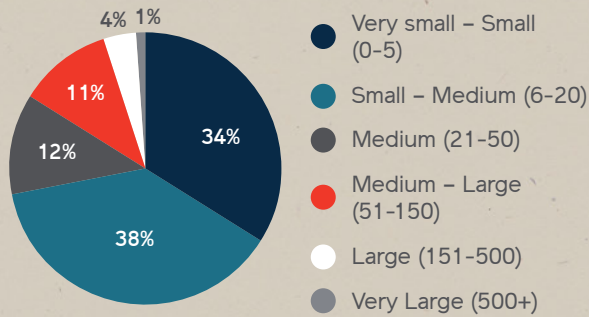
If you want to understand your organisation's digital maturity, take our quiz at www.improveit.org

IT MANAGEMENT

BASIC	ADVANCED	BENEFIT
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

TECHNOLOGY - PCs, INFRASTRUCTURE, EMAIL, ETC

BASIC	ADVANCED	BENEFIT
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

BASIC	ADVANCED	BENEFIT
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

BASIC	ADVANCED	BENEFIT
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

BASIC	ADVANCED	BENEFIT
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

BASIC	ADVANCED	BENEFIT
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

385 organisations completed this survey

ORGANISATION SIZE

4% 1%
11%
12%
34%
38%

- Very small – Small (0-5)
- Small – Medium (6-20)
- Medium (21-50)
- Medium – Large (51-150)
- Large (151-500)
- Very Large (500+)

RESPONDENTS BY COUNTRY

1% 2%
30%
68%

- Australia
- New Zealand
- Australia & New Zealand
- Other (Afghanistan, Africa, Asia-Pacific, Cambodia, Cook Islands, Kenya and USA)

ORGANISATION BY PRIMARY SECTOR

Each organisation was asked to nominate one 'primary' area in which they predominately deliver services.

Sector	Percentage
Health & mental health	11%
Education & Training	10%
Religion	9%
Disability Services	9%
Community Development	9%
Service, Sport & Social Clubs	8%
Other	6%
Family Services	6%
Environment	5%
Youth Services	5%
Peak body	4%
Creative & Performing Arts	4%
Housing & Shelter	3%
Law & Advocacy	3%
Child Care Services	2%
Philanthropy & Volunteering	2%
Employment	1%
International Aid	1%
Maori, Aboriginal and/or Torres Strait Islanders	1%
Aged Care Accommodation	1%

NUMBER OF SECTORS THAT ORGANISATIONS PROVIDE SERVICES IN

85% provide services across multiple service areas

77% provide services in four or fewer areas

15% nominated only one area in which they provide services

Spend

AUSTRALIAN NFPs SPEND AN AVERAGE OF AU$4,776 PER FTE ON IT EACH YEAR, COMPARED TO NZ ORGANISATIONS WHO SPEND NZ$3,414 EACH YEAR
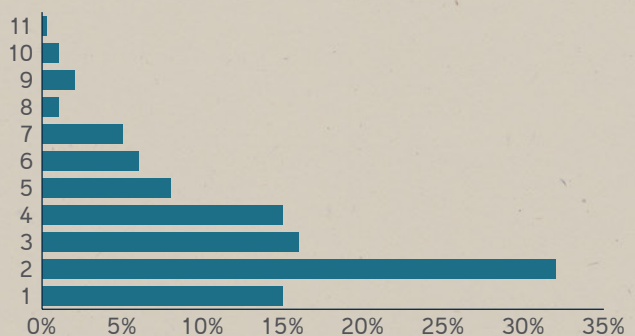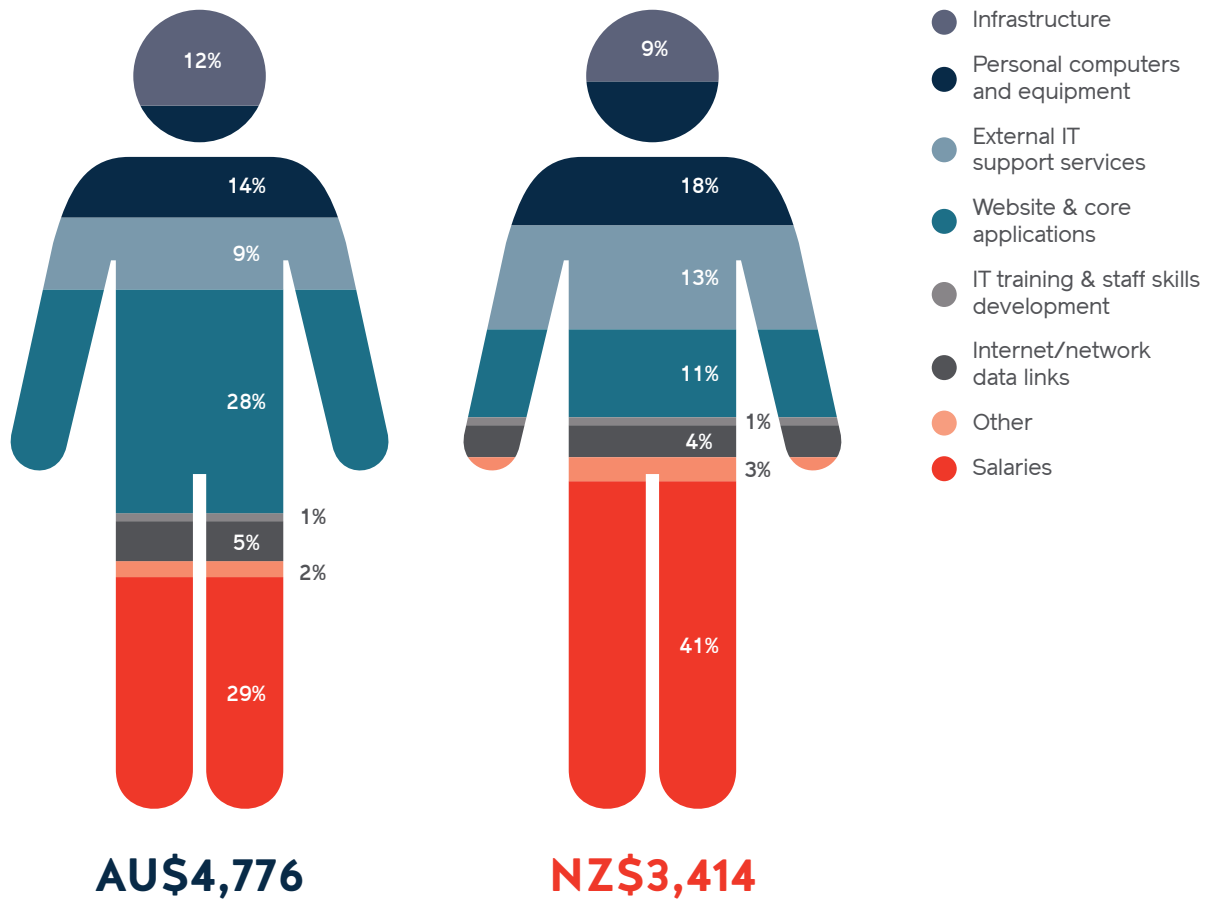
Average spend* per FTE in each area of IT in Australia & New Zealand

Australia figure:
- 12% (Infrastructure)
- 14% (Personal computers and equipment)
- 9% (External IT support services)
- 28% (Website & core applications)
- 1%
- 5%
- 2%
- 29% (Salaries)

AU$4,776

New Zealand figure:
- 9% (Infrastructure)
- 18% (Personal computers and equipment)
- 13% (External IT support services)
- 11% (Website & core applications)
- 1%
- 4%
- 3%
- 41% (Salaries)

NZ$3,414

Legend:
- Infrastructure
- Personal computers and equipment
- External IT support services
- Website & core applications
- IT training & staff skills development
- Internet/network data links
- Other
- Salaries

This equates to an investment of **3% (median) - 5% (average)** of an organisation's operating expenses.

*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, including 347 responses, of the entire dataset where complete IT spend information was provided

Planning

ORGANISATIONS WITHOUT AN IT PLAN ARE OVER 4 TIMES MORE LIKELY TO REPORT THAT THEIR SYSTEMS ARE INCAPABLE OF CAPTURING INFORMATION ABOUT CLIENT OUTCOMES

We asked all organisations whether they agreed with the statement 'Our system(s) are capable of capturing information about client outcomes'.

We also asked organisations whether they had an IT plan (18% 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 **disagreed with this statement**, we found that organisations **without** an IT plan were over 4 times more likely to report that their systems are incapable of capturing information about client outcomes (35% compared to 8%), as shown below.

'Our system(s) are capable of capturing information about client outcomes'

Proportion of organisations who disagree with this statement and **do not have** an IT plan

35%

Proportion of organisations who disagree with this statement and **have** an IT plan

8%

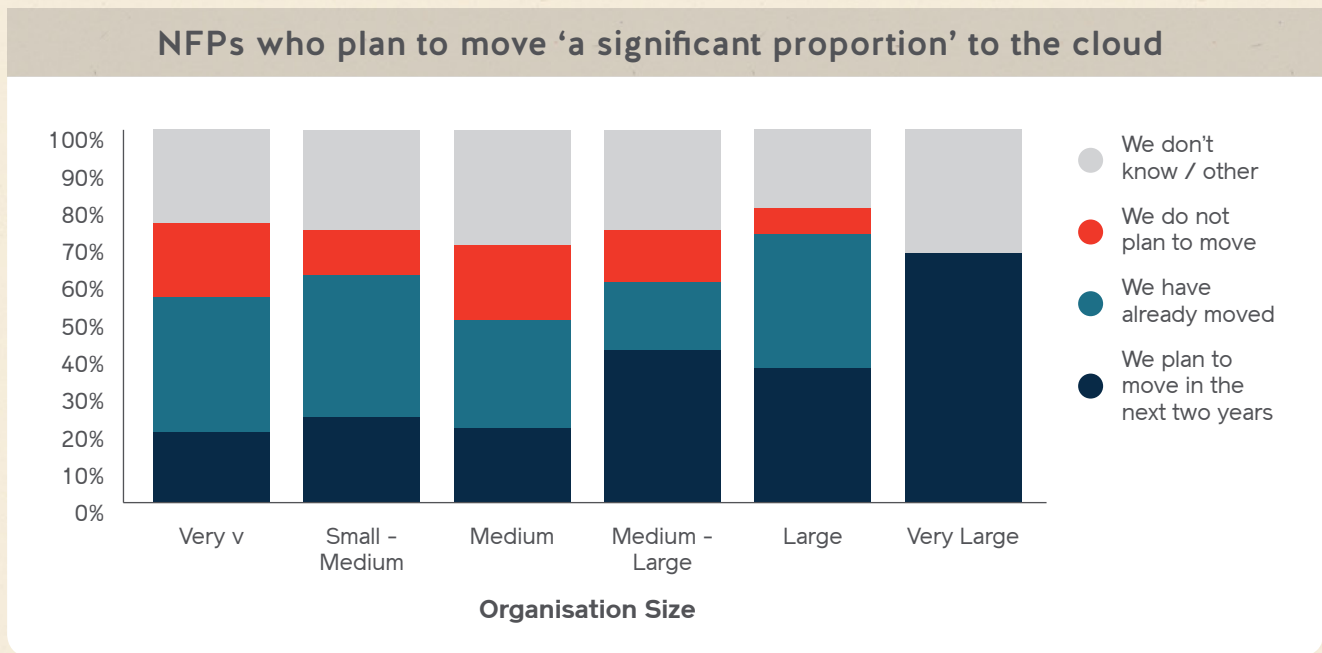The presence of an IT plan allows an organisation to clearly identify areas of investment in IT operations in order to operate efficiently, generate revenue, and measure program outcomes. The absence of a formal plan can impact an organisation's ability to focus on the 'right' IT areas. As illustrated above, organisations with an IT plan are far more likely to have sufficient systems in place to operate effectively.
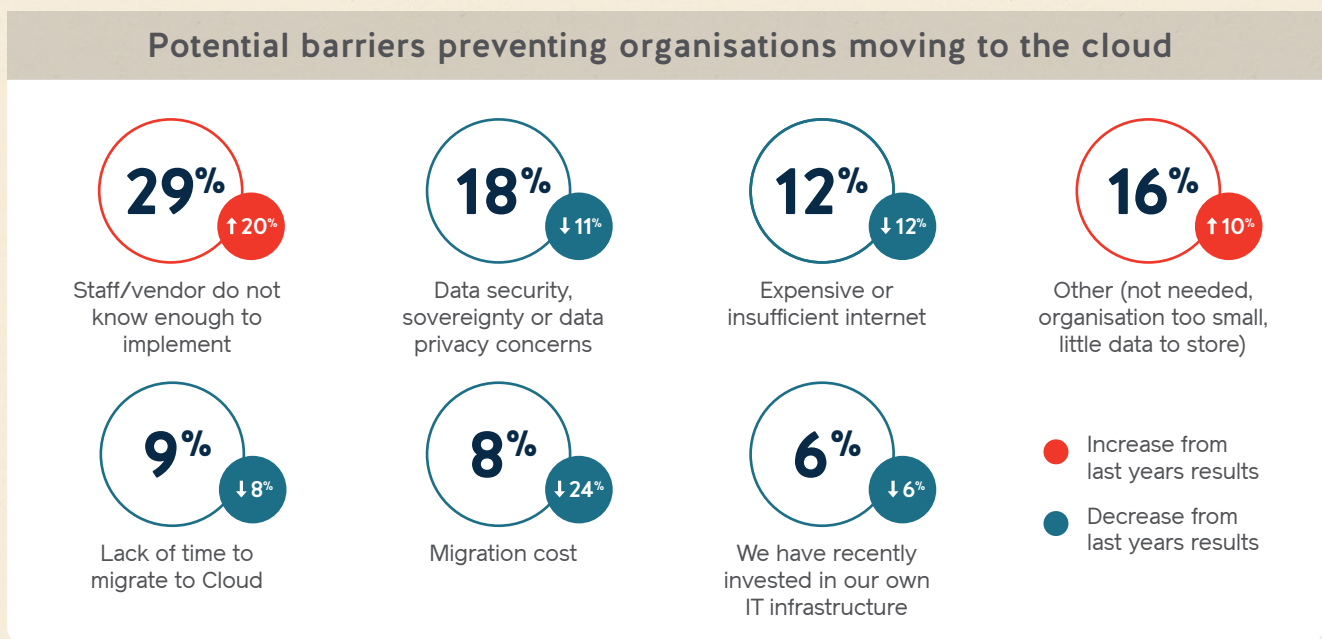
Cloud

MOST NON-PROFITS HAVE MOVED, OR PLAN TO MOVE A SIGNIFICANT PROPORTION OF THEIR SYSTEMS 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

Legend:
- We don't know / other
- We do not plan to move
- We have already moved
- We plan to move in the next two years

X-axis (Organisation Size): Very v, Small - Medium, Medium, Medium - Large, Large, Very Large

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.

Potential barriers preventing organisations moving to the cloud

29% ↑20%
Staff/vendor do not know enough to implement

18% ↓11%
Data security, sovereignty or data privacy concerns

12% ↓12%
Expensive or insufficient internet

16% ↑10%
Other (not needed, organisation too small, little data to store)

9% ↓8%
Lack of time to migrate to Cloud

8% ↓24%
Migration cost

6% ↓6%
We have recently invested in our own IT infrastructure

- Increase from last years results
- Decrease from last years results
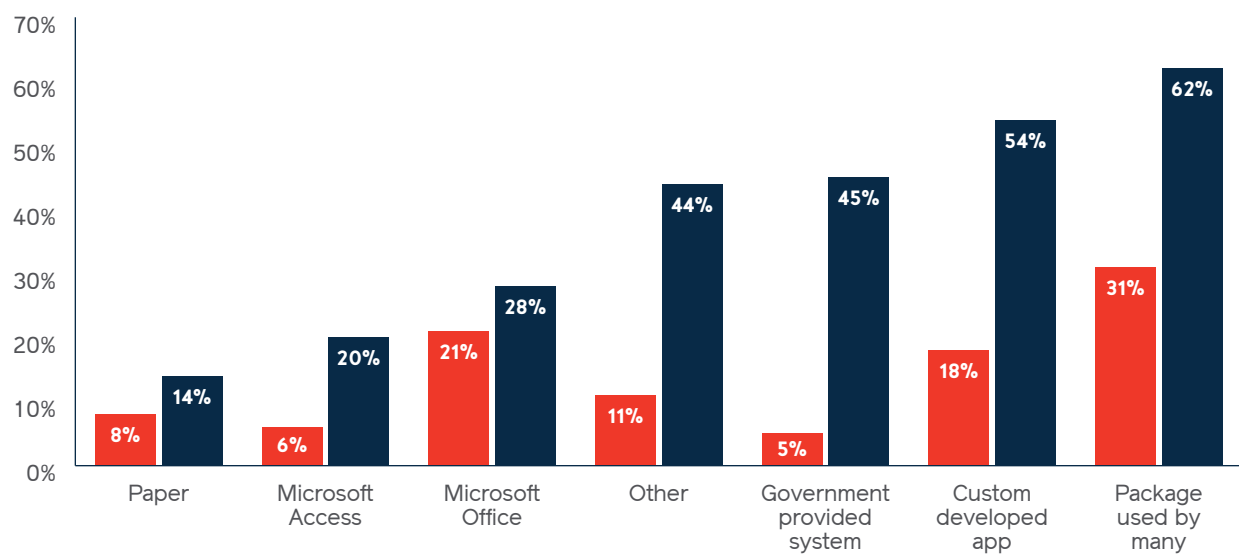
Information systems

PACKAGES ARE THE MOST COMMONLY USED PRIMARY SYSTEM. THEY ALSO CAPTURE VALUABLE INFORMATION ABOUT CLIENTS AND SERVICES BETTER THAN OTHER OPTIONS

It is pleasing to see that many organisations have moved away from custom developed solutions (including Microsoft Access) to capture information about their clients, given most organisations we work with report that they are difficult to maintain over the medium term. The most commonly used system to support service delivery is a package used by many organisations, which an organisation can then configure to support the specific services they provide. A package used by many organisations also helps organisations capture valuable information about clients and services better than any other option.

Additionally, 43% of organisations **agreed** with the statement 'Staff can use one system to get a view of all the assistance that we have provided over time'. This is an increase from the 39% of organisations who responded positively to this question in last year's survey. A single view of a client is critical to providing holistic services across programs.

Primary system used to capture information

Legend:
- ● % of organisations who use this as their primary system to capture information about clients & services
- ● Of those organisations who use this system type, % who agree it allows them to capture valuable information about clients & services

Service delivery

54% OF ORGANISATIONS REPORTED THAT THEIR INFORMATION AND SERVICE DELIVERY SYSTEMS WORK WELL FOR STAFF AND MANAGEMENT

Across all sectors, an average of 54% of organisations agreed with the statement *'Our information & service delivery system(s) **work well** for our staff and management'*. This number reduced from last year's figure of 66%, potentially indicating that organisations are expecting more from their information systems than they had previously. When analysing answers to this question by the sector(s) organisation works within, we found the following:

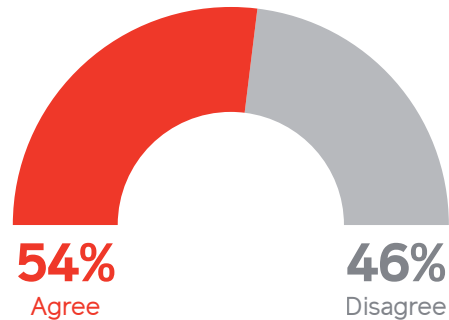The three sectors that most agreed with this statement were:

- International Aid (89%)
- Housing & Shelter (59%)
- Peak Body/ Umbrella (59%)

While the three sectors that least agreed were:

- Disability services (46%)
- Aged Care Accommodation (45%)
- Law & Advocacy (34%)

It is surprising that only 46% of organisations providing services in the disability sector feel their systems work well for them considering the rollout of the National Disability Insurance Scheme. Australian non-profits who listed their primary sector as disability also spend less on technology than the average non-profit - investing $3,496/ FTE each year compared to the average of $4,776 (shown on page 6).

Our information & service delivery system(s) work well for our staff and management
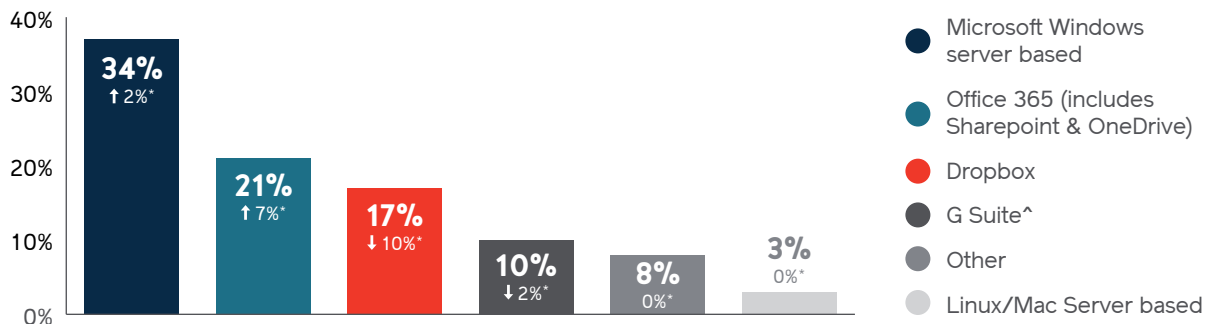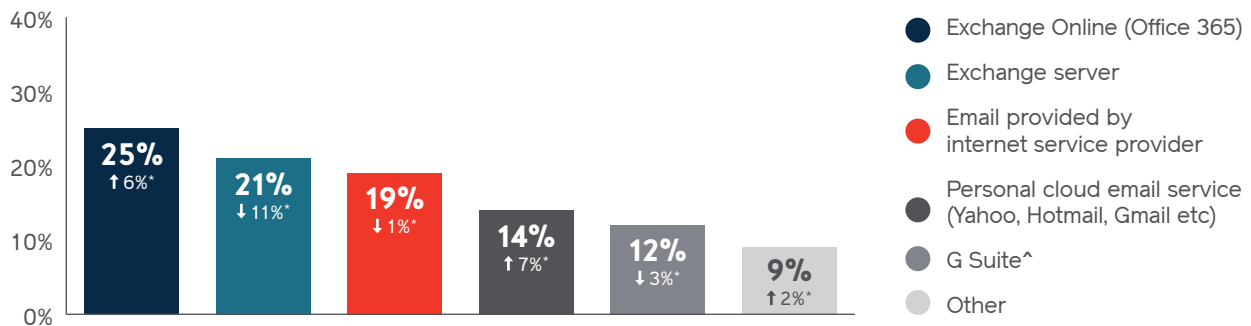
54%
Agree

46%
Disagree

Infrastructure

MICROSOFT PRODUCTS ARE MOST COMMONLY USED FOR PCS, EMAIL AND FILE SHARING

Primary file sharing application

- 34% ↑2%* — Microsoft Windows server based
- 21% ↑7%* — Office 365 (includes Sharepoint & OneDrive)
- 17% ↓10%* — Dropbox
- 10% ↓2%* — G Suite^
- 8% 0%* — Other
- 3% 0%* — Linux/Mac Server based

Primary email application

- 25% ↑6%* — Exchange Online (Office 365)
- 21% ↓11%* — Exchange server
- 19% ↓1%* — Email provided by internet service provider
- 14% ↑7%* — Personal cloud email service (Yahoo, Hotmail, Gmail etc)
- 12% ↓3%* — G Suite^
- 9% ↑2%* — Other

Types of devices used

- 35% ↑5%* — Desktop
- 25% ↓3%* — Laptop
- 22% ↑5%* — Smartphone
- 11% ↓10%* — Tablet
- 6% ↑3%* — Other

*Increase or decrease from last years results
 Figures are raw percentage – e.g. use of ExchangeOnline increased 6% from 19% in 2016 to 25% in 2017
^Previously Google Apps or Google for Work

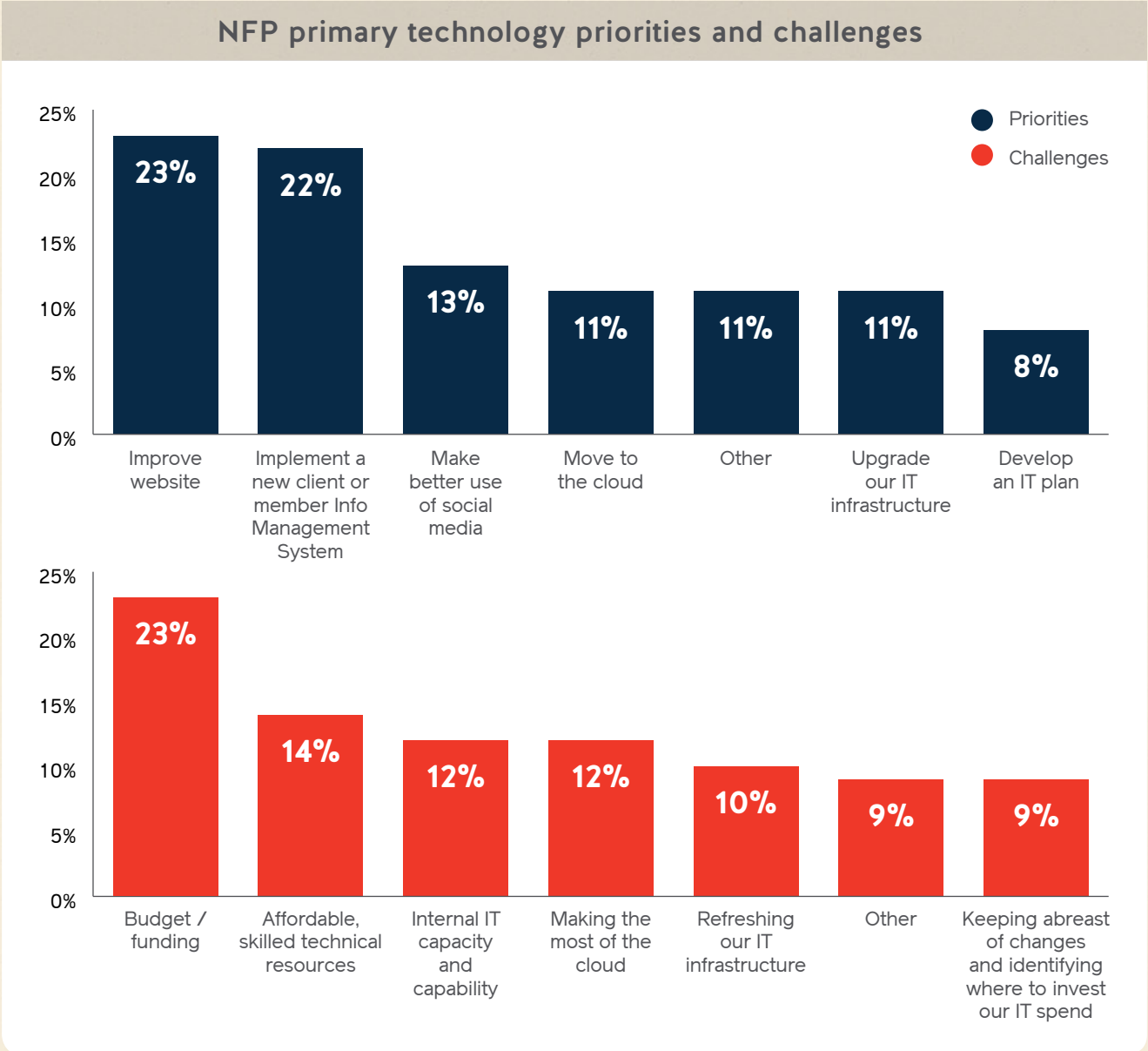# Priorities & Challenges

THE TOP TECHNOLOGY CHALLENGES FOR NFPs AGAIN RELATE TO RESOURCES THIS YEAR – FUNDING, KNOWLEDGE AND CAPABILITY

Main priorities are to improve websites and implement new client information management systems. This is followed by making better use of social media to engage with stakeholders, move to the cloud, upgrading infrastructure and develop an IT plan.

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.

NFP primary technology priorities and challenges

Priorities

Category	Value
Improve website	23%
Implement a new client or member Info Management System	22%
Make better use of social media	13%
Move to the cloud	11%
Other	11%
Upgrade our IT infrastructure	11%
Develop an IT plan	8%

Challenges

Category	Value
Budget / funding	23%
Affordable, skilled technical resources	14%
Internal IT capacity and capability	12%
Making the most of the cloud	12%
Refreshing our IT infrastructure	10%
Other	9%
Keeping abreast of changes and identifying where to invest our IT spend	9%

Additional challenges included: Improving our ability to recover from an IT disaster (4%), Affordable staff training (3%) and Impartial technical advice (3%).