COUNCIL *on* FOUNDATIONS

2007 Grantmakers Information Technology Survey Report

September 2007

Prepared by the
Technology Affinity Group

2007 Grantmakers Information Technology Survey Report

Acknowledgment

This report was written by Lisa Pool, part-time executive director of the Technology Affinity Group, in conjunction with the Technology Affinity Group Research Committee and Council on Foundations Research Department staff.

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Survey Overview

The Technology Affinity Group (TAG) and the Council on Foundations (the Council) collaborated to conduct an information technology survey of grantmakers in June 2007. This is a follow-up survey to similar surveys conducted in April 2003 and July 2005. The survey was conducted in response to members' and the sector's needs for information about technology use in the philanthropic sector and designed 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 informed, timely, and cost-effective technology decisions based on information about what peer organizations are doing, trends, and future plans
- to determine, by grantmaker type and asset and staff size, grantmakers' information technology capacity and needs
- to inform the sector about its technology use
- to learn how grantmakers access and provide information
- to identify what tools or services grantmakers expect or want from TAG and the Council

An e-mail message explaining the survey was sent to all TAG members and to the Council's primary contact at each U.S.-based member organization. The purpose of the e-mail was to explain the survey and ask members to take the survey online using a unique URL.

The survey was conducted online using the Council's new online survey and benchmarking website. The survey was sent to 2,160 grantmaking organizations. Three hundred thirty-four foundations completed the survey, for a completion rate of 15 percent. In 2005, 336 foundations completed the survey. We considered a survey to be complete if the respondent answered a majority of the questions and pressed the 'we have completed the survey' button.

An additional 74 foundations, or 3 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.

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On the 334 completed surveys, foundations reported their foundation asset size as follows:

Asset Size	Number of Responses	Percentage of Responses
$1 billion or more	32	10%
$250 to $999.9 million	54	16%
$50 to $249.9 million	105	32%
$10 to $49.9 million	99	30%
Less than $10 million	44	12%
Total	334	100%

On the 334 completed surveys, foundations reported their foundation type as follows:

Grantmaker Type	Number of Responses	Percentage of Responses
Community Foundation	135	41%
Corporate Foundation	9	3%
Family Foundation	71	21%
Independent Foundation	101	30%
Public Foundation	18	5%
Total	334	100%

In the past, snapshot results have been reported by asset size and by foundation type. This year we will provide a summary report of the survey findings for non-participants, and, for the first time, survey participants will be able to do their own data analysis and comparisons using the benchmarking tool. Participants will be able to customize and create their own comparison groups based on several demographics, including asset size, foundation type, staff size, the number of technology staff members, and the number of foundation offices.

Top Ten Observations

1. The transition to online grantmaking is hamstrung by the lack of an online grantmaking product that easily integrates with existing internally hosted grants management systems.

2. Barriers for implementing technology are decreasing.

3. Foundations view the role of the IT staff as a service provider rather than as a strategic leader or partner.

4. Foundations describe their technology adoption as falling further behind.

5. Technology has had little impact on foundation leadership and some impact on external communications and internal operations.

6. Most foundations do not have appropriate technology plans or policies.

7. Foundations have acted to implement disaster recovery plans.

8. Foundations are not proactively managing potential legal/compliance issues.

9. Foundations have addressed security issues and do not plan to implement additional security measures.

10. The use of application service providers has increased significantly.

Technology Management and Planning

Overview

With the exception of technology costs, which are addressed in the Challenges and Issues Reported section, the major areas of technology management and planning are explored in this section. The survey data examined the role of technology and technology staff at grantmaking organizations as well as who is responsible for technology decision making and planning. Results indicate foundations are far more likely to have a disaster plan than to have a technology plan, with 65 percent of respondents indicating they have done some disaster planning and only 28 percent of respondents indicating they have some type of technology plan.

For the first time, the survey asked about technology policies in place and looked at whether grantmakers were addressing potential legal/compliance issues through the use of technology.

The results indicate that technology staff has not yet become viewed as a strategic partner/leader rather than as a service provider in most foundations nor has technology caused transformative change within most foundations. This conclusion is supported by the data throughout the survey.

Role of Technology and Technology Staff

When asked "to what extent new technologies are causing a paradigm shift in your organization with respect to leadership/vision, external communications and internal management/operations," many more respondents indicated technology was causing no change than causing transformative change. Of the three categories, leadership/vision received the lowest score, with only 30 respondents indicating technology was causing transformative change, while 149 indicated it was causing no change.

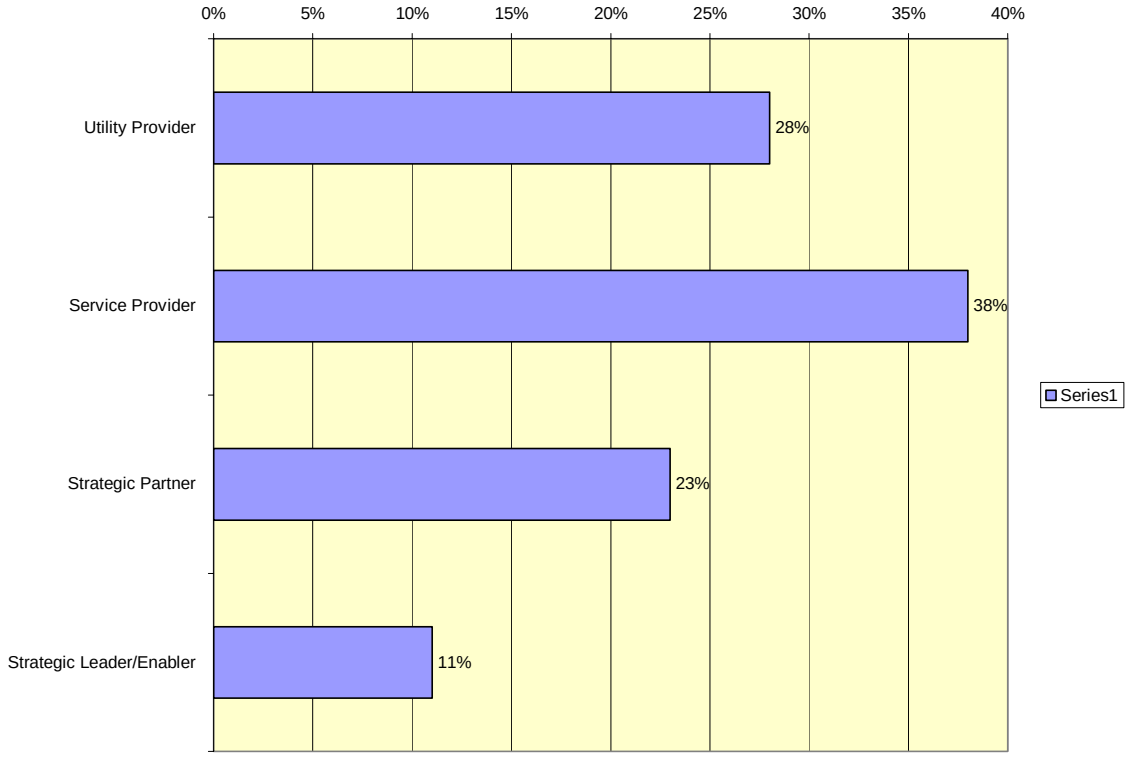
To What Extent Is Technology Causing Change (n = 333)*

	Causing No Change	Causing Some Change	Causing Transformative Change
Leadership/vision	149	144	30
External communication	114	162	50
Internal management/operations	110	166	49

*** number of respondents**

Similarly, technology staff within most foundations continues to be viewed as an operations/service provider rather than as a strategic partner, leader, or member of the foundation leadership team. Clearly, the philanthropic sector has some catching up to do compared to other business sectors where the role of the senior technology staff person, typically a chief information officer (CIO) or chief technology officer (CTO) is part of the senior management team.

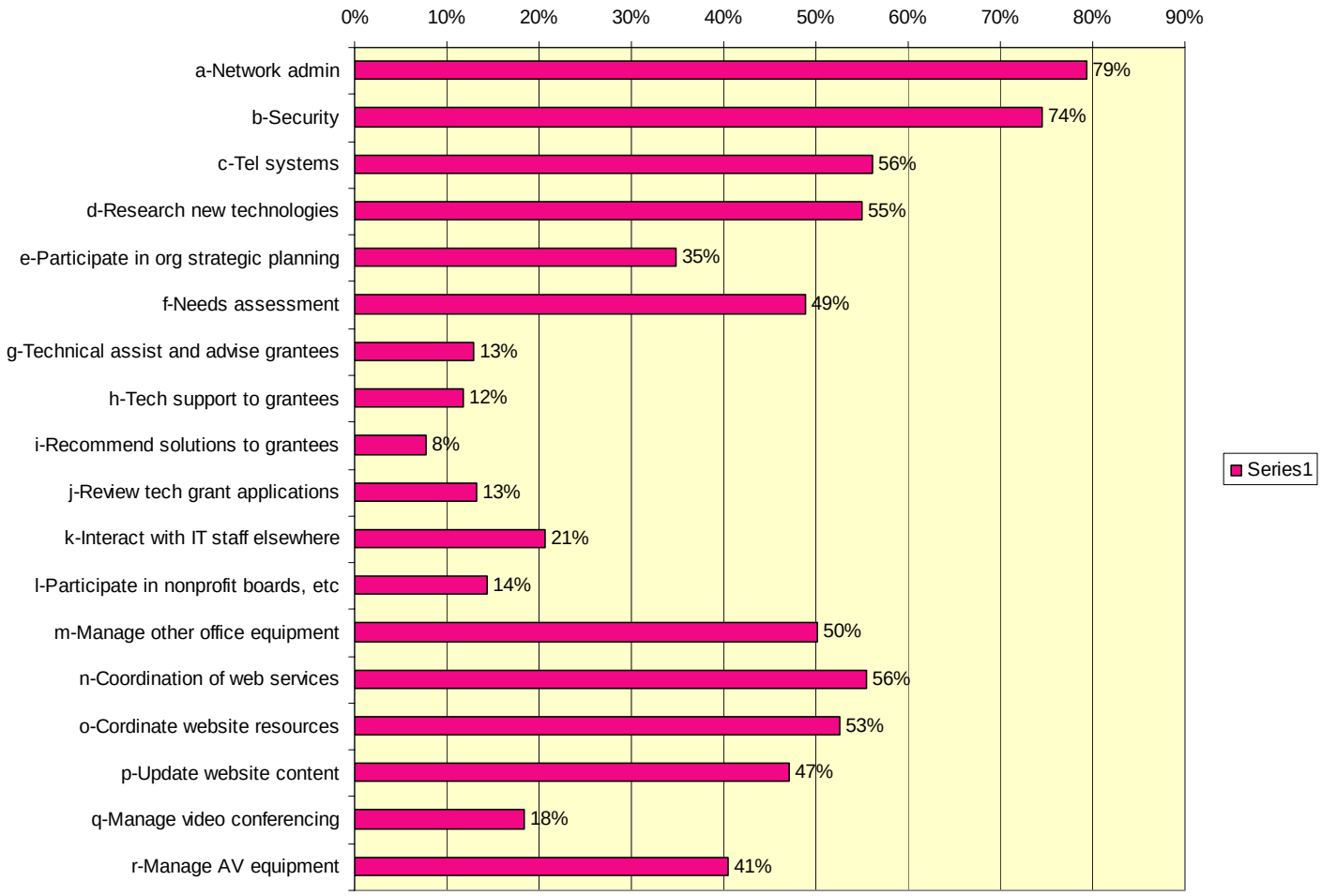
Role of IT Staff (n = 333) *



*** n = number of respondents**

The roles and responsibilities of the technology staff continue to reflect the view of technology within the foundation. While 79 percent of respondents indicated the technology staff is responsible for network administration and 74 percent indicated the technology staff is responsible for security, only 35 percent indicated the technology staff participates in the organization's strategic planning.

Roles and Responsibilities of IT Staff (n = 333) *



*** n = number of respondents**

Given that grantmakers do not view the role of technology as strategically as do peers in other industries, the survey looked at what motivated IT professionals to stay at their foundations. Thirty-seven percent of respondents indicated they were motivated by the work/life balance provided by the foundation, 36 percent indicated they were passionate about the mission, 33 percent indicated they liked the work challenge, 30 percent stay for the salary and benefits, and 15 percent are motivated by the social network.

Finally, the survey looked at the levels of technology staffing and who was the primary person responsible for technology.

	# of IT Staff Assets > $1 B	# of IT Staff Assets $250 - $999.9M	# of IT Staff Assets $50 - $249.9M	# of IT Staff Assets $10 - $49.9M	# of IT Staff Assets < $10 M
Mean	4.85	1.29	0.66	0.09	0.25
75th Percentile	5.13	1.5	0.5	0	0
50th Percentile (median)	2.5	1	0	0	0
25th Percentile	1.38	0.06	0	0	0
Number of Foundations	32	54	105	99	43

Thirty-two percent of respondents indicated the party primarily responsible for technology was the finance/administration staff and 25 percent of respondents indicated the party primarily responsible for technology was in-house technology staff. An additional 19 percent reported that a consultant was the party primarily responsible for technology. Since these data vary greatly by foundation size, it is most relevant to compare foundation staffing to a relevant group of peers rather than to all survey respondents. Survey participants can do this through the online benchmarking tool.

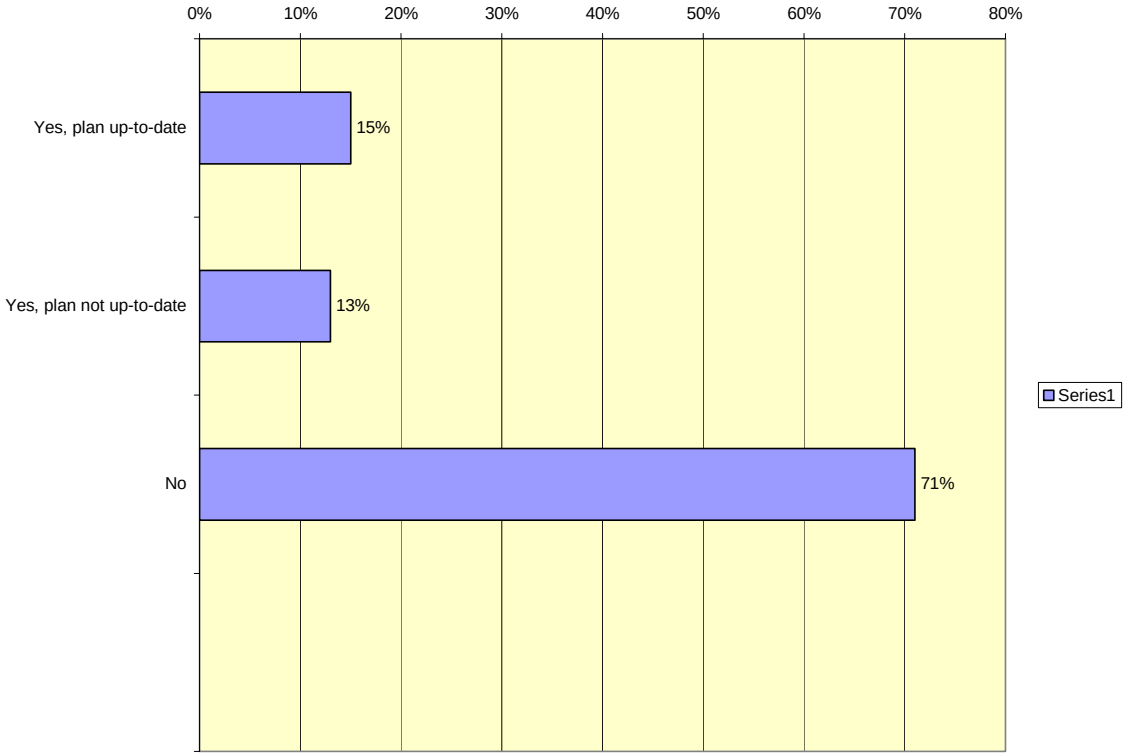
Technology Planning

When asked how annual technology decisions are made within their organizations, 42 percent of respondents indicated decisions are made by technology staff with executive/board approval and 18 percent indicated decisions were made by technology staff with manager's approval. An additional 5 percent indicated technology decisions were made by a steering committee, another 5 percent indicated technology decisions were made based on a technology plan, and the remaining respondents (30%) indicated technology decisions were made primarily by 'other.'

Although planning appears to be done through the annual budgeting process, most foundations still do not have a written technology plan. Similar to 2005, 71 percent of respondents indicated they do not have a technology plan and 13 percent indicated they have a plan that is not up-to-date.

Only 15 percent of respondents reported having an up-to-date technology plan. This, too, is consistent with the data reported in 2005, when 14 percent of respondents indicated having an up-to-date technology plan.

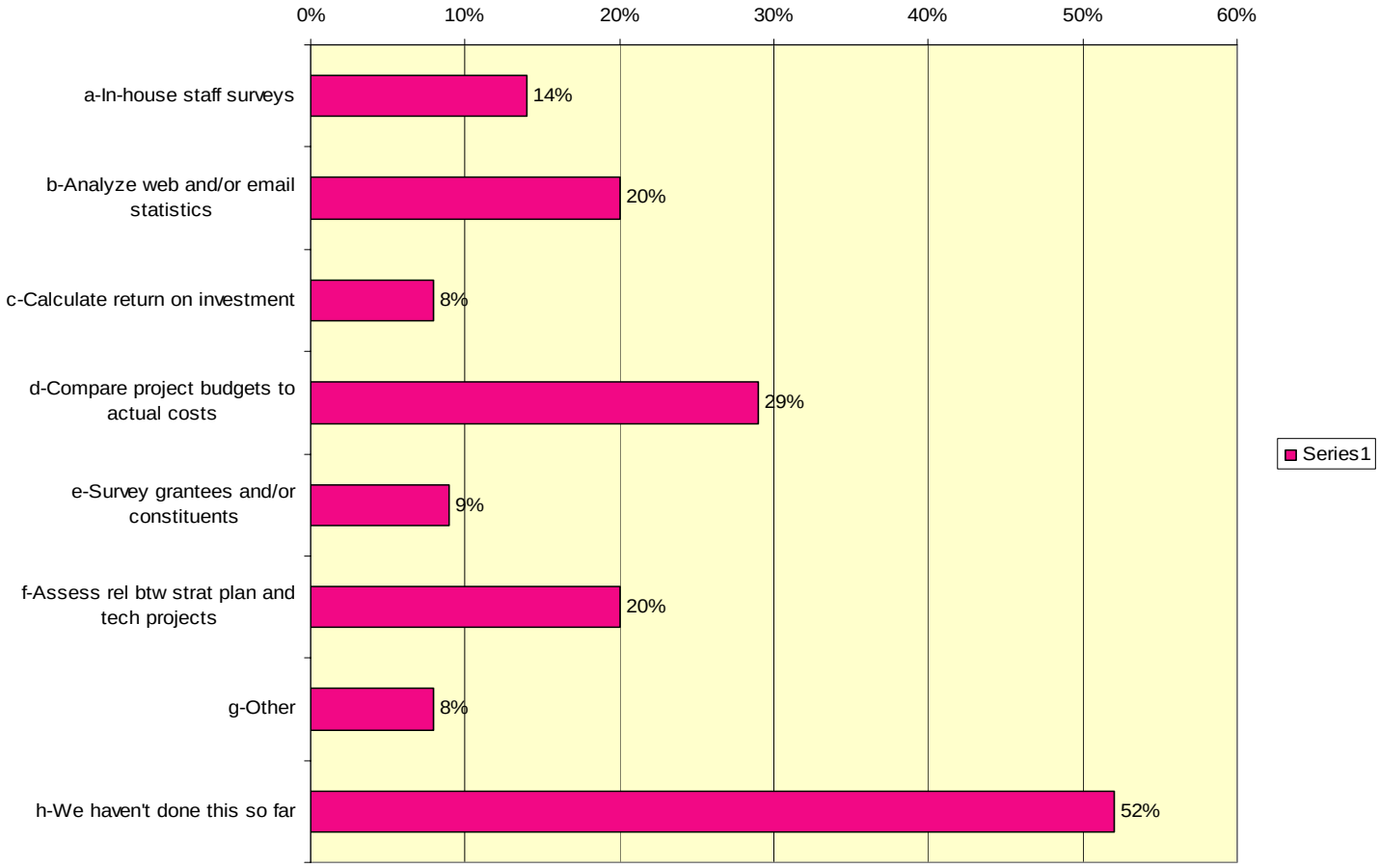
Written Technology Plan (n = 326) *



*** n = number of respondents**

Given that there is very little technology planning, how do foundations measure the success of their technology projects? Twenty percent of respondents indicated they assess the relationship between the strategic planning progress and the technology projects. However, the majority (52%) of foundations do not measure the success of IT projects.

Measuring Success of Technology Projects (n = 333) *

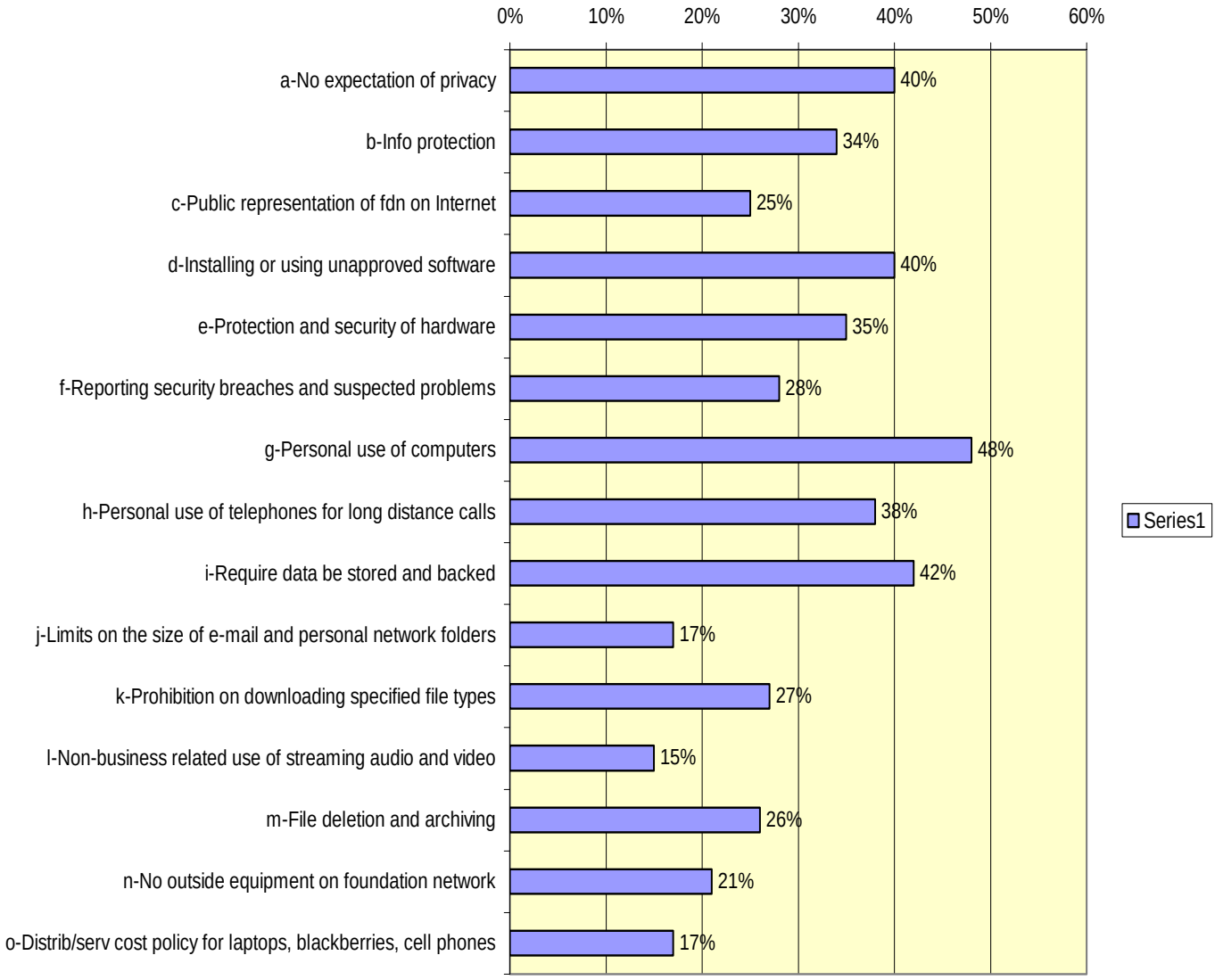


*** n = number of respondents**

Technology Policies

For the first time, this survey asked foundations what technology policies they have published and disseminated to staff. Less than half of foundations have any policies at all. Of those that do, the most common policies relate to personal use of computers, no expectation of privacy, and installing and using unapproved software. All of the policies and corresponding percentages are listed below.

Technology Policies (n = 333) *



*** n = number of respondents**

Disaster Recovery and Technology Audits

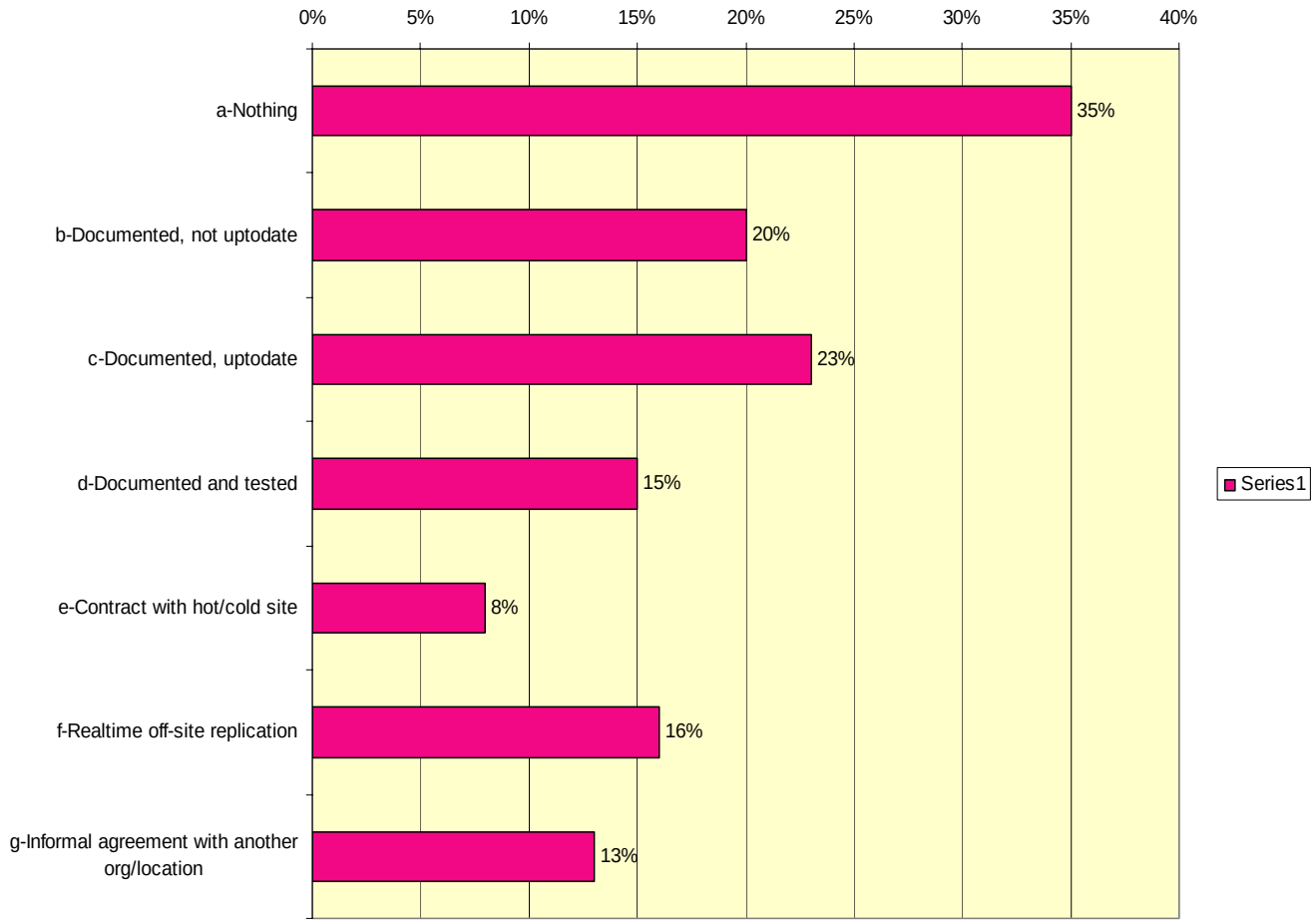
Disaster recovery was cited as a primary issue with security in 2003 but received little mention in the 2005 survey. This is one area where foundations seem to have made progress, with 65 percent of respondents in 2007 indicating they have done some disaster recovery planning. This compares favorably to 2005 and 2003, when only 53 percent and 36 percent of foundations, respectively, reported having done some disaster planning.

Effective disaster planning requires testing, so it continues to be a concern than only 15 percent of respondents indicated they had tested their plans. Again, this compares favorably to 2005, when only 8 percent reported having tested their plans.

The number of options for data backup has increased and as a result, many more foundations are reporting they now have some type of data backup. Only 5 percent of foundations reported they do not have a backup strategy, 53 percent of respondents indicated they perform verified backups daily, and 25 percent indicated they perform unverified backups daily. Additionally, 17 percent reported they use either an online ASP or a co-location facility for backups.

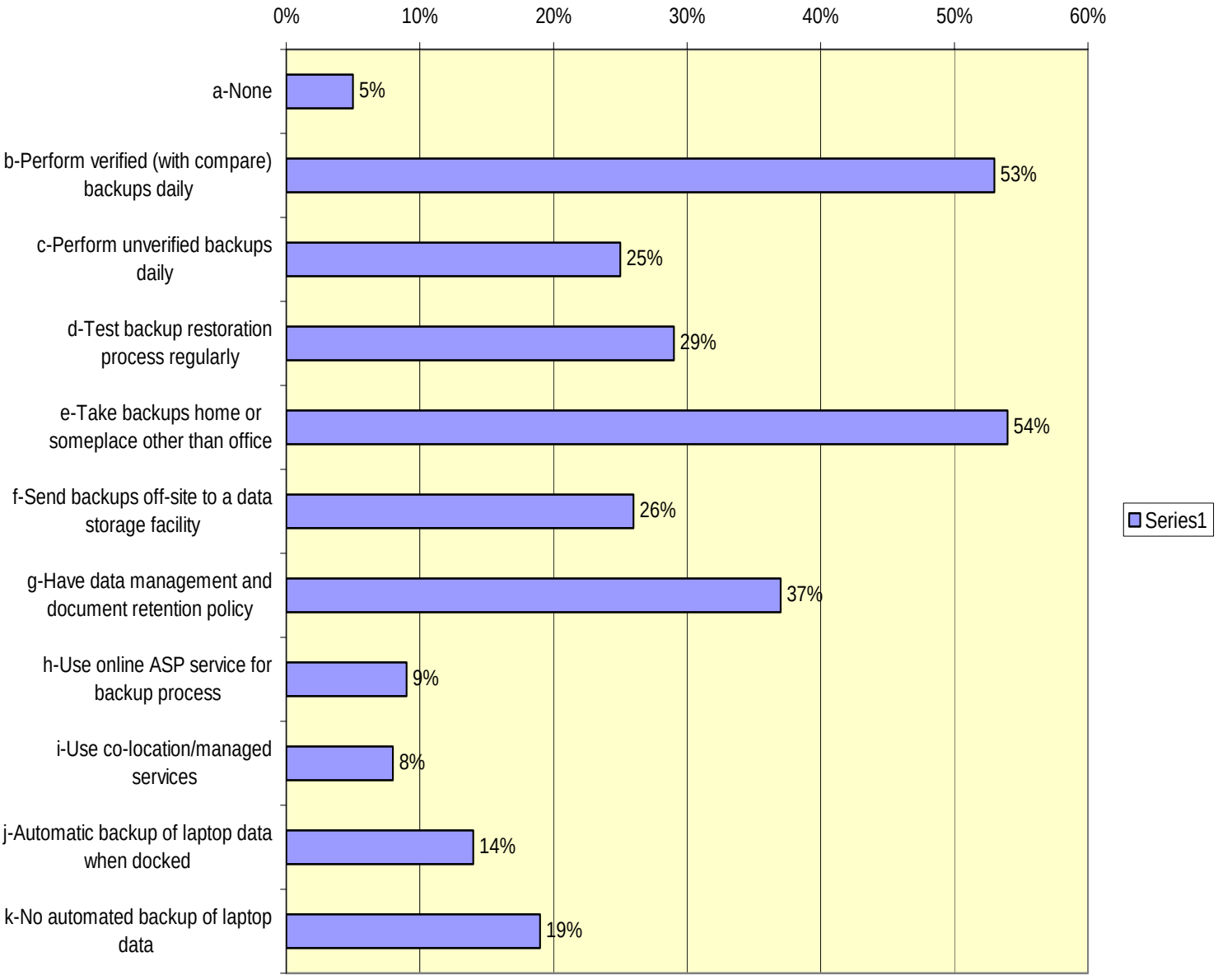
One remaining concern is the ongoing lack of testing to recover data from backups, with only 29 percent of respondents indicating they test their backup process.

Disaster Recovery Plans (n = 333) *



*** n = number of respondents**

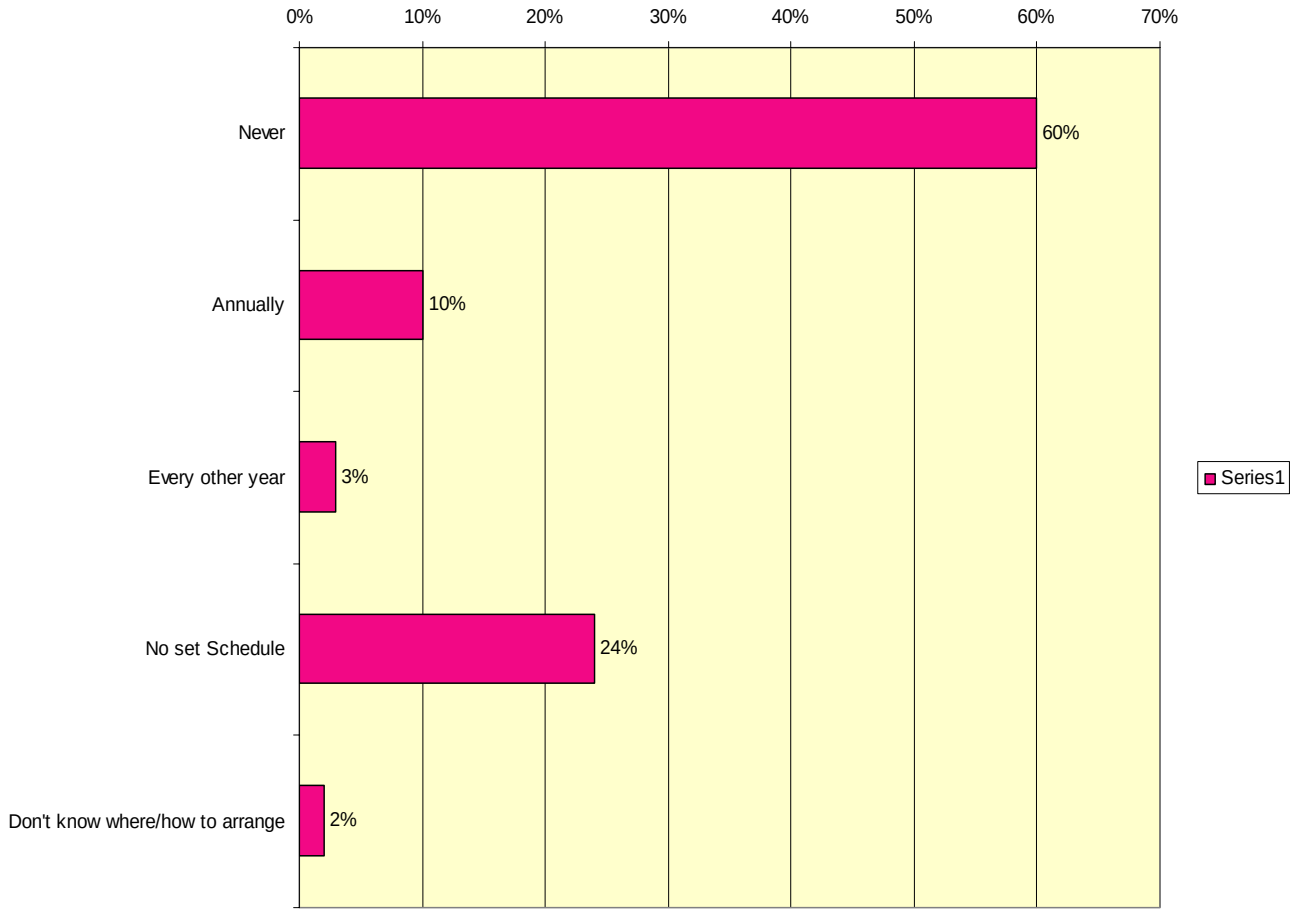
Network Backup Strategy (n = 33) *



*** n = number of respondents**

Another indication that foundations have appropriate disaster planning is that they have periodic technology audits to evaluate their existing technology security policies and procedures, data integrity, and recovery strategies. With respect to technology audits, foundations do not appear to have made any progress. There was virtually no change in the number and frequency of foundations having technology audits from 2005 to 2007.

Frequency of Technology Audits (n = 324) *



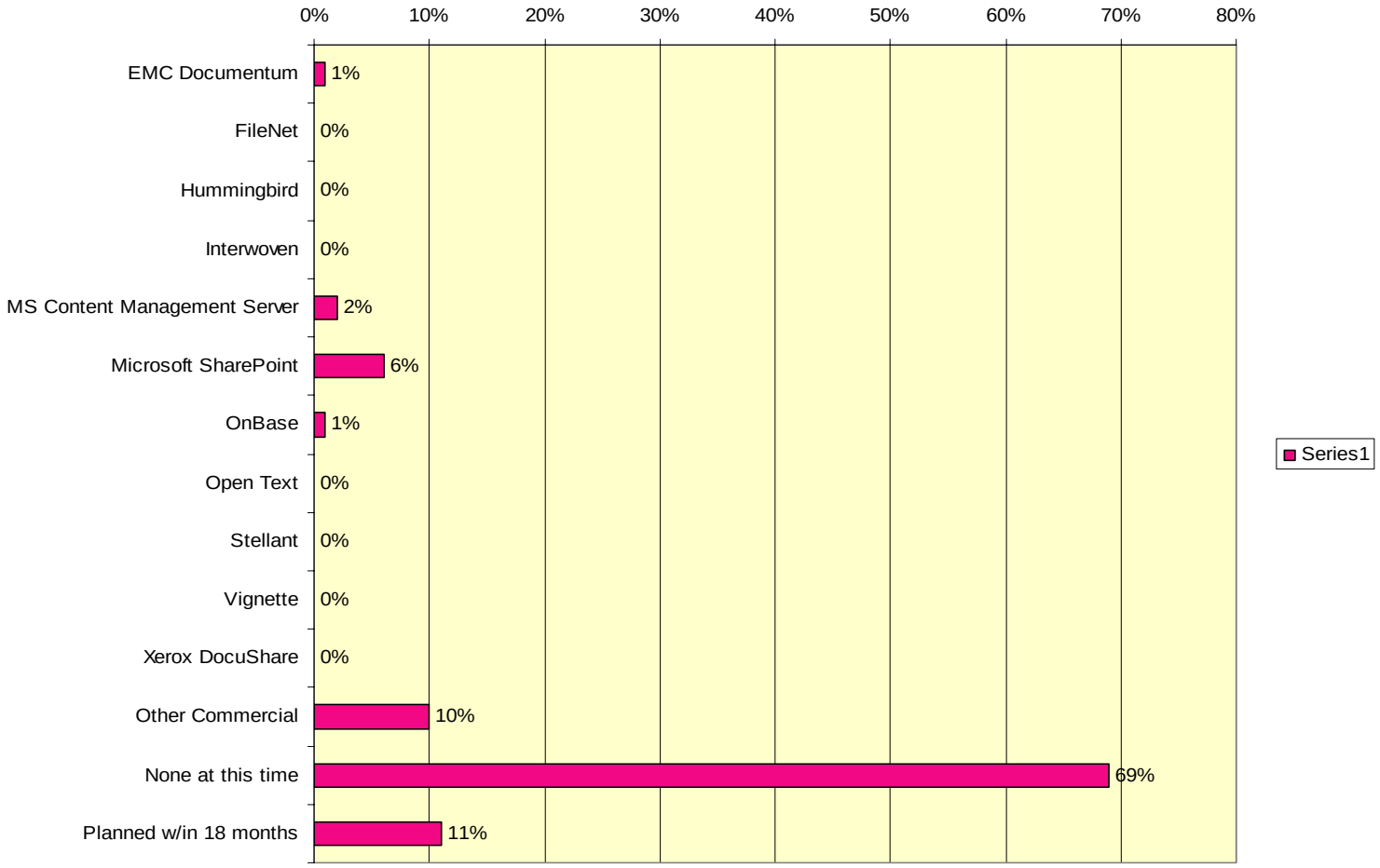
*** n = number of respondents**

Legal/Compliance Software

Although grantmakers are not currently subject to the rules and regulations of Sarbanes-Oxley, foundations are under pressure to be more transparent and accountable and it is therefore prudent for foundation leadership to implement appropriate records management practices. The survey asked about grantmakers' use of document/records management software, e-mail active archiving software and Office of Foreign Assets Control (OFAC) verification software. For each of these categories of legal/compliance software discussed below, there is only a small percentage of grantmakers using these systems. More foundations should be assessing their options and planning to implement these systems within the next 18 months.

With respect to records management, only 20 percent of respondents indicated they were using document or records management software. An additional 11 percent indicated they were planning to implement document or records management software within the next 18 months. Of the types of document/records management software used, Microsoft SharePoint is the most common.

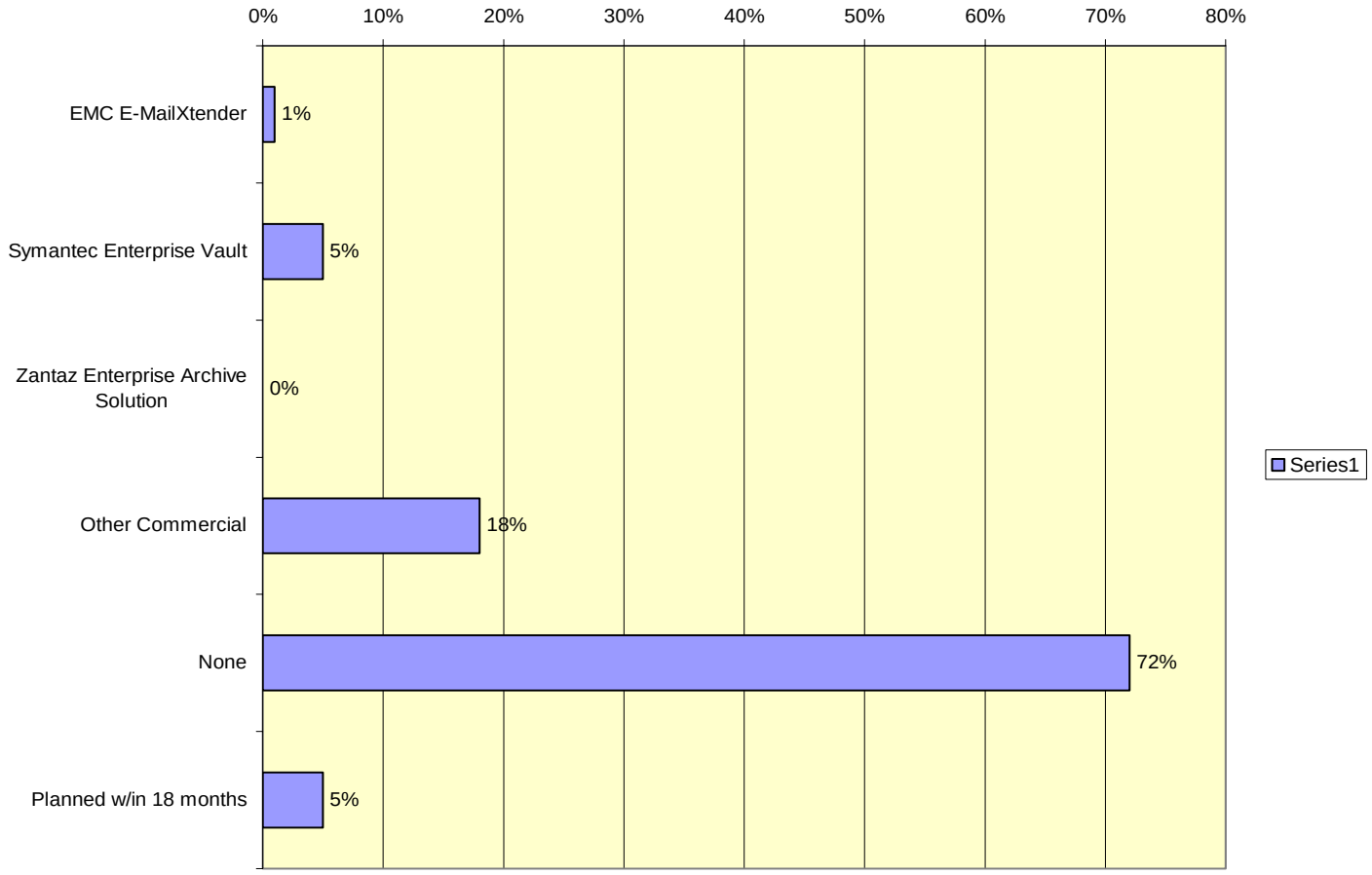
Document/Records Management Software (n = 324) *



*** n = number of respondents**

Records management is of greater concern for electronic mail than for paper documents, due to the proliferation of e-mail. E-mail active archiving systems are an effective way to manage e-mail from both a policy and legal discovery perspective and a server storage and performance perspective. Twenty-eight percent of grantmakers indicated they were using some type of e-mail active archiving software and 5 percent indicated they were planning to implement e-mail active archiving within 18 months.

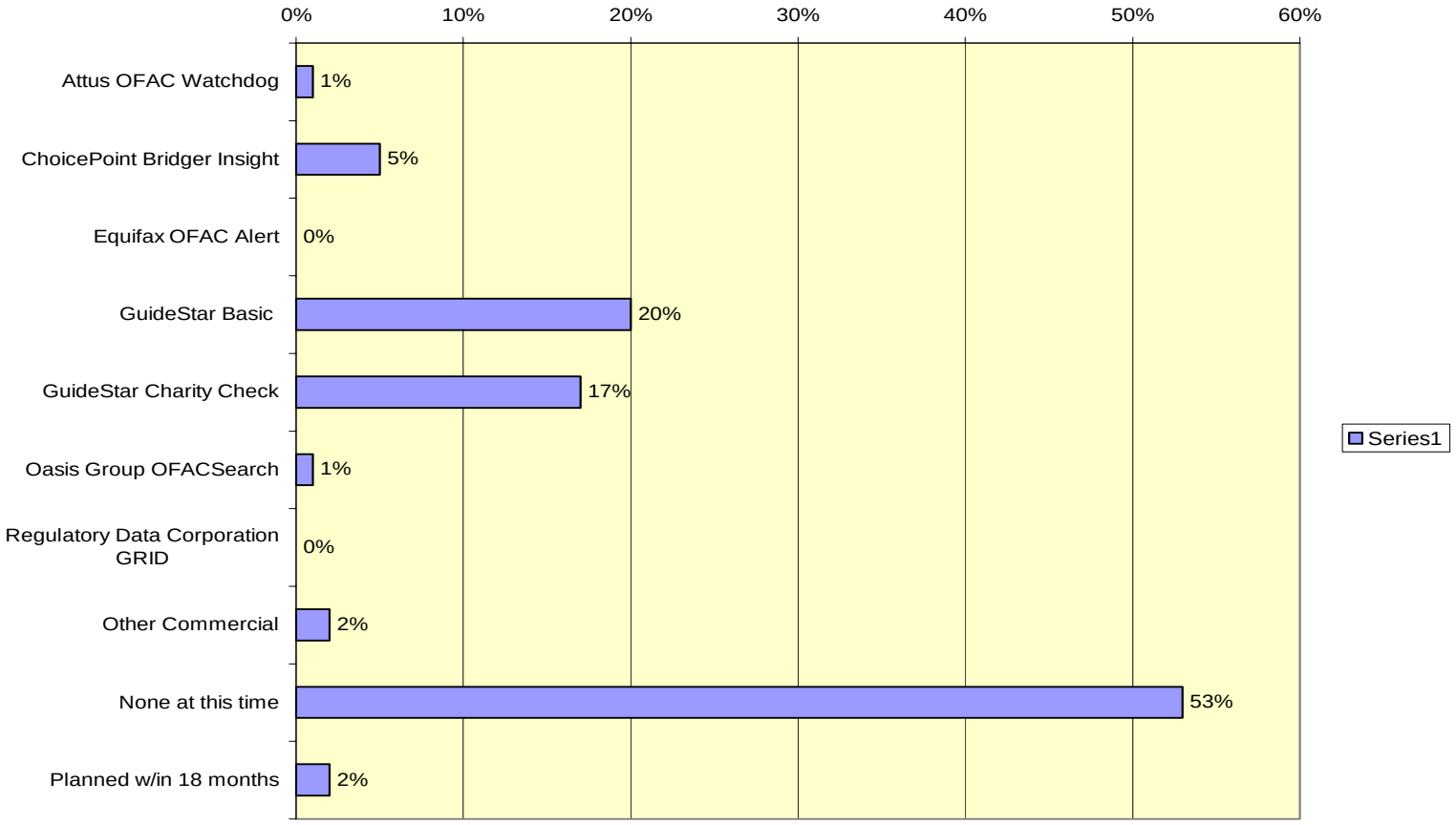
E-Mail Active Archiving Software (n = 320) *



*** n = number of respondents**

Lastly, with respect to legal/compliance software, we looked at whether foundations were using OFAC checking software. Based on the survey results, it appears that the majority of grantmakers are not conducting appropriate OFAC verifications, with less than half (46%) reporting they use OFAC verification software or another service.

OFAC Verification Software (n = 328) *



*** n = number of respondents**

Challenges and Issues Reported

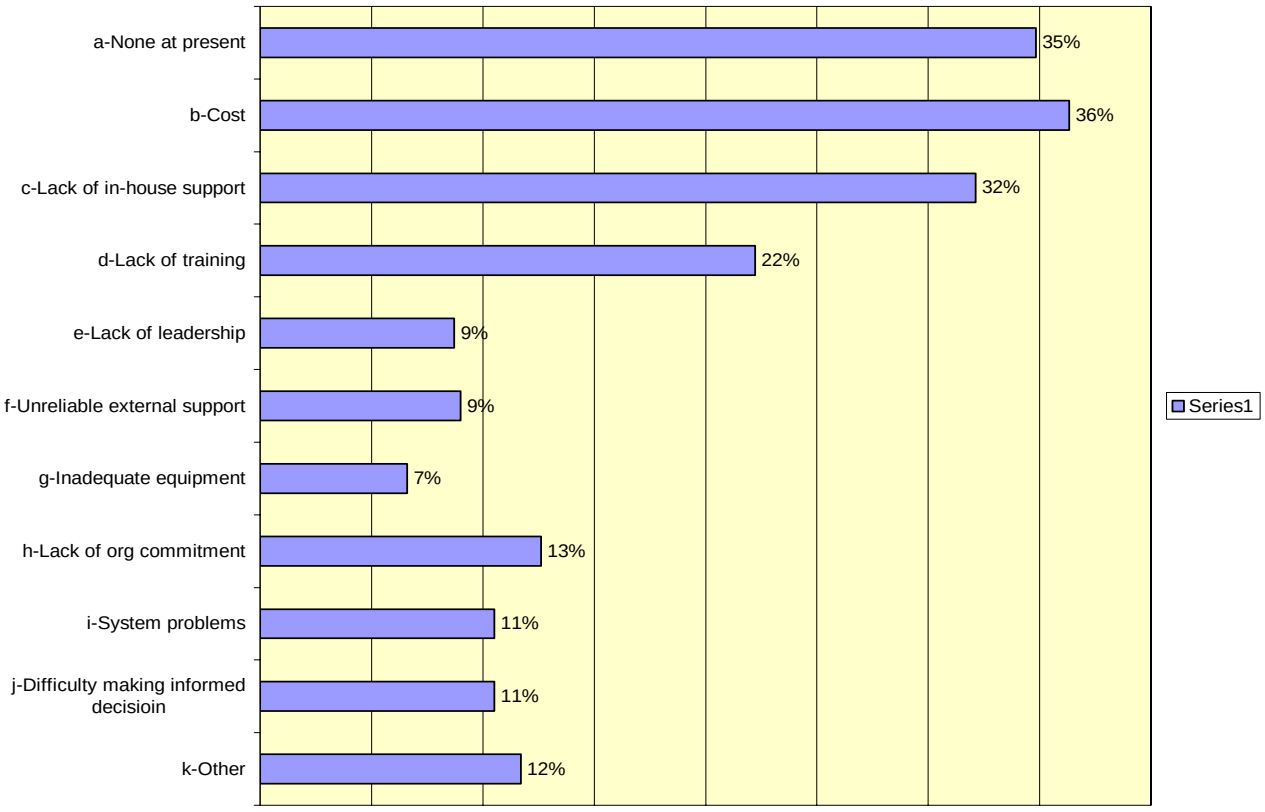
Overview

Although grantmakers in 2007 continue to be challenged by many of the same technology issues they were challenged by in 2005, there is progress to report in some areas. As you can see from the data below, the barriers for implementing technology appear to be decreasing while progress is being made with respect to website enhancements and security.

When asked what the current barriers to technology implementation were, 35 percent of respondents indicated there were no current barriers, compared to 29 percent in 2005 who reported no current barriers. Similarly the percentage of respondents indicating cost is a barrier decreased from nearly 50 percent in 2005 to only 36 percent in 2007.

Lack of in-house support was reported by approximately one-third of respondents as a barrier and lack of training was reported by approximately one-fourth of respondents. The remaining barriers listed, including lack of leadership and lack of organizational commitment, were cited by only about 10 percent of respondents.

Current Barriers (n = 333) *



*** n = number of respondents**

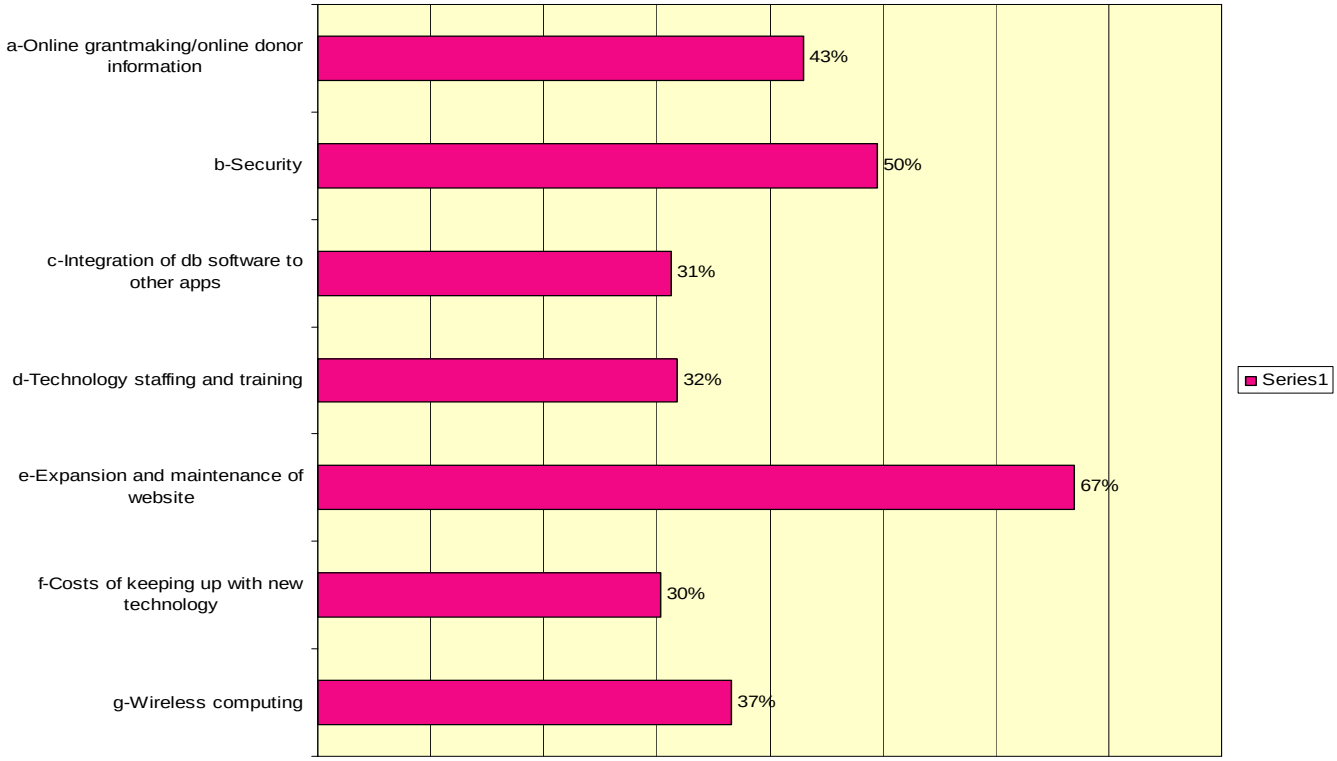
In 2005, we asked the open-ended survey question, "What are the top three issues your foundation is not currently prepared to address?" In 2007, when we asked, "Has your organization addressed any of these issues in the last two years?" progress was reported in several areas.

The most progress has been made with respect to expansion and maintenance of websites (67%) and security (50%). Although figuring out how to enable online grantmaking and provide online donor information continues to be the most significant challenge for grantmakers, 43 percent of grantmakers also indicated they had addressed online grantmaking/ online donor information.

Note: *These data appear to be inconsistent with the survey data, which indicate only 28 percent of foundations have an online grant application system or service.*

Thirty-seven percent of respondents indicated they had addressed wireless computing and that this is no longer on the list of top challenges.

2005 Technology Issues Addressed (n = 333) *



*** n = number of respondents**

Technology Issues Grantmakers Are Not Prepared to Address

In 2007, there were 225 responses to the question "List the top three technology issues your organization is not currently prepared to address," and the response was overwhelmingly "online grant applications and online donor information," with almost half of the foundations citing these as challenges. The remaining issues were cited by approximately 10 percent of respondents each and include integration of database software to other applications, expansion and maintenance of websites, use of electronic tools such as blogging, security, and cost. Each of these issues is addressed in detail following the chart.

As you can see from the data below, the list has not changed dramatically from 2003 to 2007. However, somewhat surprisingly, wireless computing and remote access is no longer cited as a major challenge for foundations and staffing and training issues are no longer in the top six.

It is encouraging to see that foundations are thinking about communicating electronically. Several respondents indicated they were challenged by contemplating implementing e-newsletters, blogs, and other means of electronic communication beyond just having a website. And, for the first time, about 5 percent of the respondents reported they were challenged by records management/archiving and the conversion to a paperless review process.

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Survey responses to the question: "List the top three technology issues your organization is not currently prepared to address"

2003 Responses	2005 Responses	2007 Responses
1. Online grantmaking/ online donor information 2. Expansion and maintenance of website 3. Wireless computing 4. Costs of keeping up with new technology 5. Integration of database software to other applications 6. Security	1. Online applications/online donor services 2. Security 3. Integration of database software with other applications 4. Technology staffing and training 5. Expansion and maintenance of website 6. Costs of keeping up with technology 7. Mobile and wireless computing	1. Online applications/online donor services 2. Integration of database software with other applications 3. Expansion and maintenance of website 4. Security 5. Cost

Online Grant Applications/Online Donor Information

Nearly half the grantmakers responding to the survey indicated online grantmaking and online donor information were their biggest technological challenges. For independent and family foundations, the issues relate to the grant or scholarship application and grantee/scholar management processes and are as follows:

Independent/Family Foundation Issues
How to incorporate an online application process into the foundation's existing proposal review process
How to provide online access to grant information to grantees
How to have grantees submit monitoring reports, financial reports, and outcomes reporting online
How to enable grantees to update their own contact information
How to develop online scholarship applications

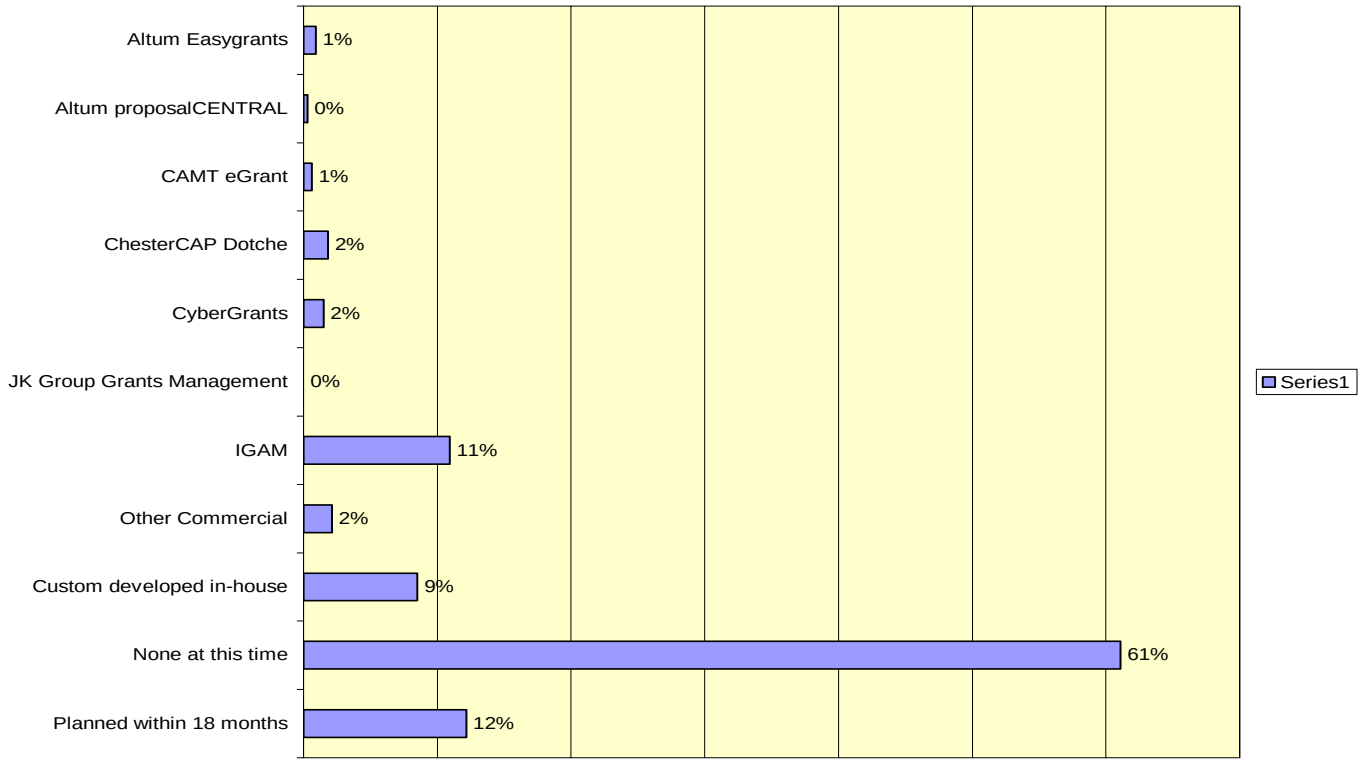
The problem is greater for community foundations, who indicated they were also struggling with the following donor management issues:

Community Foundation Issues
How to provide donor access to real-time fund information and provide online fund statements
How to establish an automated grant recommendation process
How to accept online donations

Twenty-eight percent of respondents indicated they had an online grant application software system. This is an increase of only 6 percent from 2005, when 22 percent indicated they had an online grant application system.

The survey results indicate that foundations who have developed custom in-house grant management systems or implemented non-MicroEdge systems have also implemented online grant applications, with 88 percent of foundations with custom solutions having an online application and 67 percent of foundations with non-MicroEdge systems having an online application. Only 16 percent of foundations using a MicroEdge system have implemented an online application.

Primary Online Grant Application Software (n = 329) *



*** n = number of respondents**

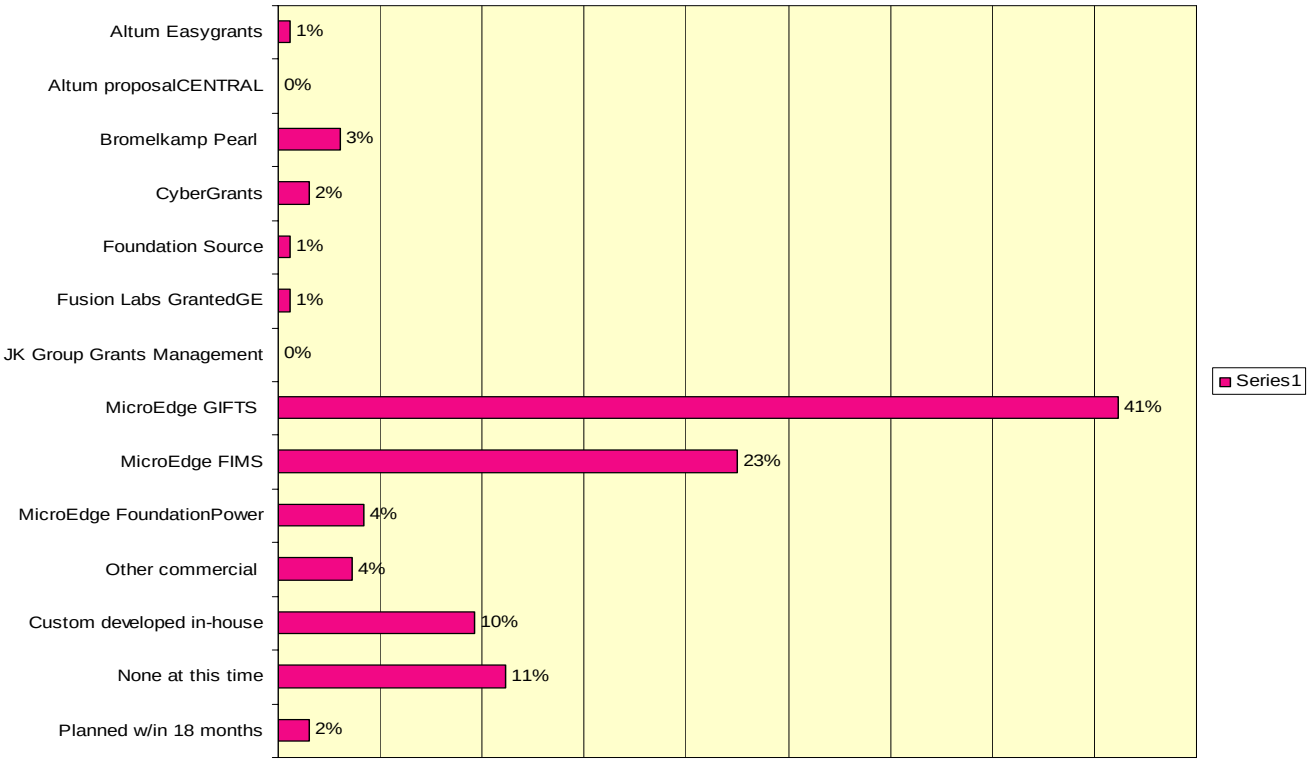
Integration of Database Software with Other Applications

Respondents indicated they were struggling with integrating their grants management system with other databases, including:

Application Systems Integration
Donor management systems
Contact management systems
Volunteer management systems
Accounting systems
Sharepoint
Websites
Online applications

For most foundations, this means integrating MicroEdge Gifts, FIMS, or FoundationPower with another system, because MicroEdge continues to dominate the grants management software market. Overall, 70 percent of the survey respondents indicated they use one of the MicroEdge products and 87 percent of respondents who use a commercial grants management software product indicated that they use a MicroEdge product.

Primary Grants Management Software (n = 333) *



*** n = number of respondents**

Consistent with the responses to the question about technology challenges, when asked "What are your highest priority improvements or enhancements to your grants/gifts management system?" respondents overwhelmingly indicated online grantmaking, followed by integration to other systems. A surprising number of respondents also indicated they were looking at replacing their existing grants management system.

A summary of the responses is listed below:

Survey responses to the question: *"What are your highest priority improvements or enhancements to your grants/gifts management system?"*

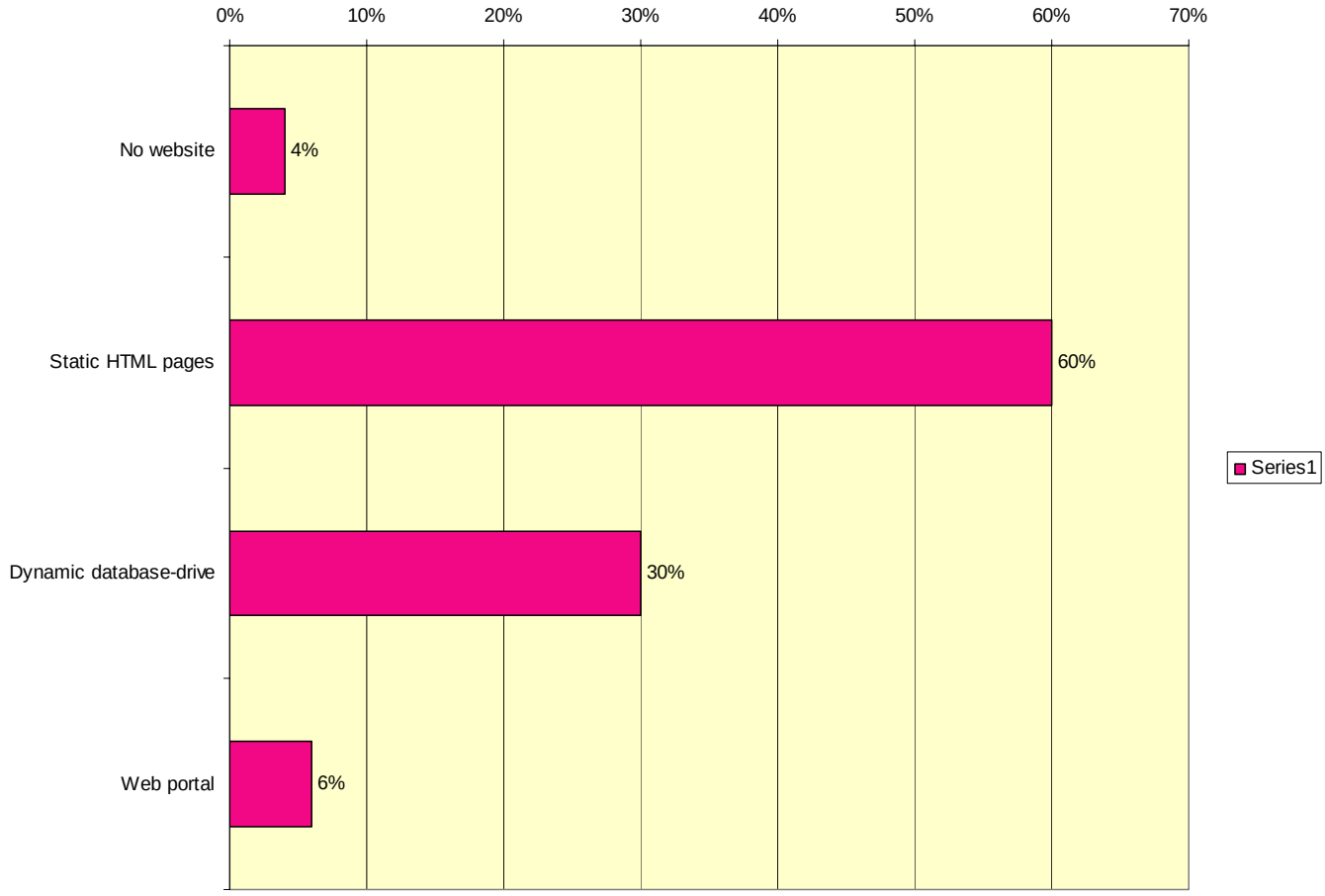
Database Improvements
Online grant and scholarship applications
Online donor fund status
Online grantee report submission
Online gifts to foundation funds
Online donor recommendations
Integrate to accounting software and other systems
Customized financial reporting capabilities – for internal foundation use and for donors
Automated workflow approvals/paperless office
Improved coding for historical research and in support of knowledge management
Grantee extranet
Creating an electronic file
Outcome measurements
Data cleanup; entering historical data

Expansion and Maintenance of Website

There was a broad range of issues reported regarding the expansion and maintenance of websites. Several foundations indicated they are struggling with how to integrate e-newsletters, blogs, and interactive features into their websites, while others are still challenged by how to maintain the content of their website.

The data indicate that most foundations now have a website: 96 percent in 2007, compared to 90 percent in 2005. However, the majority (63%) of foundations with websites continue to have websites built as static HTML pages. Only 36 percent of respondents in 2007 indicated that they have a database-driven website or web portal (compared to 26 percent in 2005), indicating that most grantmakers still are not well positioned to integrate interactive components into their websites without a full site redesign.

Website Environment (n = 322) *



*** n = number of respondents**

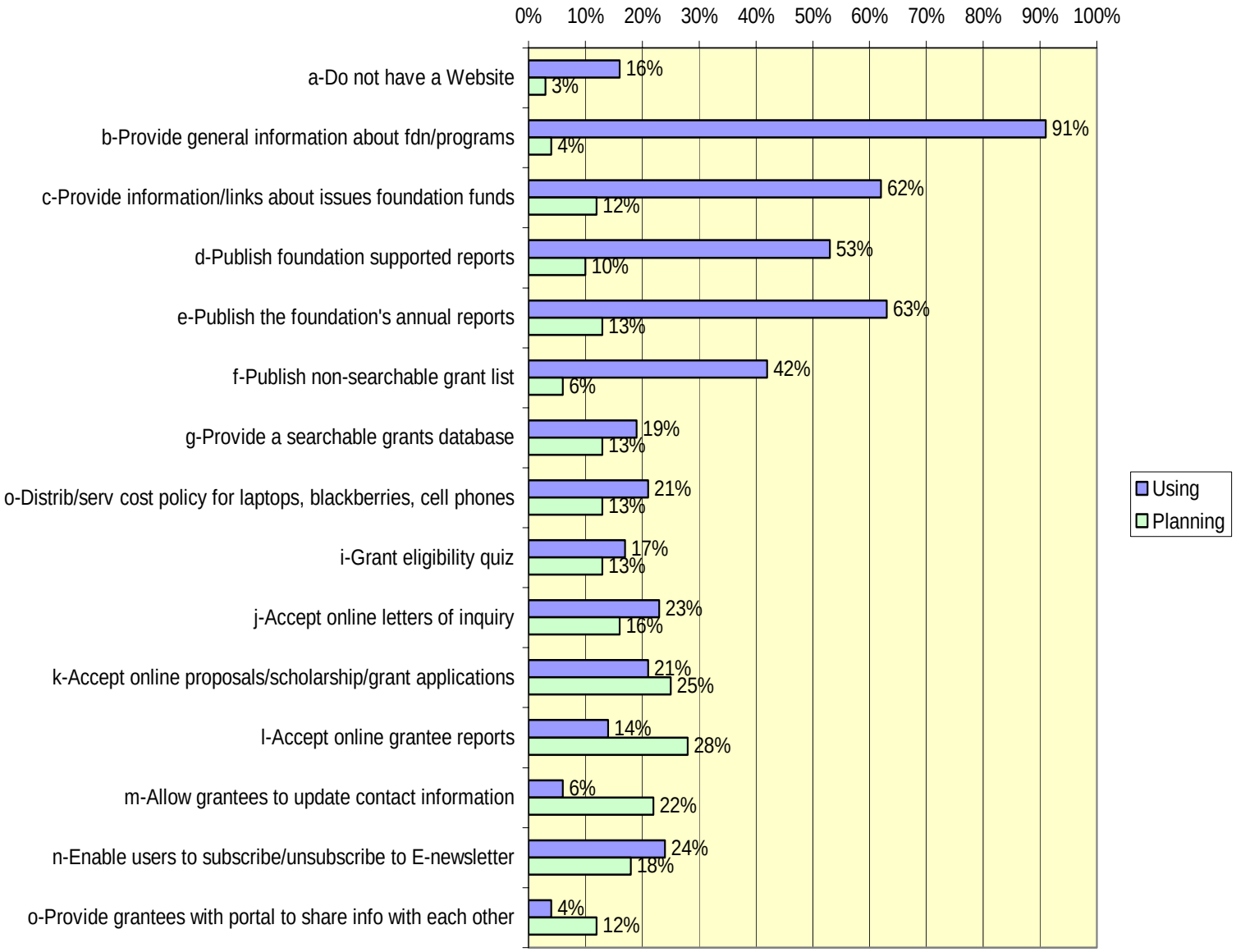
The primary purpose of foundation websites continues to be to serve the audience of grantseekers by providing general information about the foundation and its programs, with 91 percent of respondents indicating this purpose. Approximately half of grantmakers use their websites to provide general information about issues their foundations fund (62%), publish foundation reports (63%), and publish foundation-supported reports (53%). These numbers increased by about 10 percent since 2005.

Consistent with 2005 data, most foundations do not have a database-driven website and thus they do not have a searchable grants database or a way to accept online applications or online grantee reports or to allow grantees or donors to view and update their own contact information.

The most progress was reported with respect to the submission of online grantee reports and the use of electronic newsletters, with the number of respondents indicating they now accept online reports increasing from 7 percent in 2005 to 14 percent in 2007 and the number of foundations using electronic newsletters increasing from 17 percent in 2005 to 24 percent in 2007. Results indicating the use of other interactive website features are not as positive. The number of respondents indicating they could accept online letters of inquiry and online applications increased only slightly from 2005 to 2007. In 2005, 21 percent of respondents indicated they accepted online

letters of inquiry and 16 percent indicated they accepted online applications. In 2007, these numbers were 23 percent and 21 percent.

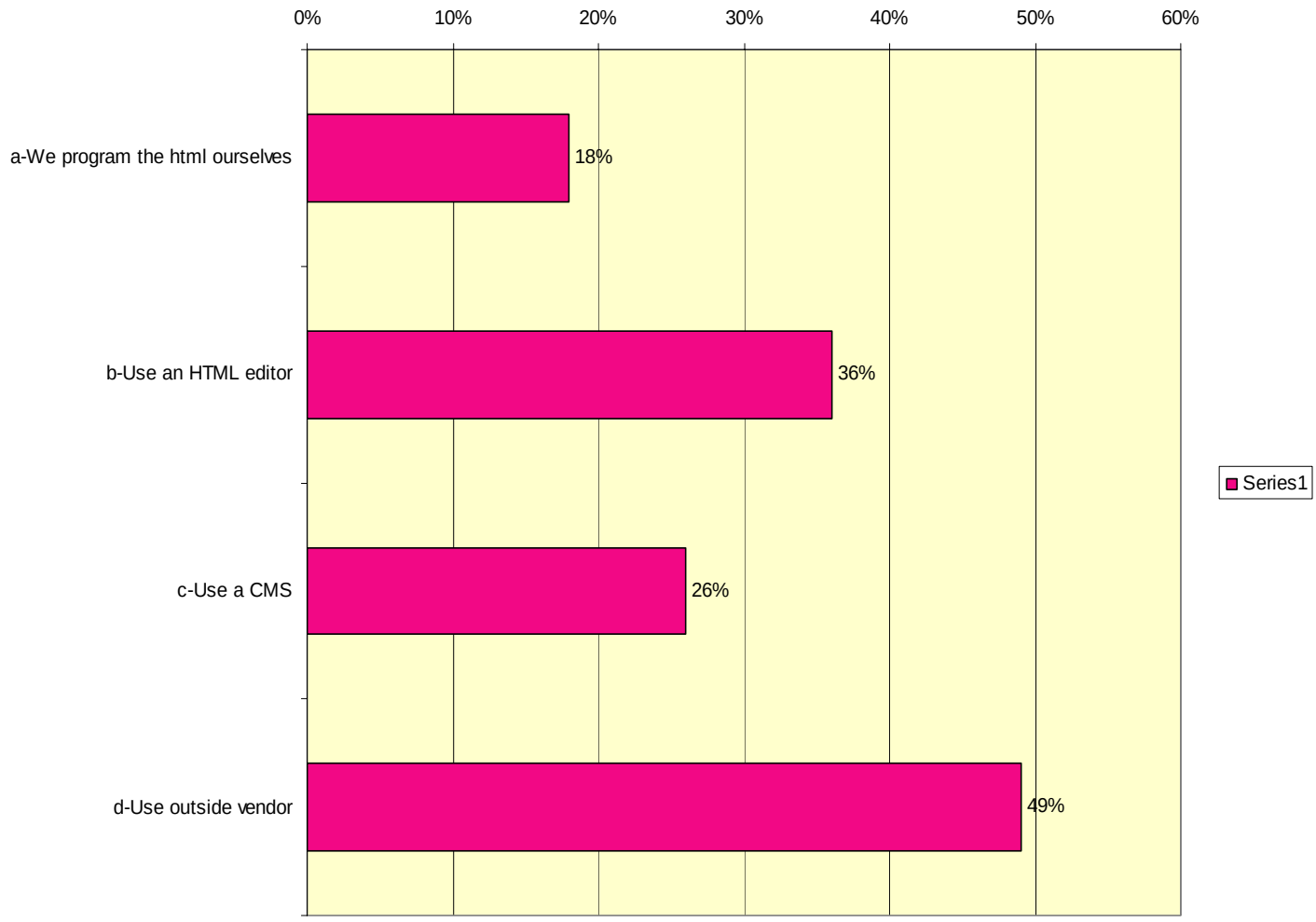
Purpose of Website (n = 333) *



*** n = number of respondents**

Regarding the maintenance of website content, almost half (49%) of the respondents indicated they rely on an outside consultant. This is surprising, given the expertise required to understand the foundation's work. Fifty-four percent of respondents indicated they either program the HTML themselves or use an HTML editor while one-fourth (26%) of respondents indicated they use a content management system (CMS). Neulogic Neuance (9%) and iapps (5%) were the most commonly used CMSs. However, this does not necessarily indicate their popularity because an additional 64 percent of respondents indicated 'other commercial' as their CMS.

How Maintain Website Content (n = 333) *

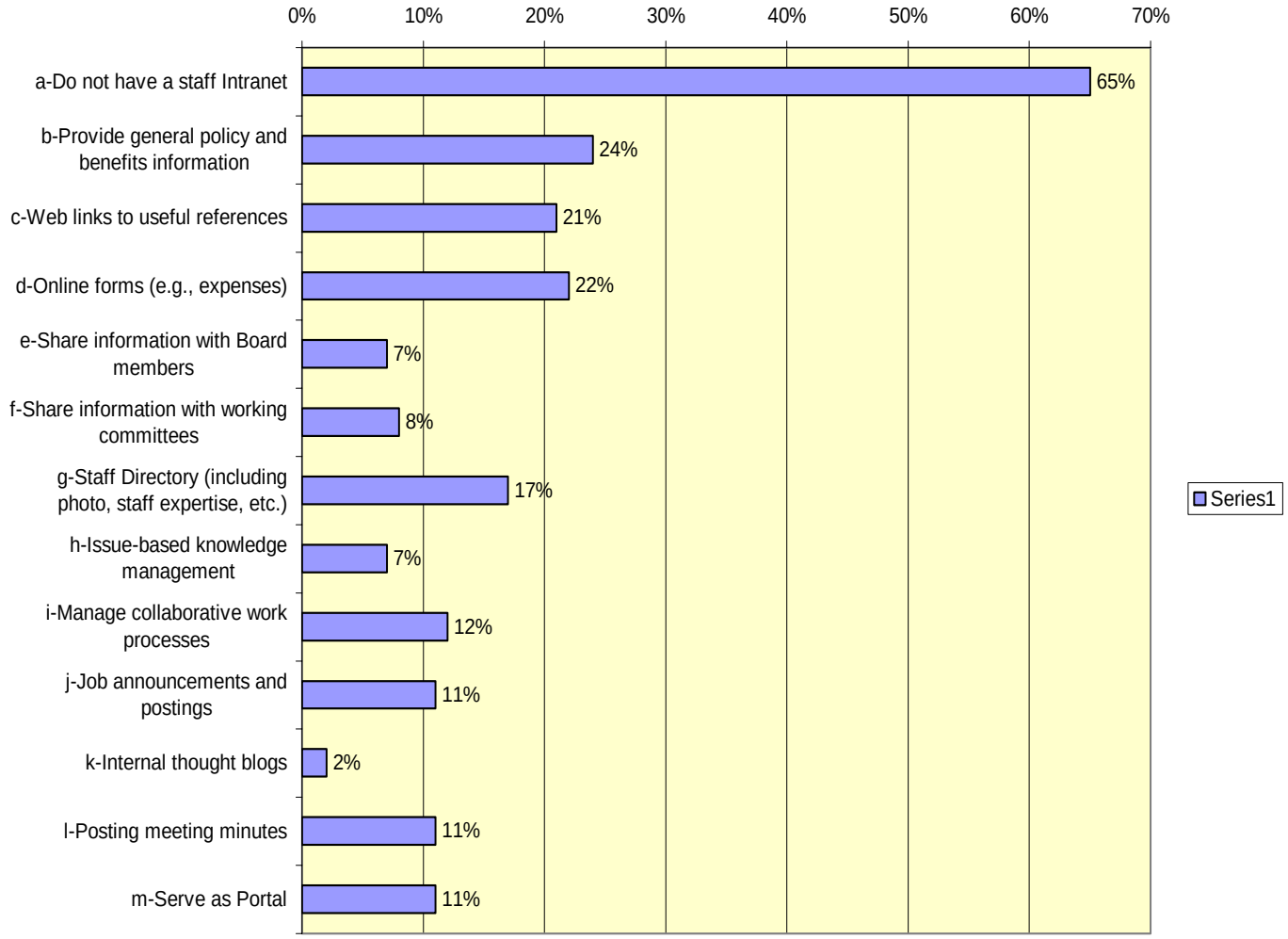


*** n = number of respondents**

Foundations are beginning to implement internal staff intranets and external extranets, with the larger foundations leading the way. About 35 percent of foundations reported using intranets and 25 percent of foundations reported using extranets.

The primary purposes of the staff intranet are to share general policy and benefits information, provide web links to useful references, and provide online forms, such as expense reimbursement forms. Of those using intranets, these percentages are 68 percent, 58 percent and 63 percent, respectively. Staff directories are also popular.

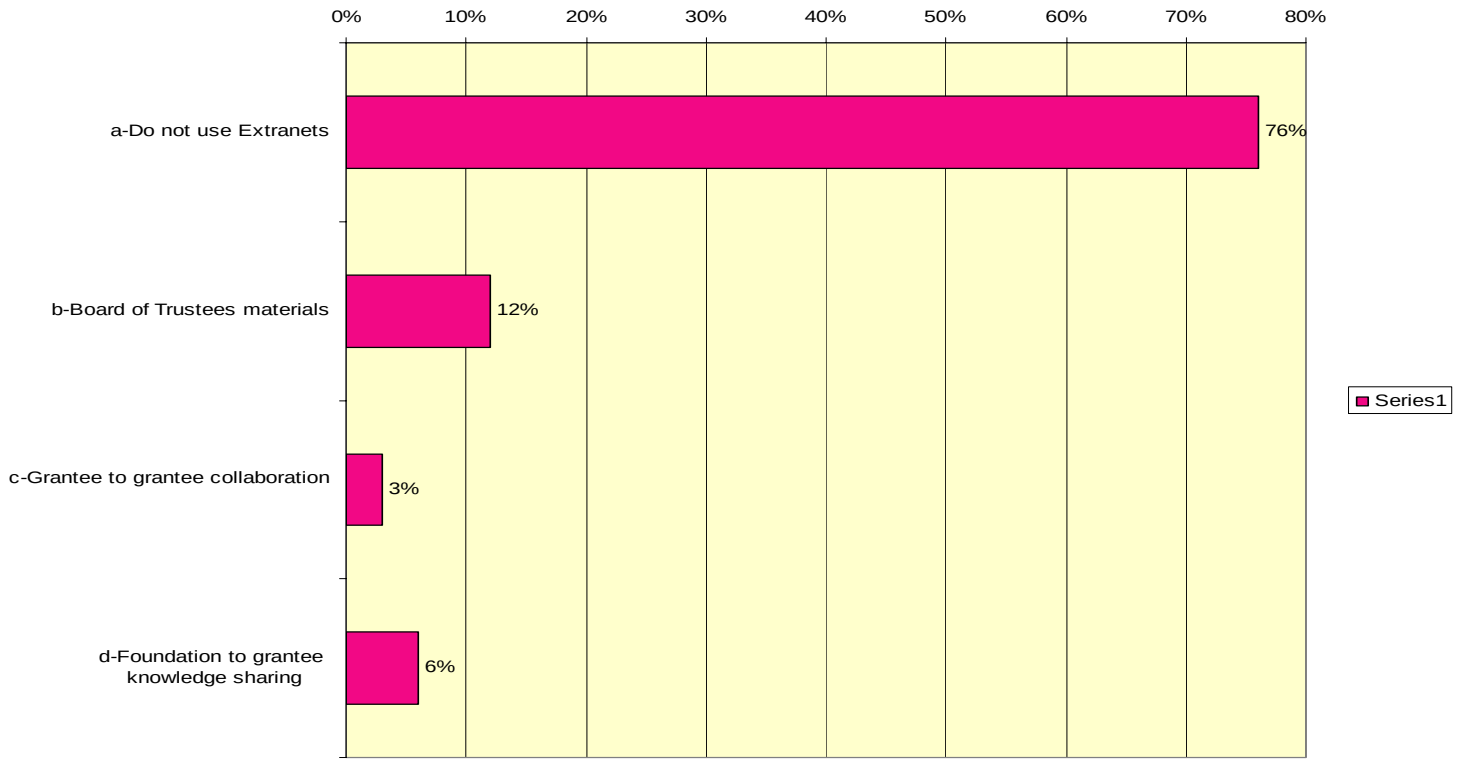
Purpose of Intranet (n = 333) *



*** n = number of respondents**

The primary purpose of foundation extranets is to share board of directors/trustee materials; 50 percent of those using extranets reported this as the purpose. Other purposes include sharing knowledge between foundation staff and grantees and project coordination with grantees, with 24 percent and 19 percent of foundations with extranets indicating those purposes, respectively.

Purpose of Extranet (n = 333) *



*** n = number of respondents**

Security

As previously reported, 50 percent of respondents indicated they made progress with respect to security from 2005 to 2007. This appears to be accurate because the data below indicate most foundations have implemented the security measures they plan to implement and do not have plans for implementing additional security measures. The most commonly cited plans include implementing written security measures and training employees about security—but only 7 percent and 5 percent of respondents, respectively, indicated they plan to implement those measures.

Although foundations report success in addressing security measures, respondents also cited security as an ongoing challenge. As you can see from the data below, most foundations have implemented spam blocking, desktop virus protection, server virus protection, firewalls, and spyware blocking. In addition, Microsoft automatic updates are turned on to continually receive Microsoft security upgrades.

It continues to be surprising that most foundations do not have a written security policy and do not train their employees with respect to security. These are two areas of vulnerability from a security perspective, since most security issues come from insiders who are familiar with internal operations rather than from external hackers.

Security Measures in Place (n = 333) *

Security Measure	2005 Implemented	2007 Implemented	18 Months Plan to Implement
None	3%	4%	2%
Physical security	30%	46%	3%
Written security policy	26%	29%	7%
Employee security training		14%	5%
Hardware firewall	69%	74%	1%
Software firewall	60%	69%	2%
Intrusion detection system	20%	25%	2%
Content filter	26%	35%	1%
Spam blocking	76%	87%	1%
Desktop virus protection	91%	86%	0%
Server virus protection	72%	73%	1%
E-mail gateway protection	54%	51%	1%
Spyware blocking	62%	68%	1%
E-mail file attachments blocked	25%	32%	1%
Restricted local administrator rights		45%	1%
Microsoft automatic updates turned on		64%	1%
Biometrics		3%	1%

*** n = number of respondents**

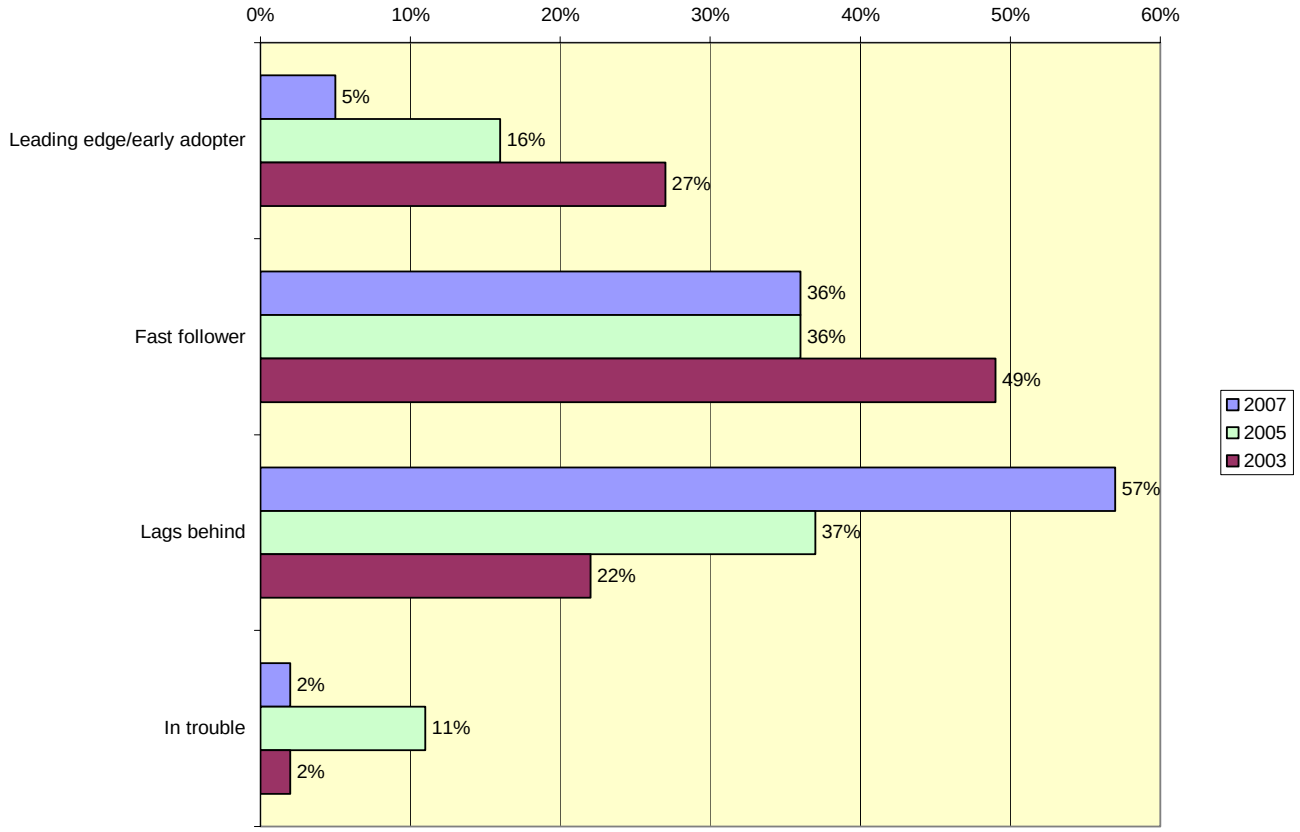
The survey looked at wireless security as a separate issue. The number of foundations that reported having a wireless network increased from 27 percent in 2005 to 50 percent in 2007. Most foundations have implemented wireless security with their wireless network, with only 2 percent indicating they did not have security implemented.

Wireless security measures range from maintaining the wireless network separately from the organization network (18%) to Wi-Fi Protected Access (WPA) (14%), Wired Equivalent Privacy (WEP) (17%), and having access points that do not broadcast Service Set Identifier (SSID) (11%).

Costs of Keeping Up with New Technology

In 2005 we reported that the effects of a down stock market in the early 2000s appeared to have had an impact on the adoption of technology at foundations. Although cost is no longer reported as a barrier to implementing new technology, foundations appear to be falling further behind. As you can see below, the number of leading edge/early adopters decreased from 16 percent in 2005 to 5 percent in 2007 and the number of foundations reporting they are lagging beyond increased by 20 percent, from 37 percent in 2005 to 57 percent in 2007.

Technology Adoption (n = 327) *



*** n = number of respondents in 2007**

Consistent with 2005, grantmakers reported spending from less than $1,000 to well over $1 million annually on technology. The average technology budget reported for all foundations was $360,823 and the median was $33,787.

As you can see from the data below, the amount spent on technology varies greatly by foundation size. However, the amount spent on technology relative to the foundation's non-program budget is surprisingly consistent among the different asset size ranges, with the median percentage ranging from 4 percent to 6 percent and the average percentage ranging from 8 percent to 11 percent of the non-program budget.

Detailed budget data, such as the amount reported being spent on staffing versus consulting or hardware, are more relevant when viewed based on relative groups compared to the foundation rather than by all foundations. Survey participants can review this analysis by peer group themselves through the online benchmarking tool at https://bmc.cof.org/.

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Annual Amount Spent on Technology

Technology Spending – Foundation Assets > $1 Billion	Average	25%	Median 50%	75%	N*
Total IT budget	$2,476,125	$352,000	$596,000	$1,346,995	27
Total non-program budget	$13,328,964	$4,850,000	$11,965,000	$17,875,000	22
IT budget as % of non-program budget	9%	4%	6%	10%	21
Technology Spending – Foundation Assets $250 – $999.9 Million	**Average**	**25%**	**Median 50%**	**75%**	**N***
Total IT budget	$388,056	$135,065	$208,000	$310,100	47
Total non-program budget	$4,358,133	$2,151,000	$3,325,000	$5,000,000	41
IT budget as % of non-program budget	11%	4%	6%	12%	36
Technology Spending – Foundation Assets < $50 – $249.9 Million	**Average**	**25%**	**Median 50%**	**75%**	**N***
Total IT budget	$190,654	$20,000	$40,200	$82,000	91
Total non-program budget	$1,697,301	$500,000	$819,173	$1,537,500	82
IT budget as % of non-program budget	8%	2%	4%	8%	75
Technology Spending – Foundation Assets > $10 – $49.9 Million	**Average**	**25%**	**Median 50%**	**75%**	**N***
Total IT budget	$28,789	$5,000	$9,800	$25,688	94
Total non-program budget	$702,647	$160,000	$295,000	$467,853	78
IT budget as % of non-program budget	8%	2%	4%	8%	71
Technology Spending – Foundation Assets < $10 Million	**Average**	**25%**	**Median 50%**	**75%**	**N***
Total IT budget	$26,635	$1,700	$4,500	$13,783	35
Total non-program budget	$381,732	$38,636	$100,000	$247,250	32
IT budget as % of non-program budget	11%	2%	6%	11%	28

*** n = number of respondents**

With respect to the replacement of desktop and server hardware, 40 percent of respondents indicated they replace their desktops every three years, 27 percent indicated they replace their desktops every four years, 14 percent every five years and 18 percent when they break. Servers are replaced less frequently, with 25 percent of respondents indicating they replace servers every three years, 20 percent replace servers every four years, 28 percent replace servers every five years and 27 percent replace servers when they break. These data compare favorably to 2005, when 38 percent reported replacing servers when they break.

How Often Replace Servers (n = 292) *

*** n = number of respondents**

Non-Emerging and Emerging Technologies

The 2005 survey asked a series of questions intended to gauge future trends in application software for the philanthropic sector. Although very few respondents indicated a current interest in knowledge management at the time, these questions were repeated again in 2007 to determine whether the lack of knowledge management technology implementations was a timing issue.

The 2007 results indicate a continued lackluster interest in knowledge management. Although there has been a lot of discussion about knowledge management in the sector, implementation of knowledge management technologies has clearly not happened.

The survey also asked about internal technology solutions that were being implemented by some of the very large foundations to try to identify emerging trends. The data suggest about one-third of foundations have now implemented document management systems and indexing and file searching software. However, customer

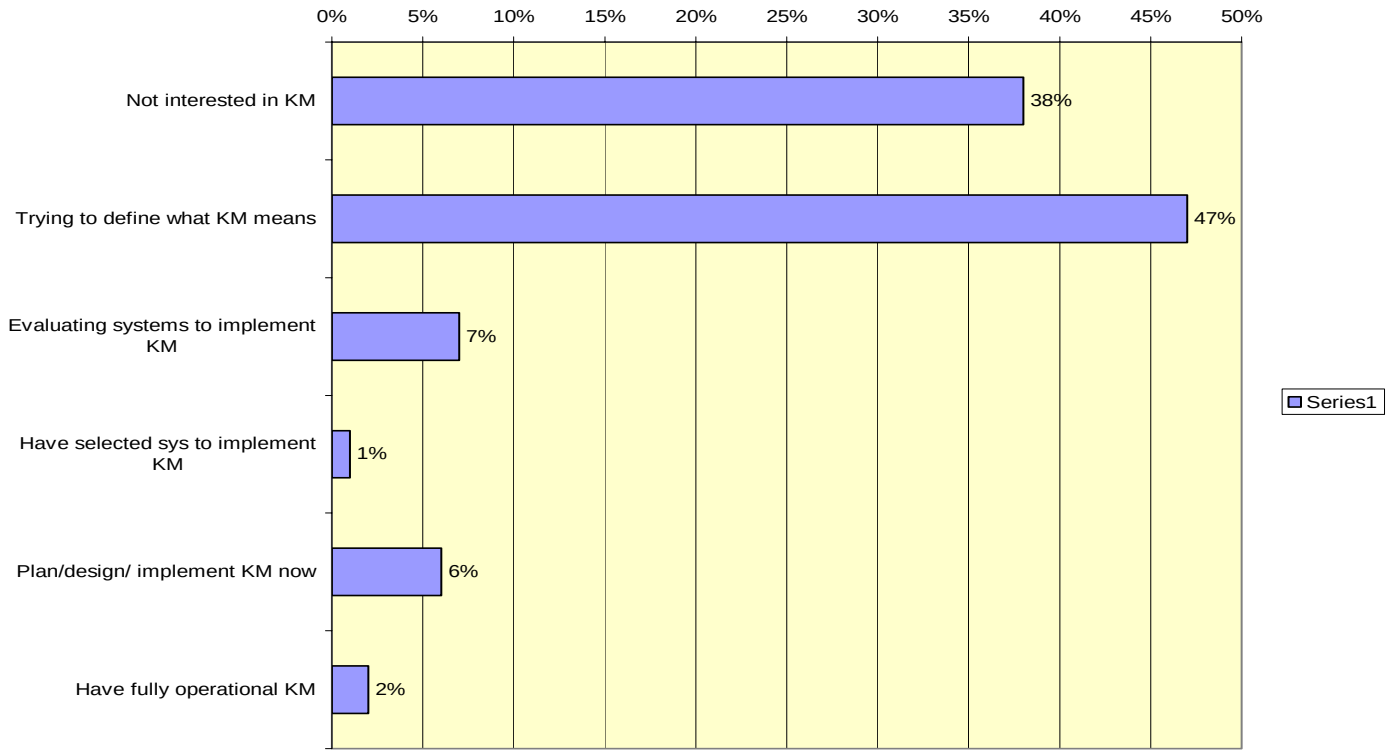
relationship management systems, executive information systems, workflow management, and software to measure grantee outcomes have not yet been adopted by many grantmakers.

The results of these questions are indicated below.

Knowledge Management

In response to the question "How would you describe your commitment to knowledge management?" only 2 percent of respondents indicated they had fully implemented a knowledge management system. More than one-third (38%) indicated they were not interested in knowledge management, and 47 percent indicated they were trying to define what knowledge management meant to their organization. These data are virtually unchanged since 2005.

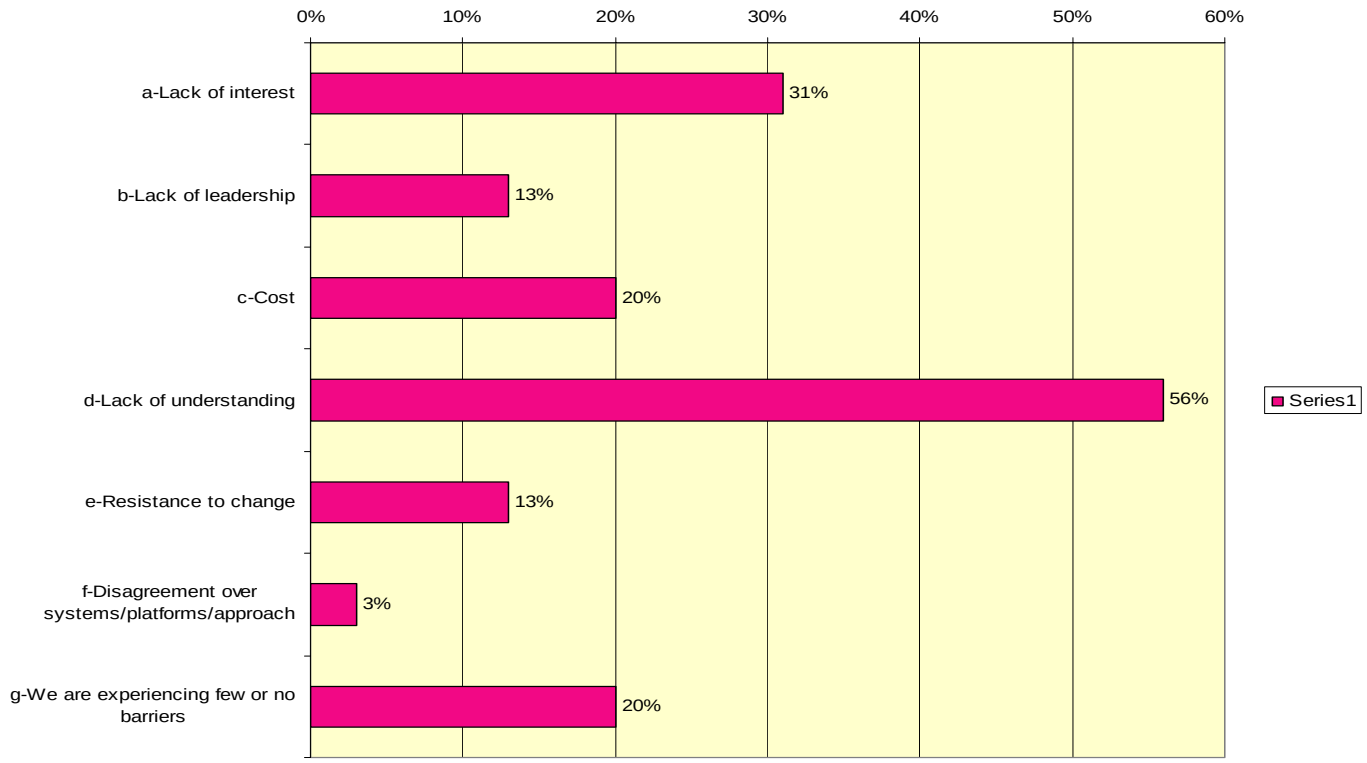
Commitment to Knowledge Management (n = 301) *



*** n = number of respondents**

More than half (56%) of the respondents indicated a lack of understanding about knowledge management was a key barrier. The other primary barrier was lack of interest. These data are very consistent with 2005 data.

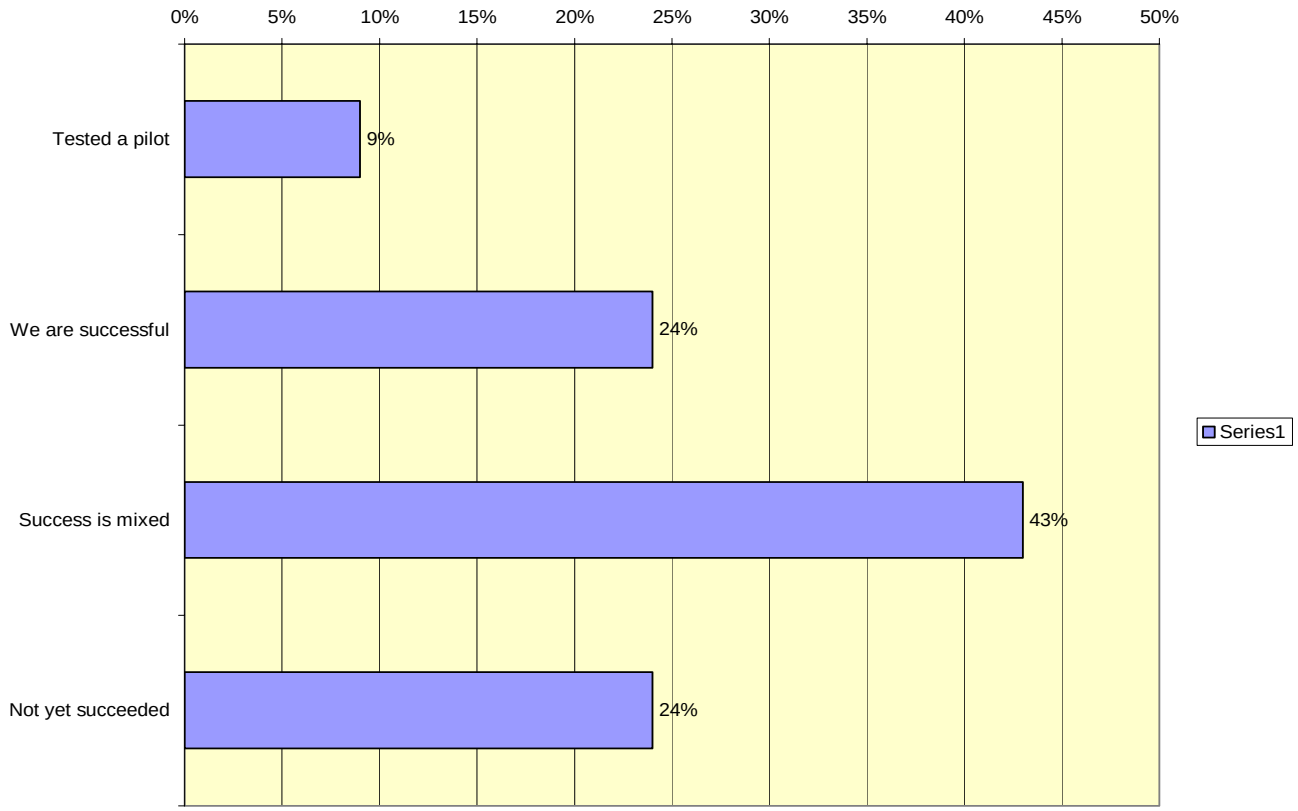
Key Barriers in Developing Knowledge Management Systems (n = 290) *



*** n = number of respondents**

When asked "How would you describe the success of your organization's knowledge management implementation?" only 21 participants responded. Of those, the results were quite mixed, with 9 percent indicating they had conducted a pilot test, 24 percent indicating success, 43 percent indicating mixed success, and 24 percent indicating they were not yet successful.

Success of Knowledge Management Implementation (n = 21) *

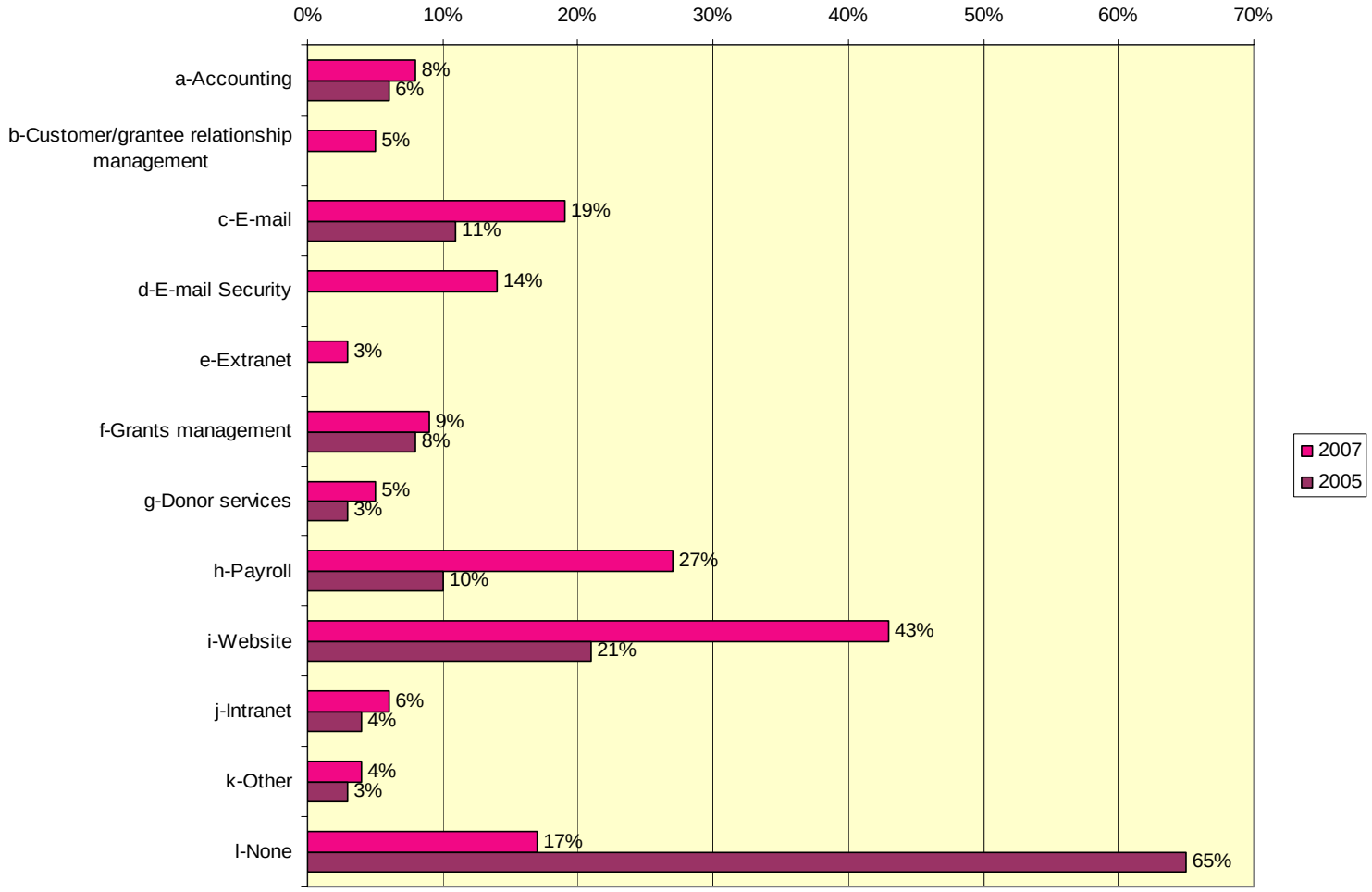


*** n = number of respondents**

Emerging Application Software Trends

The increase in the use of application service providers (ASPs) appears to be one of the strongest trends from 2005 to 2007, with respondents indicating increases in the use of ASPs in almost all categories. In some cases, such as for payroll and web services, the use of ASPs more than doubled from 2005 to 2007. And the number of respondents indicating they do not use any ASPs decreased from 65 percent in 2005 to only 17 percent in 2007. The data suggest that the use of ASPs can be an effective way for small foundations to provide enhanced services to grantees and donors without having to incur costs to support internal technology systems and staff.

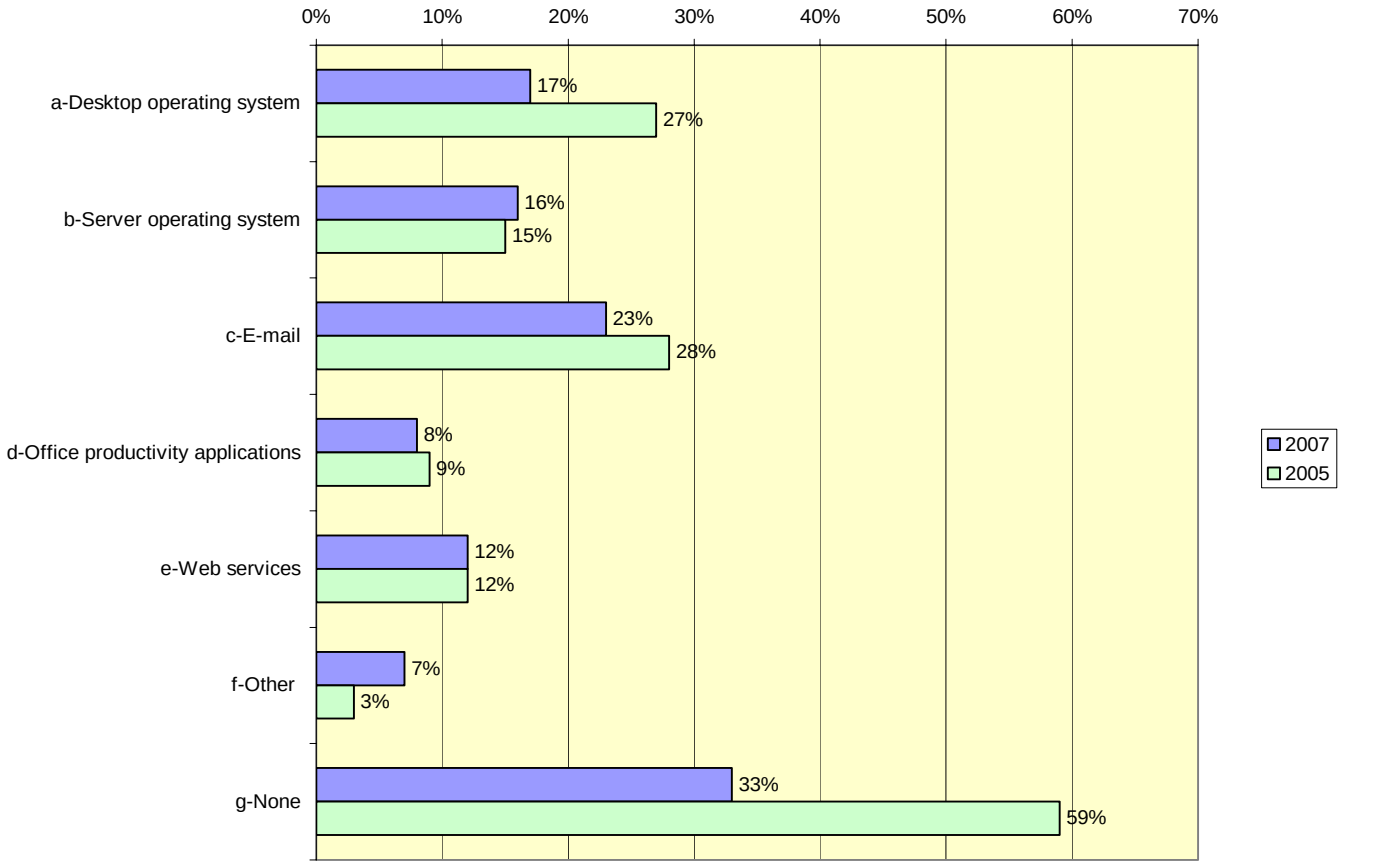
Using Application Service Providers (n = 333) *



*** n = number of respondents**

Somewhat surprisingly, the use of open source software appears to be decreasing among grantmakers. Although the percentage of respondents indicating that they don't use any open source software decreased from 2005 to 2007, in most categories, the use of open source software decreased. Respondents indicated a 10 percent decrease in the use of open source desktop operating systems and a 5 percent decrease in the use of open source e-mail. When asked whether they were planning to implement open source software, each category received a response of only 1 percent to 3 percent, indicating that most grantmakers are not planning to move to open source software within the next 18 months.

Using Open Source Software (n = 333) *

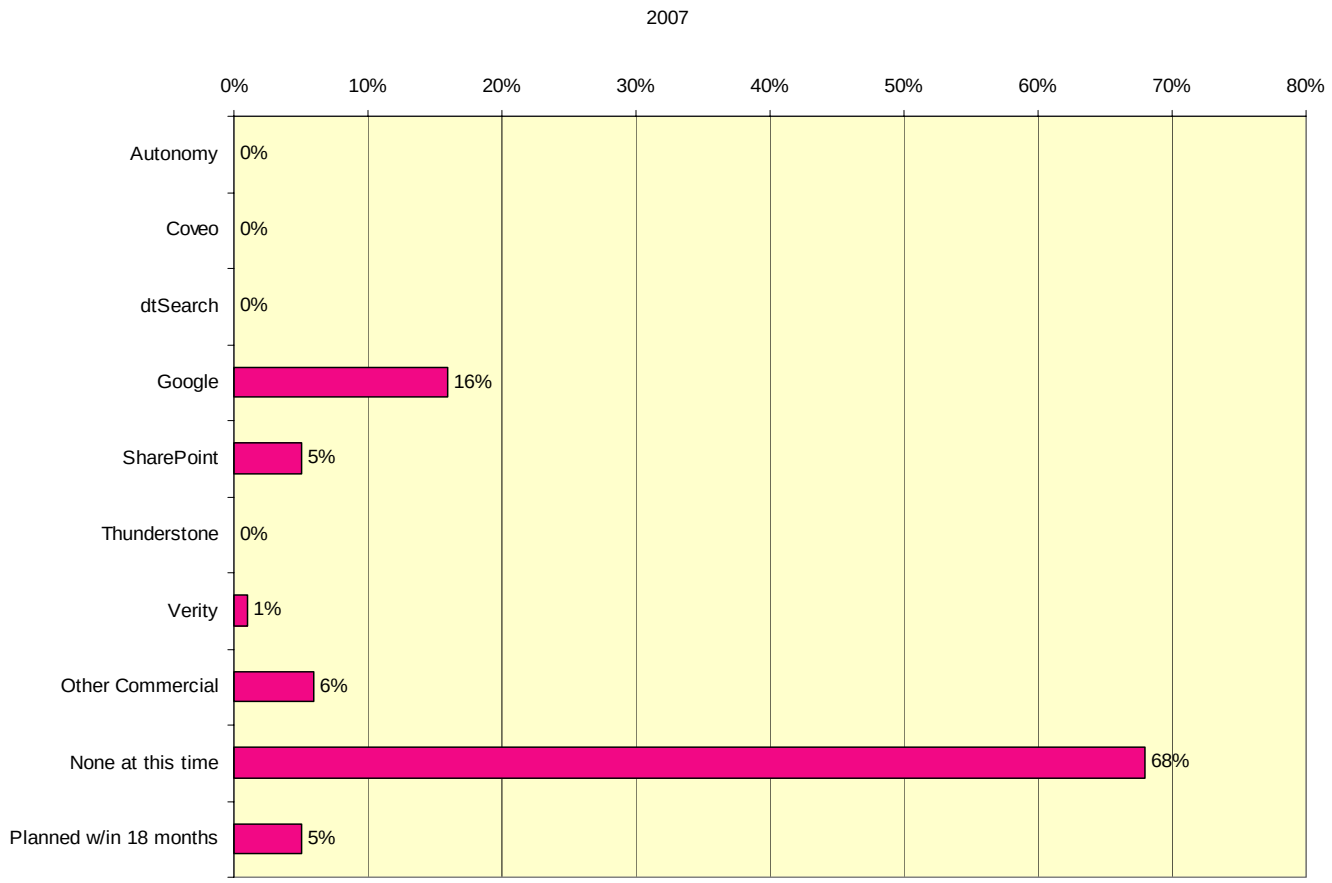


*** n = number of respondents**

Finally, the survey looked at whether grantmakers are using document management/records management systems, indexing and file searching software, customer relationship management software, executive information systems, and workflow management software. The use of document management/records management systems increased from 17 percent for document management in 2006 and 15 percent for records management in 2005 to 31 percent combined document/records management in 2007. Because this software is now combined as one package, the question was asked differently in 2005 than in 2007. A chart of the software in use can be found on page 39.

The use of indexing and file searching also increased from 20 percent in 2005 to 27 percent in 2007, with Google being the most commonly used product.

Indexing and File Searching Software (n = 325) *



*** n = number of respondents**

The use of customer relationship management software, executive information systems, and workflow management software did not increase from 2005 to 2007 despite respondents' 2005 intentions. In 2005, between 15 to 20 percent of respondents indicated they planned to implement each of these systems within the next 18 months. Yet the data from 2005 and 2007 indicate otherwise. The use of customer relationship management software increased the most, with respondents indicating an increase from 3 percent in 2005 to 10 percent in 2007. The use of executive information systems decreased slightly, from 10 percent of respondents in 2005 to 9 percent of respondents in 2007, and the use of workflow management software increased slightly, from 4 percent of respondents in 2005 to 6 percent of respondents in 2007. An additional 13 to 19 percent of respondents indicated they plan to implement each of these technologies within the next 18 months.

Although the use of workflow management software increased only slightly from 2005 to 2007, several respondents indicated that creating a paperless office and/or implementing an automated electronic approval process was one of their key information technology challenges that they are not prepared to address.

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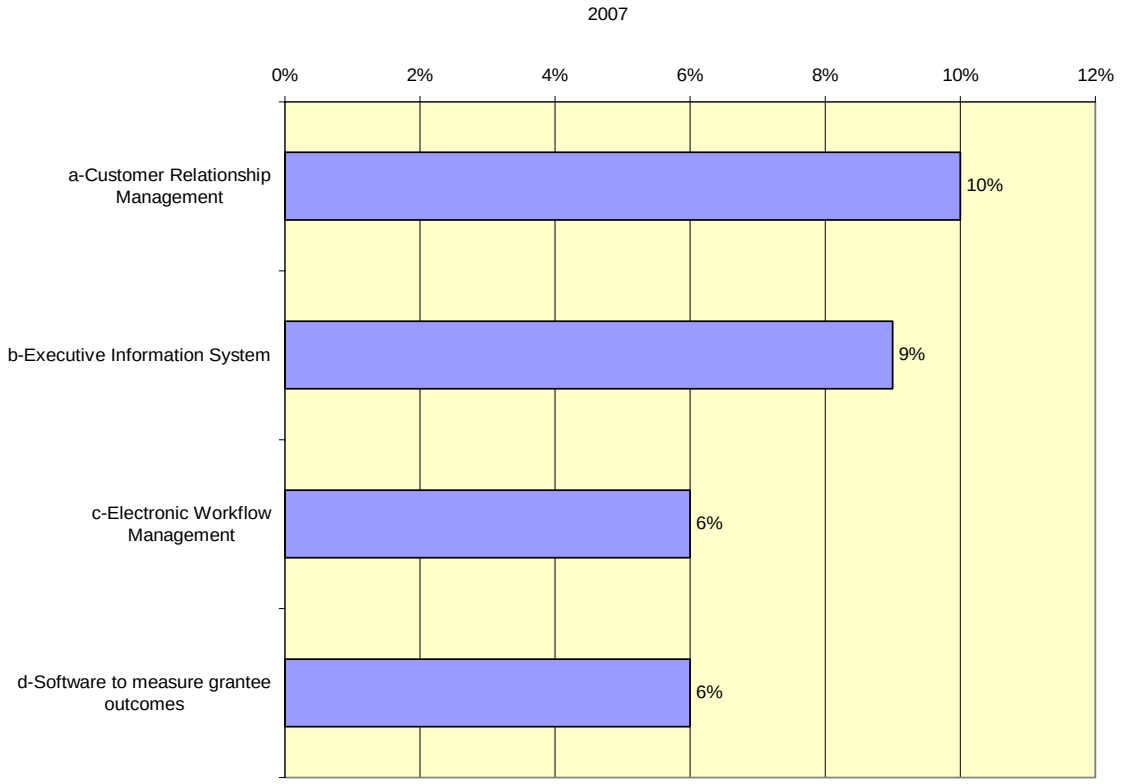
Internal Technology Solutions (n = 333) *



*** n = number of respondents**