



Community Technology Survey

July 2009

Executive Summary



- **IT does not play a prominent role in most nonprofits**
 - Lack of funding and ongoing costs are two major factors determining how big a role nonprofit IT plays
 - Almost half of nonprofits surveyed do not have in-house IT staff and outsource services on an as-needed basis
 - Spending for technology purposes is a small portion of most nonprofit annual budgets, a majority of cases <1% as compared to 3%-4% for small-medium corporations (The Gartner Group)
- **There is a need for low-cost, efficient IT service providers for nonprofits**
 - Nonprofits do not have a consolidated set of resources to go to for IT support
 - Adoption choices and support come from a variety of non-technology sources (other nonprofits, non IT staff, etc.)
 - Most nonprofits are searching for a balance between cost and quality of service, and are reliant on IT volunteers
- **For many nonprofit tasks, manual methods win out vs. specialized software applications**
 - Paper and spreadsheets are two of the most widely used methods in nonprofit areas such as event planning, donor and volunteer management, constituency documentation, etc.
 - For tasks with a high level of manual input, satisfaction rates were relatively low for survey participants
- **There is a need for collaborative IT tools and service providers who can meet various technology needs**
 - Nonprofits are more interested in adopting a complete suite of integrated tools rather than separate applications that may not work well together and require different channels of support
 - Ability to integrate with existing systems is a key deciding factor on whether to adopt a particular tool
 - Many prefer to work with one or two IT vendors who can provide timely and reliable support for a range of tools



- **Purpose:**

- To identify the current technology in use across U.S. nonprofits and distinguish patterns of use and level of satisfaction

- **Participants:**

- 1,019 nonprofit respondents
- 5 out of 10 users were of executive or IT positions
- 12+ sectors represented with more than a 1/3 coming from Human Services, Education and the Arts
- New York made up a little less than half of the population (43%) with the next largest pool coming from California (13%)
- Respondents represented small, medium and large nonprofits with 70%+ having fewer than 50 paid staff members



Current State of Nonprofit IT

IT Spending and Staffing



Current state of nonprofit IT

Key considerations and findings

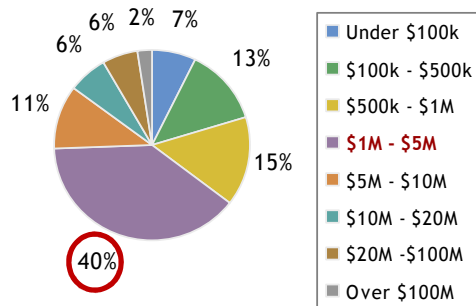
Nonprofit IT Spending and Staffing

- Budgets and staffing for nonprofit IT support remains an important but relatively small part of the organization's overall focus. This in large part is due to the challenge of managing the ongoing costs of technology.
 - Over half of survey participants spend less than \$10,000 of their annual budget on information technology, while 60%+ of those same firms surveyed have an annual budget of over \$1 million.
 - 48% of nonprofit respondents have no in-house technology staff. In addition, another 40% have only 1-2 technology staff members.
 - Almost all of the organizations with zero IT staff have fewer than 50 paid staff members.
 - Industry standards cited by the Gartner Group recommend IT staffing to employee ratios equal 1 IT professional for every 27 computers supported.
- For those with zero technology spending, reasons such as lack of funding and non-technology staff members handling IT issues were given. A majority of explanations cited capable IT volunteers and donated services as being the backbone of their current IT function.
- More than half of nonprofits in each sector spend less than 1% of their annual budget on IT.
 - According to the Gartner Group, small-medium sized corporations allocate 3% - 4% of their budgets.
 - The Computer Economics 2008 IT Spending report cites that corporations spend 1.5% - 2% of annual revenue on IT.
 - Sectors with the least amount allocated to IT spending (less than 1% of budget): Youth Development, Advocacy and Human Services.
 - Sectors spending the most: Community & Public Benefit and Philanthropy & Foundations.

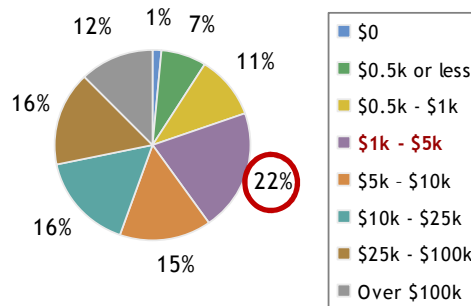
IT Spending and Staffing cont'd



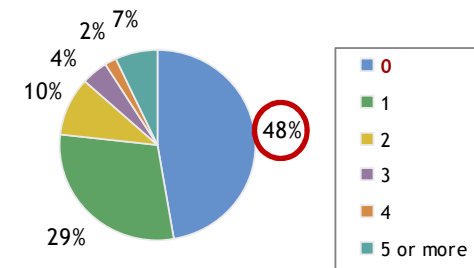
What is your annual budget?



How much does your organization spend annually on IT?

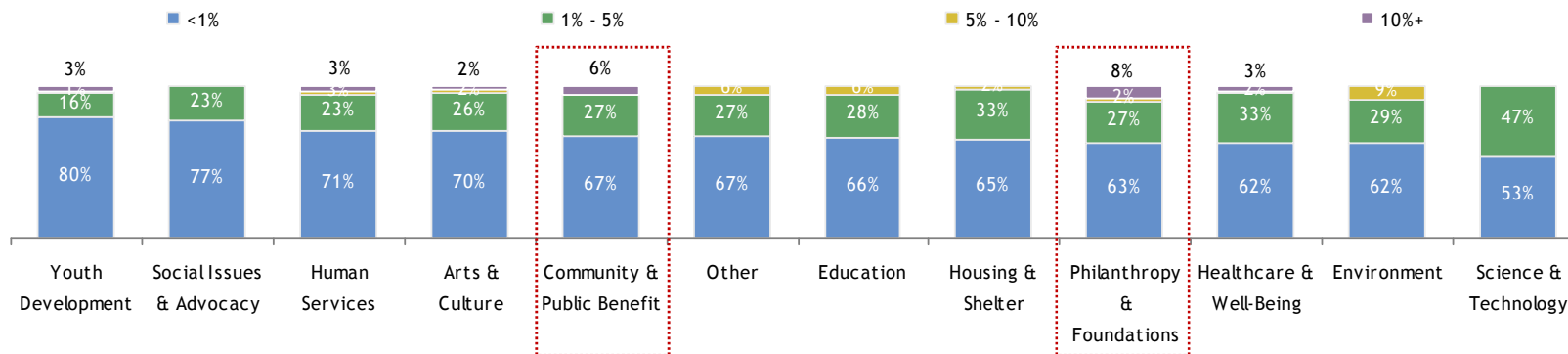


How many people on your staff are primarily devoted to technology support?



Note: Represents % of total investors surveyed; Bold red category represents largest %

Annual IT spending by sector (as a % of total annual spending)



Note: Dashed red box represents sectors with largest % of IT spending

IT Funding



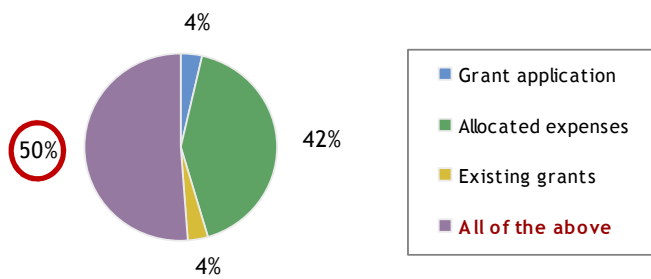
Current state of nonprofit IT

Key considerations and findings

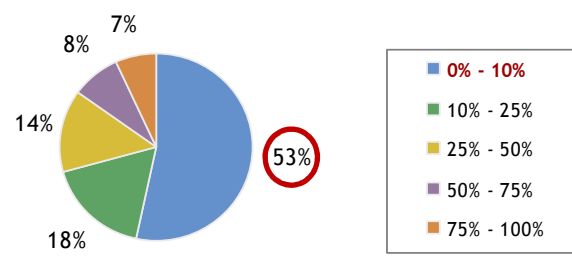
Lack of Funding for IT Purposes

- There is a lack of direct IT funding for nonprofit organizations, causing many to search internally for the means to support their existing technology infrastructure.
- 1 in 4 survey participants cite that their sole method to fund IT will be to allocate expenses away from overhead and administrative functions.
- While half of the survey participants would apply a strategy using both overhead allocation and grants to fund IT, over half of them estimate that the proportion of IT budget funded by grants would be no more than 10%.

How will you fund your IT spending over the next 24 months?



Please estimate the proportion of your IT budget that will be funded with a grant(s)?



Note: Represents % of total investors surveyed; Bold red category represents largest %

Overall Satisfaction with IT Structure



Current state of nonprofit IT

Key considerations and findings

Overall Satisfaction With Nonprofit IT

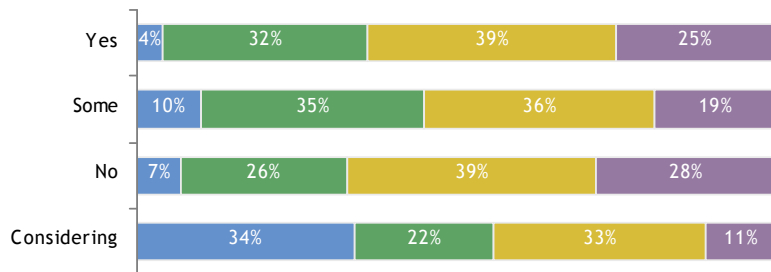
- When it comes to outsourcing IT support, nonprofits are split equally on usage. Approximately a third completely outsources their IT needs, a third uses a combination of external and internal support, and the rest has either opted out of or are considering outsourcing.
 - Whether a nonprofit outsourced IT support or not, about a third of them are either not satisfied or somewhat satisfied with their current technology setup.
- The main issues with current IT support solutions include responsiveness (56% feel that support is not provided on a timely and reliable basis), and cost and quality of service (1 out of 4 think it is too costly to afford the level of service they would like to have).
 - A lack of available resources is a major contributor to these issues.
- The following sectors have an equally split view on whether they are currently satisfied with existing IT infrastructure: Arts & Culture, Housing & Shelter, Human Services and Environment.
 - No one sector is overwhelmingly dissatisfied with their IT solutions - the highest being the Arts with a 49% dissatisfaction rate.
 - The sectors most satisfied with their current IT setup are (75%+ satisfaction rate): Science & Technology, Community Improvement and Healthcare.

Overall Satisfaction with IT Structure cont'd

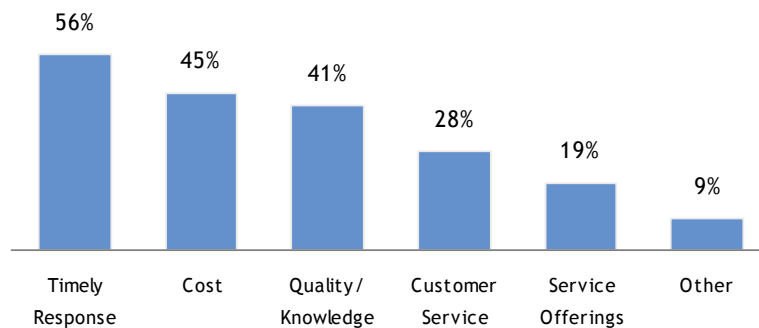


Do you outsource IT support? Rate your satisfaction.

■ 1 = Not Satisfied ■ 2 = Somewhat Satisfied ■ 3 = Satisfied ■ 4 = Very Satisfied



What are the primary reason(s) for not being satisfied with current IT?



Satisfaction with current IT setup by sector

Sector	% of Survey	Not Satisfied - Somewhat Satisfied	Satisfied - Very Satisfied
Arts, Culture, Humanities	11%	49%	51%
Housing and Shelter	7%	49%	51%
Human Services	18%	49%	51%
Environment	6%	48%	52%
Youth Development	10%	37%	63%
Education	14%	36%	64%
Philanthropy, Foundations	6%	32%	68%
Other	3%	29%	71%
Social Issues and Advocacy	9%	24%	76%
Healthcare & Well-being	8%	23%	77%
Community & Public Benefit	6%	22%	78%
Science & Technology	2%	20%	80%
Mean		33%	67%

IT Adoption Trends



Current state of nonprofit IT

Key considerations and findings

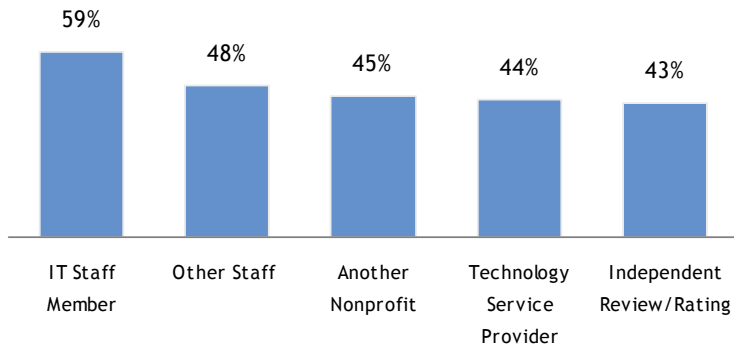
Nonprofit IT Adoption Trends

- There is no one source a nonprofit turns to for IT decision-making. Recommendations for IT products and services come from a variety of places.
 - For example, software selection decisions are made from multiple sources. Specialized IT sources such as technology staff members and service providers (59% and 43% respectively) are used just as frequently as non-tech staff (based on personal experience with home use) and recommendations from other nonprofits (48% and 45% usage).
 - Independent reviews and ratings coming from such places as IdealWare or TechSoup are also used about 40% of the time for software selection.
- There is a trickle effect when it comes with IT preferences. 8 out of 10 surveyed have expressed that their organization's use of technology directly or indirectly influences the technology adoption choices of internal staff, organization members, volunteers, nonprofit peers and other constituents.
- Nonprofits are more inclined to work with a core set of vendors who are able to supply an entire suite of IT tools for their organization. 8 out of 10 survey respondents use fewer than 5 vendors for their IT needs.
 - 2/3 of participants feel that their organization places a significant amount of value on selecting a suite of technology solutions meeting all needs, as opposed to selecting IT solutions a la carte for each individual need.
 - One reason for this may be a reluctance to adopt solutions from multiple vendors that are not integrated with one another.

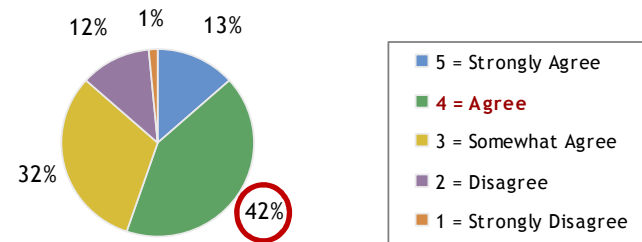
IT Adoption Trends cont'd



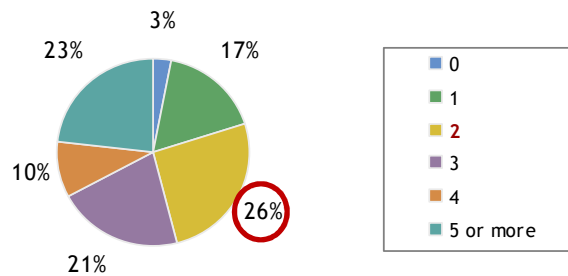
Which source(s) does your organization use for software selection?



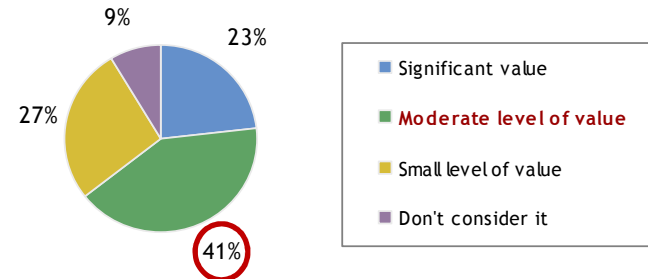
A nonprofit's use of IT influences the technology adoption choices of other parties



What is the estimated number of IT vendors utilized by your organization?



How much value does your organization place on selecting an entire suite of technology solutions meeting all your needs?



Note: Represents % of total investors surveyed; Bold red category represents largest %



Specific IT Tools and Systems

Email Communication & File Sharing



Specific IT Tools

Key considerations and findings

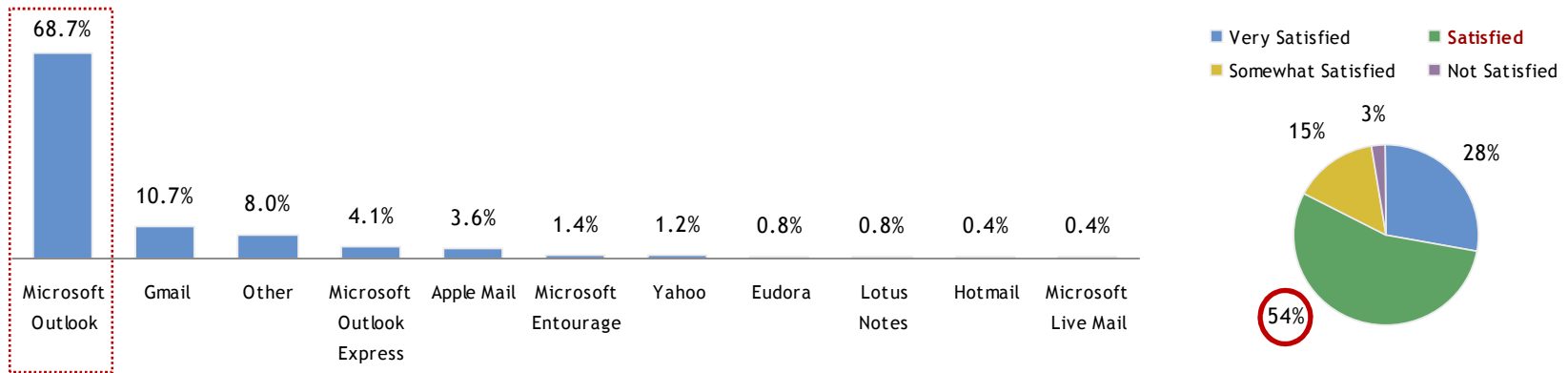
Email Communication and Collaboration

- Microsoft Outlook is the dominant email application with 69% of survey respondents using it for business email communication. Gmail is the next with 11% usage.
 - 8 out of 10 respondents are either very satisfied or satisfied with their current email setup.
 - For those who are not satisfied, reasons such as lack of technical support, inability to sync with other applications and general slowness are highlighted.
 - One other contributing factor to the level of dissatisfaction is a quarter of participants cannot share contacts and calendars with other staff in their organizations.
- A majority of users access email via a web browser (70%) and/or desktop application (77%). About a third of participants use blackberry as well.
- Nonprofits relying on emailing documents to one another for sharing information are more likely to have a lower level of satisfaction compared to nonprofits using a file sharing or collaboration technology.
 - Staff members are concerned with limited / no remote access to their files at work
- 47% of nonprofits use common folders on a server for file sharing while 8% of respondents use a collaboration technology such MS SharePoint or Google Docs. Interestingly those using SharePoint (3%) reported a higher level of satisfaction than their counterparts using Google Docs (5%).
 - The primary complaint is that document formatting did not translate seamlessly when switching between MS Office products like Word and Excel and their Google Docs equivalents.
- In terms of dollar amount spent on file sharing, it is not a primary spending area for nonprofits as 76% spend \$500 or less annually on file sharing software.

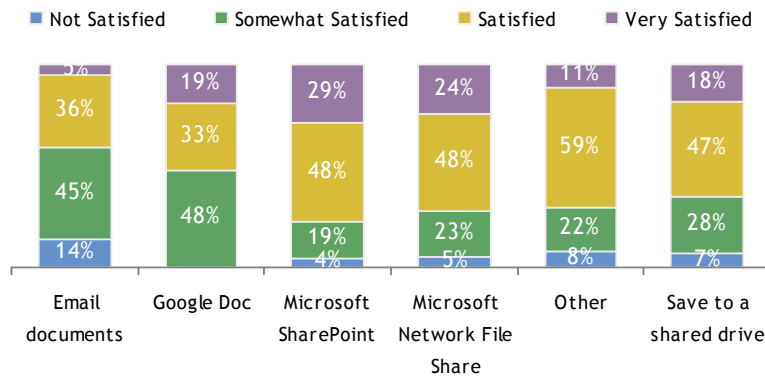
Email Communication & File Sharing cont'd



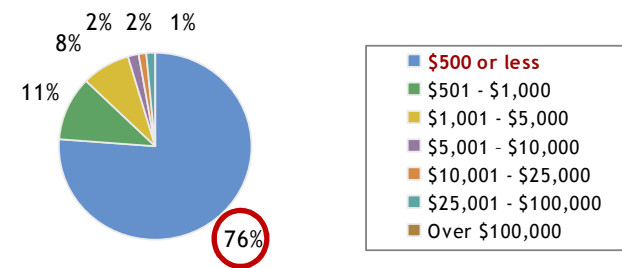
What application does your organization use for basic business email communications and what is the level of satisfaction?



What method do you use for sharing files with other staff?



How much is spent annually on file sharing software?



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Website Management & Marketing



Specific IT Tools

Key considerations and findings

Marketing,
Fundraising
& Events:

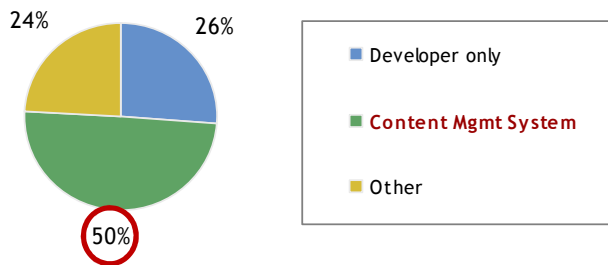
Website Management
and
Marketing Applications

- Many survey respondents make edits to their websites via an external developer (26%) but a majority tend to the sites themselves through a content management system such as Drupal, Joomla! or Plone (50%).
 - Others use a combination of both in-house staff and a developer, while many rely exclusively on volunteers.
 - Several organizations in the survey do not update their websites at all. Some do not have the resources to do so, while others cannot change the site due to setup by a former employee / volunteer who is no longer around.
 - For overall satisfaction with website maintenance, nonprofits are split 50-50. Those who expressed a low level of satisfaction were evenly split across three buckets - a 1/3 use developers, a 1/3 use content management systems and a 1/3 do not update the website on a frequent basis.
- Most nonprofits use either MS Word, MS Publisher and/or Adobe InDesign to create newsletters and other marketing communication materials.
 - A majority experience a high level of satisfaction in this area. For those with low levels of satisfaction, lack of flexibility and ability to freely customize are the main causes.

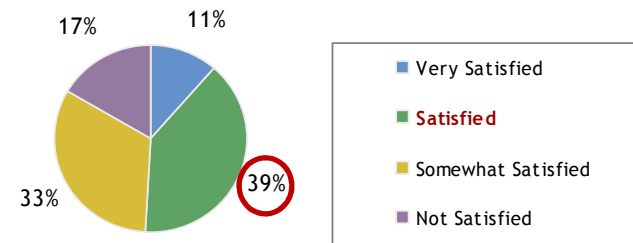
Website Management & Marketing cont'd



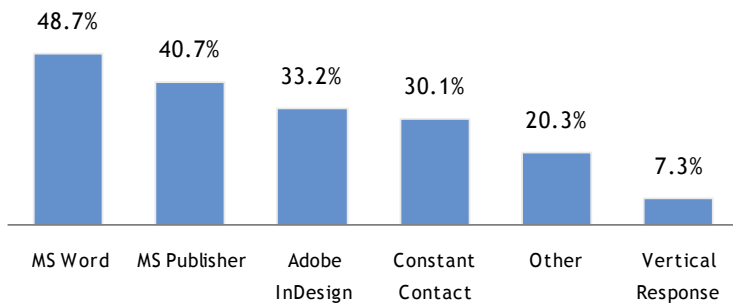
What best describes how your organization makes changes to your website?



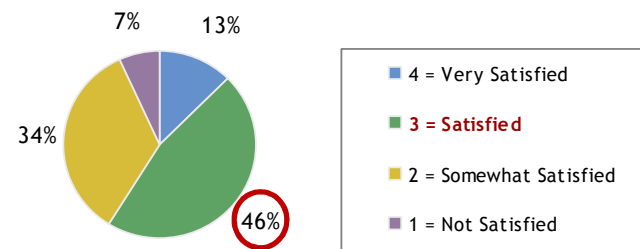
How satisfied are you with your web management software?



Top programs used to create newsletters or other marketing communication collateral



How satisfied are you with your newsletter creation software?



Note: Represents % of total investors surveyed; Bold red category represents largest %

Event and Donor Management



Specific IT Tools

Key considerations and findings

Marketing,
Fundraising
& Events:

Event Management
and
Donor Tools

- Targeted planning tools are not frequently used in the event management space. 4 out of 10 nonprofits manage their entire event planning process on paper, while 6 out of 10 use spreadsheets. The next two most popular channels for event management are the organization's website and/or customized Access databases.
 - 60% of survey participants experience a low level of satisfaction when it comes to event management. There is a need for nonprofits to move away from paper and general applications such as excel and adopt specific event planning tools.
 - Other applications (20%) used in this space are Salesforce, Raiser's Edge and RegOnline. Some nonprofits also use social media sites such as Facebook.
- Similar to event management, spreadsheets are the most popular tool for donor management. Paper is the third highest tool used (18%).
 - There is no specific donor management tool that is widely used. 20% of survey participants choose the category "other" and use applications such as FundEZ, Gifts, Gift Maker Pro and File Maker Pro as their main donor management tool.
 - A majority (over half) experience a high level of satisfaction with their current method. For the 14% that are not satisfied, there is no one donor management tool causing this. Reasons for low satisfaction are: too many systems to manage, not user friendly, process too manual, lack of sophistication, etc.
- As for the dollar amount spent on donor management, it is not a primary spending area for nonprofits as 54% spend \$500 or less annually on donor management software.

Event and Donor Management cont'd

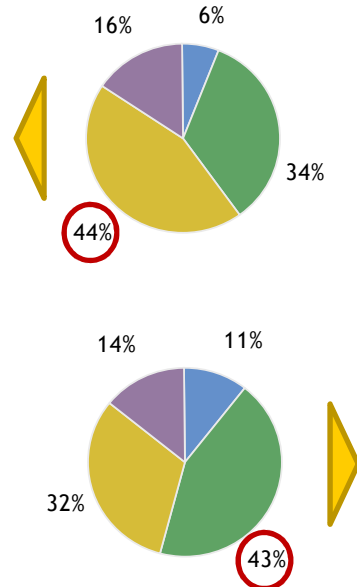


Event Management Usage

Tool	% Response
Spreadsheets	66.0%
Paper	43.4%
Other	29.7%
Custom Part of Website	23.3%
Microsoft Access Database	13.8%
evite.com	12.6%
Convio	2.1%
Kintera	2.1%
CiviCRM	1.3%
Net Community	1.3%
MemberClicks	0.6%
Cvent	0.3%

Level of Satisfaction

- Very Satisfied
- Satisfied
- Somewhat Satisfied
- Not Satisfied



Donor Management Usage

Tool	% Response	Tool	% Response
Spreadsheets	41.5%	Kintera	1.8%
Other	19.5%	eBase	1.4%
Paper	18.0%	Convio	1.2%
Blackbaud Raiser's Edge	17.8%	CiviCRM	1.1%
Quickbooks	17.6%	DonorPro	0.5%
Microsoft Access Database	12.9%	Alligiance Fundraising	0.3%
SalesForce.com	11.4%	Donor2	0.1%
Donor Perfect	6.6%	Andar 360	0.0%
eTapestry.com	5.7%	Donor Express	0.0%
GiftWorks	4.6%	MatchMaker	0.0%
Telosa Exceed!	2.6%	Patron Software	0.0%
Sage Donor / Fundraising	2.4%	PledgeMaker	0.0%

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Program and Service Delivery



Specific IT Tools

Key considerations and findings

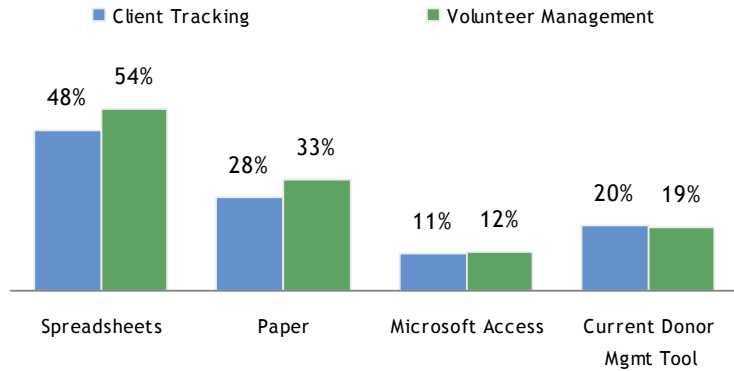
Program & Service Delivery

- Nonprofits tend to do much of the program and service delivery tracking themselves. Accordingly, spreadsheets (48%) and paper (28%) are the two most used tools for nonprofits to track information regarding clients, supporters and/or constituents. The third most popular tool is Microsoft Access with 21% usage.
 - FileMaker Pro is the highest of the specialized applications with 10%.
 - In terms of satisfaction, nonprofits are split down the middle. A major reason for a low level of satisfaction is a high probability of mistakes and lack of accurate data due to manual input.
- To manage volunteers, the two most popular methods are again spreadsheets (54%) and paper (33%) with Microsoft Access databases coming in third (11%).
 - Online volunteer sites are the next highest with 6% of nonprofits using sites such as VolunteerHub.com and VolunteerMatch.com to manage volunteers.
 - In the case of satisfaction related to the way nonprofits manage volunteers, greater than half of respondents experience a low level of satisfaction. Most of those who make up the low satisfaction camp use paper to manage volunteers. One major complaint is that they do not have one tool to manage volunteers and that their paper-based method is too “old-school”.
 - Nonprofits tend not to allocate budgets towards volunteer management as 89% of survey respondents spend \$500 or less on this area.
- One other popular method to track client information and manage volunteers is to use current donor management software. 20% of participants use their current donor tracking systems for both and look for a tool that can track multiple sets of players tied to the organization.

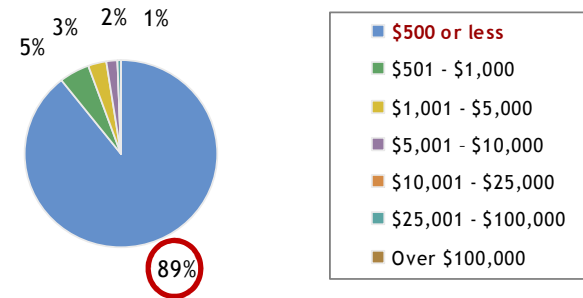
Program and Service Delivery cont'd



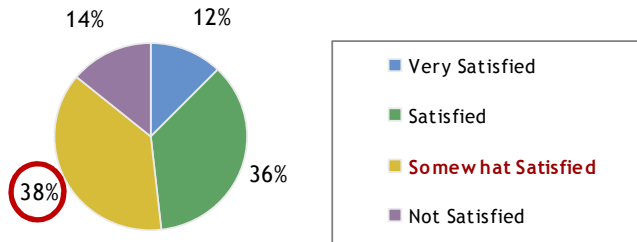
Top programs used in program and service tracking



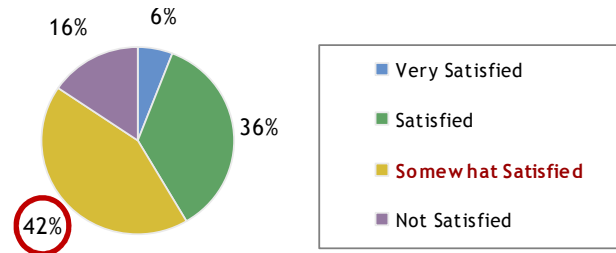
How much is spent annually on volunteer management software?



How satisfied are you with your client tracking software?



How satisfied are you with your volunteer management software?



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Finance and Human Resources



Specific IT Tools

Key considerations and findings

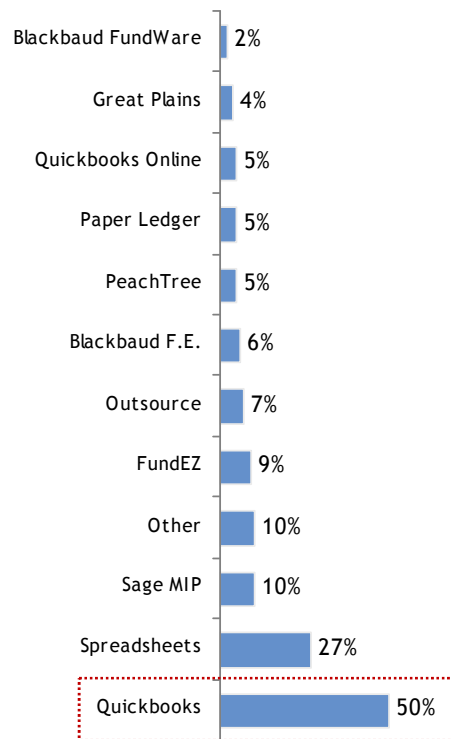
Finance & Human Resources

- Quickbooks is the most popular tool used by survey respondents for finance and accounting purposes. 5 out of 10 use the application, while the next highest tool is spreadsheets with 27%.
 - More than ¾ of participants are either satisfied or very satisfied with their current financial accounting software. For those who experienced a low level of satisfaction, such reasons as lack of integration with other systems being used, poor reporting capability and no real focus on nonprofit structure are given.
- For human resource purposes, software applications are mostly used for payroll (78%), timesheets (46%) and benefits administration (32%). The most popular HR applications are ADP and Paychex with 30% and 27% usage.
 - Many nonprofits use spreadsheets as well with 30% of survey participants using it as part of their HR structure.
 - 6 out of 10 organizations experience a high level of satisfaction when it comes to their HR tools.
 - For the remaining organizations, a large majority of those who are not satisfied do not use a targeted software application and state that their HR process is too labor intensive and paper reliant. Many of the answers also state that existing HR applications are too costly and would prefer to have their HR function outsourced.
- HR software is a small portion of the annual budget. 56% of nonprofits spend \$500 or less annually on HR management software with 14% spending \$500-\$1,000 and 18% spending \$1,000-\$5,000 a year.

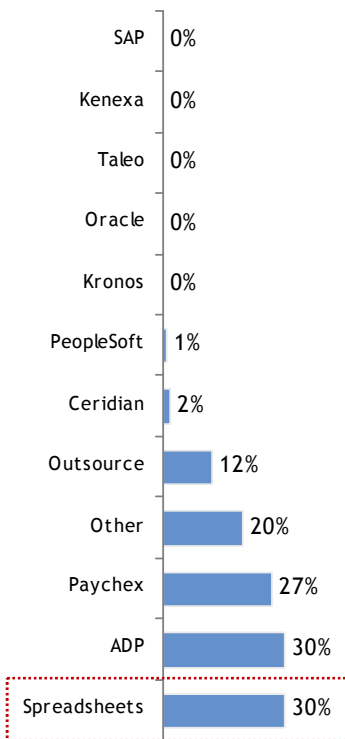
Finance and Human Resources cont'd



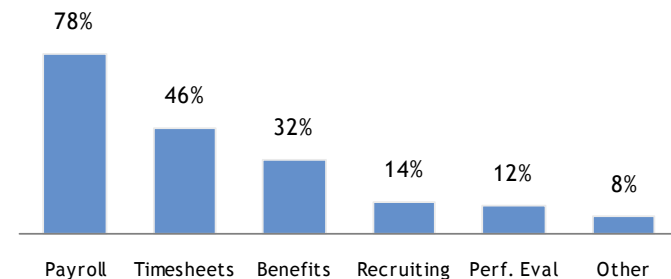
What tool(s) does your organization use for accounting/finances?



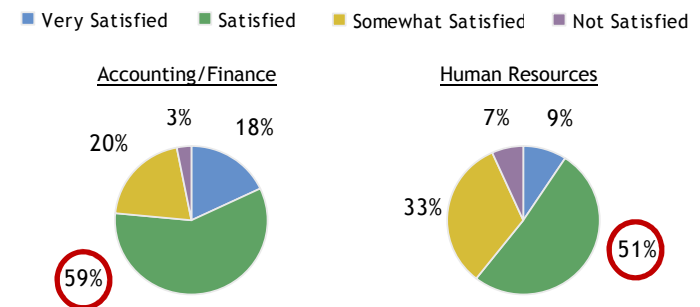
What tool(s) does your organization use for Human Resources?



For which of the following do you use a software application?



Level of satisfaction with current systems



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Social Media



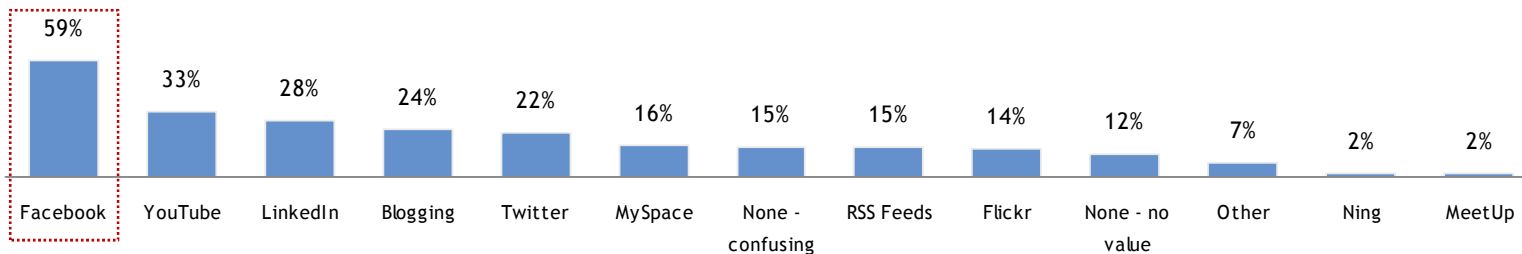
Specific IT Tools

Key considerations and findings

Social Media

- About a quarter of survey participants do not use a social media outlet. From that bucket, about half feel there is no real value/benefit to the organization and the rest do not know how to go about setting it up.
- For nonprofits who do use social media, Facebook is the dominant tool with 59% of respondents using the site. The next highest is YouTube with 33%.
 - Social media is still in the early phase of adoption, as many participants have stated that it is too early to measure the effects of this effort.
 - Many nonprofits list marketing and public relations as being the major reasons for using social media sites.
 - Organizations look at this different form of web presence as a free/low cost way for branding, event promotion and reaching constituencies and volunteers.
 - For nonprofits who want to connect with a younger demographic, they list social media as being a crucial part of their strategy. Many of them also noted that their Facebook account has been set up by college-age volunteers.

What forms of social media/networking do you use in your organization?



NP
Power

Appendix

NPower Overview



MISSION

*NPower is the leading nonprofit IT services provider in the U.S.
Our mission is to provide the best, lowest cost, IT to nonprofits nationwide*

AFFILIATES

10 nationwide: New York (HQ), Atlanta, Charlotte, DC, Indiana, Michigan, Oregon, Pennsylvania, Seattle and Texas.

STATISTICS

Nonprofits served each year:
1,000+
Employees: 137

GOVERNANCE

National Board of Directors and CIO Council.
Affiliate Boards of Directors and CIO Councils.

Current Services

MANAGED SERVICES

Prepackaged, customizable IT outsourcing solutions that any nonprofit can use.

SOLUTIONS

Strategic technology assessment, planning and solutions to help nonprofits achieve their most ambitious goals.

IT WORKFORCE DEVELOPMENT

Technology training, skills development and IT job placement for urban youth.