



TECHFOUNDATION

# Mission Sells Technology: How to Fund Technology in Your Organization

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# Purpose of presentation

- The purpose of this presentation is to
  - increase the confidence of nonprofit managers to secure funding for IT-related initiatives by improving understanding of writing technology proposals and expanding the range of options available.
  - Identify what makes IT fundraising so challenging,
  - Systematically review techniques targeted specifically at the challenges.
  - IT initiatives often have a clear return on investment (ROI); by learning how to present this data, attendees should find it easier to secure funding.
  - Tie technology to mission



# Goals/Objectives

Attendees will:

1. Understand how IT-related proposals differ from non-IT proposals
2. Develop methods for writing more effective proposals.
3. Recognize issues and possible strategies for rethinking the allocation of their organization's resources budgeted for IT
4. Learn about additional resources to assist them with their technology funding search
5. Become vigilant about viewing all technology proposals as enhancers to you mission.



# Agenda

- State of IT Funding
- Previous Fundraising Success
- What makes IT Fundraising Hard
- Elements of an IT Proposal
  - Need
  - Business Case
  - Outline
  - Implementation Plan
  - Sustainability
- Question / Wrap Up / Conclusions



# Funding Statistics

According to a 2006 Foundation Center Survey, private foundation grants listed by category amount to:

Human Services (includes youth) 25%

Education 20%

Health: 12%

Civil and Community: 12%

Environment: 7%

Human Rights: 3%

Religion: 3%

Technology: .4% (or 2/5 of one percent)

Other misc: 14%



# Previous Successes

- How did you successfully raise programmatic funding in the past?
  1. You believed in what you were proposing
  2. Your mission met a clear need and guided your activities
  3. You had the necessary expertise or knew where to find it
  4. You put together a comprehensive proposal
  5. You developed a plan to support the program over time
  6. You approached the right funders



# What makes IT fundraising hard?

Technology projects:

- A. Requires special expertise
  - A. Both from the grantee and the grantor
  - B. May produce techno-phobia
- B. Can be outside the budget envelope, and expensive
- C. May appear to be peripheral to the organizational mission
  - A. Often seen as infrastructure or overhead
- D. Can be high-risk



# Technology Requires Special Expertise

- Nationally
  - [www.techsoup.org](http://www.techsoup.org)
  - [www.nten.org](http://www.nten.org)
  - [www.gcn.org](http://www.gcn.org)
  - [www.techfoundation.org](http://www.techfoundation.org)
  - [www.npower.org](http://www.npower.org)
  - [www.giftsinkind.org](http://www.giftsinkind.org)
- Exploit your network – ask your peers
- Traditional Means: Research (Internet, yellow pages, etc.)
- Nonprofit jobs listservs

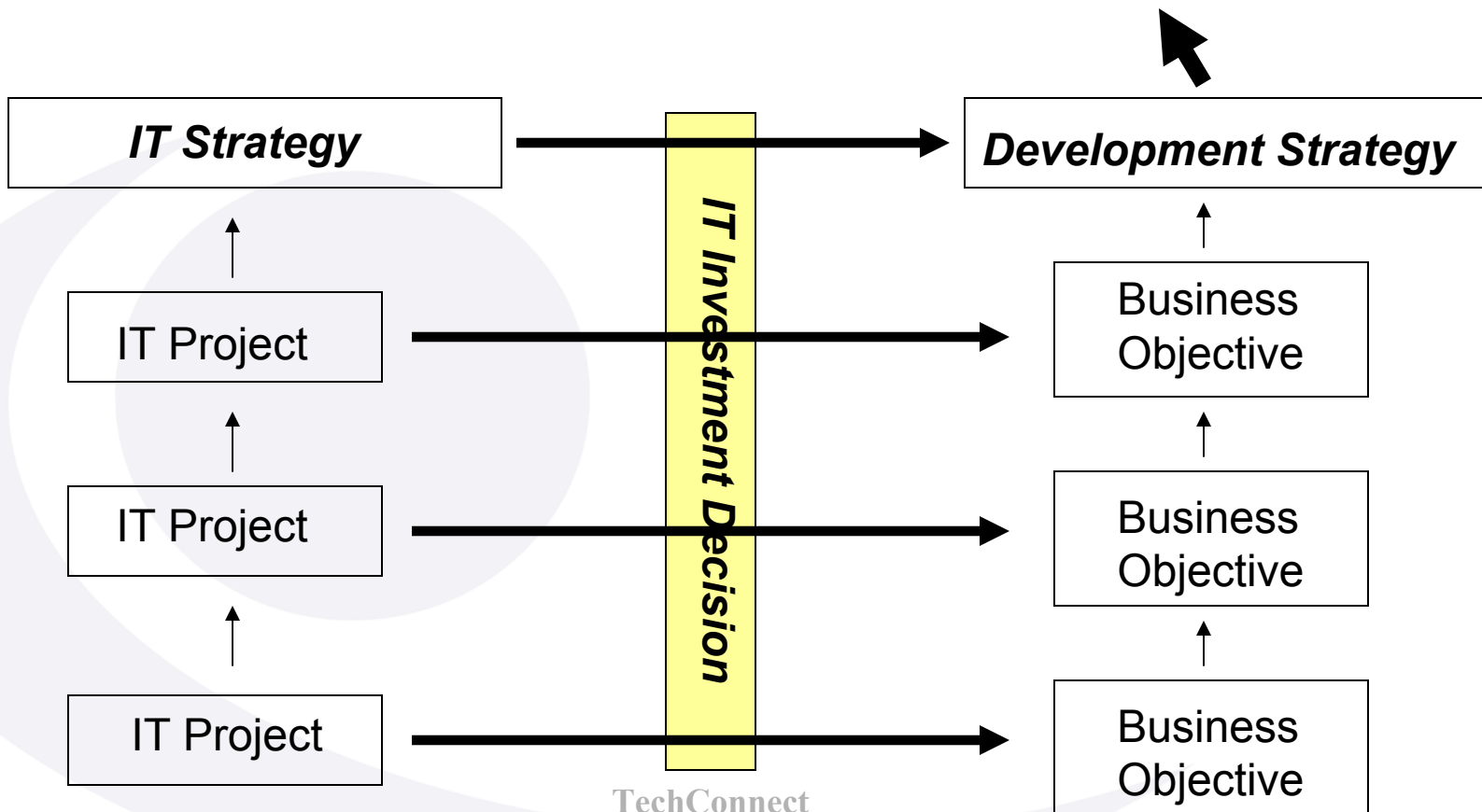


# Basic Elements of IT Proposal

1. The need (Always mission-related)
2. The business case (what, how, who, etc...)
3. Outline
4. Implementation plan
  - A. Evaluation methodology
  - B. Risk analysis and risk review process
  - C. Budget
5. Sustainability

# 1- Mission Driven IT Strategy

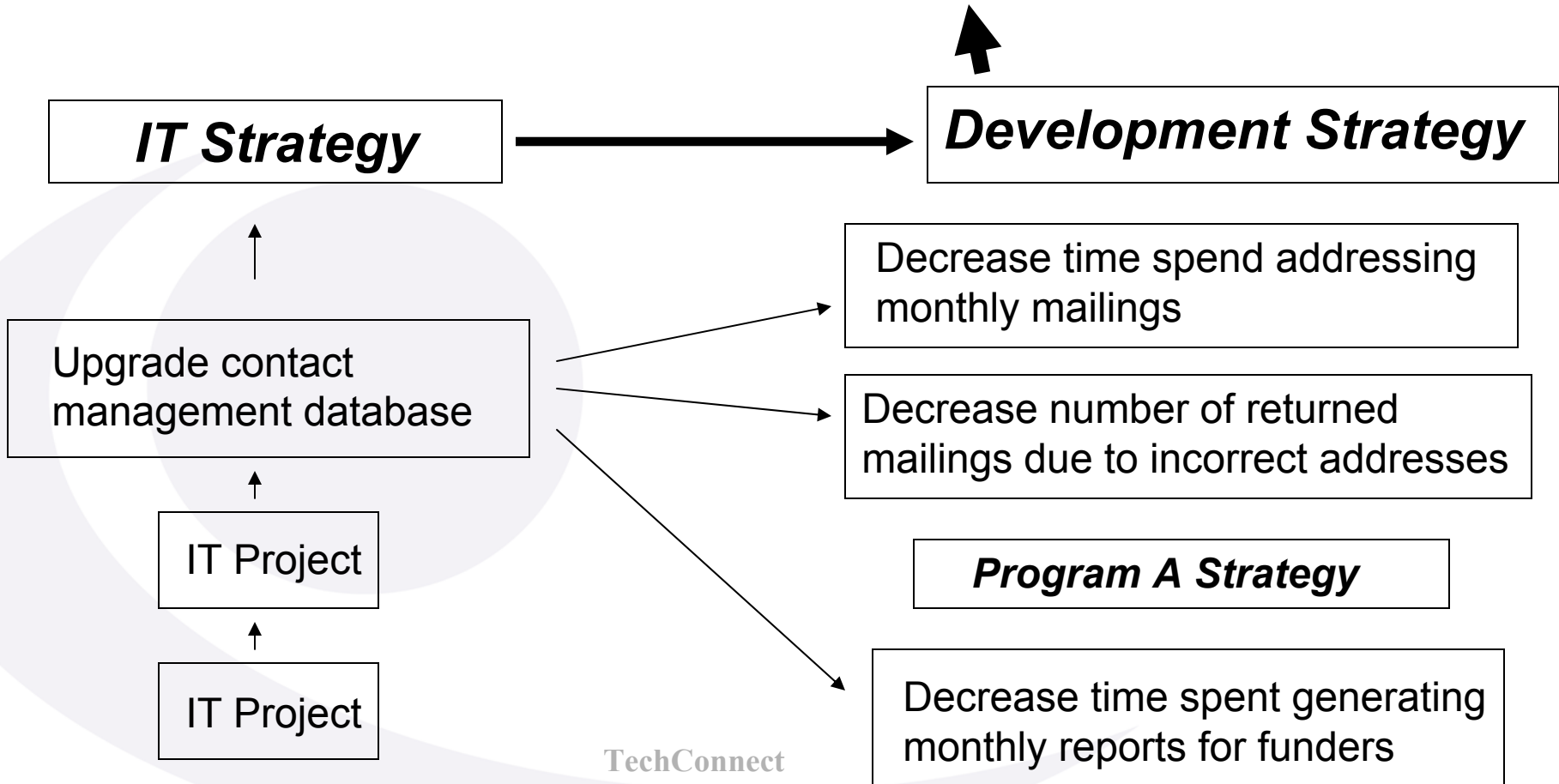
## ORGANIZATIONAL STRATEGY





# 1 - Mission Driven IT Strategy

## ORGANIZATIONAL STRATEGY





# 1- Assessing Need

1. Assess your internal situation
  - a. What do you have? Existing hardware, software and infrastructure
  - b. How well do you use it? Organizational and staff skills inventory
2. Assess the external situation
  1. Has a peer organization successfully completed a similar project?



## 2- Sample Nonprofit Benefits

- Evaluate effectiveness of programs
- Track metrics on utilization of programs, other statistics
- Reach more people with same numbers of staff
- Increase membership numbers
- Increase effectiveness of fundraising activities
- Increase efficiency of operations to re-direct money to mission, increased time for service delivery
- Increased quality of services – timeliness, comprehensiveness, customer care
- Increase quantity of services
- Increase bottom line impact – with respect to organizational performance measures
- Outreach – keeping in touch with latest developments
- Opportunities for collaborative projects



# 3- Categories of IT Projects

- A. Technology embedded in a program grant
- B. Pure IT or majority IT grant
  - Basic IT infrastructure
    - Examples: Upgrading all computers, or getting high-speed Internet access
  - New Initiatives
    - Examples: A web site to support a new project, or an on-line shopping cart to enable electronic sales
  - Capacity Building
    - Examples: Building a database to replace separate spreadsheets staff use to track services or sending mass email newsletters instead of paper-based newsletters
      - Enhancing efficiency of operations
      - Enhancing effectiveness of operations



# 3- Elements of an IT Proposal

- **WHY** – Analysis of benefits, specific need, unique organizational strength
  - Be specific about desired outcomes
  - Reference previous successful IT projects
  - MISSION, MISSION, MISSION
- **WHAT** -- the basic building blocks or elements will always be:
  - Hardware – desktops, notebooks, servers, peripherals (for example, printers)
  - Software – operating systems, off-the-shelf applications, custom programs
  - Network Infrastructure – cable, bandwidth, LAN/WAN, routers, switches and hubs
  - Technical Support Services – people expert in technology to set it up, maintain it, manage, consult, strategic. Outsourced services like web hosting and Internet access
  - Internal people resources – training, coordination, oversight



## 3- Elements of an IT Proposal

- HOW
  - Use a traditional project lifecycle or methodology
  - Requirements, Analysis, Design, Implementation, Test
- WHO – the target audience
  - direct participants (the musicians in the community band, the kids doing summer clean-up in the parks, your internal staff)
  - indirect beneficiaries (the music lovers in the audience, the people who use the parks, your constituents)
- HOW MUCH -
  - Include internal labor, external labor, and a bill of materials
  - Exploit nonprofit discounts
  - Don't bid low planning to recover costs later on



## 3- How much detail?

- There should enough details on the products and/or services to enable the evaluator to:
  - Fully understand what is being done
  - Evaluate the plan
- For example:
  - It doesn't matter if the new computers have sound cards or not
  - It does matter if you are purchasing a commercially supported product or having a custom one built using MS Access



## 4- Evaluation

- Funders usually require specific evaluations / outcomes to be measured and reported on – so your evaluation methodology may be constrained / determined
- Assuming your proposal ties the technology need / proposal request to your mission:
  - the evaluation of the success of the project should also be mission-based
  - For example, your new database system has allowed your organization to process twice as many clients with half the effort
  - Leverage the existing evaluation metrics your organization already uses



# 5- What are Risks?

- Technical, Cost, Schedule
  - Technical:
    - Purchased software does not perform as advertised
    - Requirements Creep
  - Cost:
    - Data migration will uncover quality issues requiring substantial, unbudgeted clean-up
    - Price quoted for a product contained “hidden” fees or costs
  - Schedule:
    - Reliance on single-point-of-failure individual
    - Reliance on a third-party who is not under your control for performing a critical path function in order to meet the schedule



## 5- What are Risks?

- There are “Standard” or generic risks for IT Projects. Some common ones include:
  - Failure to identify, understand, and address the risks at the outset (technical, schedule, and cost)
  - Insufficient staffing or inappropriate staff skills (technical)
  - Forced schedule compression (schedule)
  - Building the solution to the wrong problem (technical)
  - Unclear success criteria (schedule and cost)
  - Requirements creep (cost)
  - Failure to monitor the process and identify problems early (technical, schedule and cost)



# 5- Risk Management Process

- Review Project Status
  - Technical, Cost, Schedule
- Review Current Risks
  - Update Risk List – impact, probability, mitigation plan
  - Generate new mitigation plans as needed
- Generate New Risks and add to Plan



## 6- IT Budget

- Must have for a successful IT proposal
  - Fund-based accounting does not preclude ability to generate an IT Budget
- Should contain data for the following areas

A- Hardware

B- Software

C- Services

D- Labor

E- Training

F- Telecommunication

G- Supplies & Incidentals

H- Environment

# 6- Total Cost of Ownership



- What is it? TCO is the sum of all of the aspects of owning a system, from purchase to training to support to network services, and so on
- Pros: few hidden costs, encourages multi-year planning, can be made to reflect individual agencies
- Cons: many numbers are guessed or assumed, not connected to mission, means many things to many people, easy to double-count costs



# 7- When is IT not an overhead cost?

- Often restrictions on proposals to support:
  - direct service delivery, non-overhead, non-infrastructure, non operating support
- Remember:
  - Infrastructure to support staff who work on direct service projects is a direct cost (their computers for example)
  - Technical infrastructure in support of mission can be built into the overhead structure
  - Coordinate with accounting and finance
  - Be creative
  - Consider pro-rating cost of project across multiple projects, or across project and “overhead”
- A project that “pays for itself” is easy to fund



# 7- Sustainability

- Your proposal should explicitly address how you plan to keep the investment bearing fruit. Elements may be:
  - Project Planning
  - Continuous training / new employee training
  - Continued enhancements
  - Maintenance plan
  - Routine support services plan
  - Links to an IT planning process / strategic planning process to ensure the present and future of systems are considered regularly
- Apply TCO upfront –
  - Budget for training, support/repair and decommission



## 7- How can a project pay for itself? – a simple example

- Staff currently spend 20 hours addressing envelopes each month for their monthly mailer to 1000 people
  - \$60K (salary + fringe) / year or \$588 / 20 hours
  - Automatic generation of mailing labels from new database reduces this time to 4 hours, saving \$470 per month
- Currently 10% of the mailings are returned
  - 100 mailings/ mo \* \$1 per mailing = \$100 / mo or \$1,200 per yr
  - Assume half of this is due to errors an integrated database would correct
- Process to generate quarterly reports to funders
  - Reduced from 20 hours to 4 hours (\$470 / month)
- This along justifies an investment in \$8,720 for a new contact management database – payback in one year



# Summary - How to address the challenges

- Technology requires special expertise
    - grantee and the grantor
    - may produce techno-phobia
  - Supplement in-house expertise
  - Review key elements of proposal with grantee to assess position; strategize
  - Over explain
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- Technology can be high-risk
    - Address risk head-on:
      - Demonstrate risk awareness
      - Risk mitigation plan
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- Technology can be outside the budget envelope, and expensive
    - Consider TCO
    - Project should “pay for itself”
    - Cost / Benefit Analysis
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- Technology may appear to be peripheral to the organizational mission
    - Always link projects directly to organizational mission
    - Cost Benefit Analysis

# Evaluation of Proposals

- Does it meet published guidelines?
- Does proposal answer why, what, how, who and how much?
  - Does it all fit together?
  - Is it comprehensive?
- Demonstrates technical / technical management competence
- Capability of evaluator commensurate with technical nature of proposal
  - Part of “vetting”
  - Tailor technical level to evaluator’s proficiency



# Larger Issues / Underlying Areas

- Strategic Information Technology Planning
- Including technology in budgetary process
  - Capital Expenses (one-shot)
  - Operating Expenses (on-going)
- Ability to sustain / maintain IT systems
  - Institutionalizing technology training within organization
  - Assigning technology responsibilities to existing staff
  - Including technology in job descriptions



# Summary

- Technology is risky
  - Deal with it
- 
- Technology can be expensive
  - You can't afford *not* to do the project
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- Technology can be seen as non-mission-oriented
  - Be honest in accounting
  - Mission, Mission, Mission
  - Tie project to mission
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- Technology requires special expertise
  - Educate, hire, contract



# Contact Information

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