2018 STATE OF PHILANTHROPY TECH

A Survey of Foundations in North America

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EXECUTIVE SUMMARY

Assessing Current Technology Practices in Philanthropy

In July 2018, the Technology Affinity Group (TAG) conducted a survey to better understand the technology environment, practices, and perceptions of TAG members and their peers throughout North America. This year's survey builds on past surveys which focused on IT tools, management, and security. New this year, the survey also explores new topics on diversity, equity, and inclusion (DEI), integration between IT and program teams as well as use of blockchain. Furthermore, this year's survey addresses an often-asked question: *How many IT staff/consultants are typically employed at foundations*?

Nearly 200 foundations throughout North America responded, providing a valuable assessment of the current state of technology in philanthropy including:

1. The perception of the strategic value of technology and related integration of technology teams with program strategy and grantmaking;
2. Diversity, equity, and inclusion practices;
3. Security breaches, protections, and practices
4. Technology tools and practices in use within philanthropy

Key findings are introduced below and then explored more fully on page 5.

TAG Members: Download the raw survey results (with identifiers removed) at http://www.tagtech.org/philanthropytech2018.

PERCEPTION, SUPPORT AND INTEGRATION OF IT

The role of IT within philanthropic organizations continues to be seen in a more strategic light; however, the shift may be stagnating. Community foundations, in particular, seem to struggle to realize the strategic potential of technology in their organizations. On the other hand, those same organizations are more likely to bring technology-minded individuals to the table when making grantmaking decisions for their organization.

- 60% of respondents believe that IT is perceived as a strategic partner or leader in their organizations.
- Community foundations are less likely to see leadership that "totally gets it" in terms of technology (just 18% vs. 27% for family and private foundations).
- While IT staff are somewhat involved in program strategy (19%), very few are involved in the process of making grant decisions (10%) for their organization.
- Outsourcing IT services continues to trend higher in philanthropy than in previous years with email and network administration being most likely to be fully outsourced by a significant portion of respondents.
- The IT staffing ratio is 1 IT person for every 17 staff according to the mean ratio of responding foundations, with some variation between type of foundation.

For detailed results (with charts) pertaining to perception, support and integration, see page 5.

DIVERSITY, EQUITY, AND INCLUSION IN IT DEPARTMENTS

While there is consensus about the importance of diversity for all organizations, the fact is that within the philanthropic sector, especially in IT, there is greater homogeneity than expected. This year's survey introduced the question about how responding organizations prioritize diversity for their IT departments in order to prompt further discussion and action.

- 51% of IT departments do NOT have DEI programs.
- 40% of IT departments do NOT receive DEI training.
- 70% of respondents do NOT see diversity as a barrier to progression in their organization.

For detailed results (with charts) pertaining to diversity, equity, and inclusion, see page 8.

SECURITY BREACHES & PRACTICES

Security continues to be a high priority for philanthropic organizations. The results of this year's survey indicate that improved staff training may be the strongest factor in reducing security breaches.

- 21% of respondents have experienced a security breach in the past two years.
- Ransomware attacks are the largest single cause (38%) of all security breaches reported.
- 40% of respondents carry cybersecurity insurance with some variation between type of foundation.

Learn more at tagtech.org/philanthropytech2018

- There were no notable differences in terms of security tools between breached organizations and non-breached organizations; however, there are notable differences in terms of security awareness.

For detailed results (with charts) pertaining to security, see page 10.

TOOLS & TECHNOLOGY IN USE

The use of specific tools within philanthropy is less dynamic than other areas reported in this survey, therefore a few highlights of note are shared below.

- The grants management software space is shifting with established providers sharing the market with newer offerings based on Salesforce (6% of respondents "wrote in" a Salesforce-based system). 15% of responding foundations report using Fluxx, 10% report using Blackbaud GIFTS, and 9% report using roundCorner's FoundationConnect. See the full results on page 12.
- 34% of responding foundations report NOT using any project management software.
- 23% report using Salesforce for constituent relationship management (CRM). 22% report using their grants management system for CRM functionality.
- For document and file-sharing, more organizations are migrating to cloud-based services; however, 37% of respondents report using Windows file server to some degree for document storage.

For detailed results (with charts) pertaining to tools and technology, see page 5.

TAG Members: Download the raw survey results (with identifiers removed) at http://www.tagtech.org/philanthropytech2018.

ABOUT THIS SURVEY

The results presented here are based upon answers to the "2018 State of Philanthropy Tech" survey conducted by the Technology Affinity Group (TAG). For over a decade now, TAG has conducted surveys of its members focused on technology, management, and security. In 2018, the Technology Affinity Group's Survey Committee expanded our approach to include respondents beyond TAG membership and introduced new questions focused on strategy, use of blockchain, integration with program staff as well as diversity, equity, and inclusion.

The final survey contained 33 questions via SurveyMonkey. The online survey was publicly available for six weeks and promoted via email, website, and social media. 199 foundations located throughout North America responded.

For information about the **methodology**, see page 15.
For information about **responding organizations**, see page 17.

KEY FINDINGS

The following sections will explore each of the four areas presented above in greater depth with supporting data and charts where helpful.

1. The perception, support, and integration of IT;
2. Diversity, equity, and inclusion practices;
3. Security breaches, protections, and practices;
4. Technology tools and practices in use within philanthropy

TAG Members: Download the raw survey results (with identifiers removed) at
http://www.tagtech.org/philanthropytech2018.

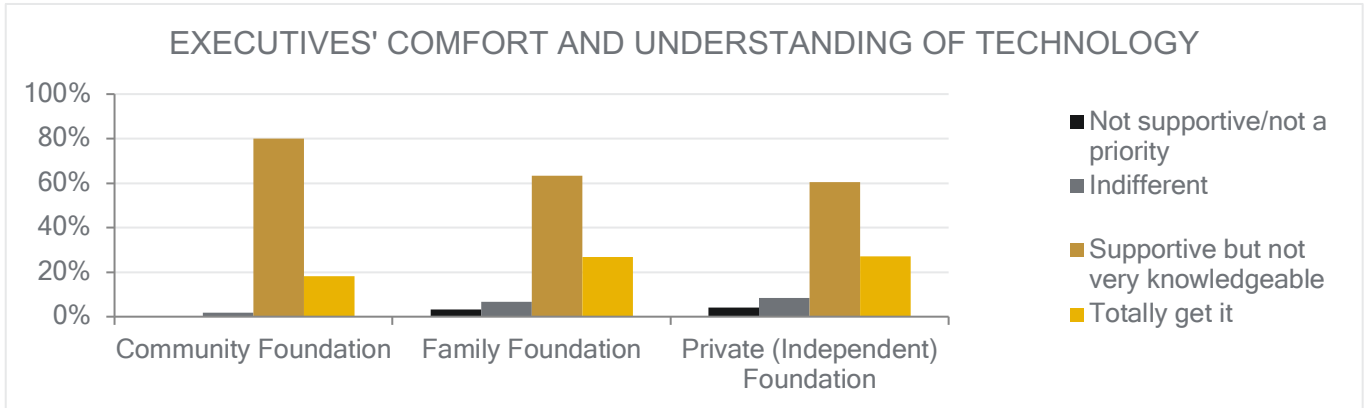## PERCEPTION, SUPPORT, AND INTEGRATION OF IT

The survey included a series of questions designed to assess the role of IT within the organization's structure and strategy. The results indicate that IT leaders believe their departments play a strategic role while at the same time many leaders are choosing to increasingly outsource many IT services. These themes and more are described below.

60% of overall respondents believe that IT is perceived as a strategic partner or leader in their organizations. This is less the case for community foundations.

- The overall rate is down from 68% in 2017 but the same as 60% in 2016; however, in both 2016 and 2017 survey responses were only available from 99 organizations so the expanded scope of respondents in 2018 may be reflecting a broader state in philanthropy.
- It is worth noting that in foundations with more than 20 IT employees, 100% of respondents self-identify IT as strategic leaders within their organization.
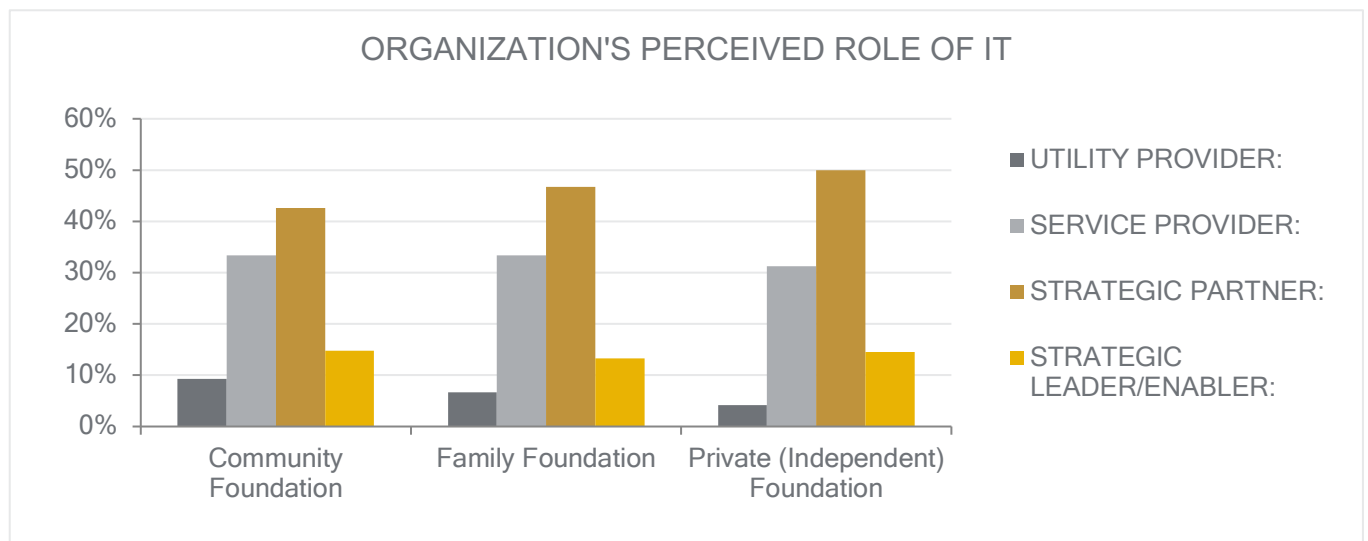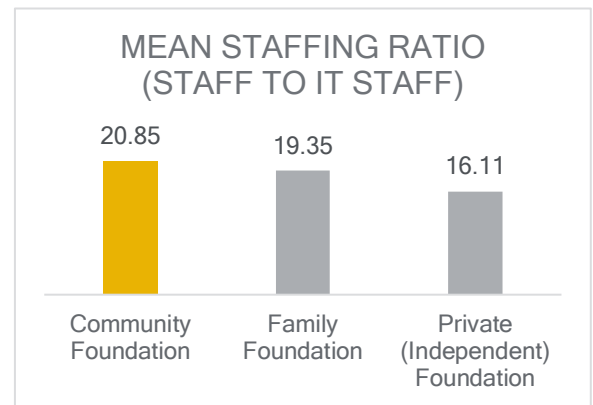
ORGANIZATION'S PERCEIVED ROLE OF IT

Community foundations are less likely to see leadership that "totally gets it" in terms of technology (just 18% vs. 27% for family and private foundations) but they see a high degree of support (80%) from their executives.
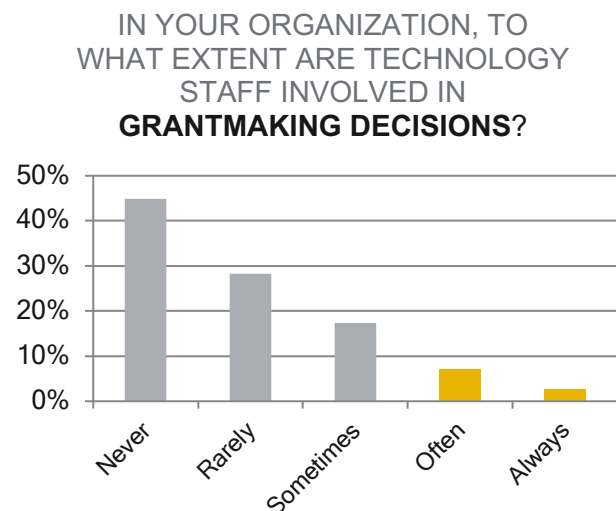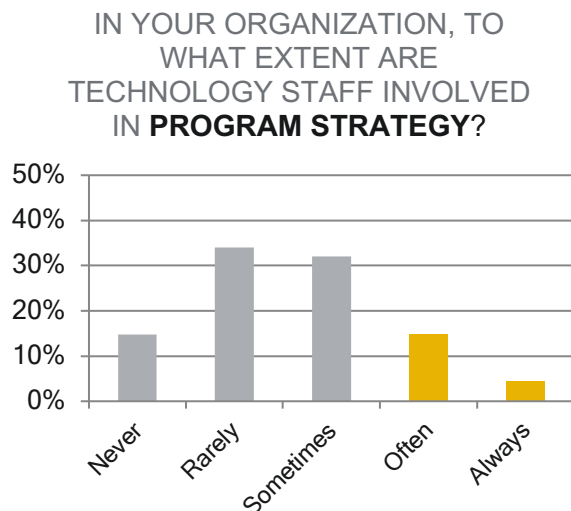

EXECUTIVES' COMFORT AND UNDERSTANDING OF TECHNOLOGY

Legend:
- Not supportive/not a priority
- Indifferent
- Supportive but not very knowledgeable
- Totally get it

17 staff for every IT person is the mean ratio across all survey respondents.

Community foundations see ratios of non-IT to IT staff that are higher (21:1) than those found at private (16:1) and family (19:1).

MEAN STAFFING RATIO
(STAFF TO IT STAFF)

Community Foundation	Family Foundation	Private (Independent) Foundation
20.85	19.35	16.11

While IT staff are somewhat involved in program strategy (19%), very few are involved in grantmaking decisions (10%) for their organization.

IN YOUR ORGANIZATION, TO WHAT EXTENT ARE TECHNOLOGY STAFF INVOLVED IN **PROGRAM STRATEGY**?

(Never, Rarely, Sometimes, Often, Always)

IN YOUR ORGANIZATION, TO WHAT EXTENT ARE TECHNOLOGY STAFF INVOLVED IN **GRANTMAKING DECISIONS**?

(Never, Rarely, Sometimes, Often, Always)

An interesting finding from this year's survey highlights that there may be unrealized potential at larger organizations for IT staff to contribute expertise to program strategy.

While larger organizations report being strategy leaders, they are slightly less likely to be involved in program strategy decisions than smaller organizations, raising questions about organizational siloing and integrated thinking about program strategy.

- 83% of foundations with 20 or more IT employees self-identify as strategy leaders within their organization but only 17% report being OFTEN or ALWAYS involved in program strategy.
- In contrast, just 15% of smaller organizations (10 or less IT staff) report being strategy leaders but 20% are OFTEN or ALWAYS involved in program strategy.

Outsourcing IT services continues to trend higher in philanthropy than in previous years with email and network administration being most likely to be fully outsourced by a significant portion of respondents.

Since 2016, more organizations report fully outsourcing these services:
- Email (48% fully outsourcing in 2018, a 10% increase since 2016)
- Network Administration, WAN (67% fully outsourcing in 2018, a 31% increase since 2016)

% OF RESPONDING ORGS THAT FULLY OUTSOURCE THESE SERVICES IN 2018
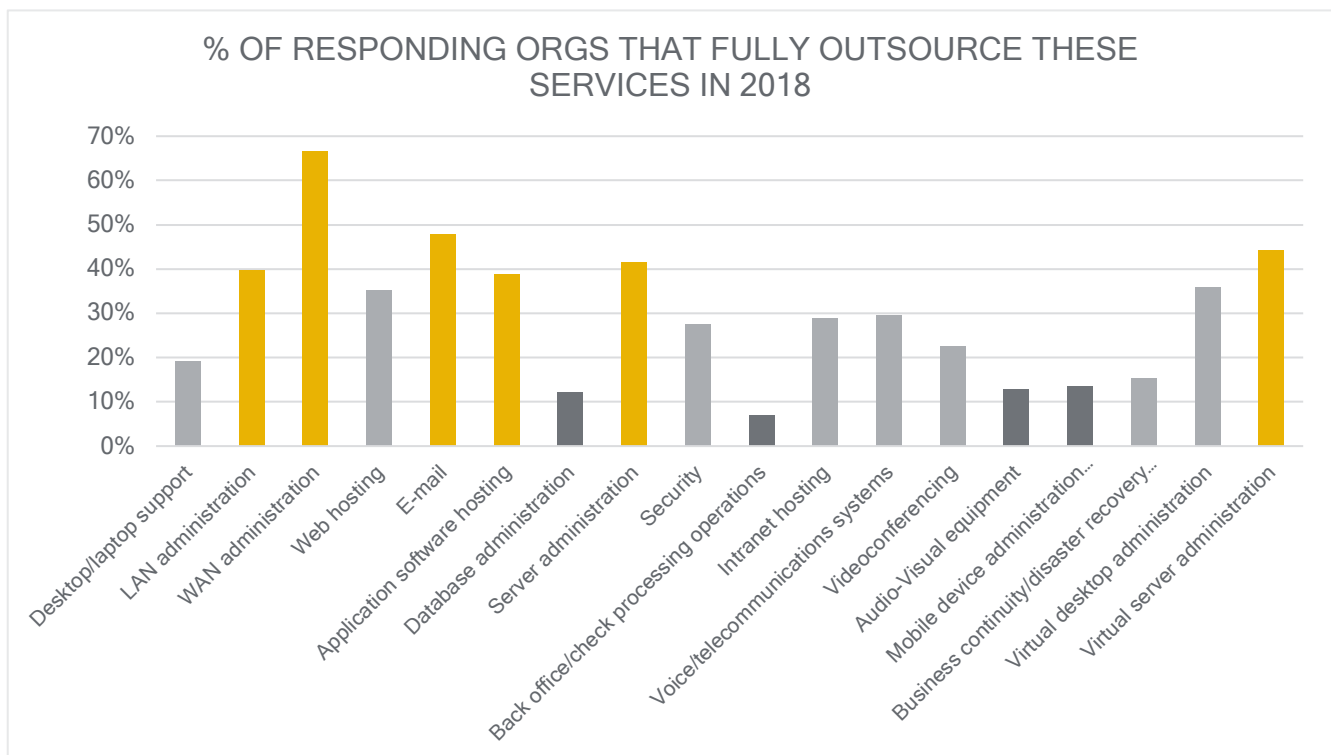
The **least likely services** to be fully outsourced in 2018 are:
- AV equipment (22%)
- Mobile device administration (13%)
- Database administration (12%)
- Back office and check processing (7%)

DIVERSITY, EQUITY, AND INCLUSION IN IT DEPARTMENTS

Introduced in this year's survey were questions pertaining to diversity, equity, and inclusion (DEI). Questions included in the TAG survey were developed based upon PricewaterhouseCooper's (PwC) global survey on diversity and inclusion: https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey.html

Leveraging selections from the PwC question set enables the philanthropic sector to explore the results presented here in comparison to data from PwC:

- PwC results for North America: https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey/north-american-report.pdf
- PwC results for technology organizations: https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey/technology-report.pdf

To begin the conversation, results from the 2018 State of Philanthropy Tech survey indicate that while this conversation may be underway in many foundations as a whole, their IT departments may not receive adequate training, policies, and support for diversity, equity, and inclusion.
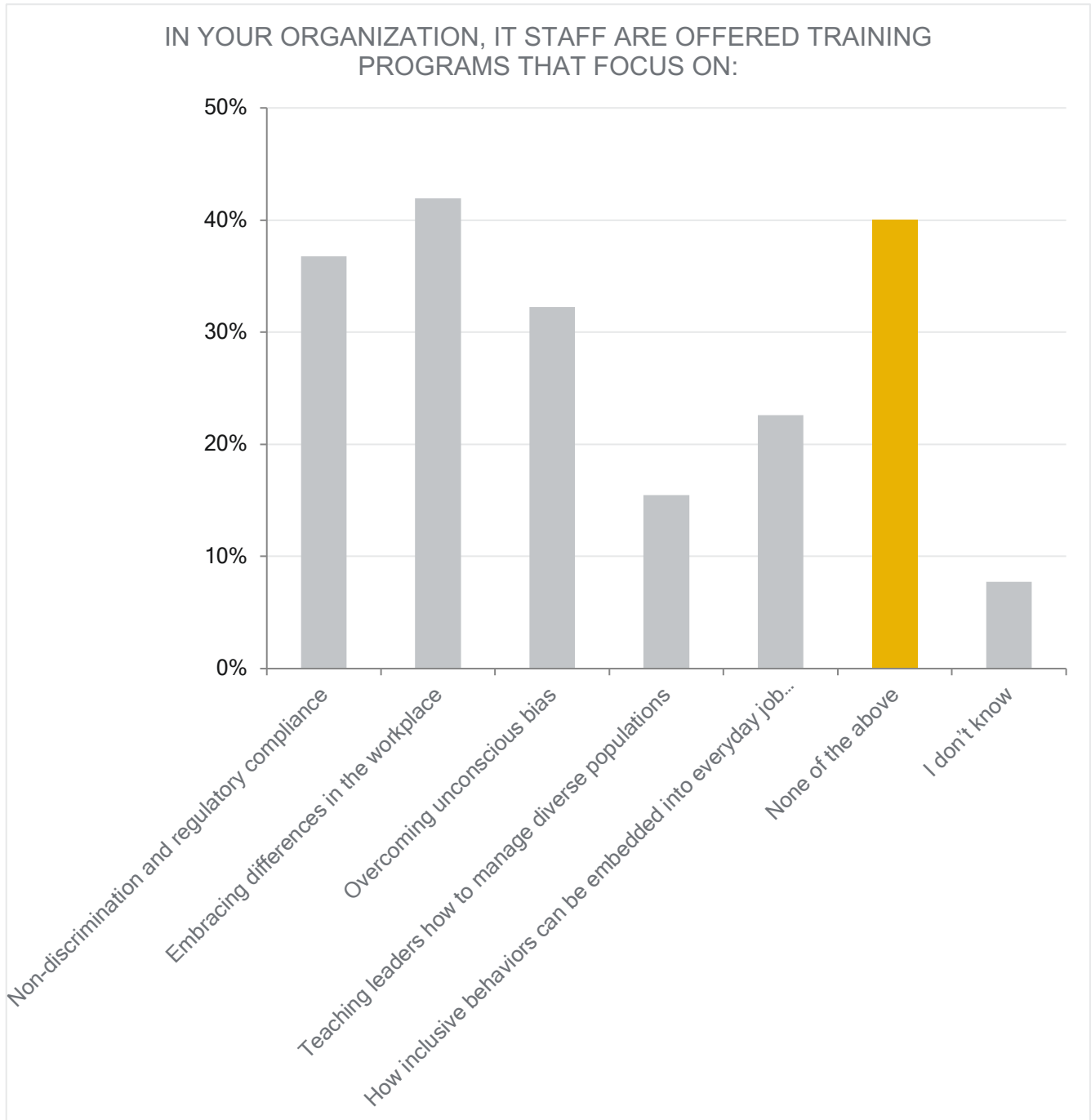
51% of IT departments responding do NOT have DEI programs in place.

Possible answers to this question were selected from the PwC survey on diversity and inclusion and included DEI programs such as recruiting diverse candidates, developing a pipeline of diverse leaders, or providing targeted development opportunities for diverse employees.
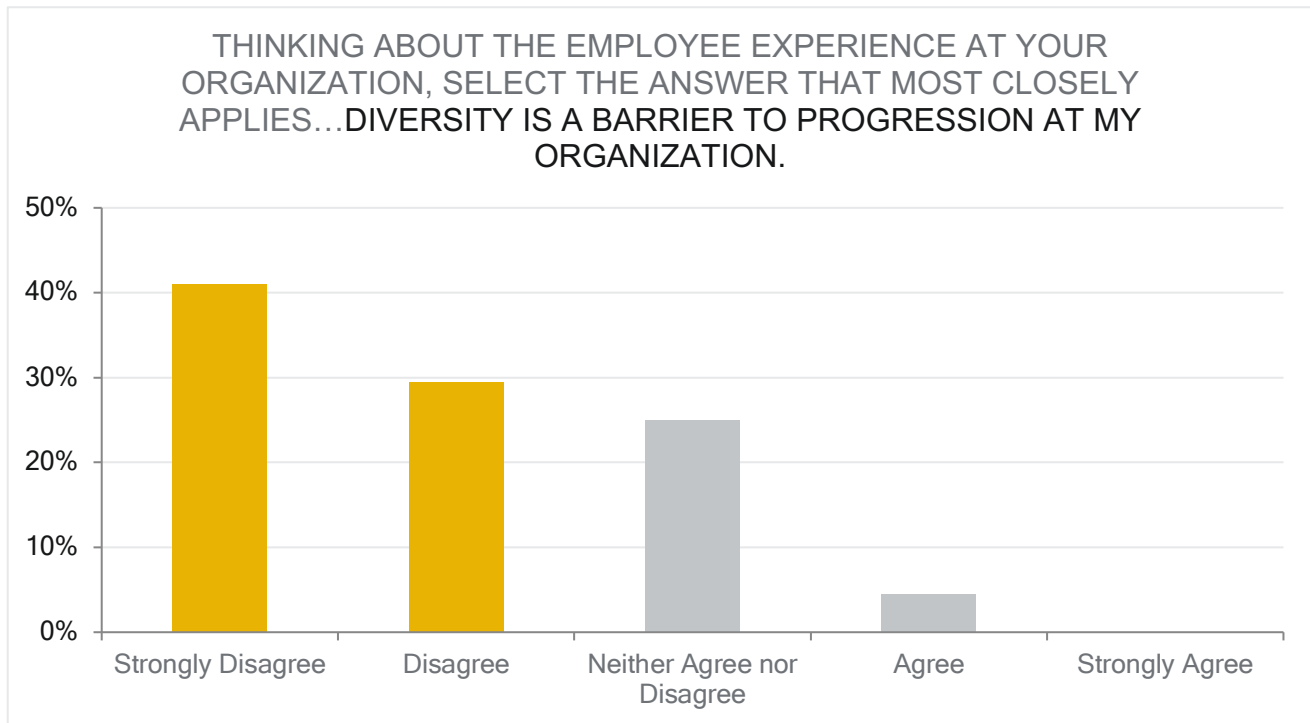
IN YOUR ORGANIZATION, THE IT DEPARTMENT HAS PROGRAMS IN PLACE TO:
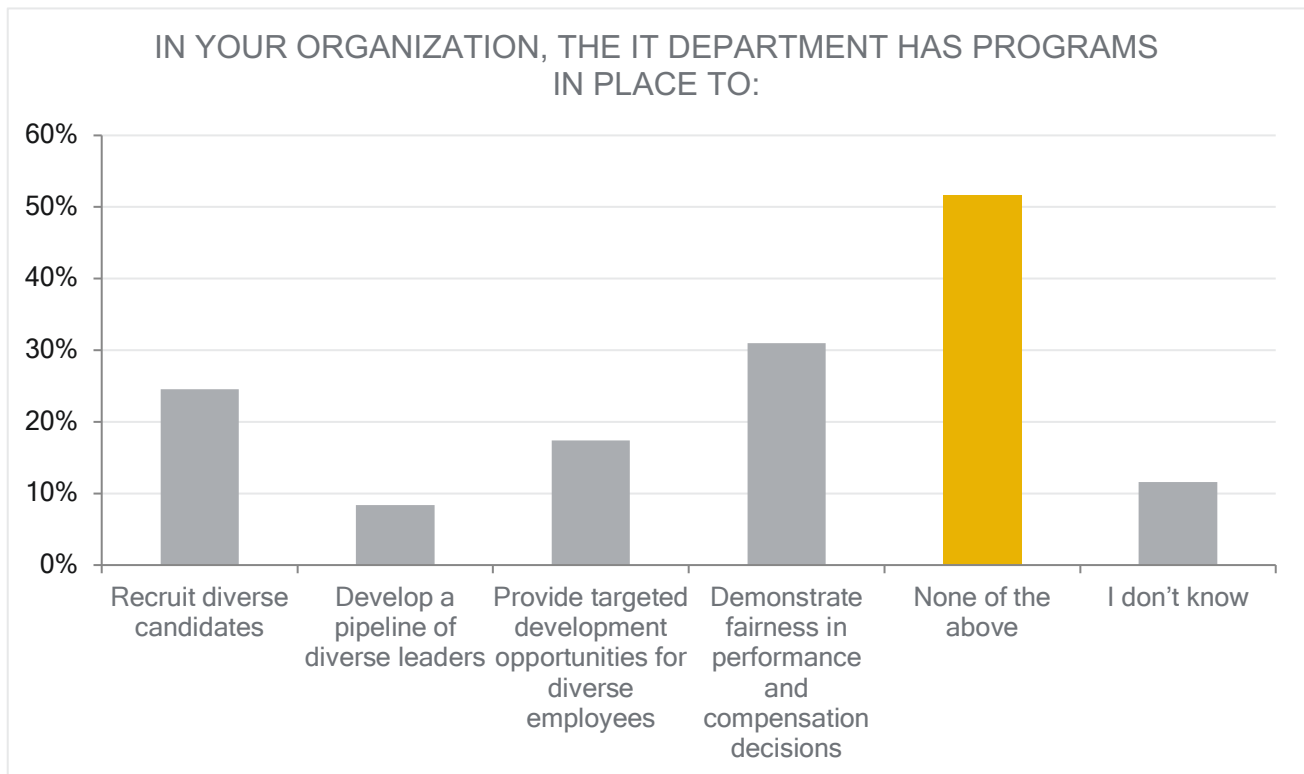
40% of IT departments are NOT offered DEI training.

Possible answers to this question were selected from the PwC survey on diversity and inclusion and included training regarding embracing differences in the workplace, overcoming unconscious bias, and teaching leaders how to manage diverse populations.

IN YOUR ORGANIZATION, IT STAFF ARE OFFERED TRAINING PROGRAMS THAT FOCUS ON:

70% of respondents do NOT see diversity as a barrier to progression in their organization.

THINKING ABOUT THE EMPLOYEE EXPERIENCE AT YOUR ORGANIZATION, SELECT THE ANSWER THAT MOST CLOSELY APPLIES…DIVERSITY IS A BARRIER TO PROGRESSION AT MY ORGANIZATION.

Reportedly, the phrasing of this question felt unclear to some respondents, though TAG selected this question directly from PwC's global survey on diversity and inclusion: https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey.html.

In future research, TAG aims to improve its survey methodology.

SECURITY BREACHES & PRACTICES

21% of respondents have experienced a security breach in the past two years.

The percentage of respondents reporting a breach is relatively stable since 2016 but differences between community, family, and private independent foundations show enough variation to warrant further exploration.

Ransomware attacks are the largest single cause (38%) of all security breaches reported.

% REPORTING A SECURITY BREACH
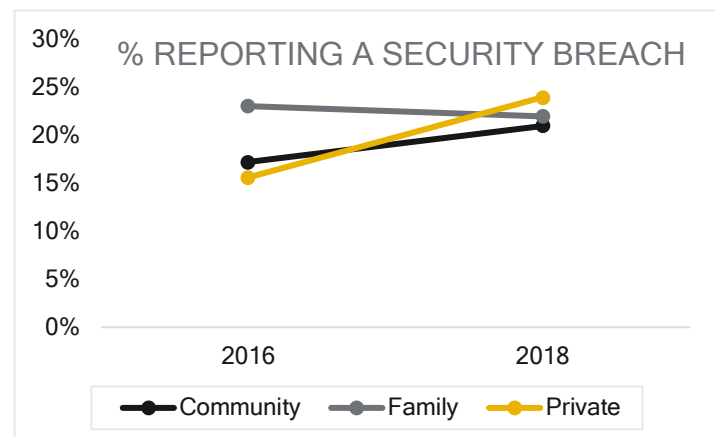
In terms of security tools organizations use, basic firewall, email filtering, and antivirus tools are in place but only high asset organizations (>$1 billion) are widely adopting intrusion detection, multi-factor authentication, and single sign-on.
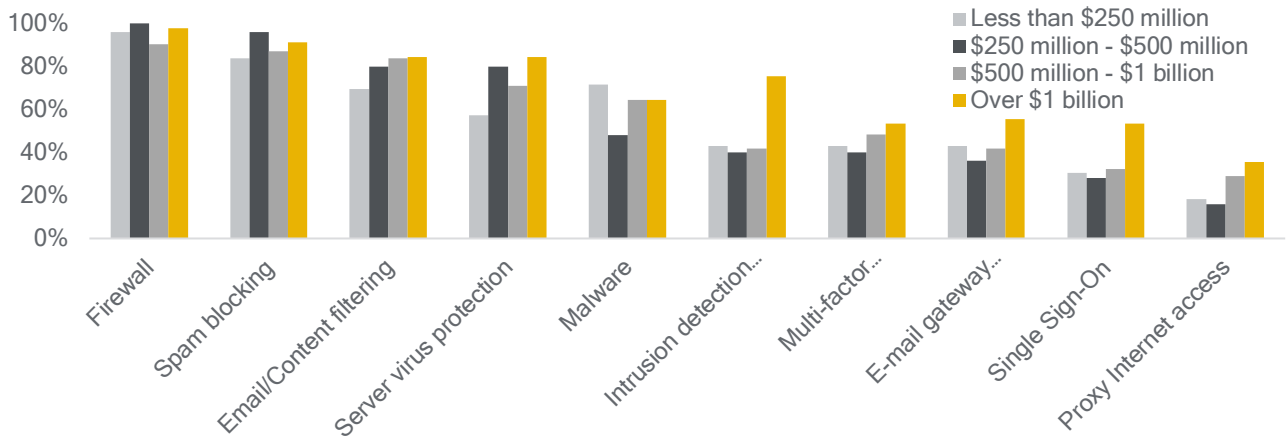

| It is important to note that there were no notable differences between breached organizations and non-breached organizations in terms of security tools; however, there are notable differences in terms of security awareness. |

Responding organizations who did NOT report a breach are:
- More likely to have a **security awareness policy** (60% compared to 40% for organizations that encountered a breach)
- More likely to hold security awareness training **during staff meetings** (51% compared to 23% for organizations that encountered a breach)

40% reported carrying cybersecurity insurance with private foundations being most likely (45%) and family foundations being least likely (27%).
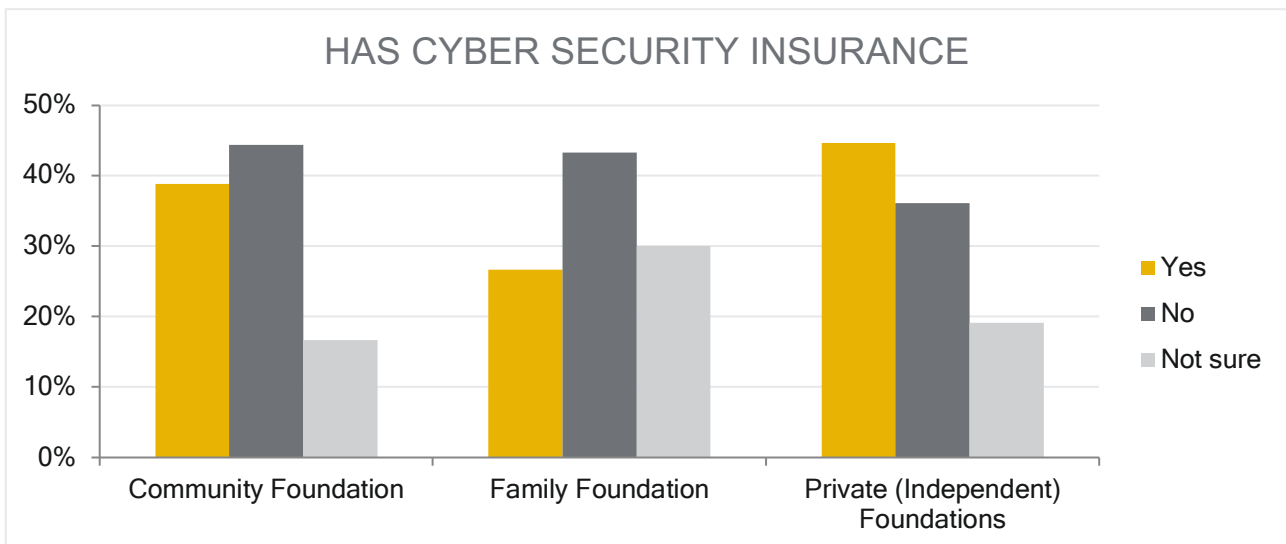
HAS CYBER SECURITY INSURANCE
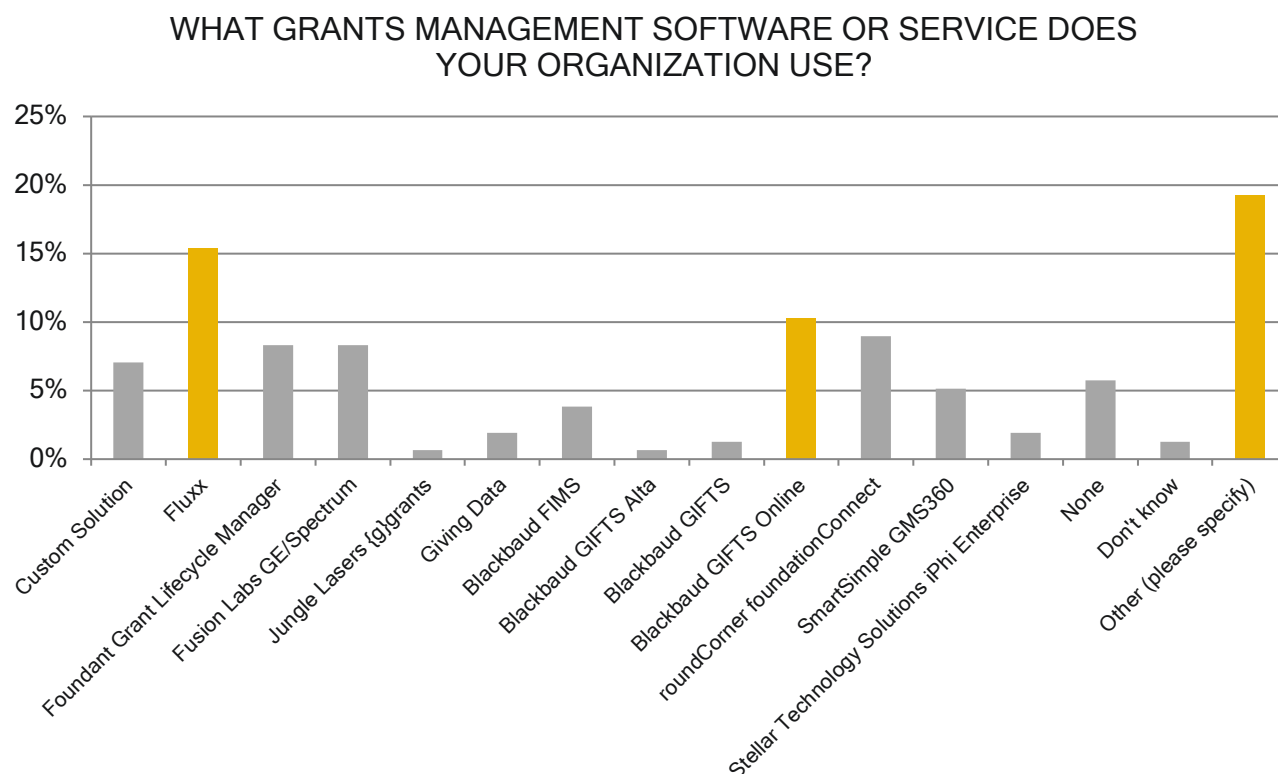
TOOLS & TECHNOLOGY IN USE

The use of specific tools within philanthropy is less dynamic than other areas reported in this survey, therefore simply a few highlights of note are shared below.

The grants management software space is stable but slowly shifting with established providers sharing the market with newer offerings based on Salesforce.

Respondents reported the highest usage of the following systems:
- 15% of responding foundations report using Fluxx.
- 10% report using Blackbaud GIFTS Online.
- 9% report using roundCorner's foundationConnect.
- 8% report using Foundant Grant Lifecycle Manager.
- 8% report using Fusion Labs GE/Spectrum.
- 6% of respondents "wrote in" a Salesforce-based system under "Other."

TAG Members: Download the raw survey results (with identifiers removed) at http://www.tagtech.org/philanthropytech2018

WHAT GRANTS MANAGEMENT SOFTWARE OR SERVICE DOES YOUR ORGANIZATION USE?

For more details about these and other Grants Management Systems, refer to *A Consumer's Guide to Integrated Software for Community Foundations* and *A Consumer's Guide to Grants Management Systems* available at: https://www.tagtech.org/page/PublicReports2.

CRM usage is growing with 23% of survey respondents reported using Salesforce for constituent relationship management (CRM).

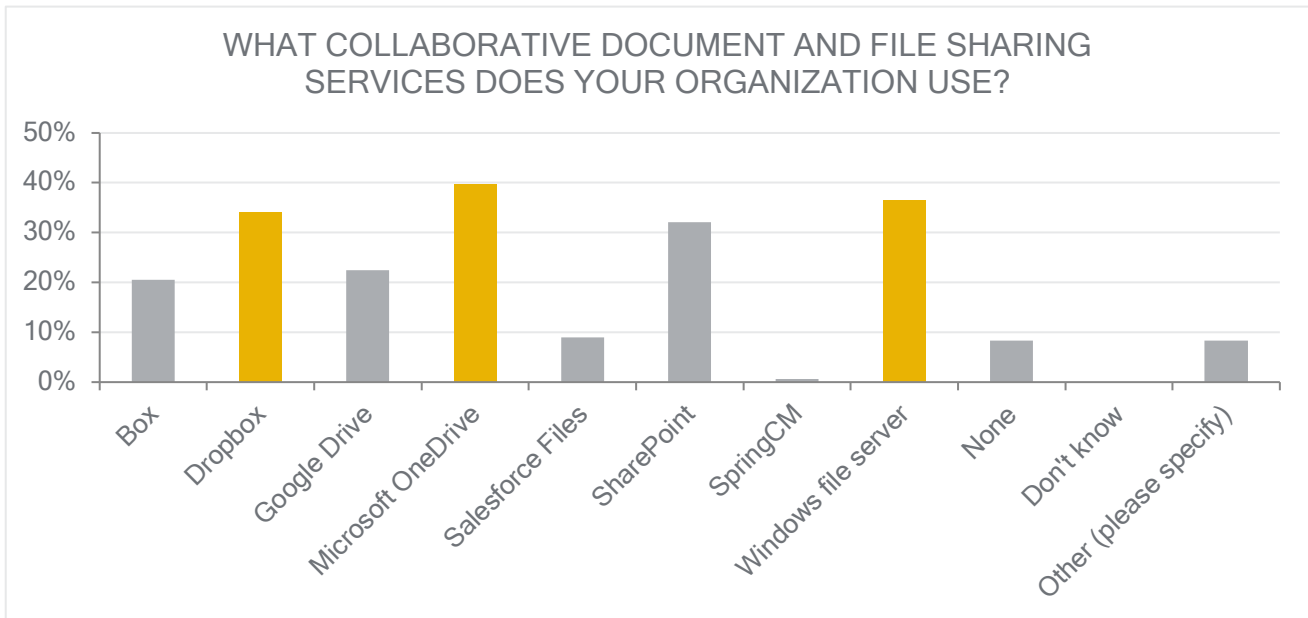22% report using their grants management system for CRM functionality.

WHAT IS THE PRIMARY CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SOFTWARE OR SERVICE THAT YOUR ORGANIZATION USES?
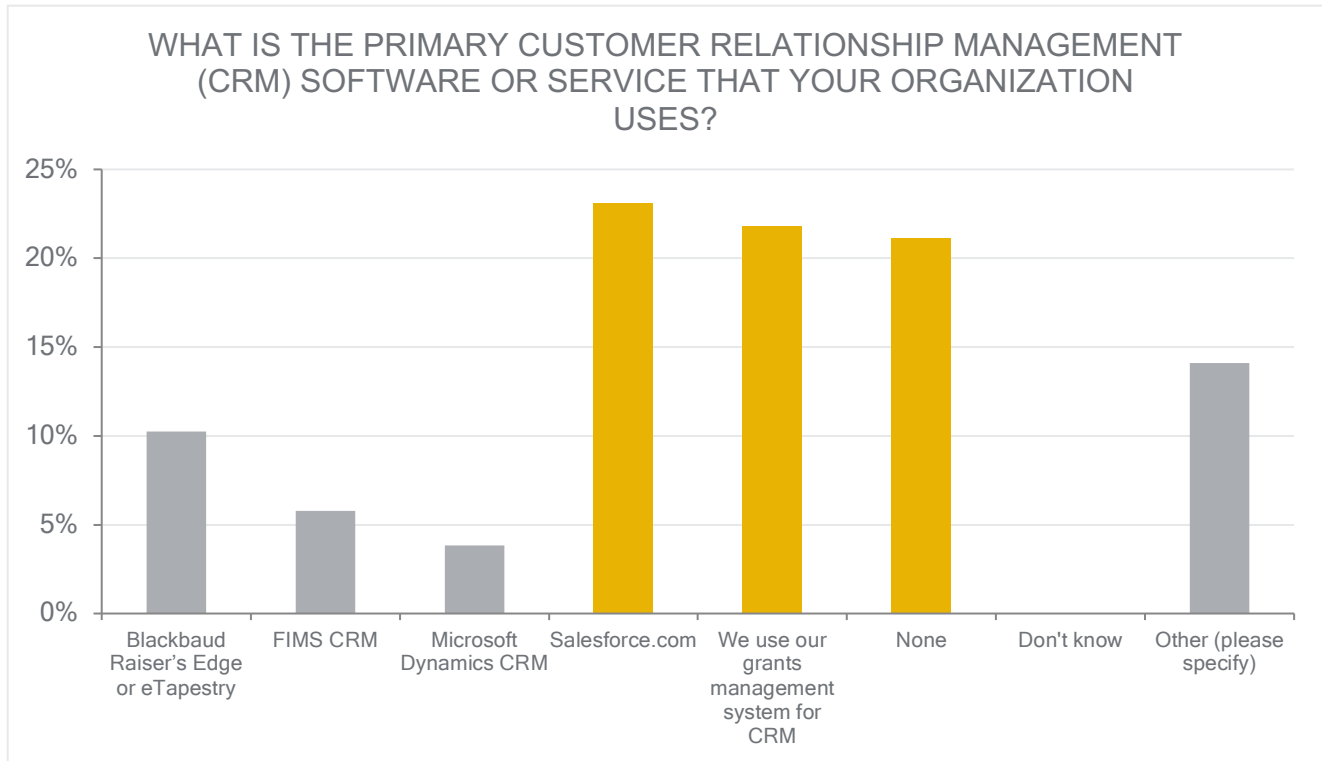
34% of survey respondents are NOT using any project management software.

For those that are using project management software, Asana and Basecamp are the most widely used.

WHAT PROJECT MANAGEMENT SOFTWARE DOES YOUR ORGANIZATION USE?
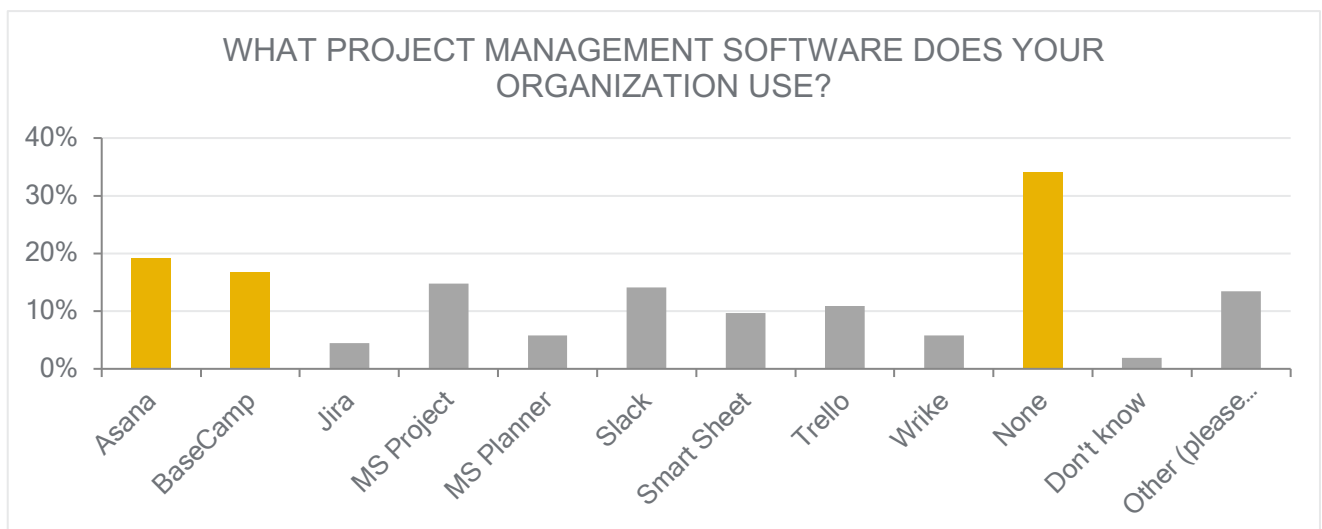
Cloud-based services for document sharing, collaboration and storage are commonly in use.

- 40% of respondents reported using OneDrive and 34% reported using Dropbox.
- It is also worth noting that 37% of respondents report using Windows file server to some degree for document storage.

WHAT COLLABORATIVE DOCUMENT AND FILE SHARING
SERVICES DOES YOUR ORGANIZATION USE?

Box · Dropbox · Google Drive · Microsoft OneDrive · Salesforce Files · SharePoint · SpringCM · Windows file server · None · Don't know · Other (please specify)

METHODOLOGY

The results presented here are based upon answers to the "2018 State of Philanthropy Tech" survey conducted by the Technology Affinity Group (TAG). For over a decade now, TAG has conducted surveys of its members focused on technology, management, and security.

In 2018, the Technology Affinity Group's Survey Committee led by Edima Elinewinga, CTO at Zero to Three, expanded our approach to include respondents beyond TAG membership. The 2018 survey included the following:

- Selected questions from previous TAG Technology Management surveys
- Selected questions from previous TAG Tools surveys
- Selected questions from previous TAG Security surveys
- New questions related to diversity, equity, and inclusion based upon PwC's global survey on diversity and inclusion: https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey.html.
- New questions related to the use of blockchain.
- New questions designed to understand the integration between IT staff and programming staff.
- A new question designed to address a common TAG member question regarding staffing ratios for IT staff.

The final survey contained 33 questions via SurveyMonkey. The online survey was publicly available for six weeks and promoted via email, website, and social media. 199 foundations located throughout North America responded. For information about responding organizations, see the appendix on page 17.

STRENGTHS

- The 2018 approach, leveraging selected questions from previous surveys, has enabled TAG to conduct trends analysis on topics such as security breaches, perceptions of the strategic role of IT, and the use of outsourcing.
- Enabling non-TAG members to respond has widened the lens through which the philanthropic sector reflects upon its current state.
- The addition of new questions related to diversity, equity, and inclusion (DEI) raises important questions about the extent to which IT departments are being included in training and awareness programs within foundations.

LIMITATIONS

- Questions related to diversity, equity, and inclusion were based upon PwC's global survey on diversity and inclusion (https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey.html) and may have used language that felt awkward to North American respondents.
- Only two (2) corporate foundations responded, limiting the ability to make meaningful inferences based on the data.

CREDITS

The *2018 State of Philanthropy Tech* survey as well the results presented here were developed by the Technology Affinity Group's Survey Committee led by Edima Elinewinga, Chief Technology Officer, Zero to Three and Chantal Forster, Executive Director, Technology Affinity Group.

Committee members include:

Amado Ulloa, Business Analyst, First 5 LA
Andrew Halpryn, Senior Information Technology Manager, Hartford Foundation for Public Giving
Jose Aron-Diaz, Associate Director, Solution Delivery, The Rockefeller Foundation
Karen Morabito, Director of Information Management, Arizona Community Foundation
Tracie Mooneyham, Program and Grants Manager, Robins Foundation

Additional research and reviews were conducted by:

Kris McDaid, Robert Wood Johnson Foundation
Laura Goff, Marin Community Foundation
Rex Kim, Carnegie Corporation
Sam Caplan, Walton Family Foundation
Trevor Starkey, Arizona Community Foundation

APPENDIX: ABOUT THE SAMPLE

199 foundations throughout North America responded to the "2018 State of Philanthropy Tech" survey conducted by the Technology Affinity Group (TAG). Below is an overview of the sample.

64 community foundations and 63 private independent foundations responded, comprising 64% of all responses in 2018.

RESPONDING ORGANIZATIONS BY TYPE
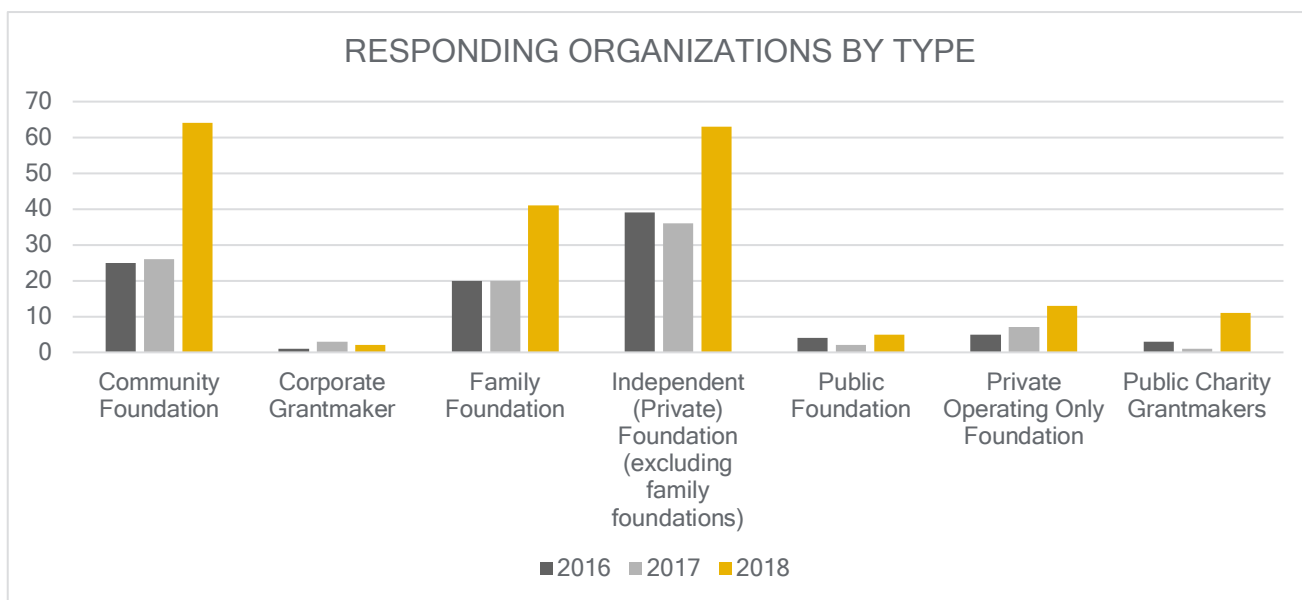
The 2018 survey was completed by organizations of varying asset size.

30% of responding organizations have assets of over $1 billion.
26% of responding organizations have assets between $25-$250 million.

RESPONDING ORGANIZATIONS BY ASSET SIZE
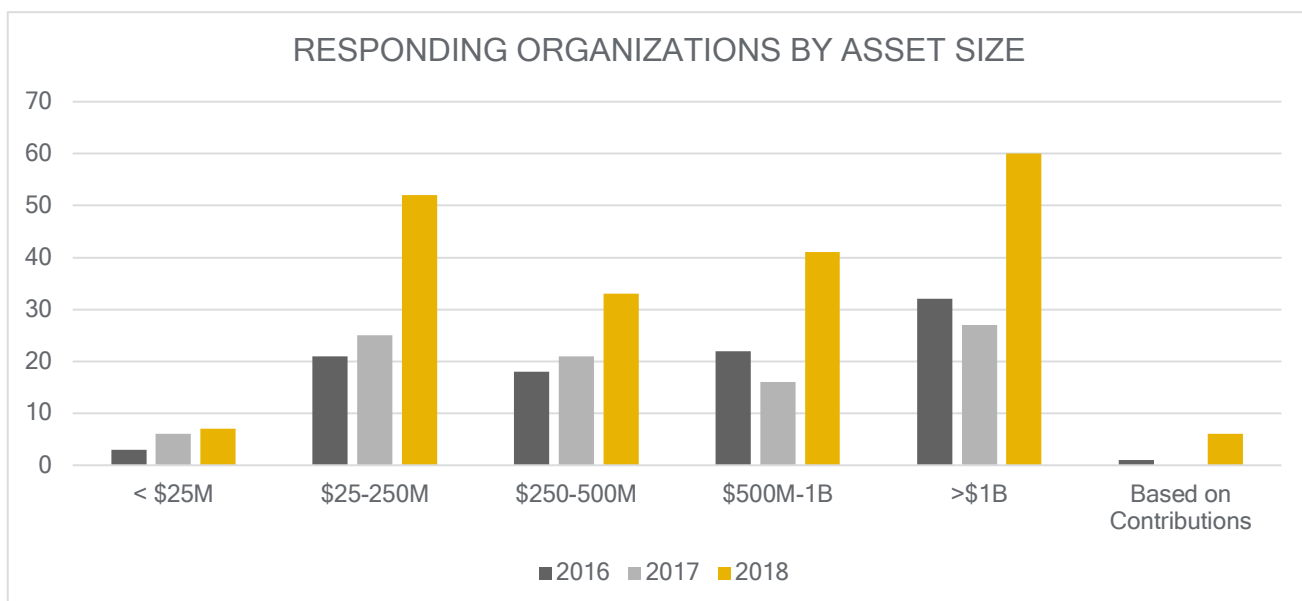
The 2018 survey was completed by organizations of varying staff size.

26% of responding organizations employ between 26 and 50 staff.

RESPONDING ORGANIZATIONS BY STAFF SIZE

■2016 ■2017 ■2018