# THE STRATEGIC ROLE OF TECHNOLOGY IN PHILANTHROPY

## Your Philanthropy Tech Strategy for 2021

**Published on February 11, 2021**

TECHNOLOGY ASSOCIATION of GRANTMAKERS

# OVERVIEW

The year 2020 was a radical stress test of our organizations' technology and digital infrastructure, and a report card of how well, or how poorly, we as leaders planned for the unexpected. If anything, the events of the past year reinforce the conviction that thoughtful strategy can no longer be aspirational for technology leaders in philanthropy.

To advance the strategic role of technology in philanthropy, the Technology Association of Grantmakers (TAG) has provided [a year-long series of whitepapers and guides](#) for you as a foundation executive or operations leader. We have explored ideas and lessons-learned from some of the most innovative and strategic tech leaders in philanthropy. Their insights provide the underpinnings for establishing world-class IT strategy. Interestingly, we discovered that the most important lessons of IT strategy go beyond the technology itself. For example:

- Technology **aligns with people and their goals**. Begin the journey of developing your IT strategy by establishing trust with colleagues through empathy, clearly understanding their unique challenges and aspirations, and learning your core business processes. Technology strategy can't be established in a vacuum and knowing each stakeholder's unique needs and situation is key to success. As Sue Taylor from the Bill and Melinda Gates Foundation said, "one shoe doesn't fit all."

- Communicating the value of IT and earning a seat at the table are critical steps towards becoming a strategic business partner. But doing so often involves **reinventing the role of IT**. Leon Wilson of the Cleveland Community Foundation tells us "You have to combine your years of IT skills and experience and match it with the work of the foundation. *You have to learn the business of philanthropy*."

- Establishing IT as a strategic driver requires a **new type of technology leader**. Business acumen, communication, and innovation are key competencies for success, and are often found in diverse candidates that may not have traditional IT backgrounds. Katie Niemann from the Houston Endowment describes how her background as a marketer led to success as an IT leader: "IT often misunderstands the needs of the business, and has a hard time translating how tech can really help. The communication skills I gained in my marketing background help me easily translate tech speak to non-technologists."

Learn more and download each guide at [http://tagtech.org/strategicphilanthropy](http://tagtech.org/strategicphilanthropy).

With these foundational elements established, we have saved the best for last: **how technology itself can inform your IT strategy in 2021**. In this *grand finale* we'll explore the software and digital infrastructure that foundations should consider **today** to support the organization and its mission for years to come.

It is important to note that many of these recommendations are not on the bleeding-edge of the innovation spectrum. Most are proven approaches already in place at leading foundations and peer organizations in the private sector and should be core considerations for your IT strategy.

# ANYWHERE OPERATIONS

As Covid-19 forced a rapid shut-down of offices around the world, many organizations were left scrambling to support business continuity and staff working remotely. As many foundations are now beginning to envision a return to the office, those benefits of remote work have finally been recognized. According to Gartner, 82% of surveyed executives plan to allow workers to spend at least part of their time working remotely. With business continuity a clearly demonstrated imperative, it is critical to ensure that staff and operations can thrive despite the unexpected.

*Anywhere Operations* is a strategy to safeguard business functions and ensure staff can access software and data regardless of location. The following focus areas for IT strategy align with business continuity of grantmaking, staff and grantee collaboration, and data security.
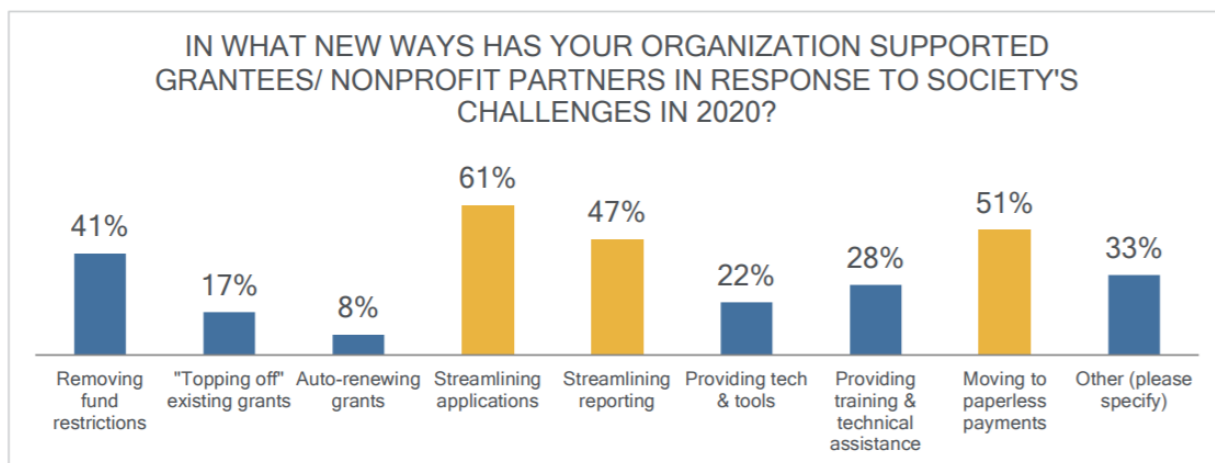
- **Cloud-based software and services** have become the norm for much of the work performed by grantmaking organizations. They reduce the need to maintain costly on-premises servers and related infrastructure that require the support of IT staff or managed-services providers. Grants Management Systems have largely transitioned to an all-cloud model, though many financial and HR systems are not yet there. Foundations should assess IT systems for cloud-readiness and transition where possible. However, not all cloud-based software is equal in terms of security, functionality, and vendor support. Approach the cloud with these considerations in mind.

- **Paperless grant payments** quickly gained steam in 2020. Over 50% of the 233 foundations responding to TAG's 2020 State of Philanthropy Tech annual survey indicated they adopted paperless grant payments as a response to the challenges of 2020. Paperless payments often require less labor by staff and speed access to capital for grantees. However, digital payments may introduce new security concerns and protocols to ensure bad actors can't divert grant payments to a fraudulent bank account. Intermediaries like bill.com can expedite and simplify establishing an ACH or wire transfer process.

- **Digital Signatures (and associated workflow)** is a key enabler of the *anywhere operations* strategy. Many foundations still rely on physical signatures for grant agreements and other documents, increasing time and effort for what could otherwise be a fast and efficient process. Applications like DocuSign and Adobe Sign eliminate the need to physically print, sign, and scan (or, *gasp!*, fax) grant agreements and other legal files. They provide a paper-trail, permanent file storage, are highly secure and legally binding. Integration with grants platforms often requires help from vendors or consultants, and work processes must evolve to incorporate digital signatures. This will be a foundation-wide effort, but one that grantees will truly appreciate.

- **Collaboration tools** that reside in the cloud enable staff and partners to easily access files, collaborate on work, and communicate regardless of device, platform, or location. While video conferencing tools like Zoom and messaging software like Slack have become ubiquitous over the past year, many organizations have yet to adopt file sharing and collaboration suites like Microsoft 365 and Box. Still reliant on local file shares and older versions of SharePoint, these organizations have not realized the benefits of platforms that enable co-work with grantees, real-time collaboration, and digital workflow. Collaboration

tools that reside in the cloud are key to simplifying work and operations regardless of physical location or proximity to others.

- **Security continues to evolve**, especially in light of high-profile ransomware attacks in the nonprofit sector, and continued breaches among TAG's member institutions. The 2020 State of Philanthropy Tech survey indicates that security breaches among respondents have hovered around 22% since 2018. In a world of *anywhere operations*, security must be a major consideration of IT strategy. TAG has developed resources providing direction to get started. Key requirements include Multifactor Authentication (MFA), and cybersecurity insurance to help defray the costs of a breach. Organizations that have implemented the basics should investigate the Zero Trust Security Model as an evolution of the Virtual Private Network standard many foundations employ. The Zero Trust model accounts for the cloud-based and multi-device access models reflective of how most staff work.

# GRANTEE EXPERIENCE

2020 may sadly be remembered for the shocking number of nonprofit organizations that shuttered their doors due to lack of funding. In a bleak year, many foundations acknowledged that their grantmaking processes were burdensome and inequitable to nonprofit partners. Foundations felt a new sense of urgency to simplify and enhance the grantee experience, responding to this crisis in a variety of ways including simplified grant applications, speedier reviews and approvals, and expedited payment processes.



IN WHAT NEW WAYS HAS YOUR ORGANIZATION SUPPORTED GRANTEES/ NONPROFIT PARTNERS IN RESPONSE TO SOCIETY'S CHALLENGES IN 2020?

- Removing fund restrictions: 41%
- "Topping off" existing grants: 17%
- Auto-renewing grants: 8%
- Streamlining applications: 61%
- Streamlining reporting: 47%
- Providing tech & tools: 22%
- Providing training & technical assistance: 28%
- Moving to paperless payments: 51%
- Other (please specify): 33%

*TAG's 2020 State of Philanthropy Tech survey*

Now is the time to make such improvements permanent and even deepen your organization's commitment to supporting a simpler, faster, and more equitable grantee experience.

- **Constituent Relationship Management (CRM)** tools like Salesforce, Microsoft Dynamics 365, and Blackbaud's Raiser's Edge play a new role in achieving a simplified grantmaking experience for foundations and their partners. Starting with concepts like

Trust-based Philanthropy, some grantmakers are shifting towards a new paradigm where funding is awarded based on trust and relationships instead of burdensome applications and paperwork. CRM systems allow grantmakers to capture information from conversations, emails, site visits, and other IT systems, enabling program officers to award grants more expediently and with minimal application requirements. Look for a major uptick in the adoption of CRM systems at foundations in 2021, and for grants management systems to extend their own CRM and integration capabilities while at the same time reducing or removing the burden of traditional applications.

- **Grants Management Systems** have long been an enabler of lengthy and complex application, review, and decision processes. As foundations shift to remove administrative burden and expedite grantmaking, GMSs should be recalibrated to accommodate this new focus on speed and simplicity. IT plays a strategic role in partnering with nonprofits, program officers, and grants administrators to identify opportunities to simplify and retool processes and technology. Analyze existing processes for opportunities to reduce workflow, combine applications, and remove unused or unneeded data. Design thinking and creating a shared aspiration with grantees are concepts that may inform the revision of our work processes and grants systems.

- **Reduce, reuse, and recycle** was a mantra of the 1990's designed to introduce Americans to the green movement. Philanthropy can repurpose this ethos to develop a new grantmaking paradigm where foundations and nonprofits leverage new thinking and new technology to encourage data sharing, application reuse, and shared collaboration environments. The John D. and Catherine T. MacArthur Foundation is investigating the development of a common grant application for philanthropy, intended to both simplify grantmaking and enable data sharing and application re-use. TAG's Taskforce for Digital Infrastructure has identified improving interoperability of data sharing as a key need among foundations and nonprofits. Grantmaking IT strategy must find ways to leverage technology to enable foundations, nonprofits, and constituents to re-use grant applications, share data, and collectively measure the impact of our work.

## THE ENTERPRISE

In addition to revamping the grantee experience, the *employee experience* is equally in need of an overhaul. Staff often struggle with the sheer number, and disconnected nature, of systems needed to perform their work. And a lack of guidance on how and when to use various toolsets often creates a chaotic and confusing experience. According to a Deloitte survey, only 38 percent of workers are satisfied or very satisfied with work-related tools. Here are a few ideas for strengthening the enterprise experience to better serve staff through strategic technology initiatives.

- **Digital literacy and skills training** remain an ongoing concern among foundation staff. Employees are frequently challenged to learn new tools and platforms. Gartner reports [52% of employees](#) surveyed state they need upskilling. Anecdotally, lack of training and systems knowledge was a key issue among foundation staff transitioning to remote work in 2020. Technology strategy in 2021 must incorporate more IT training and upskilling for staff. Onboarding programs should include IT training to ensure that new team members are equipped to leverage technology to perform their work.

- [**Federated Search**](#) is a concept for aggregating disparate data, files, and information strewn across multiple IT systems. Foundation staff are often faced with the daunting task of locating data about a grantee or topic that may be housed in dozens of systems: GMS, CRM, file shares, project management, messaging, and more. While few tools manage this well, IT strategy must address this need in 2021. Unfortunately, [few tools exist](#) that provide federated search. For the foreseeable future it will be achieved by a complex mishmash of metadata, labels, indexing tools, systems integration, and custom coding. Business intelligence tools like [Tableau](#) and [Microsoft Power BI](#) can help bring together data from multiple systems for more effective impact reporting.

- **Hybrid Approach to Unified Platforms vs. Best-in Class-Applications** is a long-debated approach that pits aggregated platforms against individual applications. Unified platforms include solutions like [Microsoft 365](#) – a suite of integrated productivity apps, collaboration tools, file shares, and backend databases intended to provide seamless workflow and user experience. The best-in-class approach focuses on specific applications deemed the best tools in their respective categories, providing the most complete functionality available in the marketplace. The tradeoff is ease of use vs. completeness of features. Today, many foundations employ a mix of the two strategies with an integrated suite supplemented with additional applications as needed. Practically speaking, foundation staff often prefer familiarity and simplicity over extensive functionality.  IT strategy should aim to reduce the number of applications, lessen training, and enable work to be done as seamlessly as possible.

- **Equity matters** for IT staff who often lag their peers in diversity education and training. Chantal Forster, executive director of TAG, provides data and insight highlighting the criticality of this need within IT strategy in her article "[Three Ways in Which Philanthropy Tech will Change in 2021](#)." She points out that in 2020, 40% of respondents to the annual TAG survey indicated "none of the above" when asked which diversity, equity, and inclusion (DEI) programs their organizations have in place for technology departments. Furthermore, when diversity training is provided, it often focuses only on hiring practices. Only 12% of respondents state that their organizations actively develop a pipeline of diverse leadership. IT strategy in 2021 must work with foundation leadership to address this gap and advance the practice of DEI learning and action.

# THE OPPORTUNITY OF 2021

2020 is finally over, but its impact will be felt for years to come. It's no silver lining, but IT played a greater role last year than in the previous 20. For some, the band-aid was unceremoniously ripped off to expose the critical need for better technology strategy within our foundations. For others, last year was a stress test of the planning and evolution that began years ago. Few organizations emerged unscathed, but most made it through with lessons learned and a resolve to invest in digital infrastructure and strategy. Foundation leadership came to view IT teams as unsung heroes, and many are ready to have meaningful discussion on taking IT to the next, more strategic, level.

In 2020, tech leadership and "accidental techies" throughout philanthropy have a unique opportunity to plan, to educate, to discover, and to reinvent. Technology strategy can provide the impetus for making tech improvements, within our own foundations and across the sector. It can provide the framework for our decisions, a roadmap for our implementations, and the rationale for our growth. It can enable us to finally shed the notion that nonprofit technology must lag that of the commercial sector. And it can give us license to evolve – ourselves, our teams, our systems, and our collective mission to make the world a better place.

# ABOUT THIS SERIES

*The Strategic Role of IT in Philanthropy* series is provided by the Technology Association of Grantmakers (TAG) in consultation with member organizations and private sector advisors.

View the full series at: tagtech.org/strategicphilanthropy

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## FUNDING FOR THIS SERIES