



Connecting Up
Australia

Are We There Yet?

Technology capacity in Australia's
not-for-profit sector in 2008

Survey results, case studies
and recommendations

CISA Inc, t/a Connecting Up Australia www.connectingup.org ,
in association with Digital Business Insights

Background

CISA Inc, now trading as Connecting Up Australia, is a not-for-profit that has been involved in community information and technology projects and programs since 1981.

We operate the DonorTec technology donation program for Australian not-for-profits www.donortec.org (and its New Zealand subsidiary www.techsoup.net.nz). These programs are part of the [TechSoup Global](#) program originating in the US. We also operate the community technology information site www.connectingup.org , the annual Connecting Up conference series www.connectingup.org/conference and the annual [Australian Community ICT Awards](#) .

In 2006 we headed a consortium funded by the then Commonwealth Department of Communications, Information Technology and the Arts – DCITA – to assess the possibilities for establishing a National Nonprofit ICT Coalition (NNIC). As part of that project, we conducted a national survey of over 900 Australian not-for-profits to assess their current level of information and communications technology (ICT) capacity. The basis of that survey was a technology capacity benchmarking model developed over several years and across many industries by John Sheridan and his Brisbane-based company Digital Business Insights (DBI).

As part of our ongoing commitment to developing the technology capacity of the not-for-profit sector, in September 2008 we commissioned DBI to repeat the 2006 survey during October-November 2008, using the same questions so we could measure change over the 2 years. This time around DBI added some additional questions to measure how 'green' the sector is becoming i.e. what environmental sustainability measures were they using in their workplaces. As an additional practical resource, a number of case studies have been included to provide insight into how not-for-profits are facing their technology challenges. Again we received over 900 responses and we would like to take this opportunity to thank organisations for the contribution of their valuable time and thoughtful input. The complete survey report from DBI is attached.

While the survey information is useful in its own right, its real practical application comes in providing pathways forward for not-for-profits. So, again in association with DBI, we have set up an ongoing online technology benchmarking tool called Are We There Yet?

Not-for-profits can use this service to:

1. Measure where they are at technologically in comparison to other organisations of similar categories and size
2. See not-for-profit organisation case studies relating to their challenges
3. Get information about their next steps, including a Directory of the products and services most used in their sector, as well as technology service providers located in their area.

Finally, based on the survey results and the daily experience of managing our other programs, we make recommendations for the sector itself, governments and business about what they can do to help build the capacity of a sector that comprises around 4% of Australia's GDP, employs an estimated 600,000 Australians and has an income of around \$35billion p.a.

We value your confidential feedback via support@connectingup.org or your public comments via <http://blogdoug.connectingup.org/>

Doug Jacquier
CEO, Connecting Up Australia

Headlines from the 2008 Survey

- 99% of respondent not-for-profit organisations are using at least one computer.
- 95% are connected to the internet at work.
- 81% have a website. Those least likely to have one are in the categories of Community Development, Family Services, Child Care, Aged Care and Religion. Not surprisingly these same groups are those with the lowest scores in relation to the 5-stage 'e-journey'.
- The highest percentage of groups at Level 1 on the journey (i.e. In Trouble) are Environment, Museums and Libraries, and Creative and Performing Arts. Those self-classifying as being at the Leading Edge or Fast Followers are most likely to be in Aged Care, Education and Training, Multiple Services, Business and Professional, Creative and Performing Arts, and Law and Advocacy. NB - The fact that some groups appear at both ends of the spectrum indicate sub-sectors with a wide range of performance levels within the sub-sector.
- 46% of these have an interactive website of some kind i.e. visitors can communicate with the organisation via the site.
- 95% have a broadband connection to the Internet.
- 58% use a PABX system (telephone switchboard) with Commander having the highest percentage of users (16%) followed by NEC (10%) and Panasonic (7%).
- 92% use a MS Windows operating system (e.g. XP, Vista), 6% use various Mac OS, and 2% other (including open source Linux-based systems)
- 85% use an accounting package of some kind, with MYOB being the most common (56%).
- 84% use database software with MS Excel and Microsoft Access being the most popular database applications, although some organisations use two or three different applications.
- 35% use client management software, with use spread across a wide range of products.
- 38% use membership/customer relationship management software. Most organisations rely on MS Outlook and MS Outlook Express or another email program for maintaining relationships with members or customers. Larger organisations have a CRM package or membership or customer database created with MS Access, MS Excel or other database software.
- Not all not-for-profit organisations raise funds (e.g. many are largely or totally government-funded). Of those that do, only a small percentage of respondents (5%) use software specifically designed for the purpose.
- USB memory sticks (54%) are the most popular storage choice, followed by external hard drives (47%), with storage systems largely reflecting the size of an organisation.

Software satisfaction and concerns

- 38% of organisations said they were not happy with their software, especially when it comes to Customer Relationship Management (CRM) systems for managing their membership lists and fundraising. This is a high percentage when compared with other business sectors. The level of dissatisfaction with software in other sectors ranges from 5-20% for most business categories. Concerns raised by not-for-profits focused mainly on the lack of appropriate software to meet the business task (21%), cost and licensing restrictions (14%), training, support and advice (14%), problems created by software upgrades (7%) and compatibility issues (8%).

Internet connection, use, reliability and security

- All organisations surveyed can access the internet, either at home or at work. Most organisations are connected to the Internet by broadband (96%) with ADSL being the most popular connection (75%). Modems are used mostly by smaller services.
- Telstra is the internet service provider (ISP) for 35% of organisations. Optus and TPG are the next most mentioned with 5% of organisations. Otherwise connection is spread across a wide range of national, regional and local ISPs.

- Problems with internet connection reliability were experienced by 28% of respondents.
- Email (99.9%) and online banking (90%) are the two primary reasons specified for using the Internet. Research is next (83%), followed by buying products and services, recruiting and delivering services.
- Groups least likely to be using:
 - VoIP – Employment, Museums and Libraries, Housing and Shelter, Child Care
 - Online banking – Sports and Social Clubs, Museums and Libraries
 - Purchasing online – Law and Advocacy, Mental Health, Sports, Museums and Libraries
- Minor uses of the internet range from fundraising (22%) to pod-casting (5%).
- Anti virus software is the most popular security application. Firewalls and spam filters are next. Few respondents have no measures in place (4).
- Groups least likely to be using:
 - Anti-virus software – Hospitals, Creative Arts
 - Spam filters – Museums and Libraries, Child Care, Community Development
 - Intrusion Detection – Volunteering, Environment

Technology adoption and digital camera use

- 26% rate themselves as early adopters or fast followers for technology adoption.
- 23% rated themselves as Lagging Behind or In Trouble.
- 76% use digital cameras for work purposes. Cameras were used within organisations for recording events, property damage, assets and maintenance, complaint records, staff ID, conferences, website, advertising and magazine promotion.

Technical support and advice

- Most respondents (76%) say they can get local support and rate the quality of support as good.
- Nearly a third of organisations surveyed use their local software/hardware supplier or the Internet for advice. Smaller organisations are most likely to have nobody they trust to help, or rely on friends and family for advice. Larger organisations are more likely to use suppliers and consultants, or be confident enough to find help online or in the IT press.

New technology and best practice

- Most organisations get advice on new technology and best practice from other not-for-profits or through workshops and seminars, and newspaper articles.
- Federal and State government sites are not viewed as sources of advice on new technology and best practice e.g. the former DCITA, now Dept of Broadband, Communications and Digital Economy (DBCDE) was used by only 32 organisations (3%).
- Most organisations would prefer advice via a regular email newsletter or the opportunity to experience new technology – hands on.

Green issues and action

- 92% have heard something about "green" issues such as recycling, biofuel, green energy, rainwater tanks and solar.
- 88% have discussed the issues within their organisation (18% formally), but only 25% have a formal "green" plan or policy in place.
- 81% recycle.
- 42% of organisations are using water saving toilets and low wattage light bulbs.
- 20% have a rainwater tank.
- Only 9% of organisations are measuring what they are doing.
- However only 7% are doing nothing and 38% of organisations are planning to do more. Of those who report doing nothing, these are most likely to be Sporting and Social Clubs, Mental Health, and Museums and Libraries.

Organisational income, future aims and IT budget

- 50% of respondents have a turnover of more than \$500,000.
- 55% intend to expand and grow, with 38% intending to maintain steady income and business as usual.
- 66% noted it was important for them to get more out of their system. The next most important objective was to protect and recover critical data and applications.

52% spend up to \$10,000 per annum on IT (i.e. a minimum of \$200m p.a. across the sector*)

- 60% spend nothing on IT training.

*Conservatively assumes half of 35,000 employing nonprofits spend \$10,000 min. p.a.

Comparison with 2006 survey

Here is an overview of the differences and similarities between the 2006 and 2008 surveys of the not-for-profit sector.

Telecommunications use

- Telecommunication use is similar for both surveys for phone (91%), internet (88%), fax (77%) and mobile (73%). However there is an increased use of VoIP - Voice over Internet Protocol of since the last study – up from 11% to 16%..

Computer software use and data storage

- 5% increase in use of Windows XP and 24% adoption of MS Vista (released since last survey).
- MYOB use has dropped 10% to 56% since the last survey. Quickbooks use has remained the same at 16%.
- Use of client management software has increased by 10% to 35% since the 2006 survey.
- Outlook is still the main software tool for membership/CRM management at 18%. No change from the last survey.
- There has been an increase of 15% in the use of fundraising tools or telemarketing systems, since the last survey.
- USB sticks have leapt into first place since the last survey for data storage – 54%. External hard drive use has also increased by 10% to 47% and CD/DVD use has increased by 30%. (An influencing factor will have been the drop in the cost of storage devices over the last two years.)

Internet connection, reliability and security

- Broadband internet connection up 10% to 96% since the last survey. ADSL is the primary connection at 75% (up 9%) and wireless internet use has increased by 16%.
- Email is still the primary use of the internet – no change since the last survey at 99%. Online banking use has increased by nearly 30%, buying goods and services on the internet by 15%, recruitment by 10%, delivering services by 10%, fundraising by 10%, VoIP by 6%.
- Pod-casting, Weblogs and videoconferencing percentages have remained the same.
- Problems with internet connection have dropped from 40% to 28%.
- No increase in security measures taken but almost all have some form of protection. Whether these are adequate to the type of data held was not covered in this survey.

Technology adoption and digital camera use

- There's been a 10% drop in the percentage of organisations that rate themselves leading edge or fast followers, which is of concern.

Websites

- 5% drop in the percentage of organisations with websites - 5%, and in the percentage using their website to collect information or use it for selling services or goods - 3%. Again a concern when it would be expected that these figures would rise.

Technical support and advice

- There is a drop of 14% in organisations saying they can get technical support and advice, down from 90%.
- There has been a drop of 24% in organisations using consultants and a 16% drop in organisations using their IT supplier for advice.
- There are a similar percentage of organisations in both surveys (54%) that have informal discussions with other NFP organisations for advice on ICT.
- There has been a drop of 26% in organisations using State government websites for advice, 28% drop in organisations using other Federal government websites for advice and a 32% drop in organisations using the DCITA (now Department of Broadband, Communication & Digital Economy) website for advice - down from 35% to only 3%.
- Organisations would prefer information in a regular email newsletter - 53% (same in both surveys) or an opportunity to experience new technology hands-on (slight drop of 4% to 49%).

Apparent trends between the surveys

Useful trends

- Online banking up 30% and purchasing 15%
- Use of cheaper VoIP phone technologies beginning to rise
- Significant upgrades in operating systems
- Increased use of Client Management Systems
- Increase in use of online fundraising
- Increased broadband access
- Decrease in internet connection problems

Less useful trends

- Static internet usage and web presence overall
- Static low-level use of specialist CRM software
- Static low-level use of Web 2.0 or 'social web' technologies e.g. podcasts, blogs etc
- Significant drop in those reporting local access to technology support
- Significant drop in use of government sites for relevant information

Summary and Recommendations

Are We There Yet?

By its very nature, the constant change that technology brings will ensure that there is a certain element of 'the dog chasing its tail' that will be with us forever.

It would appear that coming off a relatively high base of technology adoption by the not-for-profit sector in 2006, there is a real sense of the revolution having stalled to some extent or at least 'the rich gradually getting a little richer' and the rest standing still in 2008.

Those 'in the game' are using online business tools more (e.g. banking, purchasing etc), taking up VoIP phones, raising more funds online, and adopting some new software (e.g. client management systems). However, they are not moving towards improved Customer/Member Relationship Management (CRM) systems or significantly participating in the 'social web' revolution exemplified by sites such as Facebook, blogs, RSS feeds, mobile technologies etc. This latter aspect is particularly worrying because it represents a real risk of not engaging the next generation of donors, volunteers, employees, sponsors and supporters.

Those 'out of the game' seem content to stay there and deliver 'business as usual'. While that may be appropriate in some specialised circumstances, the increasing trend toward lower levels of support from government and increasing reliance on public fund-raising, corporate sponsorship, and private philanthropy will mean such organisations will find it increasingly difficult to get on anyone's radar when they need support.

The survey throws out a real challenge to software developers in that not-for-profits are between two and four times more likely than other sectors of the economy to conclude that the software they have does not meet their needs.

A concerning trend is the seeming decline in local technology support services and apparent loss of faith in being able to look to government sites for timely and accurate information.

However the most worrying result from this survey is the fact that despite spending a minimum of \$200m annually (and probably anywhere up to \$500m) on technology, three out of five not-for-profit organisations are not spending a cent on technology-related training. The reasons for this will vary from lack of funds and time, to management attitudes, to service priorities etc but the bottom line is that it means a significant amount of the technology investment that is being made is potentially wasted through the power of these tools remaining largely untapped. To coin an analogy, there are too many late model cars being driven around the car park because no-one's got a licence, they can't afford to have them serviced, and the keys to the front gate are locked in the boss's safe.

At government level, there have been piece-meal efforts to address technology capacity development for nonprofits across all levels of government. For example, as indicated earlier, the previous Commonwealth Government commissioned a study to address the need for a National Nonprofit ICT Coalition, along the lines of the highly successful UK ICT Hub for charities and voluntary organisations. Upon receiving the report, which included pledges of support for its recommendations from major ICT businesses, the Government announced it had no money to implement any of the recommendations and referred it to the Online Ministers Council of Commonwealth and State Governments, where it languished until the election. Despite publicly endorsing the report's recommendations while in Opposition, the current Government has taken no action on the key issues since being elected.

This is typical of episodic 'pilot' schemes which, no matter how successful, are almost never re-funded and they are certainly never national in their equity and consistency. This is despite governments of all persuasions being able to find billions to invest in technology infrastructure and capacity development for the government and business sectors. Meanwhile Australia's Third Sector, which generates more income than Tasmania and is larger than the IT sector

itself, is left to fend as best it can, even while often delivering services on behalf of Government.

Business has been a generous contributor in many areas (e.g. the involvement of companies such as Microsoft and Cisco in the [DonorTec](#) program). However in general the pattern is episodic and targeted at the 'traditional' charities. Too often it waxes and wanes with the business cycle and revolves around 'fashions' in cause-related giving, rather than through well-panned Corporate Social Responsibility (CSR) strategies. Much the same can be said of the philanthropic sector, although in fairness some of the blame for that can be laid at the feet of our Dickensian Commonwealth taxation polices in relation to charitable giving.

Recommendations

Considerable care has been taken in selecting recommendations that go to the core of the technology capacity development issues for Australia's not-for-profit sector, rather than to create a never-ending wish list. The reality is that real change will only occur when all the key players make a significant contribution to the long-term solutions required and none more so than the not-for-profit sector itself.

For the Not-for-Profit Sector

1. No matter how modest their scope and size, all not-for-profits should have a technology plan signed off at Board level that covers, at a minimum, such issues as:
 - a. Obtaining regular advice from an experienced technology professional regarding the 'fitness for purpose' of the organisation's current technology.
 - b. Regular review and servicing of equipment, including a responsible hardware recycling plan.
 - c. A staff and volunteer training program to develop skills and maximise the value of technology investments and, where these are new systems, a change management plan to support staff through those changes.
 - d. Regular review and comparisons of charges for services and the Total Cost of Ownership (TCO).
 - e. Regular review of security measures.
 - f. A current and regularly updated web presence in some form.
2. All funding submissions should include a component for acquiring and servicing the technology required to support the project or service.

For Governments

3. All funding submissions should be required to include an adequate technology plan, and budget preparations for government funding programs need to include provision for ongoing technology support.
4. In the spirit of the so-called 'new Federalism' and its commitment to social inclusion, the Commonwealth Government should commission an urgent review (reporting directly to a senior Cabinet Minister) of the technology support and capacity development requirements of the Australian not-for-profit sector and commit to substantially support its recommendations. Such a review should include representatives of governments at all levels, business, philanthropic organisations, and of course a broadly representative group of not-for-profit organisations.
5. In the interim, the Government should commit (much like the laptop for every secondary student scheme) to ensuring that every not-for-profit engaging in work that impacts on the Governments own service priorities has at least one currently configured laptop, a broadband connection, and access to training vouchers to ensure at least minimum skill levels are achieved in the use of these technologies.

For Business

6. Businesses, particularly those in the Information and Communications Technology (ICT) sector, should review their Corporate Social Responsibility strategies to see whether they could do more to ensure ongoing support for a more effective not-for-profit sector.
7. Direct funding and sponsorship should be provided to not-for-profit sector initiated strategies such as training programs, workshops, conferences etc which seek to educate and upgrade skills in technology capability.
8. Software development companies need to understand the substantial market that exists in the not-for-profit sector and develop products and services that meet their needs, especially given the potential for world markets for such products and services.

For Philanthropic Organisations

9. Urgent consideration should be given to the establishment of a specific central fund for supporting technology capacity development in the not-for-profit sector (similar to the

Australian Business-Arts Foundation), with the capacity to include funding applications from organisations that do not have Deductible Gift Recipient status (i.e. around 70% of Australian not-for-profits).

10. Similar to Government, all funding submissions should be required to include an adequate technology plan, and budget preparations for philanthropic funding programs need to include provision for ongoing technology support for recipients.