

Section 4:

Key findings from case studies of ICT use by nonprofit organisations

A study for this paper of 21 nonprofit organisations demonstrates how ICT is used to build internal capacity and improve social outcomes. They illustrate the entrepreneurial nature of nonprofit organisations in their strategic and flexible use of ICT and how it can contribute to a wider agenda of building community and social capital. The complete set of case studies, including those used in the companion paper, is available separately from DCITA or online at www.dcita.gov.au/ie/community_connectivity.

The studies selected for discussion here cover organisations of varying size and sector of operation. Particular effort went into determining whether any common elements contributed to their achievements. This overview concentrates on the participants' motivations, their specific aims and outcomes, the barriers they had to overcome and the key factors contributing to their success. Individual studies were based on a qualitative interview with representatives of the organisation around a set of questions addressing:

- a description of the organisation and project
- project objectives
- key outcomes
- barriers or hurdles
- lessons and success factors
- future plans.

The organisations have embraced a variety of technologies including broadband enabled networks, smart use of standard commercial products and open source products. Their primary motives for adopting ICT fall into one of two categories—enhanced operational ability or service delivery.

Enhancing operational efficiency and capability

Anglicare Australia
 Barnardos Australia
 Earth Share Australia
 Endeavour
 Hawthorn Football Club (see NOIE 2002)
 Philanthropy Australia
 Respite South West
 The Smith Family
 Southern Family Life
 2RRR
 Wesley Mission Sydney
 World Vision Australia

Delivering services and support

Australian Seniors Computer Clubs Association
 Community Information Strategies Australia Inc.
 depressioNet
 Infoxchange Australia
 Inspire Foundation
 Kids Help Line
 Our Community
 Queensland Rural Women's Network
 U3A Online
 WorkVentures

Enhancing operational efficiency and capability

Reducing costs, or at least containing them, is a recurrent theme and most of the organisations studied sought organisational efficiencies and to transform service delivery. The broad aim of improved efficiency includes the need to achieve efficiencies in administration, service delivery and improved communications and to improve engagement with their target audience to increase revenue.

Lack of integration limits the ability to share information with other systems within organisations. This has implications for data integrity, client relationships and management reporting. Lack of standardisation is wasteful in terms of operational staffing and technical support.

Larger organisations such as Endeavour, The Smith Family and Wesley Mission have made a significant investment in ICT and so have the most to gain in financial terms. As mature users, these organisations see the opportunity to reduce or contain costs through rationalisation of their ICT systems.

For example, The Smith Family identified integration, efficiency and a desire to 'change the way we work' as the primary business drivers behind its software project. The ability to form a holistic picture of client families was a key goal. Meanwhile, Endeavour sought to increase efficiency and contain costs through integration, standardisation and decentralisation of its systems and through the selection of vendor-neutral products.

Smaller, cash-strapped organisations such as 2RRR see potential benefits in the ability to reallocate and redirect human resources.

Delivering services and support

Improving client service or broadening the service reach were key objectives for many of the cases studied. Several organisations, including Barnardos Australia, Endeavour, Kids Help Line, Philanthropy Australia, Respite South West and World Vision, saw the opportunity to transform service delivery by complementing or replacing traditional services with Internet services. For example, Kids Help Line has supplemented traditional telephone counselling with an online service.

Several cases show how the use of the Internet increased social connection, perhaps by overcoming geographic or social isolation or providing people with necessary ICT skills. Empowering clients rather than giving handouts is a major driver for some organisations, and many in the social welfare sector increasingly look to ICT to improve client wellbeing.

Barriers or impediments

The major barriers encountered by the organisations were costs, resourcing and level of ICT awareness and skills. All respondents mentioned costs and sustainability as key challenges. The Philanthropy Australia study shows the resource pressures on small staff groups who are responsible for a range of activities, while QRWN highlights particular issues facing rural communities. The ASCCA and U3A Online case studies (DCITA 2004b) indicate that sustainability is the major impediment facing purely voluntary, community-initiated ICT ventures.

The problems of ICT readiness, skills and knowledge were generally considered to be more significant for smaller organisations. For example, Philanthropy Australia identified a lack of experience within the philanthropy sector and Anglicare experienced slower development than planned due to the limited ICT skills in smaller organisations. Both Philanthropy Australia and Respite South West could only develop new services as ICT culture and access levels improved in their sectors. In the case of Respite South West, based in regional Australia, progress has been slower as it is battling geography as well as organisational culture.

Other hurdles arise from the specific experience or skills required to function in a new area. Contract negotiation was a challenge for the Endeavour Foundation, which embarked on a large project for shared development of an IT system that required considerable attention to detail.

The case studies revealed a number of staff issues in relation to ICT.

- System implementation and change management is a significant challenge in many projects. The experience of the Endeavour Foundation shows that the pre-existing fragmentation of systems and work practices means the transition to the new integrated environment will be a significant change for many and will require careful management.
- Community workers' insecurity or lack of trust around ICT proved a barrier to the Infoxchange project.
- Finding qualified and quality trainers to work in rural areas was an obstacle for QRWN.

Some organisations faced specific client barriers to using ICT.

- The skill base of the intended audience, particularly people who have never used technology before, has been a significant issue in a number of cases.
- When Inspire realised that its *ReachOut!* service had not reached its full potential because many of the target client group did not have access to the Internet, it developed a range of strategies, including its Stay Connected program, in response.
- The cost—including course fees and additional expenses for childcare, fuel and accommodation—of accessing services such as training can inhibit those in rural communities, particularly during drought.
- Dealing with sensitive matters such as privacy and security were a concern in the health and welfare sectors.

Further barriers specific to online interactive health and welfare services included:

- overcoming initial professional concern and developing support and credibility from professionals in the field, the mental health industry and government
- the lack of an evidence base or the resources and support to conduct research to gain credibility for the application of the Internet to this purpose.

The studies suggest some improvement since the Call to ACTT (2002) conference. One of the identified barriers, lack of appropriate software, was not mentioned by any of the case studies. Only one organisation raised the concern that public access may not be adequate.

As well as specific barriers, nonprofit organisations face common challenges and need to take advantage of all opportunities to build capacity. The challenges include the need to work with limited resources while maximising community benefits. The distinctive features of the sector—membership, use of volunteers and fundraising—all have an impact on the ability of the sector to effect change.

The evolving relationship with government, including the trend for nonprofit organisations to deliver government welfare services on a competitive basis, is a powerful motivation for organisations to enhance their capacity. Several respondents mentioned differences in government reporting requirements as a consideration when developing their administration systems.

Participants consider the size of an organisation relevant to capacity when competing for government contracts. The organisations studied have made use of ICT to improve their abilities in this respect. For example, Anglicare Australia and Respite South West each used ICT to create a consortium or network of service delivery agencies. Southern Family Life made clever use of ICT to increase capacity while limiting its growth in order to remain responsive to its original client base.

Social outcomes

Benefits such as increased social capital and community capacity can accrue from effective use of ICT by community organisations. As Section 3.3 shows, the benefits flow from improved outcomes for members or clients, the role of community organisations as trusted intermediaries, the role of membership and volunteering in connecting individuals to community and the promotion of community networking.

The case studies in the category Building Communities, Networks and Connections (DCITA 2004b) demonstrate that backing by an organisation enhances the capacity of online communities or networks. The organisation provides a level of sustainability and increases the likelihood of participants benefiting from more integrated social capital (DCITA 2004a).

Intermediary organisations add value by fostering collaboration between organisations. Nonprofit organisations are achieving a positive impact on social capital and building community capacity in the following ways.

- There are improved outcomes for members or clients through:
 - the greater availability of services that empower and inform an underserved group in society, for example depressioNet and Kids Help Line
 - the ability to keep in touch and share knowledge with other members, as demonstrated by QRWN
 - empowering clients with access to ICT and increased ICT skills to diminish the digital divide, demonstrated by ASCCA, Infoxchange, the Inspire Foundation and WorkVentures
 - the promotion of community networking, demonstrated by QRWN (overcoming geographic isolation) and ASCCA (ICT training and support for seniors).
 - the attempt to derive long term benefits from improved social networking, highlighted by Inspire and WorkVentures.
- Nonprofit organisations act as trusted intermediaries, as shown by The Smith Family and Centrelink client referrals pilot.
- The wider community benefits from participation, for example the skills transfer that occurs when Smith Family volunteers and ASCCA members contribute to other organisations.
- Support from intermediaries helps organisations that felt overwhelmed by ICT issues to develop the confidence to move forward without losing control.

Operational outcomes

ICT can enable transformational improvement for an organisation (see Section 3.2 for typical examples), optimise operational efficiency and offer increased opportunity. The case studies demonstrate that Australian nonprofit organisations can benefit from the following sources of productivity improvement.

- Greater efficiency allows review of the whole work process, resulting in:
 - work practice improvements in administrative and financial operations, such as Our Community's membership processing and Earth Share and World Vision's collection of donations online
 - reduced processing time and wastage, evidenced in the studies of Our Community and Hawthorn Football Club (NOIE 2002)
 - contained or reduced costs; for example, World Vision has achieved outstanding results with its overheads as a proportion of revenue at their lowest level ever, while its call centre has maintained steady staffing levels since the introduction of online sponsorships.
- Improved efficiency and connectivity can transform service delivery, leading to:
 - improved relationships with members or clients and new opportunities such as World Vision's enhanced capacity for online engagement and access to a wider audience
 - an enhanced capacity for interagency coordination, collaboration and networking (Anglicare Australia, Respite South West, Southern Family Life, Wesley Mission).
- A central repository of client and business information accessible to staff enables:
 - better service and decision-making, as shown by Endeavour and Barnardos Australia
 - more holistic client management, as shown by The Smith Family and Kids Help Line
 - unanticipated benefits of shared communication or information, such as Anglicare's development of a national research capacity.
- A planned or architected approach to ICT implementation and management (such as Wesley Mission's centralised ICT operations, Endeavour's use of open systems or The Smith Family's interoperable systems) can facilitate:
 - greater alignment of ICT with overall strategic and organisational objectives
 - more robust, portable and flexible ICT applications
 - improved integration and data quality
 - improved connections and engagement with external agencies (such as The Smith Family with Centrelink, Southern Family Life reporting to government).
- Open source is a viable and healthy alternative to commercial software and can provide particular benefit to nonprofit organisations.

- Collaboration, directly or through an intermediary, enables greater sharing of ICT knowledge, training and cost sharing.
 - Philanthropy Australia and Respite South West achieved similar results, creating a multiplier effect that has not only led to direct benefits for themselves but also led to new opportunities and a general improvement in attitudes towards ICT throughout their respective sectors.
 - The studies of enabling organisations, such as CISA and Infoxchange, show that an organisation can have an effective web presence without making the investment required for an individual website.
- ICT can release volunteers and core professional staff from routine administrative work, allowing better membership experience and better quality of service, as shown in the Hawthorn Football Club (NOIE 2002) and Barnardos Australia studies.
- Acquisition of ICT skills can improve organisational culture.
 - Endeavour and Philanthropy Australia noted improved use of information, so much so that they now believe that they can develop knowledge management strategies that will provide further benefits.
 - Skills transfer is important for organisations managing ICT internally, such as The Smith Family and Endeavour.
- There is a need to work towards standardisation across sectors. Candidates for such standards are government, client and grant reporting formats and membership data.

Success factors

The following themes appeared to be the key success factors common to a number of the case studies:

- strategic partnerships
- working in collaboration
- management and staff commitment
- stakeholder involvement
- aligning ICT to overall strategy and organisational objectives
- employing effective project management to achieve these objectives
- appropriate ICT support.

Strategic partnerships with business, the education and government sectors proved valuable in a number of cases, which also showed that entrepreneurial organisations succeed in attracting further partners and funding.

This potential is evident in the partnership between Cisco Systems and The Smith Family, support from Microsoft and Coca-Cola for the Beanbag Net Centres, the contribution of Queensland University of Technology to QRWN and Kids Help Line and the backing from Central Queensland University for COIN.

The Unlimited Potential (UP) program between Microsoft Australia and The Smith Family demonstrates the value of strategic partnership. The Smith Family actively leverages the relationships built through this partnership—for example, the UP relationship with WorkVentures has allowed The Smith Family to provide affordable computers to families involved in its Learning for Life program.

Anglicare's successful partnership with its IT developer for a skills transfer demonstrates the strategic potential in the organisational context. Similarly, Barnardos Australia has developed highly effective relationships with the University of New South Wales and the software developer Allette.

Collaboration is particularly effective in streamlining service to common customers, as illustrated by a number of studies (Anglicare Australia, Respite South West, Southern Family Life). Other forms of collaboration, such as aggregating demand or developing ICT applications, enables greater sharing of knowledge and cost sharing. The CISA, Earth Share Australia and Wesley Mission studies demonstrate the success of aggregating demand. The studies of enabling organisations show best practice in developing ICT applications for shared use.

An almost universal theme was the need for a supportive organisational culture, complemented by an understanding of the needs of the major stakeholders. Organisational support that delivers management and staff commitment is important to success. Several cases demonstrate the value provided by a champion at board or CEO level—for example, the support of the Barnardos board for the LACES case management system and the enthusiasm and commitment of ASCCA's board members. The CEO of Southern Family Life and the executive director of Anglicare both drove and fostered the projects within their organisations.

The critical role of a governing board in independently overseeing ICT projects is reinforced by studies in the cultural sector (NOIE 2003a). These found that in small organisations ICT projects need to report independently to the board. This can ensure that the project remains directed to the needs of the organisation and that appropriate intervention can be made if a project consumes excessive resources.

Almost all the respondents in the case studies stated that commitment was important, but there was a notable difference in what this meant to large organisations as opposed to small ones. For larger organisations, it meant that staff had to deal with complex systems in a complex environment and so required a high level of commitment to cope with the level of difficulty. For smaller organisations, it tended to mean that staff needed the ability to see projects through with only minimal resources and while having responsibility for several other tasks. 2RRR is perhaps the most extreme example of this, but it provides an excellent example of what can be achieved.

While the ability to connect ICT developments with the needs of the stakeholder community is a generally recognised factor for success, these studies suggest that by its nature the nonprofit sector has a stronger requirement to consider individually the differing interests of members, volunteers, staff and clients in ICT projects.

The needs of stakeholders and the organisation itself call for effective planning and project management. The case studies show the requirement for a clear business case for each project: there must be an opportunity to seize or a challenge to be met. It is critical to align ICT to overall organisational strategy and objectives, rather than view ICT as an end in itself.

An architected approach using open or interoperable systems can aid ICT alignment. The Smith Family chose an enterprise-wide approach to its ICT developments, achieving multiplied efficiency dividends. Its Encore client management system has changed the way people work and has assisted the realisation of the organisation's client management strategy. Both Endeavour and Wesley Mission adopted a strategy of centralising ICT services while allowing for diverse ways of working that achieve cost-savings and efficiencies.

The person who steers the project needs the time, communications skills, relevant technical skills and knowledge and support of the organisation to manage the project and provide strong direction. These qualities are required regardless of whether the work is outsourced or undertaken in-house, although it may be that if the work is outsourced the in-house manager needs broader technical knowledge rather than specific skills.

Effective ICT implementation relies on an organisation having access to appropriate advice and the quality of its relationship with ICT suppliers and developers. Given that the development work for most of the projects in the case studies was either outsourced or undertaken in collaboration with other organisations, it is clear that the initiating body must seek partners with complementary skill sets and sympathy for its culture and the sector in which it operates. The Anglicare and Southern Family Life case studies demonstrate the value of access to a trusted source of advice on solutions appropriate to the organisation.

Organisations also need a good working relationship with an ICT supplier who understands and is in tune with the sector. This is shown in the study of Philanthropy Australia's open source developments, in Barnardos Australia's relationship with its software developer and in the strategic partnership Endeavour developed with its supplier.

General issues highlighted include the need for realistic expectations, flexibility, building on existing strengths and regular evaluation of progress and results. Issues arising from a systems-orientation indicate the need to design and plan thoroughly, test thoroughly, ensure that operational staff have the necessary skills and ensure the maintenance of data quality.

Future developments

The organisations studied intend to use ICT to further develop capacity, as shown by this sample of future plans.

- Anglicare Australia plans an online ordering service to leverage its combined group purchasing power.
- Endeavour will investigate the potential to host applications for smaller nonprofit organisations.
- Kids Help Line plans to use ICT to better integrate phone and web counselling.
- Inspire Foundation will expand its Beanbag Net Centres and explore greater interlinking with *Reach Out!*
- Philanthropy Australia aims to develop an online knowledge bank, a members-only repository of shared resources including policy documents.
- The Smith Family plans to use Encore to manage its relationship with supporters and corporate sponsors better and to develop its Unlimited Potential collaboration with Microsoft Australia.

- Southern Family Life will explore cooperation with other ICT enabled organisations in the sector to provide evidence of the effectiveness of services.
- World Vision Australia will investigate electronic procurement and supply.

Discussion points raised by the case studies

This section examined examples of nonprofit organisations that have achieved significant benefits by embracing ICT. Discussion of the case studies demonstrated effective use of ICT to build internal capacity and improve social outcomes in terms of the organisations' initial objectives, the barriers and hurdles faced, the positive outcomes achieved, key success factors and future plans for ICT developments.

1. What further impediments affect the take up and effective use of ICT by nonprofits?
2. What other factors drive nonprofits to adopt ICT?
3. How has the changing relationship with government, competitive contracts for service delivery, impacted on the sector?
4. Data collection and government reporting requirements are an issue for the sector. What can be done to streamline or improve this situation?
5. What additional factors are important to nonprofits successful use of ICT?
6. What are some other leading examples of nonprofit organisations using ICT to:
 - (a) achieve organisational business efficiencies?
 - (b) engage online with
 - i) other nonprofit and civil society organisations (and for networking)?
 - ii) the wider community (and for community networking)?
 - iii) private sector organisations?
 - iv) donors and other funders?
 - v) government?
 - vi) volunteers?
 - vii) members (and for member networking)?
 - viii) deliver services?
 - ix) act as advocates and trusted intermediaries?
 - x) build social capital?