Connecting Up.

Prepared for: Karen Gryst, Connecting Up
Phone: +61 (08) 8212 8555
Partnered with DBI : John Sheridan
CB Contact: Steve Nuttall, Managing Director, Alan Hornthomas
Issue Date: 20 January 2012

connectingup.org
db-insights.com
cbr.com.au
In summary.

Introduction
The nonprofit sector in Australia includes over 600,000 charity and nonprofit organisations. There are estimated to be 60,000 economically significant nonprofits. Often overlooked this sector is actually one of the largest segments of our economy, contributing $43b to Australia's GDP and employing 8.5% of paid workers, as well as an unpaid volunteer workforce providing a huge contribution to the economy estimated at over $14.6 billion of unpaid labour (2006-2007 ABS Satellite Accounts.)

A survey of 1,485 charities and nonprofit organisations was completed in October 2011. This is the fifth time in 7 years that Digital Business Insights has surveyed the use of Information and Communication Technology (ICT) in the nonprofit sector, with the first two studies in Queensland and the last three Australia wide in partnership with nonprofit Connecting Up. This major study of the charity and nonprofit sector confirms the trend of past years that the sector continues to be held back by a growing need for the “right” technology and training to maximise the use of that technology – in other words a critical need for ICT capacity development.

The main currents of the digital revolution – more communication, more collaboration and more integration, impact nonprofits just as much as businesses and households. Convergence between telecommunication and data is creating new opportunities for cost saving and improved communication though VoIP (Voice over Internet Protocol) and unified communications. Low cost mobile devices offer new opportunities to manage service delivery more effectively. Cloud computing offers the potential for lower cost software services and new payment regimes. But VoIP, mobility and cloud computing all carry new issues and problems that need clarification and understanding through training.

A lot has changed and much remains the same. Despite this clear and critical need confirmed over the past decade, there is still virtually no Government investment in the ICT capacity development of this vital sector. There is no nonprofit equivalent for the innovation and incubation services provided to other sectors.
Nonprofit sector = 600k organisations in Australia

An industry comparative of economic contribution to Australia’s GVA

GVA - Gross value added – is a measurement term of economic contribution in the National Accounts - which equals the value of output of goods and services less the value of the intermediate consumption inputs used in producing the output.
What's changed since 2008.

Information and Communications Technology has the potential to be both a facilitator and an inhibitor. Harnessed and resourced correctly, it can transform organisations helping to streamline processes, provide greater access to information based resources, and create new touchpoints and engagement mechanisms with members and donors. But it can also hold organisations back from making progress, particularly if technology is not future proofed, when organisations become overloaded by information and when the manpower resources and skills are not available to unlock the potential of technology.

Cost, training and support are issues for many organisations. There is concern about the expense of purchasing software and then getting the most productive value from it, especially if the software is not intuitive and easy to use. Organisations are also trying to keep up with the pace of technological change. Major breakthroughs are now happening more than once a year. When the survey was last conducted, new technological breakthroughs might happen only once every two to three years. This means there have been some major game changers since we last conducted the survey which are starting to transform the nonprofit sector:

- Not for profits are starting to embrace the mobile revolution; Most have laptops, 40% use smart phones and 21% tablets.
- Social media is transforming the way Nonprofits engage with their members and donors. Many organisations use Facebook, LinkedIn, YouTube, Twitter and Blogs to extend their reach for customer and client contact as well as for advocacy, recruiting and fundraising. 5% of respondents use social media to complement or replace existing methods and approaches to fund raising.
- Telecommunication options such as VoIP is on the increase, up 6% since 2008; from 16% to 22%. VoIP is at times a cheaper form of communication such as when overseas.
- Apple is a major challenger to established providers, 60% of organisations use Windows as an Operating System (OS). Usage of the Apple OS has doubled to 15% since the 2008 survey. The introduction of the Intel chip allowing use across Mac and Windows operating systems and the adoption of iPads and iPhones in the market has introduced users to the Apple platform.
The main currents of the digital revolution:

- Communication
- Collaboration
- Integration

83% have a website, of those almost half have an interactive website.

Impact nonprofits just as much as businesses and households.
Mobility is about enabling workers to operate effectively from anywhere:

- 40% have Smart Phones
- 21% have Tablets
- 87% have Laptops

- on the road
- work
- home
- cafe
An inter-connected, multi-media world.

More than ever before, nonprofits are working out how to use multiple forms of digital media to engage and communicate with their different stakeholder groups. They also face major challenges of how to share content across devices (cameras, smartphones, laptops) and through which channel (YouTube, Facebook, Twitter, Email) as well as how to keep content refreshed, relevant and engaging to different audiences.
Social Media Ecosystem:

- Facebook: 42% for fundraising
- LinkedIn: 27%
- Twitter: 18%
- YouTube: 14%
- Other: 13%
Technology adoption.
In the ICT space, the biggest challenge the sector is facing is how to keep up with the pace of technological change and adapt to and adopt new technologies. A quarter say they are lagging behind or in trouble which is double the rates reported by SME vertical business sectors.
The barriers to productivity.

Nonprofit organisations are striving to be increasingly productive. The Productivity Commission, Australian Government (2010) has made far reaching recommendations to help make the sector more efficient and effective. ICT can play a key role in helping to implement these reforms. But our survey has identified some major barriers to productivity which need to be removed.

The cost of hardware and software and the cost and availability of training for staff to use the new software and hardware are the two major issues holding nonprofits back from increasing productivity and effectiveness.

It is only the enthusiasm, flexibility and commitment of the sector to service delivery that compensates for flaws in the tools that are available to them.

Many issues are common to all organisations regardless of their size – integration, reporting tools and Customer Relationship Management (CRM).

Training.

The cost of hardware and software, and cost and availability of training required to use it effectively are two other major issues holding nonprofits back from increased productivity and effectiveness.

“Purchasing software and training staff how to use it effectively is expensive”
Seniors organisation – South Australia

Government is expecting “more for less” – more and better service delivery for less funding, whilst investing little or nothing to help the sector meet its obligations or help the sector better leverage the opportunities delivered by technology.

“We need access to local, low cost and tailored training”
Industry association – Victoria
Digital inclusion requires digital literacy > training:

“Most training is on the job and many organisations can’t afford external training, especially for their volunteers and part time workforce. Most “pick things up as they go along”
- John Sheridan

56% Nonprofits train ‘as required’

more than half spend $4,000 or less

Digital Literacy → Increased Productivity → Increased Social Impact
What’s coming next.
We expect the pace of technological change to continue. No-one possesses a crystal ball to predict the future. Nevertheless, our research has pinpointed two emerging developments which are current towards the periphery of the radar for the sector but are likely to become more prominent in the near future.

1. **Voice over Internet Protocol (VoIP)**
Advantages extend beyond simple cost savings, even though these may be significant. Incoming calls can be directed to a VoIP phone, regardless of your location. So you travel anywhere and still receive and make calls. Big Businesses use Cisco as a principal supplier. Individuals use programs such as Skype, Yahoo, MSN Messenger and Engin.

Having voice and data integrated over the same network leads to further opportunities. It’s not just about cheap calls anymore. A unified communications system allows text messages, emails, voice messages and faxes to be accessed and shared from multiple devices anywhere.

2. **Cloud Computing**
Although Nonprofits rated Cloud computing as one of the lowest I.T. objectives (52%), one of their main objectives is to protect and recover critical data and applications - this was rated most important at 8.1 out of ten - and ironically working in the Cloud could be one of the more accessible options for achieving this.

Cloud computing allows computing resources such as storage, servers, software applications and other services to be delivered quickly, conveniently and on demand for a low cost or free. These new services have evolved largely as a result of reliable broadband networks, reliable server infrastructure, virtualisation and open source software, which have reduced the cost of software for data centres.
What’s on the radar:

- Email: 100%
- Internet research: 77%
- Video conferencing: 23%
- Cloud: 5%
- Facebook: 42%
- VoIP: 22%
- YouTube: 14%