

ROADMAP FOR FUNDERS

Investing in Digital Infrastructure

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NETHOPE



techsoup

OVERVIEW

SOCIAL CHANGE IN THE DIGITAL ERA REQUIRES AN INVESTMENT IN TECHNOLOGY

As society moves from *response* to *recovery* to *reimagining*, grantmakers are increasingly recognizing that social change in the digital era requires an investment in technology. This investment is more than tools alone; rather it's a commitment to building digital skills, capacity, and new platforms to unlock the knowledge, passion, and collective strength of civil society over time as the relationship between technology and society continues to evolve. Combined, these dependencies might best be referred to as the **digital infrastructure** funders, nonprofits, and partners need to deliver effectively and equitably on their missions in an increasingly complex digital era.

This guide, authored by the Technology Association of Grantmakers, NetHope, NTEN, and TechSoup, is designed to provide concrete ways you can invest in three core elements of digital infrastructure:

- Digital transformation within your own foundation
- Skills, tools, and capacity with grantees and nonprofit partners
- Sector-wide services, platforms, and data-sharing

Building back better for civil society means an investment in this digital infrastructure, so if you're just getting started or seeking to revisit your existing approach, this guide will help. Inherently, transformation is a dynamic process and one you'll continue to evolve. Today, as philanthropy pauses to consider its role in a changing world, is an ideal time to invest.

YOUR OWN DIGITAL TRANSFORMATION

For both nonprofits and funders alike, COVID-19 has demonstrated the insufficiency of our sector's investment in the technology skills, tools, and staff needed to keep up with soaring demand and a pivot to remote work and services in addition to maintaining basic operations. In fact, many funders share that their own internal investment in technology lags well behind other sectors and limits their ability to innovate and advance impact.

According to a 2017 study of NetHope members¹, the average IT spending ratio at global nonprofits is just 2% and ranges from 0.08% to 4.89%. In contrast, Harvey Nash / KPMG reported in 2019 that the percentage of private sector organizations' revenue spent on IT varies between 4.8% (manufacturing/automotive, retail/consumer goods) and 22.5% (technology)². In summary: Private sector spending on technology, regardless of industry, is likely to be at least four times that of the social sector.

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Even when the investment is adequate, the results from assessments such as NTEN's Tech Accelerate³ show that organizations perform best in areas where outside vendors, software, and tools can ensure success, including compliance and secure financials and the use of antivirus software. On the other end of the scale, the lowest ranked areas are those that require internal investment in ongoing training, processes, testing, and improvement. For nearly 15 years, NTEN surveys⁴ have shown that staff report having the tools they need but not the training on how to use them well.

Investing internally in the ongoing technology training for all staff, including program staff, is required for foundations to effectively understand and support technology investments for organizations and the sector. Meyer Memorial Trust, an equity-based foundation serving Oregon, has creatively addressed continuous learning for staff through a mix of traditional training on tools and systems as well as “learning weeks” and internally designed mini conferences for staff across teams to engage with local leaders, practitioners, and experts in many different fields.

Similarly, the Foundation For The Carolinas (FFTC), one of the largest community foundations in the U.S. has invested in technology roles, skills, and resources, building resilience throughout the organization. Distributing IT skills throughout the organization also builds trust and confidence across teams and makes room for more strategic skills such as a focus on user experience, design, and planning. Additional investment at FFTC includes moving to cloud-based systems, office productivity, and a project management function. Such work is often called **digital transformation** and requires commitment and investment. “Digital transformation for an organization is not “One Big Project,” advises Nikhil Sawant, Chief Information Officer at FFTC, “but a series of very targeted solutions, that will change how the business operates.”

¹ The 2017 NetHope study was conducted internally and shared only with NetHope members.

² <https://www.hnkpmgciosurvey.com/press-release.php>

³ <https://www.nten.org/accelerate/>

⁴ <https://www.nten.org/knowledge/reports-and-resources/>

HOW TO MOVE FORWARD

Assess the current state of your foundation's technology effectiveness. NTEN and NetHope provide assessment and benchmarking tools that are invaluable in providing insights and prioritization for investment.

- The Tech Accelerate assessment: <https://www.nten.org/accelerate/>
- The Digital Nonprofit Ability Assessment: <https://solutionscenter.nethope.org/the-center-for-the-digital-nonprofit-survey>

Invest in baseline digital literacy for all staff. Assess your team's digital and data skills and invest in training for all staff. At a minimum, provide training for all staff to be comfortable with virtual collaboration and project management tools. Augment this with training on basic data literacy, so all staff are able to extract meaning from data. These digital competencies translate into agility during a crisis and responsiveness when nonprofits need more from their funders.

You may find the NetHope framework for digital skills helpful when crafting your skill-building strategy.

Learn more at:

<https://solutionscenter.nethope.org/resources/digital-skills-framework>

Plan for technology to play a strategic role in your organization. In 2020, if your technology budget is less than 4% of your total expenditures, you are unlikely to have realized the value of digital skills, tools, and capacity to realize your mission. Similarly, if the leader responsible for technology is not involved in strategy discussions where they might steward alongside program peers, your organization is likely lagging in its ability to scale and innovate with the aid of technology. Learn more about leveraging the strategic potential of technology in philanthropy at: <https://www.tagtech.org/page/strategicphilanthropy>

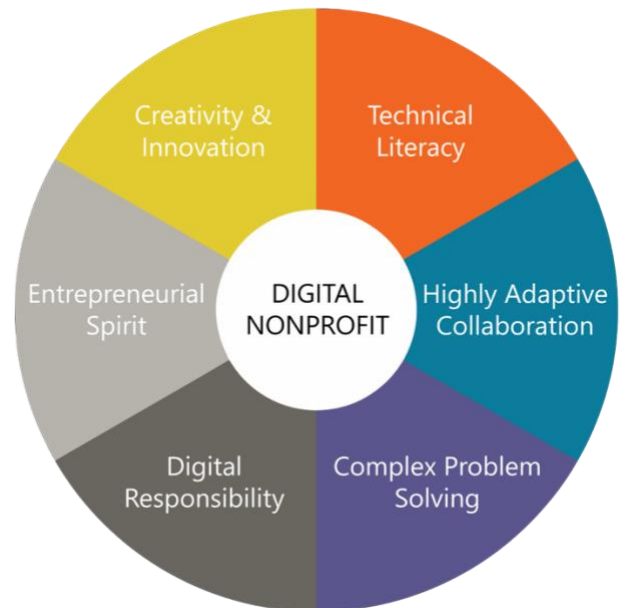


Figure 1: NetHope's Digital Skills Framework

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STRENGTHEN NONPROFIT DIGITAL CAPACITY

Once a foundation has recognized their own reliance on digital skills and tools *internally*, it's only a small step to recognize that such skills and tools are vital for grantees and nonprofit partners as well. Unfortunately, COVID-19 has revealed that the baseline of digital access, skills, and tools at nonprofits of all sizes is lower than funders realized as outlined in [the late April publication by NetHope, and NTEN, and TAG⁵](#).

Often, the digital gap for nonprofits is rooted in funders' reticence to fund operations (the "overhead myth"). Funder reluctance to prioritize digital is further exacerbated by nonprofits' own lack of understanding about how incorporating technology into daily organizational processes might increase organizational capacities. According to the 33,000 respondents to a 2020 TechSoup survey⁶, this lack of technical imagination is further complicated by:

- Lack of skills to help understand options and make technology decisions
- Lack of access to trainers or consultants who understand the sector
- Lack of support from or prioritization by the Board of Directors
- Concerns about data management in terms of security and regulations
- Aging hardware

When digital is recognized as a baseline requirement and fully funded, nonprofits are well-positioned for resilience and transformation. For example, the [Fair Count](#) organization, which works to improve census response and voting rates in Georgia, U.S., has managed to pivot and digitally transform their approaches in the wake of the 2020 pandemic. In the days before the pandemic took hold, Fair Count's outreach plans included myriad public "get out the count" events, including a 60-county in-person bus tour. However, public health and safety measures required the cancellation of these events and a swift pivot to virtual events, including a successful 70-county virtual bus tour that relied heavily on digital resources. The technological nimbleness exhibited by Fair Count can be attributed to three components:

1. Recognition of the technological challenges faced in communities that lacked internet access
2. Development of strategic plans that allowed the testing and implementation of digital tools and the expansion of digital infrastructure
3. Support from funders that understand the organization's goals for non-extractive organizing and long-term power building in historically undercounted, underrepresented, marginalized, and disenfranchised communities

HOW TO MOVE FORWARD

Be bold in considering new funding approaches: Move to unrestricted grants or consider including additional funds for each grant to support digital/technical capacity.

Provide access to expertise. In addition to funds, consider providing capacity building and access to expert consultants. For example, organizations such as The David and Lucile Packard Foundation, Chan Zuckerberg Initiative, Truist Foundation, and Libra Foundation partner with TechSoup to extend digital capacity building in parallel to financial grants, covering 1:1 digital consultations to help

⁵ <https://www.tagtech.org/page/COVID19-NonprofitSupport>

⁶ TechSoup survey results to be published in Autumn 2020

organizations build a digital transformation roadmap that includes the kinds of skills, tools, and policies organizations need to mature. “Partnering with TechSoup,” says Lynette Bell, President of the Truist Foundation, “allows us to support the digital transformation of numerous organizations at once. We’re helping to ensure they can access the technology tools and training they need. Enabling migration to the cloud and convening cohorts of nonprofits working on similar issues to co-design new technologies will help improve services and increase resilience in the communities we serve.”

Recognize that digital maturity requires ongoing learning and support. As grantees' digital skills mature, savvy funders will recognize that “digital is never done” and will invest accordingly. Nonprofit partners may require multiple investments in order to mature, stabilize, and continue to adapt as technology evolves. On an ongoing basis, your nonprofit partners may want to assess the current state of their digital capacity using the assessment tools mentioned on page 4.

INVEST IN THE SECTOR'S FUTURE

While immediate effort by individual funders is vital, the digital infrastructure gap laid bare by the COVID-19 pandemic will only be addressed through **sustained and collective action**. This gap is hardly new as organizations have been calling for civil society infrastructure since 2016⁷, and yet this pivotal moment of stress makes strategic investment imperative.

“An economy needs roads, bridges, and train stations to thrive. A community needs schools, parks, and houses of worship to ensure the flowering of human potential. And civil society needs infrastructure to ensure that nonprofits and foundations can act with integrity and impact.”

— From “Investing in Infrastructure,” a letter from 22 Philanthropy Serving Organizations to the sector (May 13, 2016).

Investing in the digital infrastructure for civil society is a vital part of ensuring its future and yet less than 1% of all global giving goes to infrastructures⁸. Contrast this with government spending on the maintenance of physical infrastructure which comprises over half of public spending on transportation and water infrastructure⁹.

This lack of investment in digital infrastructure is untenable and limits the sector's impact both now and in the future. “I’ve been arguing for several years now,” states Lucy Bernholz, Director, Digital Civil Society Lab at Stanford PACS [in a recent article](#), “that civil society is dependent on digital systems.” Not only does this dependency limit the scalability of social change, but it also becomes an equity issue. “If digital infrastructure fails,” writes Michael Brennan, Program Officer, Technology and Society at the Ford Foundation, “the consequences will be the same as when physical infrastructure falls apart: people with privilege and resources will find other ways to navigate the world, while those on the margins will bear the brunt through higher costs, decreased access, and a related lack of opportunity.”¹⁰

⁷ <https://www.councilofnonprofits.org/tools-resources/investing-infrastructure>

⁸ <https://www.fidelitycharitable.org/insights/gaps-in-infrastructure.html>

⁹ <https://www.cbo.gov/>

¹⁰ <https://www.fordfound.org/ideas/equals-change-blog/posts/announcing-13m-in-funding-for-digital-infrastructure-research/>

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Michael Brennan, Program Officer, Technology and Society, Ford Foundation

As our societies increasingly grapple with the role that technology plays in exacerbating inequity, particularly as a result of the 2020 pandemic, now is the time to build a digital infrastructure initiative that is:

- Led collectively, rather than an isolated or overlapping initiatives, with other funders, nonprofits, private sector, and public sector partners
- Committed to addressing equity issues that perpetuate and exacerbate disparities in access, skills, and funding
- Committed to reducing nonprofit burden through the development of common tools (e.g., common grant application, shared reporting, etc.) and open source platforms
- Mindful of the fact that the social sector's needs will continue to evolve over time and that individual organizations are at different points of digital maturity

DEFINING DIGITAL INFRASTRUCTURE

As a starting point, such an initiative should focus on six key elements of digital infrastructure as a minimal viable combination of efforts.

1. **Rights and Equity:** Policy and regulatory frameworks that enable access, representation, and participation, ensuring that systemic inequalities are not perpetuated by investments in digital infrastructure and that social sector data is secure.
2. **Access:** Equal opportunity to freely and independently connect reliably to the internet at sustainable costs regardless of location globally.
3. **Tools & Technologies:** Co-created technology platforms and ecosystems that leverage the value of open-sourced and community-owned systems as well as private sector investment. Moving from a product mindset to a platform mindset keeping sustainable resourcing models in mind.
4. **Data:** Ensuring responsible data practices (e.g., ethical, private, secure, just, non-biased, etc.) for collection, management, analysis, and sharing. Investing in new ways of lowering the cost for nonprofits such as data collectives and shared reporting tools.



Figure 2: Download the framework at [TAGtaskforce.org](https://tagtaskforce.org)

5. **Skills:** Basic data literacy and technical skills as well as digital responsibility awareness and highly adaptive collaboration skills.
6. **Resourcing Models:** Funding approaches and pooled investment models that ensure digital infrastructure is equitable, affordable, and sustainable.

Each element defines a component of infrastructure that must be addressed through coalitional efforts such as data and technology platforms that are funded through public/private/social sector partnership or skills-building initiatives that advance data literacy and technical fluency. Such efforts may be open-sourced or private/social/community partnerships.

Each element is necessary to creating robust, scalable, sustainable, and equitable infrastructure for the mission of civil society. Thankfully, each element requires finite investment and finite effort to leverage existing social-enterprise models that put the power of tech in the hands of civil society. The challenge facing philanthropy; however, is **willingness**. Is philanthropy willing to invest in infrastructure and the collaborative effort necessary to understand the need and commit to sustainable solutions?

“We are at an exceptional time. All foundations are being called to action and have an obligation to deliver and respond to the needs of the world. The entire philanthropic sector is being challenged to maximize impact. Foundations are finding creative ways of quickly allocating additional funds by issuing social bonds, streamlining processes, and reducing grantee burdens on application, due diligence, and reporting.

Investing in shared platforms and integrated solutions to reduce this burden is not only a call but also an obligation.

– John Mohr, CIO, The MacArthur Foundation

HOW TO MOVE FORWARD

To be effective, the work of building infrastructure for civil society must be a collective effort. The Technology Association of Grantmakers is working with NetHope, NTEN, and TechSoup to advocate for digital infrastructure investment and align interested funders toward action. Funders committed to moving forward together are invited to join TAG's cross-funder taskforce on digital infrastructure by indicating interest at [TAGtaskforce.org](https://tagtaskforce.org). The taskforce will convene for a six-month period to build shared understanding, align funder efforts, and catalyze investment in outcomes-oriented effort.

Organizations that would like to take immediate action in funding technology capacity building are also invited to consider the efforts by NetHope, NTEN, and TechSoup:

NetHope Global Aid Technology Response and Recovery Fund: <https://nethope.org/support/technology-response-and-recovery-fund/>

NTEN's Work to Build Nonprofit Tech Capacity: <https://www.nten.org/about-nten/fund/>

TechSoup COVID-19 Recovery Fund: <https://page.techsoup.org/covid-19-recovery-fund>

ROADMAP SUMMARY

As society moves from *response* to *recovery* to *reimagining*, grantmakers are increasingly recognizing that social change in the digital era requires an investment in technology. This roadmap is designed to build awareness of the need for such an investment and provide a blueprint for investing in three vital areas of infrastructure:

1. Your own digital transformation
2. Nonprofit digital capacity
3. Sectorwide shared infrastructure

YOUR OWN DIGITAL TRANSFORMATION

Investing internally in technology roles, skills, and resources is required for foundations to effectively understand and support technology investments for organizations and the sector. Furthermore, such efforts build innovation and resilience throughout the organization. Funders are encouraged to advance by:

- Assessing the current state of your foundation's technology effectiveness.
- Investing in baseline digital literacy for all staff.
- Planning and budgeting for technology to play a strategic role in your organization.

STRENGTHEN NONPROFIT DIGITAL CAPACITY

COVID-19 has revealed that the baseline of digital readiness at nonprofits of all sizes is lower than funders realized. Recognize that investment in digital access, tools, and skills is ever more vital for grantees and nonprofit partners and will require new approaches. We invite funders to:

- Be bold in considering new funding approaches or unrestricted giving.
- Provide access to expertise.
- Recognize that digital maturity requires ongoing learning and support.

INVEST IN THE SECTOR'S FUTURE

Investing in the digital infrastructure for civil society is a vital part of ensuring its future and yet less than 1% of all global giving goes to infrastructure. This lack of investment in digital infrastructure limits the sector's impact both now and in the future. Funders committed to moving forward together are invited to join TAG's cross-funder taskforce on digital infrastructure at [TAGtaskforce.org](https://tagtaskforce.org). The taskforce will convene for a six-month period to build shared understanding, align funder efforts, and catalyze investment in outcomes-oriented effort.

Additionally, opportunities to provide funding for nonprofit capacity are included on page 8.

You are invited to take a step toward transformation. Inherently, transformation is a dynamic process and one you'll continue to evolve. Today, as philanthropy pauses to consider its role in a changing world, is an ideal time to invest.

ABOUT THIS BRIEFING

This call to funders is provided by the Technology Association of Grantmakers (TAG) in conjunction with NetHope, NTEN, and TechSoup.

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