

Digital Technology in the Not-for-Profit Sector



CONTENTS

Who we are 04

A message from our CEO 05

Executive summary 06

Background 07

Why digital technology? 08

Participant snapshot 09

Adapting to COVID-19 10

IT spending 11



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

Digital capability and skills	12
Innovation	13
Online presence	14
Cloud	16
Information systems	17
Infrastructure	20
Information security	21
Priorities and challenges	22



About this report

The Digital Technology in the Not-for-Profit Sector report is an annual research project conducted by the Infoxchange Group.

It aims to better understand how not-for-profit organisations across Australia and New Zealand are using technology in order to recognise areas of growth and where improvement is needed.

Now in its fifth 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.

Who we are

The Infoxchange Group is 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.

Infoxchange, Connecting Up and TechSoup New Zealand joined forces in 2018 to create the Infoxchange Group. We share a vision of technology for social justice, and with over 150 staff across Australia and New Zealand we tackle the biggest social challenges of our time 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.

Our products and services are used by over 24,000 government and community services. We provide the right tools to improve efficiency and deliver greater impact – from nation-wide service coordination systems to IT support, advice, technology products and training that meet the needs of the not-for-profit sector.

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 operates as a subsidiary of Infoxchange and trades in New Zealand as TechSoup New Zealand.



We strengthen communities using technology to create positive social change.



A message from our CEO

It is with great pleasure that I present the 2020 Digital Technology in the Not-for-Profit Sector report, the most comprehensive look at not-for-profit technology use across Australia and New Zealand.

Given the challenges we've all faced this year, first from the devastating bushfires in Australia and then COVID-19, there couldn't be a more important time to look at how technology is helping not-for-profits continue their vital work.

The COVID-19 pandemic especially has caused enormous disruption to the way we work, and has emphasised how important it is for not-for-profits to have efficient, reliable technology in place so they can keep supporting communities and making the biggest impact possible.

As well as covering digital capability, information systems, online presence and the cloud, this year's report also includes insights on information security and provides a dedicated look at how not-for-profits responded to COVID-19.

I'd like to take this opportunity to thank the 490 organisations across Australia and New Zealand who took the time to complete our survey. With your input, we can better focus our efforts and identify ways to help the sector continue on a digital transformation journey.

I know I speak on behalf of the whole Infoxchange Group when I say that we are committed to supporting the sector through these difficult times, and we look forward to working together to ensure technology continues to be an enabler in improving how we can better serve our communities.

David Spriggs | Group CEO

Infoxchange, Connecting Up and TechSoup New Zealand

A handwritten signature of David Spriggs in white ink on a dark blue background.

Executive summary

This report provides a comprehensive overview of the way not-for-profits in Australia and New Zealand are using technology in 2020.

With technology now playing such a crucial role in the way we work, this report aims to recognise areas of growth and where improvement is needed across the sector so that not-for-profits can ensure they are using technology the best way possible to achieve their mission.

This year we surveyed participants specifically on the technology challenges of COVID-19, and found that only 30% of not-for-profits had the systems and software needed to adapt quickly and easily to meet the needs of staff working from home during the pandemic.

We also found that the pandemic and associated lockdowns caused a huge disruption to service delivery within the sector, with only 3% of not-for-profits reporting that the way they delivered services had remained unchanged.

What will be critical from this point on is how well not-for-profits can continue to adopt and utilise technology post-COVID, as they look to transform their services and remote working continues to some degree for the foreseeable future.

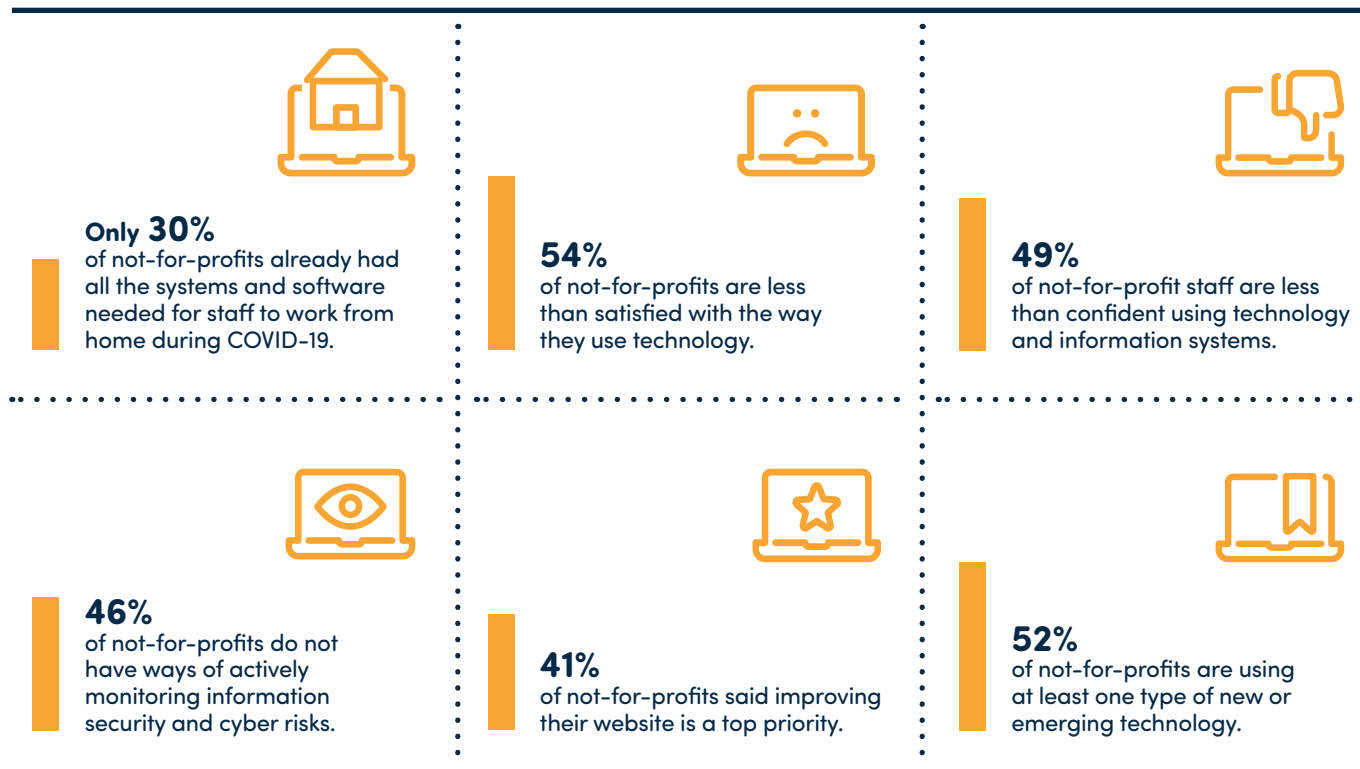
We are pleased to see many areas of gradual improvement in our report this year which signals an evolution towards a more digitally capable sector.

These include the fact that 46% of not-for-profits have now moved to the cloud – an increase from 43% last year and 35% the year before. The sector also appears to be getting better at adopting effective information systems, with 67% of organisations reporting their primary system enables staff to work effectively in the office and remotely – an increase from 59% last year.

Top technology priorities, which have previously been heavily weighted towards website improvement and better use of social media, are now more evenly spread across other areas such as upgrading IT infrastructure and improving staff capability.

We know that technology can be incredibly transformative in its ability to increase staff efficiency, improve service delivery and save precious time and money, and we firmly believe it will play a significant role in helping our sector get through the difficult months and years ahead.

Some of our key findings include:



Please note that due to rounding, some numbers presented throughout this report may not add up precisely to 100% when representing a total breakdown of responses received.

Background

Now more than ever before, the not-for-profit sector needs to find new ways to adapt.

The COVID-19 pandemic has highlighted the ongoing technology challenges faced by not-for-profit organisations as they attempt to deliver services online and support their staff and volunteers to work remotely.

In addition to this, government, corporates and philanthropic trusts are increasingly 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, allowing organisations to adapt and respond effectively.



Government

Government is looking for ways to reduce spending

Governments want new models which devolve greater responsibility to the not-for-profit sector and reduce traditional levels of funding. They also increasingly require demonstrable outcomes from funding commitments.

This creates pressure on not-for-profits 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.

Not-for-profits who rely on traditional forms of funding are under threat at multiple levels. There is an increased need for not-for-profits 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 they're funding and will actively engage through social media to do this. Social media continues to grow as a key factor in supporter engagement strategies, particularly as the younger generation become the principal source of public investment for not-for-profits.

Not-for-profits are under pressure to maintain engagement with supporters to drive ongoing investment, and must harness the power of social media.












The need for greater impact and efficiency drives the urgency for digital transformation

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 keep up.

Why digital technology?

Digital technologies can facilitate greater impact for not-for-profits, and organisations that use it effectively are better placed to respond in a challenging environment.

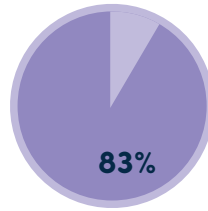
This has been clearly demonstrated during the COVID-19 pandemic, as not-for-profits with good systems and infrastructure have been better able to maintain services and keep staff productive in changing conditions. Those with an established, effective online presence are also able to maintain client and supporter engagement when it is needed most. We measure digital capability across six capability areas shown below – along with the corresponding organisational benefits.

Category	Basic 	Advanced 	Benefit 
IT 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
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 ICT disaster recovery plan regularly tested. Client data and service provision capability protected with good security	Service interruptions are minimised

Participant snapshot

490

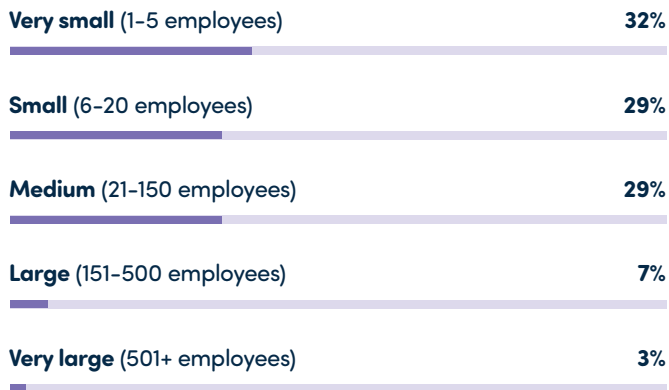
organisations
completed
the survey



83%

of respondents
have more than
one service area

Organisation size



Respondents by country



Organisation by primary service area

Community development	11%	Youth services	3%
Education and training	11%	Media (TV, radio, online, print etc)	2%
Health	9%	Child care services	2%
Religion	8%	Maori, Aboriginal and/or Torres Strait Islander	2%
Social, sport or recreation	8%	Emergency or disaster relief	1%
Disability services	5%	Animal welfare	1%
Aged care	4%	International aid	1%
Creative and performing arts	4%	Law and advocacy	1%
Housing and shelter	3%	Philanthropy and volunteering	1%
Peak body	3%	Employment	1%
Family services	3%	Other	12%
Environment and/or conservation	3%		

Adapting to COVID-19



Safe delivery of critical services during the COVID-19 pandemic has been a challenge for many not-for-profits.

Not-for-profits had to move quickly to help staff to work from home, access organisational information, stay connected and collaborate with their team, while also keeping client information safe and secure. Service delivery also had to evolve, with more than 50% of organisations reporting that significant changes were required to their services.

We found that less than a third of not-for-profits already had the systems, software and infrastructure needed to enable staff to work from home. Another 47% were in a pretty good position, but still had work to do to help staff to work effectively.

How COVID-19 affected the way organisations delivered services



3%
No change



26%
Only small adjustments needed



54%
Significant changes to services needed

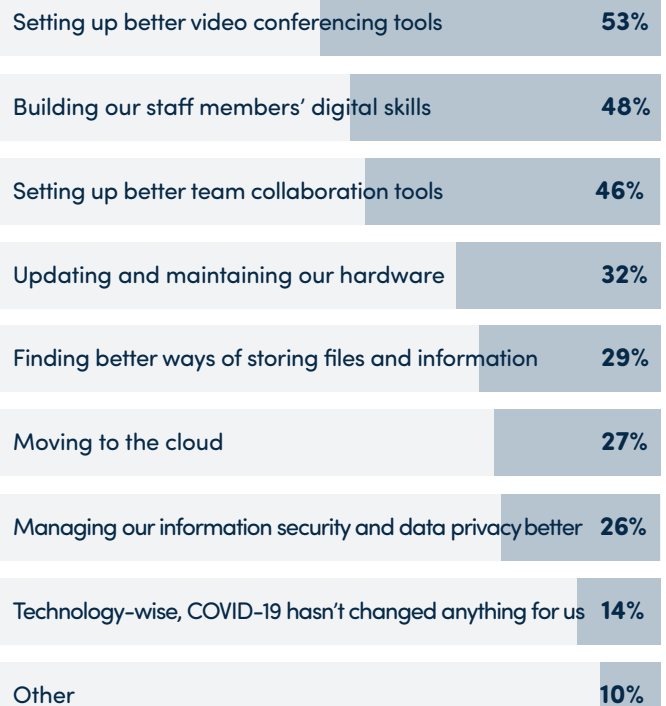


17%
Complete suspension of services

The COVID-19 pandemic has certainly accelerated digital transformation for many not-for-profits – we know through our work in the sector that many organisations were able to fast-track significant technology changes in days or weeks that would have previously taken months.

However, almost a quarter of not-for-profits reported challenges in shifting their staff to working from home, leaving staff disadvantaged in the new “work-from-home” paradigm.

Technology environment aspects that need more attention or have become a bigger priority as a result of COVID-19



How well technology was already set up for staff working from home



30%
We already had all the systems, software and infrastructure in place that we needed and were able to adapt quickly and easily



18%
We had some things in place, but felt largely unprepared for the technology needs of staff working from home



47%
We were in a pretty good position technology-wise, but still had work to do so staff could work effectively from home



5%
We didn't have any of the right systems, software or infrastructure in place that would help staff work from home

IT Spending



On average, not-for-profits spend 6% of their operating expenses on IT, or \$3,841 AUD per FTE in Australia and \$2,573 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



\$3,841 AUD
per FTE/annum

\$2,573 NZD
per FTE/annum

- Small not-for-profits invest the least on IT per FTE, spending 20% less than average while very large not-for-profits spend the most.
- The childcare, creative, religious, youth and family service sectors all spend 40–50% less on IT per FTE than the average not-for-profit.
- Employment and education/training sectors spend 75% more per FTE on IT than the average not-for-profit.
- The disability services sector has significantly increased investment in IT over the past 12 months, and now spend 20% more than average on IT per FTE.

- 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

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 offer in order to provide valuable insight about whether technology investment should be increased or decreased.

Digital capability and skills



Digital capability has never been more critical to the success and continued provision of not-for-profit services.

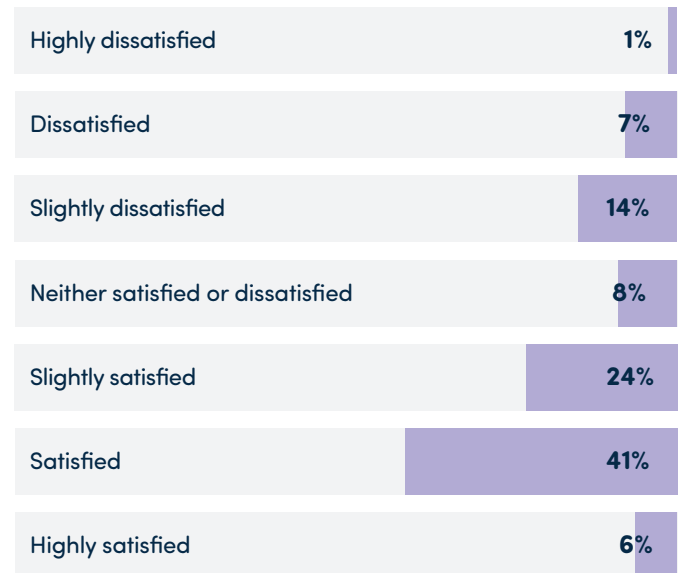
We found just over half of not-for-profits are less than satisfied with the way they use technology.

The larger the organisation, the more likely they were to be satisfied with the way they used technology, and very large organisations also had the highest levels of staff digital capability with 56% reporting their staff are confident or extremely confident in using technology.

Staff digital confidence and capability is still a significant issue for the sector, with nearly half of all not-for-profit staff being either not confident or only a bit confident in using technology. The challenges of working from home during COVID-19 have brought this issue more sharply into focus, with 48% of organisations reporting that it is now a bigger priority to build their staff's digital skills as a result of the pandemic.

And again we found that organisations with an IT plan were far more likely to have a better approach to technology and technology-related decisions. As a result, these organisations are in a much better position to reap the benefits of technology for not only their staff but also the communities they serve.

Overall satisfaction with the way their organisation is using technology

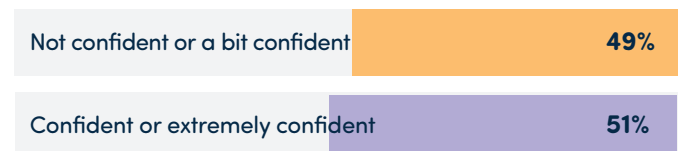


Current approach to technology and technology decisions

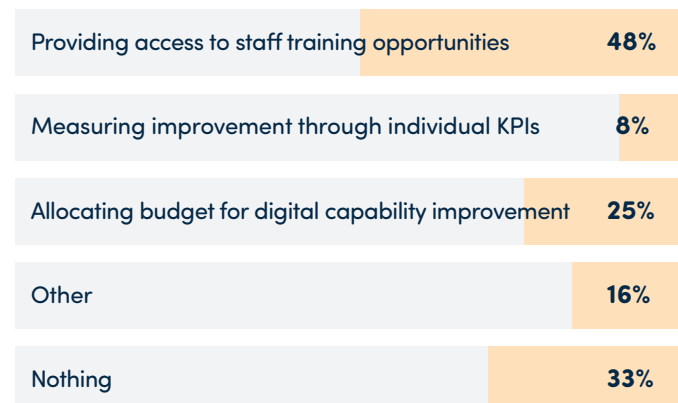
- Organisations with an IT plan
- Organisations without an IT plan



Staff confidence in using technology and systems



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



Innovation



This year technology and innovation have played a more pivotal role in society than ever before. Like all industries, not-for-profits have had to rapidly evolve to fulfill their missions and this push has inspired new innovations across the sector.

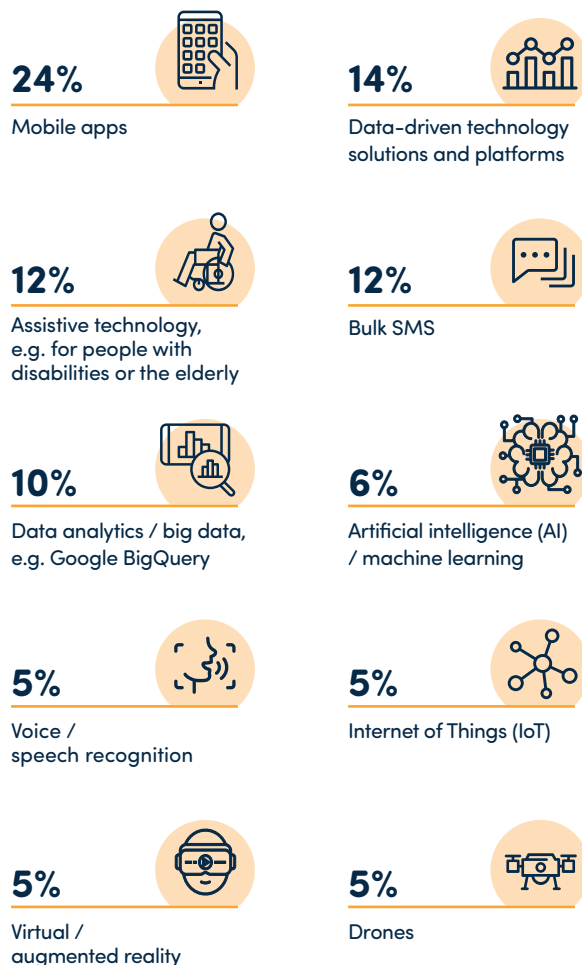
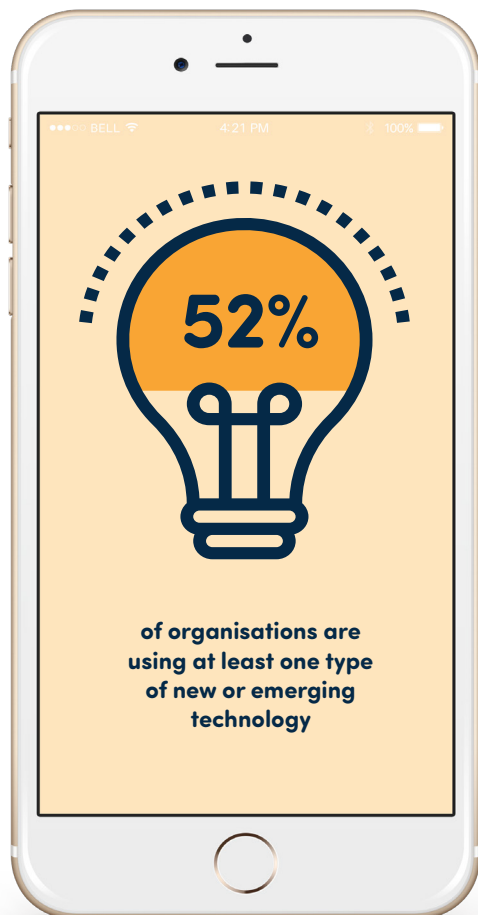
With over half of respondents reporting the use of a new or emerging technology, the not-for-profit sector is transforming to better meet the needs of communities through digital technology, especially in the face of COVID-19.

For example, this year we have seen the emergence of online yarning circles with Aboriginal and Torres Strait Islander peoples gathering across country virtually to share culture through new technologies such as drones and 3D printing.

The public have also been invited to live-streamed gigs in their lounge rooms to raise vital funds for charities once dependent on public events, and Australian Red Cross have created an app to help people be prepared for natural disasters ahead of the next bushfire season.

It is exciting to see not-for-profits show their agility in using technology for good in 2020, as they evolve to ensure those that stand to gain the most from technology-led innovation are at the centre.

Top 10 new or emerging technologies being used by not-for-profits



Online presence



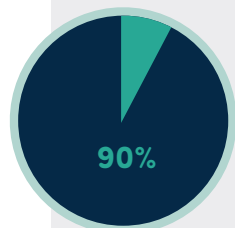
Most not-for-profits are now embracing the benefits of an effective online presence, which allows them to gain more supporters, increase donations and reach more people in need. The majority of organisations have a website and social media presence, and most are happy with how they use them.

However, many not-for-profits are still missing major opportunities to reach significantly more people either through free or very affordable means. For example, only 20% of not-for-profits are making use of the Google for Nonprofits program, which includes \$10,000 USD of free advertising every month for eligible organisations.

And less than half of not-for-profits are tracking and reporting the results of their digital marketing activities, which would allow them to ensure their efforts are proving effective and that the time and resources invested in them are not going to waste.

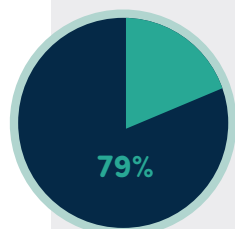
Managing an effective online presence and creating engaging content doesn't have to cost large amounts of money. Organisations that have the time to take advantage of the ever-increasing plethora of digital marketing tools (many of which are free or discounted for not-for-profits) will be able to reach many more potential new supporters, partners and clients online without the need for large marketing budgets.

Social media



90%
of not-for-profits
regularly use at least
one social media
platform

of those



79%
consider social media
an important and
effective tool for their
organisation

Most popular social media platforms



- Facebook
- Instagram
- Twitter
- LinkedIn
- YouTube
- Vimeo
- WhatsApp

Websites



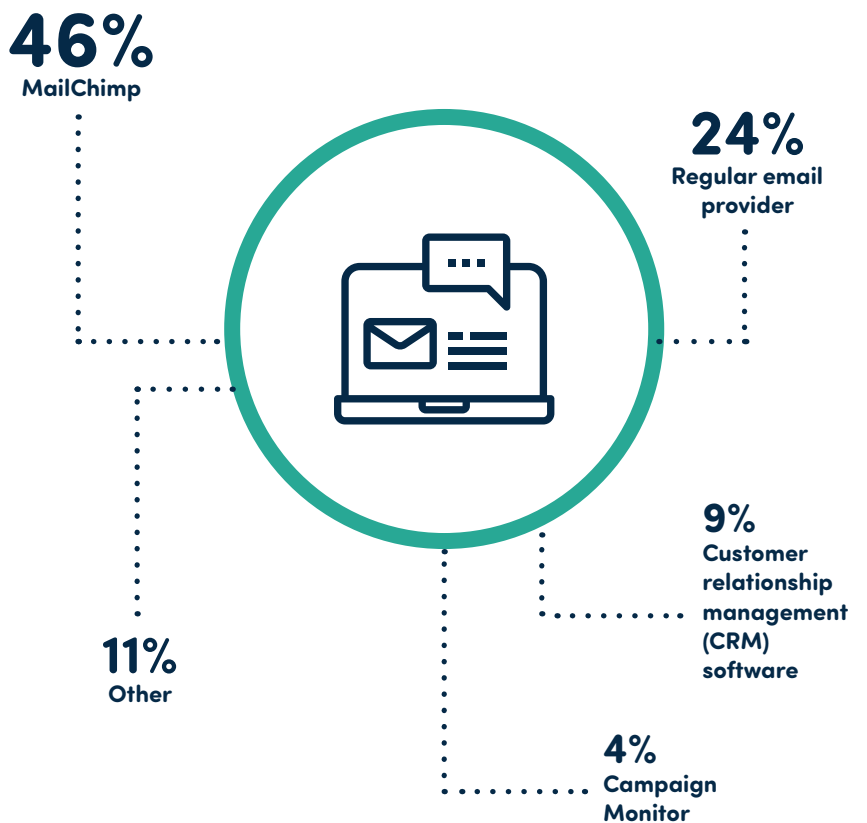
Most popular content management systems



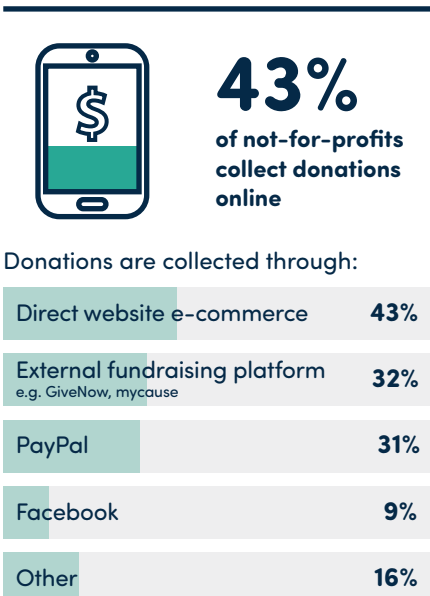
Email updates



Most popular platforms used to send email newsletters and updates

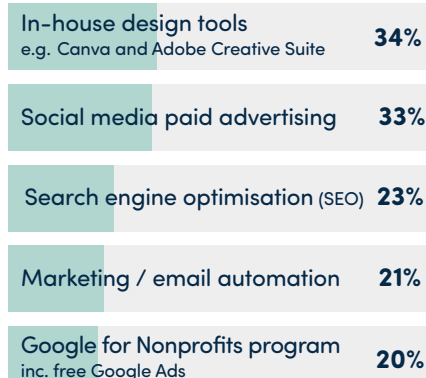


Donations



Digital marketing

Not-for-profits use:



Reporting

43% of not-for-profits regularly track and report back to management on the performance of their online presence





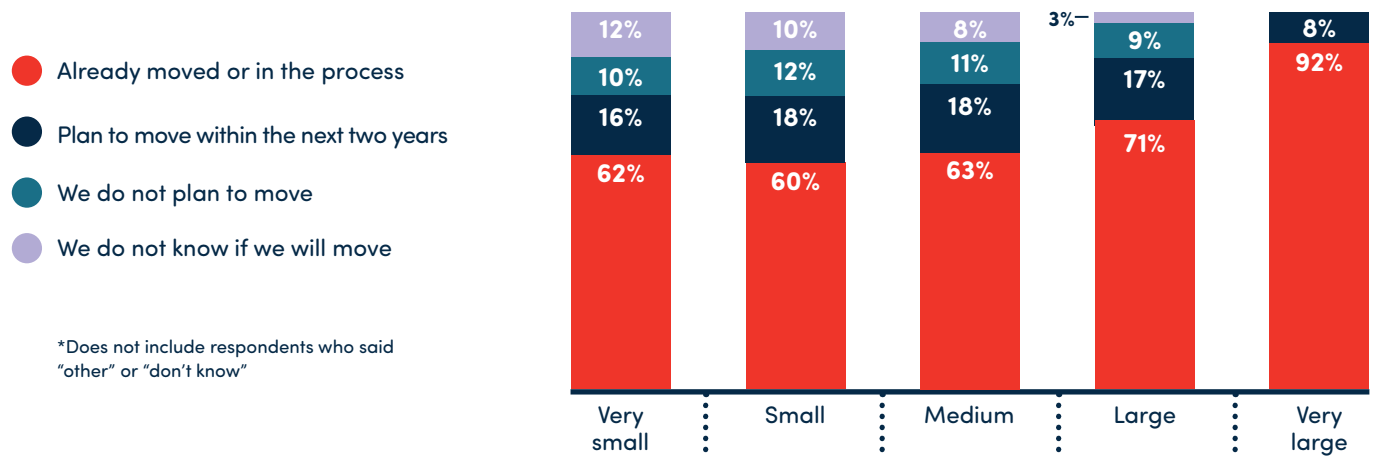
Not-for-profits who had already moved to the cloud in 2020 were better positioned to respond to the challenges presented by COVID-19. In fact, we found organisations who had not yet moved to the cloud were more than four times as likely to be mostly or completely unprepared for staff to work from home.

Moving to the cloud enables staff to work out of the office more easily, reduces technology risk and improves productivity. Today, 58% of not-for-profits have already moved to the cloud or are in the process of moving.

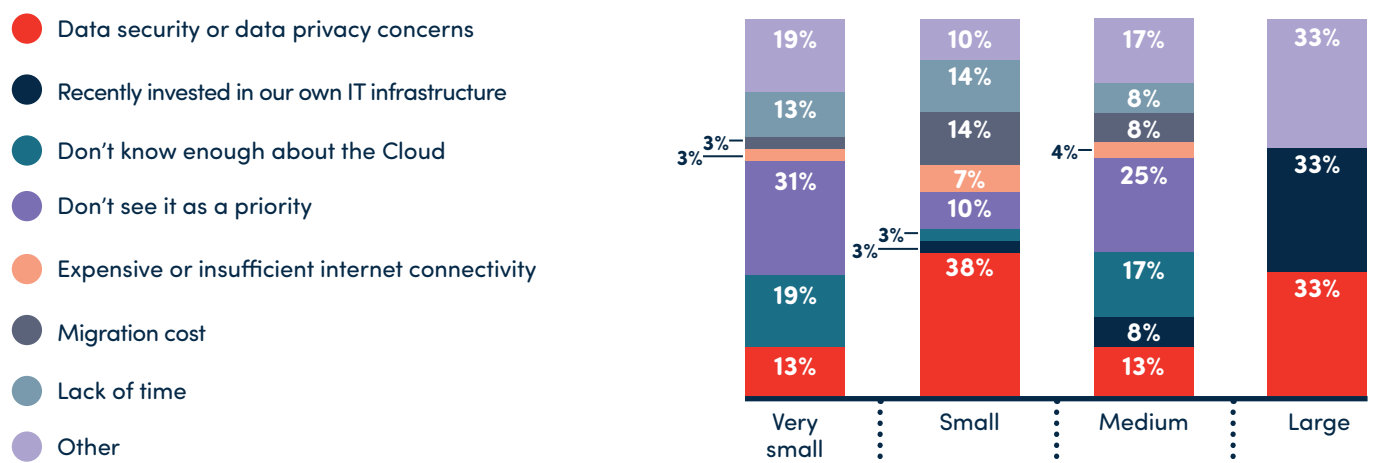
The top reasons for not moving to the cloud are the same as last year, being “data security or data privacy concerns” and “not a priority”. Despite this, we continue to hear about the cost savings and efficiency benefits of the cloud from those who have made the move. We’re optimistic that we will hear many more of these stories in years to come, particularly as the world adapts to a new post-COVID normal.

Despite the complexities that often come with size, this year’s results show that the larger an organisation is, the more likely they are to be on a journey to the cloud. Ninety-two percent of very large and 71% of large not-for-profits have already moved or are in the process of moving to the cloud.

Not-for-profits who have moved or plan to move to the cloud*



Key reasons for not moving to the cloud



Information systems



Effective information systems are critical to not-for-profits. Not only do they enable staff to provide services efficiently, they also allow organisations to capture important information about their activities, outputs and outcomes, which is crucial for reporting and sourcing funding.

Due to the impact to working practices caused by COVID-19, quality data reporting from these systems is more important than ever.

Not-for-profits often face challenges around implementing information systems that meet their needs as well as meeting a variety of government reporting requirements. However, our report shows growth across the board with 71% of those surveyed reflecting that their primary system allowed them to capture valuable information about clients and services.

While only 44% of not-for-profits report their primary systems allow them to understand the impact of their work, this is an encouraging increase from last year's 37%.

This growth provides a good indication that in spite of the challenges experienced within the sector, organisations are increasingly able to harness technology to meet their organisation's operational needs.



67% of organisations reported their primary system enables staff to work effectively in the office and remotely.

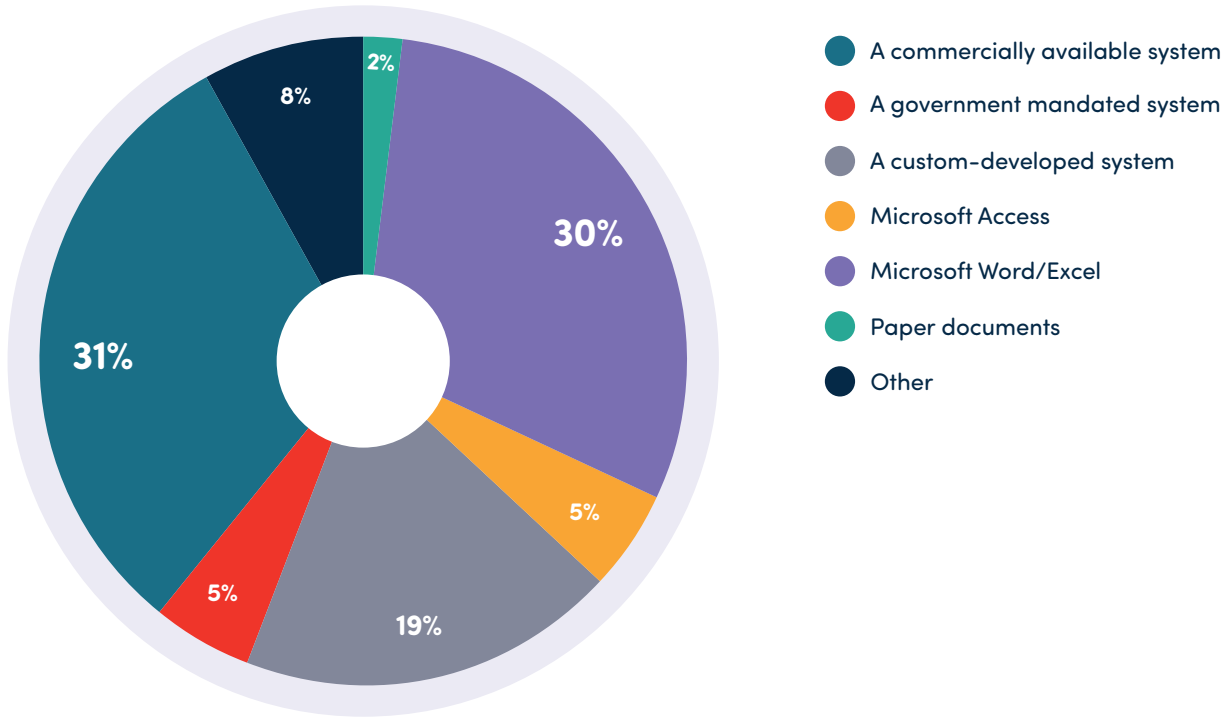
71% of organisations reported their primary system allows valuable information about clients and services to be captured.

Only 44% of organisations reported their primary system allows them to understand the impact of services and outcomes.

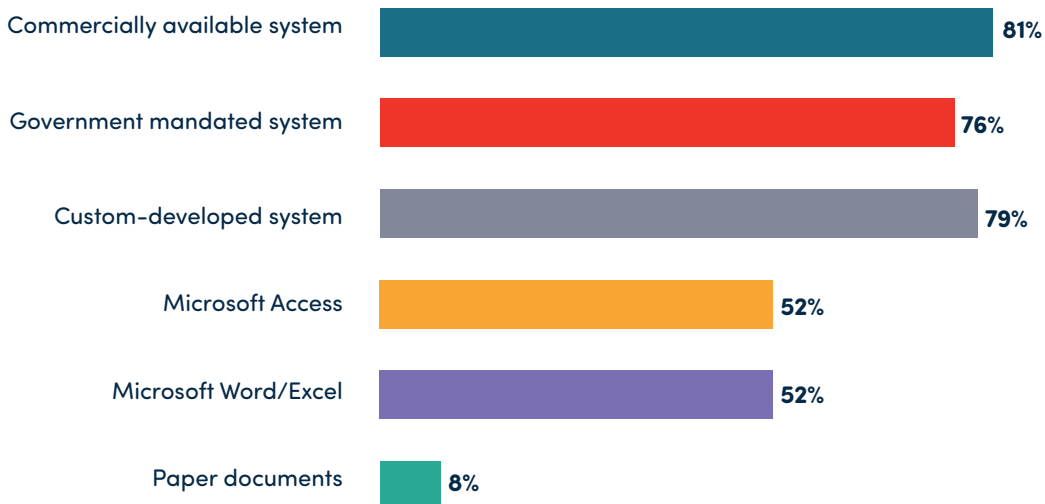
Information systems (continued)



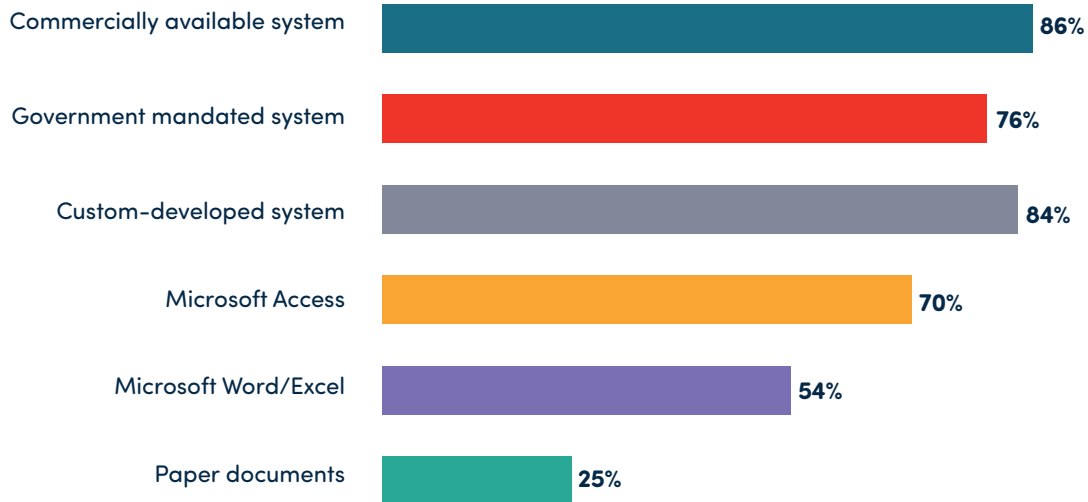
Primary system used to capture information



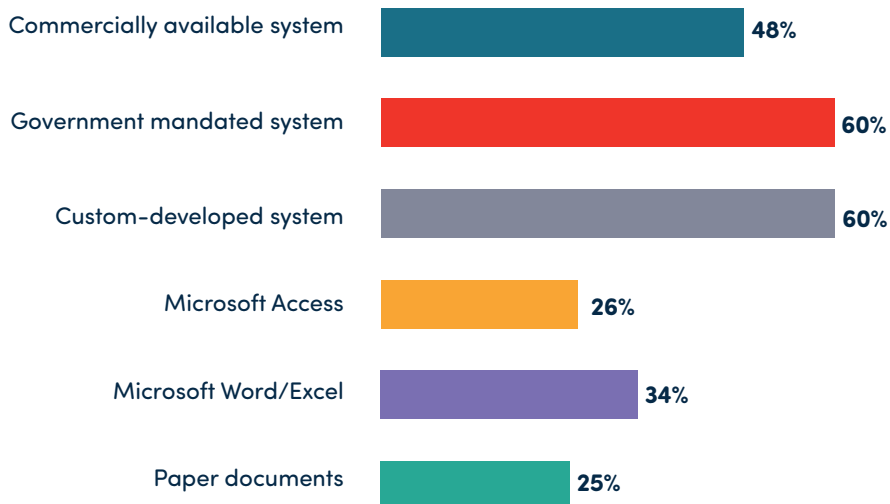
This system enables our staff to work efficiently both in the office and remotely



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



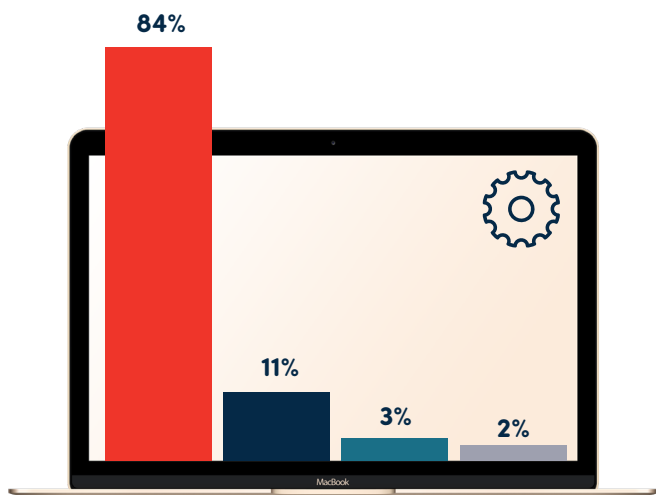
This system enables our organisation to understand the impact of our services and outcomes



Infrastructure

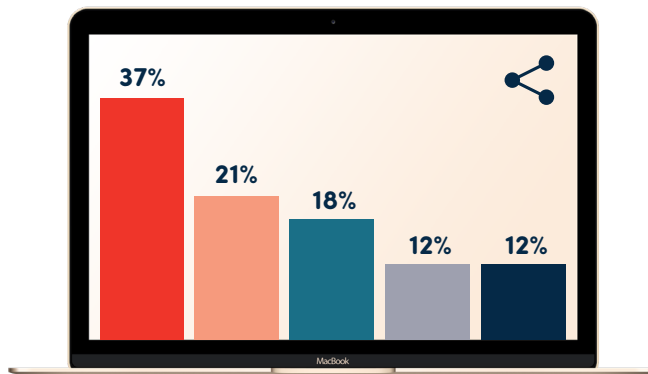


Operating systems used



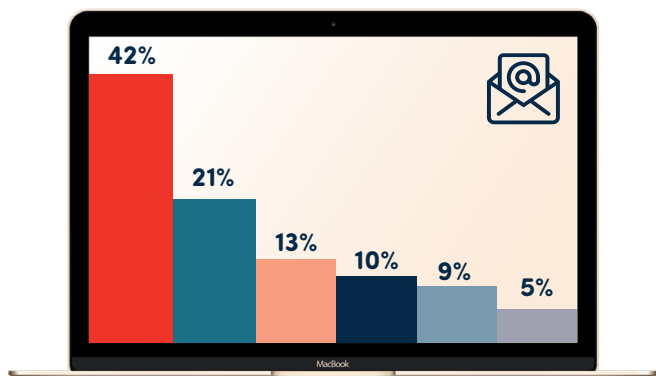
- Microsoft Windows
- Apple Mac OS
- Chrome OS
- Other

Primary file sharing applications used



- Microsoft 365 (includes SharePoint & OneDrive)
- Microsoft Windows server based file sharing
- G suite
- Other
- Dropbox

Primary email applications used



- Exchange Online (Office 365)
- G suite
- Email provided by internet service provider
- Exchange server
- Personal cloud email service (e.g. Hotmail, Gmail etc.)
- Other

Information security



Protecting the information used within not-for-profit organisations has never been more important due to ever-changing threats to information security, increasing digital footprints and the need to adhere to legal and regulatory requirements.

The COVID-19 pandemic has seen an extraordinary increase in cyber security challenges for organisations and individuals alike, and the not-for-profit sector is not immune to these.

It is encouraging to see that the majority of not-for-profits have implemented some of the main practices required to secure their information. These practices include providing security awareness messaging for staff, monitoring and managing information security and cyber risks and addressing privacy requirements, particularly given the large amount of personal information not-for-profits hold.

However, just under half of respondents do not have ways of identifying information security risks that could impact their organisation. In addition, 69% of respondents do not currently have a plan to follow in the event of a security incident – now more than ever, having a plan should be an important consideration for all organisations.

There are many resources available for not-for-profits looking to uplift their information security maturity – the ACNC’s cyber security governance toolkit is an excellent place to start, particularly their cyber security checklist. In taking these steps, organisations can improve their resilience and strengthen data protection across the sector.



69%

of organisations do not currently have a security incident response plan



54%

of organisations have ways of actively monitoring information security and cyber risks that could impact their organisation



of those

44%

are confident they have the skills and knowledge needed to manage these risks

54%

have some gaps in the skills or knowledge required to manage these risks

2%

do not know how to manage these risks

59%

of organisations provide information to their staff about security-related threats and risks



71%

of organisations have a privacy policy



75%

of organisations rated their data protection measures as “good” or “excellent”



Priorities and challenges



The data shows there is a greater appetite for organisations to explore new technology and embrace more modern ways of working.

While online promotion and enabling engagement with stakeholders remain the key technology priorities for many not-for-profits, the data shows a change in focus toward enabling mobility and a greater need to invest in data security.

It's also great to see an increase in the number of not-for-profits looking to explore new technologies in order to achieve their mission.

There are encouraging signs around what organisations are seeing as their biggest challenges. Budgetary concerns still top the list, but this has decreased from 55% last year to a more modest 49%. Staff capacity and capability concerns remain a high priority, while affordable staff training is becoming more of a challenge for organisations.

Top priorities

		2019	2020
Improve our website		50%	41%
Make better use of social media and/or digital marketing		42%	37%
Improve the digital capabilities of our staff		23%	26%
Improve our data and information security		22%	24%
Move to the cloud		20%	22%
Upgrade our IT infrastructure		27%	22%
Explore new technologies/innovations to help us achieve our social mission		18%	21%
Implement a new client, stakeholder or member information management system		24%	20%
Develop an IT/digital transformation plan		12%	12%

Biggest challenges

		2019	2020
Budget/funding		55%	49%
Staff capacity and capability		49%	38%
Access to affordable, skilled technical resources		36%	34%
Keeping abreast of technology changes & identifying where to invest our IT spend		23%	25%
Making the most of the cloud		20%	24%
Affordable staff training		17%	22%
Refreshing our IT infrastructure		14%	15%
Impartial technical advice		11%	11%
Improving our ability to recover in the event of an IT disaster		9%	9%

**Having the right technology
is vital for not-for-profits
to maximise their impact and
enable new ways of working**



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

FOLLOW US ON

