



Executive Summary: Report on Grantmakers Information Technology Survey September 2012

Survey Overview

Together the Technology Affinity Group (TAG) and Grants Managers Network (GMN) conducted an information technology survey of grantmaking organizations in July 2012. This was a follow-up to similar surveys TAG conducted in collaboration with the Council on Foundations (The Council) in April 2003, July 2005, and June 2007, and then independently in 2010.

The survey is designed to empower grantmaking organizations with information on new trends and insights into what peer organizations are doing so that they can make better decisions about the technology they use to support their mission.

Specifically, the technology survey aspires to:

- Enable grantmaking organizations to make more informed, timely and cost-effective decisions, aided by information on what peer organizations are doing, trends and future plans;
- Determine, by grantmaker type, asset size, and number of staff information technology capacity and needs;
- Inform the sector about its technology utilization; and
- Learn how grantmakers access and distribute information

A total of 278 foundations completed the survey, up from 269 in 2010. Of the 133 member foundations, 103 completed the survey for a completion rate of 77% across TAG membership. The survey was completed by an additional 131 GMN members, as well as by 44 prior-year participants currently not members of either organization.

Management and Planning

Survey respondents reported that foundation executives' attitude toward technology is mostly supportive but not too knowledgeable, which may explain why most respondents report that technology is causing some change within the organization but only 20% describe that change as transformative.

Foundations continue to be far more likely to have a disaster plan than a technology plan, with 84% of respondents indicating they have done some disaster planning and only 37% indicating they have a technology plan.

There is some good news regarding staffing. Most respondents reported their foundation was adequately staffed with respect to technology, and the role of the technology staff person is becoming more strategic, with nearly half reporting the role as a strategic partner or strategic leader/enabler. And for the first time in several years, just over half of respondents described their technology adoption as leading-edge or fast followers instead of lagging behind.

Outsourcing is a common practice for small foundations without technology staff. Large foundations are also outsourcing technology, ranging from non-critical functions to application software or networking infrastructure. While talk continues about outsourcing the technology function and different components of technology services, the data does not indicate there has been any significant change from 2010 to 2012 in terms of the percentage of foundations choosing to outsource technology.

Most foundations (84%) outsource the hosting of their web site, and 50-70% of foundations also outsource desktop support and the management of their basic technology infrastructure (including server administration, local area network administration, security and email). Services most likely to be managed in-house continue to include database administration, back-office processing, and audio-visual equipment, with 60% or more of respondents indicating they manage these services in-house.

Challenges and Issues

The primary issue that continues to challenge grantmakers is the implementation of online grants management systems and online donor information systems. Grantmakers reported strong progress in this area, with 58% indicating they had addressed online grantmaking and/or online donor information since 2010. Since there are many different and complex components to “online grantmaking,” including online applications, donor portals, electronic document management, automated workflow, and online submission of grantee reports, it makes sense that grantmakers report progress yet still consider it their primary issue.

Cloud computing and mobile computing were cited as the second and third most important issues, followed by “going paperless” and staffing. Social media dropped in importance from 2010, not even making the top five.

Application Software

The top grants management software priorities were online grantmaking, reporting/dashboards, document management and automated workflow. While foundations are working on these, only 14% reported their entire grants management process was paperless. Most foundations (69%) indicated their process is a hybrid of paper and paperless, and it is likely that these foundations are slowly transitioning towards a completely paperless process. Since it isn’t possible to measure the degree of transition, it is difficult to gauge how much progress has actually been made. As foundations continue to implement online applications, online review modules, online report submission, document management systems and automated workflow, the number of foundations reporting a paperless process should increase significantly.

Foundations have finally replaced their grants management software! 79% of respondents reported their grants management software meets all or most of their needs and when combining the data from the 2010 and 2012 surveys, just over half of respondents reported they have replaced or plan to replace their grantmaking software.

MicroEdge continues to be the dominant player in the grants management software market, with the majority of foundations reporting they use one of the MicroEdge grants management software products. However, MicroEdge’s market share is slowly decreasing. Only 70% of respondents using commercial grants management software use a MicroEdge product, compared to 79% in 2010 and 87% in 2007. MicroEdge’s overall market share (including custom developed software) is 63%, compared to 69% in 2010 and 70% in 2007. The percentage of *GIFTS* and *GIFTS Online* users has actually increased since 2010 while the percentage of *FoundationPower* and *FIMS* users has decreased.

New products are slowly being adopted by foundations. The two most prominent new products are Foundant Technologies *Grant Lifecycle Manager* and Fusion Labs *GrantedGE*, with 7% and 4% of the commercial software market respectively. Other new products gaining in popularity include Good Done Great *Grant*, NPower *Foundation Connect* and Solpath *Fluxx*.

The majority (59%) of foundations now report they have an online grant application. The most popular products include MicroEdge *IGAM* and Foundant *Grant Lifecycle Manager*. *CyberGrants* and Npower *Foundation Connect* were the next most popular commercial products reported.

Social Media/Social Networking

Social media is no longer a major topic of interest among survey respondents. Foundations who were interested in social media and social networking in 2010 have implemented their strategy and not much has changed in usage from 2010 to 2012. There was a slight increase in the number of foundations using social media and about a 10% increase in usage for each of the four most popular sites. Foundations' use of social media continues to mirror the sites currently most popular with the general public: *Facebook* is the most common, followed by *Twitter*, *LinkedIn* and *YouTube*.

Given the important role social media plays in communications worldwide, particularly among younger generations, foundations' lack of keen interest in social media is somewhat disconcerting.

Infrastructure

The largest trends in infrastructure are cloud computing and consumerization. Foundations large and small are using cloud solutions for everything from data backup, email and email security, to grants management software and other core business applications. The ability for staff to have access to software anywhere anytime is appealing and cost-effective for both infrastructure and technical support. However, the majority of foundations (62%) still describe their infrastructure environment as consisting primarily of physical servers on site.

Foundation use of software as a service (SaaS) has continued to increase in almost all categories, but not at the double and triple rates seen between 2007 and 2010. More than half of foundations now use SaaS for data backup, email security, payroll and their public web site, and 40% or more are using SaaS for email, grants management and online applications. Online applications experienced the largest increase, with respondents reporting 40% usage in 2012, up from 24% reported in 2010.

In 2010, the rapid consumer adoption of smartphones required foundations to sort out cell phone/smartphone policies. Deciding if and what device to provide to staff, as well as how to reimburse staff for ongoing usage charges, remain ongoing challenges. Given that many employees are purchasing devices on their own, foundations now must manage a wide array of products. In 2012, the release of the iPad and other tablets further complicated mobile device policies and practices. Foundations are seeing the rapid adoption of tablets among both board and staff, and are wrestling with the appropriate use of these devices in the workplace.

46% of respondents indicated the foundation has a "bring your own device" policy, compared to 39% of respondents who indicated they provide a mobile device to staff. While responses relatively were divided evenly between those that provide a physical device and those that do not, anecdotally "bring your own device" policies seem to be gaining in popularity.

Staff reimbursement for device costs is evenly divided between those foundations that pay the full monthly service charge, and those offering partial reimbursement based on either actual usage or a flat monthly rate.

Program and senior staff are more likely to receive a mobile device while operations staff is more likely to receive a desktop computer. Program staff and senior staff are also more likely to receive a tablet computer and/or a smartphone than are their counterparts in operations. This is not surprising, given that traveling staff have more use for mobile devices than those who work primarily in an office.

The use of iPads in the board room has led to one of the most rapid transformations in foundation business practice in recent years. Foundations are quickly moving towards the electronic creation and delivery of board materials, and are providing board members with software to annotate documents electronically, thus streamlining the production process, saving time, paper and delivery costs. It is

remarkable how quickly the board book production process has changed in two years, with almost half of foundations now reporting their process has been transformed.

Security should continue to be a concern and a top priority for foundations. The use of software as a service (SaaS) has moved some of the responsibility for data security from the foundation to the SaaS vendors and hosting providers. However, the constant threat of viruses, spyware and spam has become an increasingly difficult challenge for foundations to manage.

What the Leaders Are Doing

There were 16 foundations that identified themselves as leading edge adopters of technology, though differentiation between them and other respondents was not as significant in 2012 as it had been in 2010.

These leaders view the role of technology more strategically than their counterparts. They have a higher percentage of web hosting and application software services managed in-house, but consistently have outsourced database administration, server administration, intranet hosting, and voice telecommunications more than their counterparts.

Leading edge adopters do a much better job of planning, and spend more on technology. Interestingly, they spend less on grants management systems relative to their total technology budget.

The implementation of application software is where the leaders most differentiate themselves from their peers. They utilize more software than those with slower adoption profiles, and implement new software sooner. They report greater use of online application software, document/records management, and program and operational dashboards.

Leading edge adopters also report greater use of open source software and software as a service (SaaS) in almost all software categories. The biggest differences compared to other foundations include SaaS for office productivity suites, accounting software, benefits/personnel management services, and geographic mapping of grantee data.

Finally, leading edge adopters have moved to electronic board book creation and delivery, with only 7% reporting that they continue to mail hard-copy materials to boards and committees. They are also providing mobile devices to more staff than are their counterparts.

How to Access the Full Report and Report Data

The full report is available for download at www.tagtech.org. Survey participants interested in analyzing the data further can perform their own data analysis and peer group comparisons using the benchmarking tool at <http://tag.client.peerfocus.com>.

For additional information, please contact Lisa Pool at the Technology Affinity Group at 610.688.6832 or lisa@tagtech.org.