Executive Summary
2005 Grantmakers Information Technology
Survey Report

September 2005

Survey Overview

The Technology Affinity Group (TAG) and the Council on Foundations (Council) collaborated to conduct an information technology survey of grantmakers in July 2005. This is a follow-up survey to a similar survey conducted in April 2003. The survey was in response to members' and the sector's needs for information about technology utilization in the philanthropic sector and to enable both TAG and the Council to better serve their members.

The goals of the technology survey were:

- To enable grantmaking organizations to make more informed, timely and cost-effective technology decisions based on information about what peer organizations are doing.
- To determine by grantmaker type and asset size, grantmakers' information technology capacity and needs.
- To inform the sector about its technology utilization.
- To learn how grantmakers access and provide information.
- To identify what tools or services grantmakers expect or want from TAG and the Council.

The online survey was sent to 1,787 grantmakers, and 336 foundations completed the survey for a completed response rate of 19 percent. An additional 141 foundations, or 8 percent of survey recipients, started the survey but did not complete it. The incomplete surveys were primarily from small foundations that do not have many technical capabilities and therefore did not think the survey was relevant to their organization.

Results Overview

It is clear from the survey results that the downturn in the economy in the early 2000s has had a significant impact on grantmakers' ability to implement new and improved technology systems. When comparing 2005 survey results with 2003 survey results, we were surprised by the lack of progress reported by foundations with respect to technology implementation.

We expected survey results to indicate foundations were implementing online grant application processes and using electronic communications tools effectively to communicate with constituents. Instead, half of the respondents indicated that cost had become a major barrier to implementing new technology and only 22 percent of foundations reported they had implemented online grant application software.

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The survey data suggest that the philanthropic sector is not taking advantage of technology to streamline business processes, improve inefficiencies and improve communications with grantees and donors. Because there is no competition in the marketplace, there is no easy way to measure the value of technology projects nor is there incentive for foundation leadership to embrace technology in the same way as leaders in others sectors.

We hope this report serves as a call-to-action for foundations large and small to evaluate their business practices and improve internal and external operations and communications.

Overview by Foundation Size and Type
All respondents reported their foundation asset size and foundation type. The full report describes what a typical snapshot of a foundation technology environment looks like for small, medium, large and very large foundations and by foundation type. These snapshots address overall technology management issues, including staffing and the role of technology staff, technology planning and adoption, technology spending and the role of outsourcing.

Survey results continue to vary greatly by foundation size and type. Consistent with 2003 data, the largest foundations typically plan better and adopt and utilize technology much faster than their smaller counterparts. Similarly, independent and corporate foundations are more progressive and implement technology sooner than community and family foundations.

However, all foundation types and sizes appear to be adopting technology at a slower pace than was reported in 2003. In 2005, 47 percent of respondents indicated that they were either "lagging behind" or "in trouble" with respect to technology adoption compared to only 25 percent who indicated they were either "lagging behind" or "in trouble" in 2003.

Similarly, all foundation types and sizes continue to lack the in-house capacity for technology planning. Very large foundations do a better job planning for technology than their smaller counterparts, with 38 percent of very large foundations indicating they had an up-to-date technology plan, compared to only 5 percent of small foundations who indicated they had an up-to-date technology plan. However, compared to 2003, the percentage of all foundations who indicated they had an up-to-date technology plan decreased from 21 percent in 2003 to 14 percent in 2005.

Challenges and Issues
Of the top six priorities identified in 2003, good progress was reported for only two of the six issues. Seventy-five percent of foundations indicated they had improved their websites, and 56 percent indicated they had addressed security issues. However, only one-third of foundations reported they had addressed online grantmaking and online donor information, wireless computing, the cost of keeping up with new technology and database integration.

Along with technology staffing and training, all six of these issues continue to be major challenges for foundations in 2005. Foundations continue to struggle with how to incorporate online application processes into their existing proposal review processes, how to provide online access to grant and fund information, and how to have grantees submit monitoring and financial reports electronically.

Foundations are also struggling with how to define knowledge management and understand its importance to their institution. When asked about their organization's commitment to knowledge management, more than half (55%) of respondents indicated they were trying to define what knowledge management meant to their organization. Only 12 percent indicated they were in the planning, software selection or implementation phases of knowledge management.

Electronic Communications
In 2003, we indicated that foundations' use of electronic communication tools such as electronic mail and websites had dramatically changed the way they communicate with grantees, donors, peers and partners, with 98 percent of grantmakers reporting they used e-mail and 91 percent of foundations indicating they had a website. Changes between 2003 and 2005 have been very incremental.

Most (90%) foundations continue to use their website to provide general information about the foundation, and half continue to publish reports and provide general information about the issues the foundation funds.

Foundations do not appear to be in a hurry to incorporate interactive online capabilities to their website, to target electronic mailings to specific constituencies or take advantage of common services such as bulletin boards, online events, blogs and RSS feeds. Data for each of these services indicates that only about 3 percent of foundations are using these services. Nine percent of respondents indicated they did not have a website, and 63 percent described their website as static HTML pages, thus precluding them from being able to take advantage of any interactive capabilities.

Technology Spending
Foundations continue to spend very little on technology, with 39 percent of grantmakers reporting they spend less than 1 percent per year of their non-program budget on technology annually and an additional 34 percent reporting they spend between 1 percent and 3 percent. Only 13 percent of grantmakers spend more than 5 percent of their non-program budget on technology annually.

These data are consistent with 2003, which is somewhat surprising because foundations appear to have fallen further behind compared to where they were in 2003 with respect to technology.

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Technology Staffing and Training
Compared to 2003, the percentage of all foundations indicating they have internal technology staff has decreased, and for foundations with internal technology staff, the data indicates that the number of technology staff within foundations has also decreased.

However, foundations also use outsourced technology professionals for both special projects and ongoing operations. Because we did not ask about outsourcing in 2003, we do not know whether foundations are using outsourced technology professionals to replace internal technology staff or whether outsourced professionals are being used to supplement internal technology staff resources or both.

As technology becomes more pervasive in the workplace, we also do not know whether technology responsibilities have become more decentralized. In the results, it is not clear whether staff with decentralized technology responsibilities, such as a communications staff person responsible for the foundation's website, have been included in the technology staff count. In some cases, technology responsibilities may have shifted from technical to non-technically trained staff.

Finally, respondents indicated that technology training for staff has become a major issue, with only half (57%) of grantmakers indicating they provide staff with technology training. Some respondents indicated that a lack of training on existing systems caused problems for staff but they were too busy to provide and/or attend adequate training and another respondent indicated their help desk support and training needs had increased as a result of providing board and grantee access to internal systems.

How to Access the Full Report and the Detailed Survey Data
You can download a full copy of the report at www.tagtech.org or www.cof.org. For those interested in analyzing the survey data further, there are 37 tables in the Appendix. All 37 tables present data by all five grantmaker types and all eight asset groups.

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